MetroDenverEDC

2023 INDUSTRY CLUSTER STUDY

FINANCIAL SERVICES

METRODENVER.ORG

ABOUT Metro**Denver**EDC

The Metro Denver Economic Development Corporation (Metro Denver EDC) is the nation's first regional economic development entity, bringing together the entire nine-county Metro Denver and Northern Colorado region to promote and support the mutual growth of our region's talent and businesses, while also recruiting new talent and new business to join us living a prosperous and elevated life.

Metro Denver is a region on the rise, fueled by the passion of changemakers and boundary breakers that are in it for the long haul. With a culture that's always moving forward, the companies that call this community home are poised to make a real impact - one that goes beyond their own four walls - as we work together to build the best possible future for our region.

As part of the Metro Denver EDC brain trust, our 250+ investors get unmatched access to the decisions, directions and collaboration opportunities that are transforming the landscape of our economy, region and communities.

Join us to make your voice heard, collaborate with the region's top business executives, and be part of leading the changes you want to see happen.

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FINANCIAL SERVICES

By The Numbers

INDUSTRY SNAPSHOT
US NUMBERS IN PARENTHESIS

COMPANIES: 36,320
AVERAGE WAGE: $140,080
EMPLOYMENT CONCENTRATION RANKING: 11

Direct Employment: 109,280
Direct Employment Concentration (2022): 5.3% (4.8%)
5-Year Employment Growth (2017 - 2022): 6.5% (6.5%)
1-Year Employment Growth (2022): 1.2% (2.3%)

INDUSTRY OVERVIEW

The Financial Services cluster in the nine-county Metro Denver and Northern Colorado region is a strong economic driver and remains a vital component of the region's economy. The region is a long-established center of financial services activities and continually attracts national and international financial services companies with its competitive edge, talented workforce, and world-class infrastructure. Several out-of-state companies increased their presence or expanded into Metro Denver, including Gen II Fund Services, Armanino LLP, and Notley. Industry leaders such as Western Union, Charles Schwab, and Wells Fargo continue to operate major corporate offices in the region. Ten Fortune 500 companies are headquartered in Metro Denver and Denver is home to one of only six U.S. Mint locations and the Federal Reserve Bank of Kansas City's Denver Branch, which connects Colorado, Wyoming, and New Mexico to the central bank. Mergers and acquisitions were prominent in 2022. Most notably, Denver-based Mercer Global Advisors acquired 14 firms in 2022. Cambiar Investors and Sunflower Bank also acquired assets, while several Colorado companies merged with out-of-state firms.

Growth in Metro Denver's Financial Services cluster plateaued in 2022 as overall economic activity in the region and across the nation slowed, particularly in the second half of the year. As the Fed gradually increased interest rates in order to slow inflation, the red-hot housing market slowed to a crawl and investment activity pulled back from the frenzy of activity in 2021. Within the Financial Services cluster, this slowdown led to a decline in activity and employment in the banking & finance subcluster.

Following the hot housing market during the pandemic, the mortgage market began to normalize in 2022 and mortgage originations declined drastically in the second half of the year. The Federal Reserve Bank of New York's third-quarter report found that mortgage originations dropped by $122 billion nationwide between the second and third quarters of 2022. Further, mortgage applications were down 25% nationally in December 2022 compared with December 2021, according to the Mortgage Bankers Association. This slowdown caused financial services companies like ibuyers and mortgage lenders to reassess their business needs and workforce alignment, leading many companies to lay off employees in Metro Denver in 2022, including Aurora-based American Financing and Ohio-based mortgage lender CrossCountry. Still, many companies were able to retain employment numbers by shifting focus from real estate lending to other areas of business.

The COVID-19 pandemic has had lasting impacts on the Financial Services cluster in many ways, including how many people use banks and how those customers prefer to engage with their bank. A survey from the Federal Deposit Insurance Corp. reported a record 96% of American households had bank accounts in 2021 and nearly half of those newly-banked households reported that government payments during the pandemic contributed to their decision to open a bank or credit union account. At the same time, the pandemic also accelerated the transition of many bank customers to online banking, which has led many banks to rethink how they engage with customers, especially in downtown areas that had previously relied on foot traffic for getting and keeping customers. This has led some banks to close branches downtown. According to a DBJ analysis of Federal Deposit Insurance Corp. data, the city of Denver experienced a net loss of 12 bank branches since 2021. Others, like FirstBank, have taken the opposite approach by expanding their presence in downtown Denver and investing in reformatting physical spaces with less emphasis on simple transactions like deposits and withdrawals, and more focus on facetime with customers who need assistance with more complicated financial business.

