

# A \$15 Minimum Wage for Bank Workers

In the past two years, a nationwide movement has emerged, calling for a raise to \$15 per hour for the 42 percent of the U.S. workforce that earns less.<sup>1</sup> In response, a growing number of cities around the country (including Seattle, San Francisco, and Los Angeles) and private-sector employers (such as the insurance company Aetna) are establishing minimum wage rates of at least \$15.

The Fight for \$15 campaign has focused considerable attention on the plight of low-paid workers in fast food, home care, retail, and food service. Yet, another significant sector—banking—that the public often associates with high wages is, in fact, a major contributor to the low-wage economy. Indeed, the banking industry is marked by two extremes. At the top, high-profile executives often receive millions in compensation. But at the bottom, hundreds of thousands of bank workers make less than living wages.

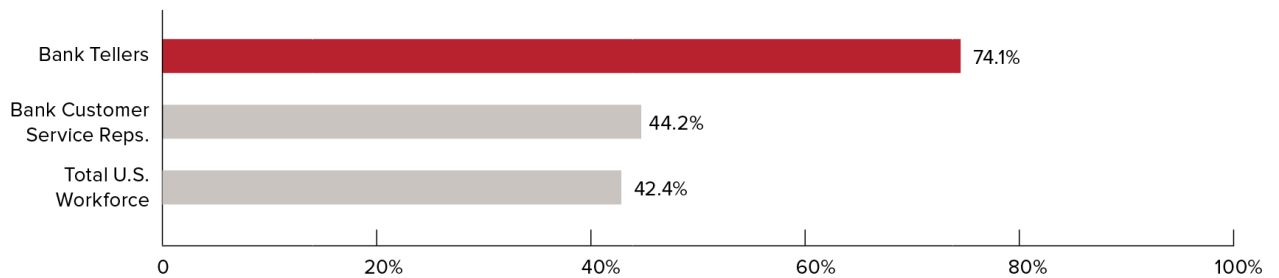
This data brief examines presents wage and demographic estimates for bank tellers in the United States, the occupation representing the most workers in the banking industry.

## Many Bank Workers in the U.S. Earn Less Than a Living Wage

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- Of the nearly 1.7 million people working within retail banking, almost one in three (30.4 percent)—more than half a million—are in occupations with median hourly wages below \$15.<sup>2</sup>
- The largest banking-related occupation is bank teller, representing almost half a million workers in the United States and more than a quarter of all retail banking employees.<sup>3</sup> **Table 1** shows employment levels and median hourly wages for the largest low-wage occupations in the retail banking industry.
- The median hourly wage for bank tellers is \$12.44.<sup>4</sup>
- Almost three-quarters (74.1 percent) of bank tellers in the United States earn less than \$15 per hour. Almost half of bank customer service representatives (44.2 percent) earn less than \$15 per hour.<sup>5</sup> See **Figure 1**.

**Figure 1: Percentage of Bank Tellers and Customer Service Representatives Earning Less than \$15 per Hour**



Source: NELP calculations using a pooled sample of the Current Population Survey Merged Outgoing Rotation Group files 2012-2014.

- A quarter of bank workers in protective service; installation, maintenance and repair; and production occupations earn \$15 or less.<sup>6</sup>
- Bank tellers have seen the real value of their paychecks diminish. As the cost of living has increased, their wages have stagnated. Real wages for bank tellers declined 3.4 percent between 2009 and 2014.<sup>7</sup>

