

## **WAGE RATES IN INDUSTRIES A Look at Financial Intermediation (Third of a Series)**

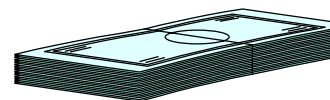
*The LABSTAT Update is a statistical update on the results of BLES establishment surveys, among others. It provides users with summary statistics and brief explanatory notes on employment, hours of work, wages and labor relations towards a clearer understanding of current labor market conditions.*

*This series presents the results of the 1999 Occupational Wages Survey (OWS). This survey collects data on the basic pay and allowances of time-rate workers on full time basis in selected occupations in selected non-agricultural establishments employing at least 50 persons. It inquires on the distribution of workers across basic pay and allowance intervals in the non-agricultural sector. New items of inquiry on establishment characteristics such as type of market catered, type of ownership and whether or not the establishment is a multinational were included in the 1999 round.*

*This issue takes a closer look at the financial intermediation industry except central banking particularly basic pay and allowances in specific industries and according to certain establishment characteristics and average wage rates for selected occupations.*

*The statistical series on the results of the 1997 OWS were published under the LABSTAT Digest (Vol. 1 Nos. 5 – 10 and 12 - 19).*

### **Basic pay in financial intermediation up by 17 percent in 1999**



Globalization created the impetus for the liberalization of financial markets and their tighter integration under a new global space. Increased competition heightened the need for maximum efficiency through lower transaction costs and better service delivery. Thus, the adoption of industry-wide coping mechanisms such as streamlining of work practices, investments in HRD, acquisition of appropriate technology, expansion and diversification and employment flexibility, among others.

As the system of financial intermediation is one of the more dynamic industries in the country, this issue looks at specific industry wage statistics.

Periodic adjustments in daily minimum wage rates and bipartite arrangements at the firm-level bring about wage increments. In non-agricultural industries, the average\* monthly basic pay of time-rate workers on full-time basis increased by 13.0 percent from ₱ 5,534 in October 1997 to ₱ 6,238 in October 1999.

*\*Average basic pay or allowance mentioned in pages 1 – 3 refers to median basic pay or allowance; i.e., that amount where half of the workers receive more than this amount while the other half receive less.*

In financial intermediation, average basic pay levels and their corresponding growth rates were higher than those estimated for all non-agricultural industries. From ₱ 9,683 in October 1997, average basic pay increased by 17.4 percent to ₱ 11,372 in October 1999. (Table 1)

Across specific financial intermediation industries, average basic pay was highest in insurance and pension funding at ₱ 13,906. Banking institutions followed with ₱ 11,887, both surpassing the average basic pay estimated for all financial intermediation industries. Lowest was recorded at ₱ 8,215 for activities auxiliary to financial intermediation.

### ***Lower monthly allowance for workers in financial intermediation in 1999***

There was hardly any improvement in the average monthly cash allowance of time-rate workers on full-time basis in non-agricultural industries. Posting only a one percent change, average allowance varied from ₱ 658 in October 1997 to ₱ 667 in October 1999.

same period, by almost 15 percent from ₱ 1,238 to ₱ 1,057. (Table 1) The highest average cash allowance was paid at ₱ 2,024 to workers in non-bank financial intermediation.

In contrast, allowance in banking institutions was the lowest averaging only ₱ 555.

In financial intermediation, there was an overall decline in the average monthly allowance of workers during the

### ***Higher basic pay for financial intermediaries with foreign equity; engaged in export; multinationals***

Basic pay disparities prevailed among financial intermediaries of different types of ownership, market-orientation and spread of operations.

financial intermediaries (₱ 13,456) was higher by 21 percent over the basic pay of domestic market-oriented establishments (₱ 11,121).

In establishments with foreign equity, basic pay averaged ₱ 14,603 in 1999. This was almost 40 percent higher than the basic pay of workers in wholly Filipino-owned financial intermediaries (₱ 10,528). (Table 2)

Average basic pay, likewise, differed between multinational and non-multinational establishments. At ₱15,118, average basic pay in multinational establishments was higher by 40 percent over that of non-multinationals (₱ 10,845).