[1] The nine-county region is comprised of two principal areas, Metro Denver and Northern Colorado. Metro Denver consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Northern Colorado consists of Larimer and Weld counties.

CLUSTER DEFINITION

The Metro Denver and Northern Colorado region is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer, and Weld counties. In this report, the Financial Services cluster consists of 44, six-digit North American Industry Classification System (NAICS) codes in three subclusters, each of which specializes in distinct aspects of financial services. The banking & finance subcluster is comprised of transaction-oriented companies including commercial banks and credit unions, lenders, credit agencies, and mortgage bankers. The investments subcluster includes companies involved in financial advising, securities and commodities trade, real estate investment trusts (REITS), portfolio management, and financial planning. The insurance subcluster consists of insurance carriers and brokerages. These definitions allow for a comparative analysis of the Metro Denver and Northern Colorado region's cluster relative to other metropolitan regions across the nation.

CLUSTER JOB TRENDS

» The Financial Services cluster has expanded for eight consecutive years, increasing 1.2% from 2021 to 2022.

» The cluster employed 109,280 workers in 32,320 companies, employing 5.3% of the region's total workforce.

» Between 2017 and 2022, the cluster posted 6.5% growth in the region and added 6,660 employees during the period.

» The region has the highest concentration of financial services companies among the 50 largest metro areas.

» 81.6% of the region's cluster companies have 10 or fewer employees.

» Nearly 80% of the state's total employment in the cluster was located in the region.

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Notable Subcluster Trends

» Banking and finance represented the largest share of employment in the cluster (37%), followed by insurance (32%), and investments (31%).

» The investments subcluster posted the fastest increase in employment of the three subclusters, rising 5.1% in 2022.

» Between 2017 and 2022, investments employment in the region grew 15.7%, insurance employment rose 7.6%, and banking & finance employment declined 1.1%.

» Investments posted the fastest rate of company growth among the three subclusters in 2022, adding 4,300 business establishments compared with 2021.

» The investments subcluster had the highest annual wages among the region's clusters and subclusters, averaging $205,250.

» Insurance agents and brokers represent the largest share of total employment in the Financial Services cluster or 17%.

Financial Services
Employment
by Subcluster 2022

Banking & Finance 36.8%
Insurance 32.1%
Investments 31.1%
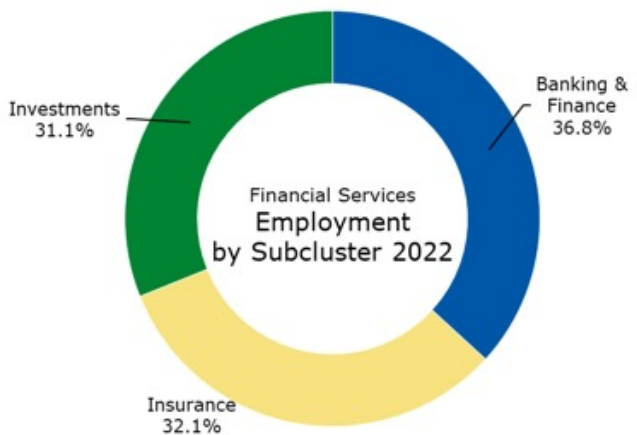
Sources: Market Analysis Profile, 2022; Development Research Partners.

MAJOR INDUSTRY INVESTMENTS, EXPANSIONS & MILESTONES

» **Fidelity Investments** has grown from 1,300 employees in 2020 to over 2,100 employees in the region in 2022. Fidelity has expanded the range of products and services offered and new hires are mostly customer-facing and tech positions.

» **JPMorgan Chase & Co.** announced a newly renovated Denver headquarters with a flagship branch on the ground floor at Market Station in Downtown Denver. The headquarters will house more than 200 employees. JPMorgan Chase has 72 branches in Metro Denver and expects to open five more branches by the end of 2023.

» **Gen II Fund Services**, a private equity fund administrator, signed a lease to occupy the top two floors of an office building in the Denver Tech Center. Gen II plans to make the Denver office its western hub and bring hundreds of employees to the area starting in 2023. The company currently employs 100 people in Metro Denver and will now have space to accommodate up to 400.

» Boulder-based **Elevations Credit Union**, the top credit union mortgage lender in Colorado, has opened a new loan production office in Lakewood. It is the third Elevations office in Metro Denver and the first in Lakewood. The new office will employ 10 loan officers.