**Table 1: Largest Occupations in Retail Banking Industry with Median Wages of Less than \$20 per Hour**

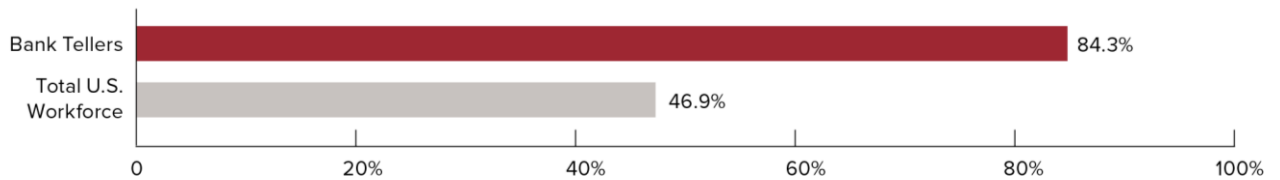
Occupation Title	Employment	Median Hourly Wage
Tellers	467,900	\$12.44
Customer Service Representatives	123,280	\$15.94
Loan Interviewers and Clerks	71,850	\$17.34
New Accounts Clerks	48,190	\$16.33
Bookkeeping, Accounting, and Auditing Clerks	39,610	\$17.04
Bill and Account Collectors	20,700	\$17.20
Secretaries and Administrative Assistants, Except Legal and Executive	20,330	\$18.22
Office Clerks, General	18,100	\$14.64
Financial Clerks, All Other	9,820	\$18.52
Credit Authorizers, Checkers, and Clerks	7,710	\$17.65
Receptionists and Information Clerks	5,830	\$12.93
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	4,070	\$10.65

Source: Bureau of Labor Statistics May 2014 Occupational Employment Statistics (NAICS 522100—“Depository Credit Intermediation”)

## Who Works as a Bank Teller in the U.S.?

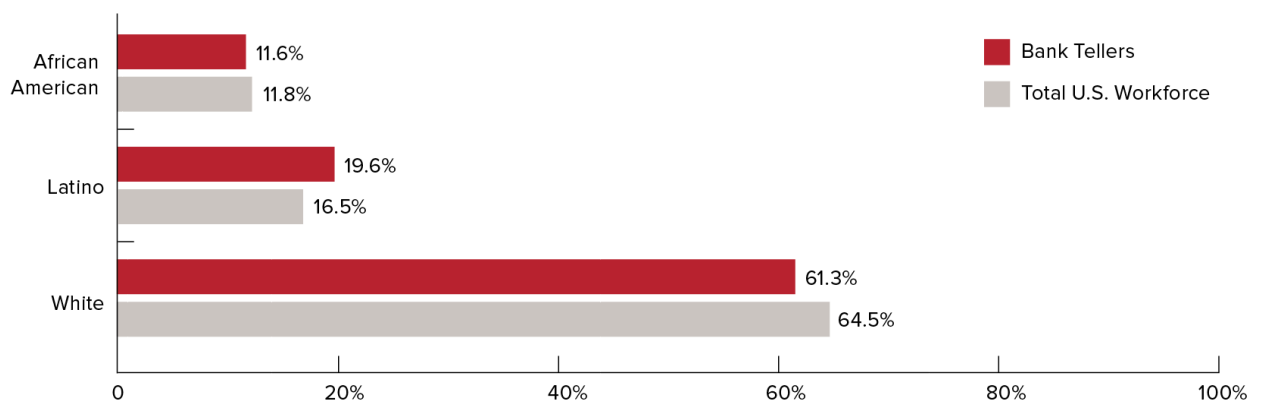
- The workforce is overwhelmingly female; more than five in six bank tellers (84.3 percent) are women.<sup>8</sup> See **Figure 2**.
- Latinos account for almost 20 percent of bank tellers, while they constitute 16.5 percent of the total U.S. workforce. White workers account for about 61 percent of bank tellers, and they account for 64.5 percent of the total U.S. workforce. African Americans make up slightly more than 11 percent of bank tellers, which is roughly equivalent to their share of the overall workforce.<sup>9</sup> See **Figure 3**.

**Figure 2: Women Constitute a Disproportionate Share of Bank Tellers**



Source: NELP calculations using a pooled sample of the Current Population Survey Merged Outgoing Rotation Group files 2012-2014.

**Figure 3: Bank Tellers Are Mostly White; Latinos Are Overrepresented**



Source: NELP calculations using a pooled sample of the Current Population Survey Merged Outgoing Rotation Group files 2012-2014.

## Facts about New York State's Bank Workers

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In New York State, banking is a sector that is often associated with Wall Street and high wages. However, it is also major contributor to the low-wage economy.