Though less pronounced, average basic pay in export-oriented

### ***Higher allowance in domestic market-oriented financial intermediaries***

The granting of cash allowances varied notably between financial intermediaries of different types of market-orientation. In contrast, a slim margin of difference in the average allowance was observed across establishments of different types of ownership and spread of operations.

Average monthly cash allowance was higher in establishments with foreign equity at ₱ 1,242 relative to wholly Filipino-owned establishments at ₱ 995. (Table 2)

Cash allowances in non-multinational establishments averaged ₱ 1,075 as compared to those in multinational establishments recorded at ₱ 912.

In terms of market orientation, however, allowances in domestic market-oriented establishments, estimated at ₱ 1,083 was notably higher over allowances in export-oriented establishments at ₱ 610.

### ***Unionized workers were paid higher basic pay ; less cash allowance***

The right to self-organization is explicit in the labor code. Collective negotiations, as a result of unionism, empower workers to safeguard their rights and secure the best terms and conditions of employment.

Average basic pay in unionized financial intermediation establishments was estimated at ₱ 12,006 in 1999. This was 18 percent above the basic pay of non-unionized establishments recorded at ₱ 10,181. (Table 2)

Among unionized establishments, those with existing collective bargaining agreements (CBA)

enjoyed higher basic pay of ₱ 12,049. Establishments without CBA had basic pay averaging ₱ 10,479.

Despite lower average basic pay, non-unionized establishments had higher monthly cash allowances estimated at ₱ 1,504. In the rest of the establishments in the industry, average allowance granted was ₱586. Differences were also observed between unionized establishments with CBA and those without. Workers in establishments with CBA were given allowances averaging ₱ 513 against ₱ 1,130 for unionized workers without CBA coverage.

### ***On non-wage payments***

Average basic pay and allowances appear to vary considerably across the establishment characteristics under study, i.e., ownership, market orientation and whether or not multinational. Further worth looking into, however, are differences in the granting of welfare benefits such as 13<sup>th</sup> month pay, transport allowance,

Christmas bonus, representation allowance, incentive pay, mid-year bonus, productivity bonus, performance bonus, profit sharing bonus and 14<sup>th</sup>, 15<sup>th</sup> month pay. These are among the findings of the 1999 Industrial Relations at the Workplace Survey and details of which are discussed in the LABSTAT Update (Vol. 5 No. 6), May 2001.

***Actuaries among the highest paid workers;  
Statistical and finance clerks among the least paid***

In non-agricultural industries, the average (mean) wage rate of selected occupations stood at ₱ 7,972. Across specific financial intermediation industries, however, disparities in occupational wage rates were noted.

Of the professional workers covered in the study, actuaries in insurance and pension funding received the highest wage rate at ₱ 24,858. Least paid professional workers were statisticians in non-bank financial intermediation with wage rates averaging ₱ 9,817. (Table 4)

Wage differences among selected associate professional workers

were even more pronounced. It reached as high as ₱ 21,215 for securities and finance dealers and brokers in non-bank financial intermediation. Its lowest was seen at ₱ 10,185 for bookkeepers in banking institutions.

Statistical and finance clerks in banking institutions except central banking among the covered clerical workers received the highest wage rate at ₱ 10,513. Their counterparts in insurance and pension funding except compulsory social security earned the least wage rate at ₱ 8,285.

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**Table 1 - Median Monthly Basic Pay and Monthly Allowances of Time-Rate Workers on Full-time Basis by Specific Financial Intermediation Industry, Philippines: October 1999**

(Non-agricultural establishments employing 50 and over. **Median** refers to the amount where half of the workers receive more while the other half receive less.)

<b>INDUSTRY</b>	<b>Median Monthly Basic Pay (P)</b>	<b>Median Monthly Allowances <sup>1</sup> (P)</b>
<b>ALL NON-AGRICULTURAL INDUSTRIES</b>	<b>6,238</b>	<b>667</b>
<b>FINANCIAL INTERMEDIATION</b>	<b>11,372</b>	<b>1,057</b>
Banking Institutions except Central Banking	11,887	555
Non-Bank Financial Intermediation	10,400	2,024
Insurance and Pension Funding	13,906	1,071
Activities Auxiliary to Financial Intermediation	8,215	698