» California-based accounting and consulting firm **Armanino LLP** quadrupled its office space in Downtown Denver. Prior to the pandemic, the company employed approximately 20 people in Denver, but now employs nearly 100. In addition to needing more space for employees, the company says the new office space is meant to maintain culture and encourage employees back to the office from remote work.

» London-based fintech startup **Cledara** has selected Denver as the site of its North American hub and closed a $20 million Series A financing round. The company plans to build a staff of 30 in Denver over the next year.

» **FirstBank**, the largest Colorado-based bank, is growing its presence in downtown Denver with the consolidation of operations and additional office space. About 35 of FirstBank's 2,700 Colorado employees will work at the downtown location.

» **Tomo**, a mortgage tech startup which provides a digital solution for securing mortgages, expanded into Denver. The 152-employee company does not yet have a Colorado outpost.

» **Notley**, an Austin, Texas-based investment firm focused on social change, is expanding into Denver. Notley, founded in 2015, uses traditional investments in real estate, venture funds, and venture capital to support organizations and people who are driving social change, operating both within and outside of nonprofit ecosystems.

Venture Capital

While the flow of venture capital dollars in 2022 generally returned to the pre-pandemic trend of being concentrated along coastal tech hubs like New York and the San Francisco Bay Area, Metro Denver was an exception, with funding amounts remaining well above pre-pandemic levels. Colorado startups raised $5.7 billion in 2022, lower than the record $7 billion raised in 2021, but outpacing the $3 billion raised in both 2020 and 2019, according to PitchBook's latest Venture Monitor report.

Colorado was among the top seven states for venture capital deal activity in 2022, despite a decline in the number of deals during the second half of 2022. As fears of recession loomed and with less capital available, venture capitalists slowed their investment activity, both locally and across the nation. By the fourth quarter of 2022, there were only 79 venture capital deals across Colorado, the fewest quarterly deals since 4Q 2016. Despite the decline in the total number of deals, the value of those 79 deals was high at $1.4 billion, compared to only $298 million across the 71 deals in 4Q 2016. Notable financial services deals in 2022 included:

» **Pie Insurance**, a fintech company, dually headquartered in Denver and Washington, D.C., raised $315 million in a Series D fundraising round, more than doubling the total capital the company has raised since its founding in 2017.

» Denver-based insurance startup **AgentSync** achieved unicorn status after a $75 million Series B fundraising round that valued the company at $1.2 billion. The company builds tools and infrastructure for the insurance industry, aiming to increase efficiency and reduce barriers to entry for insurance technology firms. With this new round of capital, the company plans to grow its staff from 115 employees to double that in the next 12 months. The company expects that 80 percent of those new hires will work in Denver.

» **Mad Capital**, a Boulder-based business spun out of nonprofit Mad Agriculture in 2022, raised $4 million at the end of the year. Mad Capital offers farmers operating, equipment, and infrastructure loans, as well as mortgages, flexible lines of credit, and transitional loans.

Mergers & Acquisitions

Competition for strategic market advantage continues to fuel mergers and acquisitions (M&A) across the Financial Services cluster.

» Denver-based wealth management firm **Mercer Global Advisors Inc.** continues expanding with dozens of acquisitions every year. In the four years since the company moved its headquarters to Denver, Mercer Advisors has quadrupled in size. The company acquired 14 wealth management firms in 2022 and 12 in 2021, contributing to an employee base of over 800 people who work in more than 90 offices across the nation.

» Denver-based **Cambiar Investors** acquired $66 million in assets from Chicago-based Great Lakes Advisors. The company's three mutual funds – Great Lakes Small Cap Opportunity Fund, Great Lakes Large Cap Value Fund, and Great Lakes Disciplined Equity Fund – were reorganized in a tax-free transaction into the **Cambiar Small Cap Fund** and the **Cambiar Opportunity Funds**.

» Denver-based **Sunflower Bank** purchased Austin-based Pioneer Bank SSB, a deal that will give Sunflower expanded reach in Texas.

» U.K.-based Amtivo Group, which provides auditing and certification according to the International Organization for Standardization, acquired **Orion Registrar Inc**., a small Arvada-based auditing company. Amtivo plans to fully retain the existing team at Orion and build on its established business through more mergers and acquisitions.

» Denver-based **Trelora**, a company that operated as a flat-fee real estate brokerage, merged with Philadelphia-based Houwzer. Houwzer plans to absorb 80% of Trelora's employees into its company and plans to keep Trelora's Denver office.

