



October 2, 2007

Role of Credit and Lending Services in the Economy of Northeast Pennsylvania

Research reported in this brief was prepared by Penn State's Office for Economic and Workforce Development (OEWD), a unit in Penn State Outreach.

OEWD advances the economic well-being of Pennsylvania by serving as a catalyst, facilitator, and collaborator for using the resources, expertise, and intellectual assets of Penn State to help create and retain jobs in the Commonwealth and enhance the skills of its workforce (see <http://www.oewd.psu.edu/>).

Analysis of Pennsylvania economic and workforce opportunities and issues are conducted in OEWD by its Workforce Assessment Center in collaboration with the Institute for Research in Training and Development, a unit in Penn State's College of Education.

Contact Rose M. Baker, Program Manager of the Workforce Assessment Center, at rmb194@psu.edu, 814.865.9919 (voice), or 814.865.3589 (fax) for additional information about services available to help plan and evaluate economic and workforce development in the Commonwealth.

Credit and lending services (technically, the nondepository credit intermediation industry) are an important part of the history and economy of northeast Pennsylvania counties (includes Berks, Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, and Wayne counties). The industry creates jobs and compensation for workers throughout these counties and influences tax revenues in the counties.

The impact of jobs in credit and lending services in northeast Pennsylvania counties:

- *For every 100 jobs* — Due to the need to supply the credit and lending service industry, other industries in northeast Pennsylvania employ an additional 44 workers. Spending of income earned by credit and lending service employees and by workers in northeast Pennsylvania industries that supply credit and lending service firms on such items as housing, food, health care, and other retail goods and services creates an additional 65 jobs in northeast Pennsylvania. In short, every 100 jobs in the northeast Pennsylvania credit and lending services are associated with 209 total jobs in the nine-county region.
- *For every 100 jobs* — The credit and lending service industry generates \$5.9 million compensation for its own northeast Pennsylvania employees and \$1.3 million compensation for employees whose jobs are created because their northeast Pennsylvania firms supply the credit and lending service industry in the region. Spending of income by credit and lending service employees and workers in supplying industries generates an additional \$1.8 million compensation for other northeast Pennsylvania workers. In this way, the credit and lending service industry is responsible for generating \$9 million annual compensation for every 100 credit and lending service workers employed in northeast Pennsylvania.
- *For every 100 jobs* — Business activity by the credit and lending service industry, the industry's impact on the northeast Pennsylvania industries that supply it, and the effect of spending by workers employed in the credit and lending service industry and its supplying industries generate \$481,000 in property taxes that are paid annually by businesses and individuals in northeast Pennsylvania to local governments.

This Brief contains an analysis of activity of establishments primarily engaged in credit and lending services in North American Industry Classification System codes 5222 and 5223. Information provided in this Economic & Workforce Brief was calculated using IMPLAN, a macroeconomic model applied by Penn State's Office of Economic and Workforce Development to identify the impact of economic activity on Pennsylvania and its counties. For more information, contact Rose M. Baker (rmb194@psu.edu; 814.865.9919) or David L. Passmore (dlp+irttd@psu.edu; 814.863.2583). Dollar values are expressed as year 2002 dollars.