*Notes: 1. Basic pay refers to pay for normal/regular working time before deductions for employees' social security contributions and withholding taxes. It excludes overtime, night shift differential and other premium pay; commissions, tips and share of employees in service charge; and payment in kind.*

*2. Allowances refer to regular/guaranteed cash payments. These include living allowance but exclude reimbursements for travel, entertainment, meals and other expenses, etc. incurred in conducting the business of the employer; cost of uniform/working clothes; bonuses and gratuities; family allowances.*

*1 Refer only to those workers given regular/guaranteed cash allowances.*

*Source of data: Bureau of Labor and Employment Statistics, 1999 Occupational Wages Survey.*

**Table 2 - Median Monthly Basic Pay and Monthly Allowances of Time-Rate Workers on Full Time Basis in Financial Intermediation Industry by Unionism, Type of Ownership, Type of Market, and Spread of Operations, Philippines: October 1999**

(Non-agricultural establishments employing 50 and over. **Median** refers to the amount where half of the workers receive more while the other half receive less.)

<b>Establishment Characteristics</b>	<b>Median Monthly Basic Pay (P)</b>	<b>Median Monthly Allowances <sup>1</sup> (P)</b>
<b>FINANCIAL INTERMEDIATION</b>	<b>11,372</b>	<b>1,057</b>
<b>UNIONISM</b>		
Without Union	10,181	1,504
With Union	12,006	586
Without CBA	10,479	1,130
With CBA	12,049	513
<b>TYPE OF OWNERSHIP</b>		
Wholly Filipino	10,528	995
With Foreign Equity	14,603	1,242
<b>TYPE OF MARKET</b>		
Domestic Market Only	11,121	1,083
Engaged in Export	13,456	610
<b>SPREAD OF OPERATIONS</b>		
Multinational	15,118	912
Not Multinational	10,845	1,075

*1 Refer only to those workers given regular/guaranteed cash allowances.*

*Source of data: Bureau of Labor and Employment Statistics, 1999 Occupational Wages.*

**Table 3 - Average Monthly Wage Rates of Time-Rate Workers on Full-Time Basis in Selected Financial Intermediation Industries and Occupations, Philippines: October 1999**

(Non-agricultural establishments employing 50 and over. **Wage rates** are defined as including basic pay and regular/guaranteed cash allowances.)

Industry and Occupations	Average Monthly Wage Rates (P)
<b>AVERAGE OF SELECTED OCCUPATIONS (Non-Agricultural)</b>	7,972 <sup>a</sup>
<b>BANKING INSTITUTIONS EXCEPT CENTRAL BANKING</b>	
Statisticians	12,991
Accountants and Auditors	17,302
Economists	16,274
Bookkeepers	10,185
Accounting and Bookkeeping Clerks	9,805
Statistical and Finance Clerks	10,513
Tellers	10,405
<b>NON-BANKING FINANCIAL INTERMEDIATION</b>	
Statisticians	9,817
Accountants and Auditors	16,796
Economists	16,030
Securities and Finance Dealers and Brokers	21,215
Bookkeepers	11,498
Accounting and Bookkeeping Clerks	8,520
Statistical and Finance Clerks	9,673
<b>INSURANCE AND PENSION FUNDING EXCEPT COMPULSORY SOCIAL SECURITY</b>	
Actuaries	24,858
Statisticians	12,407
Accountants and Auditors	17,390
Insurance Representatives	13,575
Appraisers and Valuers	12,698
Accounting and Bookkeeping Clerks	9,525
Statistical and Finance Clerks	8,285

*Notes: 1. Basic pay refers to pay for normal/regular working time before deductions for employees' social security contributions and withholding taxes. It excludes overtime, night shift differential and other premium pay; commissions, tips and share of employees in service charge; and payment in kind.*

*2. Allowances refer to regular/guaranteed cash payments. These include living allowance but exclude reimbursements for travel, entertainment, meals and other expenses, etc. incurred in conducting the business of the employer; cost of uniform/working clothes; bonuses and gratuities; family allowances.*

*a The data refers to the average monthly wage rate across the selected occupations in selected non-agricultural industries and not to the average monthly wage rate across all occupations in all non-agricultural industries.*

*Source of data: Bureau of Labor and Employment Statistics, 1999 Occupational Wages Survey.*