- In the State of New York, there are 30,250 bank tellers.<sup>10</sup>
- More than half make less than \$15 per hour. The median wage for bank tellers in New York State is \$13.31 per hour.<sup>11</sup>
- A significant portion of bank workers rely on public assistance because their earnings are not enough to make ends meet. According to a recent University of California Berkeley study, nearly 4 in 10 families of bank tellers in New York State (39 percent) are enrolled in one or more public programs such as Medicaid, food stamps, and housing and heating assistance. This compares to 31 percent of the bank teller workforce nationwide and 25 percent of the workforce as a whole.<sup>12</sup>
- The cost of public programs to families of bank tellers in the State of New York exceeds \$100 million per year, accounting for more than a tenth of the \$900 million dollars spent on public assistance for bank workers nationwide each year.<sup>13</sup>

## A \$15 Minimum Wage for Bank Workers

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A \$15 minimum wage for bank workers would be a first step in raising wages broadly within this sector and easing the disparities between frontline workers' earnings and bank executives' compensation. While a full-time bank teller earns on average about \$25,800 per year, full compensation packages for executives can run in the tens of millions of dollars. For example, in 2014, Capital One Financial, Wells Fargo, and Bank of America awarded their CEOs compensation valued at \$19.6 million, \$19.3 million, and \$13 million, respectively.<sup>14</sup> These amounts are each equivalent to more than 500 times the annual earnings of an average bank teller.

A \$15-an-hour wage for bank workers would help improve living standards for a large share of the retail banking workforce, reduce earnings inequality, lessen reliance on public assistance, and help convert an important frontline occupation to a good middle-class job.

## Endnotes

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<sup>1</sup> National Employment Law Project, “The Growing Movement for \$15” (April 2015),

<http://www.nelp.org/publication/growing-movement-15/>

<sup>2</sup> U.S. Bureau of Labor Statistics May 2014 Occupational Employment Statistics (NAICS 522100 – “Depository Credit Intermediation”)

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> NELP calculations using a pooled sample of the Current Population Survey Merged Outgoing Rotation Group (CPS ORG) files 2012-2014 (industry codes 6870 and 6880; occupation codes 5260 and 5240). We use CPS ORG files made public by the Center for Economic and Policy Research. The analytic sample includes private- and public-sector, hourly and salaried workers between the ages of 16 and 64. We exclude non-incorporated, self-employed workers. For non-hourly workers, hourly wages are calculated using reported hours worked. Unless otherwise noted, the figures we report are calculated from hourly earnings that do not include tips, overtime, and commission. Note that there is a tendency for workers to report hourly earnings in round numbers, which causes percentiles of the distribution to “clump” at whole-dollar values. Our analysis does not “smooth” wages to correct for this source of measurement error. For calculations involving wages, we only include respondents for whom wage data are available. For calculations involving occupations and industries, we only include respondents for whom occupation and industry data are available.

<sup>6</sup> Ibid.

<sup>7</sup> NELP calculations using U.S. Bureau of Labor Statistics Occupational Employment Statistics May 2009 and May 2014, with adjustments made using the CPI-U.

<sup>8</sup> NELP calculations using a pooled sample of the Current Population Survey Merged Outgoing Rotation Group files 2012-2014.

<sup>9</sup> Ibid.

<sup>10</sup> U.S. Bureau of Labor Statistics May 2014 Occupational Employment Statistics

<sup>11</sup> Ibid.

<sup>12</sup> Sylvia Allegretto, Ken Jacobs, Dave Graham-Squire and Megan Emiko Scott, “The Public Cost of Low-Wage Jobs in the Banking Industry,” *Policy Brief*. UC Berkeley Center for Labor Research and Education, Berkeley, CA (October 2014) <http://laborcenter.berkeley.edu/pdf/2014/banking-industry.pdf> ). Analysis included bank tellers employed at least 10 hours per week and 27 weeks per year.

<sup>13</sup> Ibid.

<sup>14</sup> Gary Strauss, “What’s in his wallet? Capital One discloses CEO Fairbank’s compensation,” *USA TODAY*, (February 27, 2015), <http://www.usatoday.com/story/money/2015/02/27/whats-in-his-wallet-capital-one-discloses-ceo-compensation/24146163/> Christina Rexrode, “Bank of America CEO Brian Moynihan Gets Pay Cut,” *Wall Street Journal*, (February 17, 2015), <http://www.wsj.com/articles/bank-of-america-ceo-brian-moynihan-gets-pay-cut-1424212676> and Emily Glazer, “Wells Fargo CEO John Stumpf’s Compensation Flat at \$19.3 Million,” *Wall Street Journal*, (March 17, 2015), <http://www.wsj.com/articles/wells-fargo-ceo-john-stumpfs-compensation-flat-at-19-3-million-1426628933>.