» Los Angeles-based high net worth wealth management firm Lido Advisors LLC acquired **Colorado Financial Management**, one of Boulder's oldest and largest registered investment advisors.

» Denver-based **Accept.inc**, a fintech lender that gives homebuyers a way to submit all-cash offers on a home, was acquired by Arizona-based real estate property technology company, HomeLight.
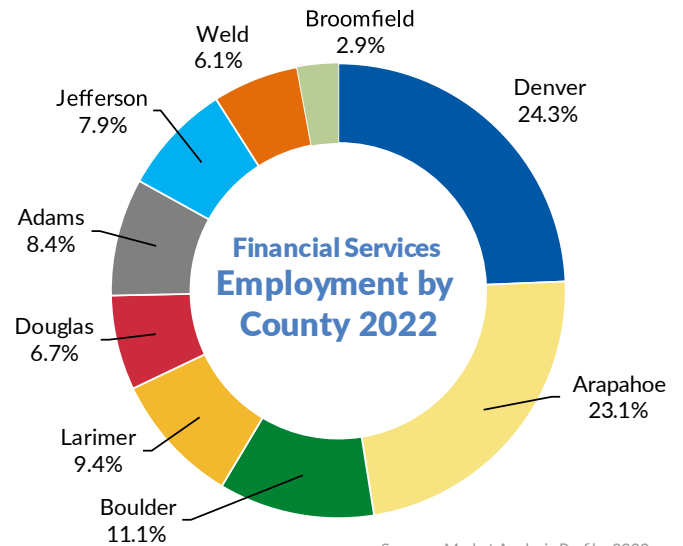
FINANCIAL SERVICES ECONOMIC PROFILE

Colorado Rankings, 2022[1]

| Financial Services Summary	
Financial Services Employment Rank	12th (unchanged from 2021)
Financial Services Employment Concentration Rank	11th (up one position from 2021)

Financial Services Employment & Company Profile, 2022

	9-County Region	USA
Direct employment, 2022	109,280	7,126,780
Number of direct companies, 2022	36,320	890,400
One-year direct employment growth, 2021-2022	1.2%	2.3%
Five-year direct employment growth, 2017-2022	6.5%	6.5%
Avg. annual direct employment growth, 2017-2022	1.3%	1.3%
Direct employment concentration	5.3%	4.8%
% of companies with <10 employees	81.6%	82.6%

Sources: Dun & Bradstreet, Inc., Hoover's Online Database; Market Analysis Profile, 2017-2022; Development Research Partners.
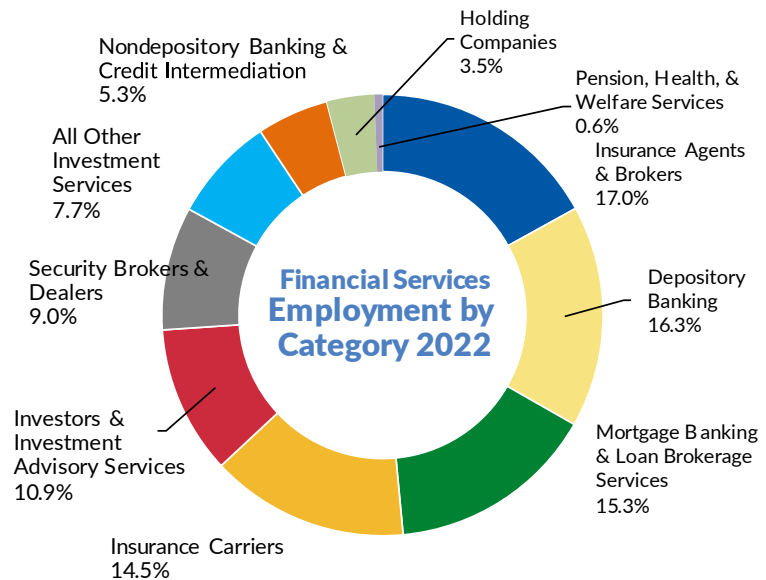
Financial Services Employment by County 2022

- Denver 24.3%
- Arapahoe 23.1%
- Boulder 11.1%
- Larimer 9.4%
- Douglas 6.7%
- Adams 8.4%
- Jefferson 7.9%
- Weld 6.1%
- Broomfield 2.9%

Sources: Market Analysis Profile, 2022; Development Research Partners.

Financial Services Number of Employees Growth Rate

Legend: ■ 9-County Region ■ United States
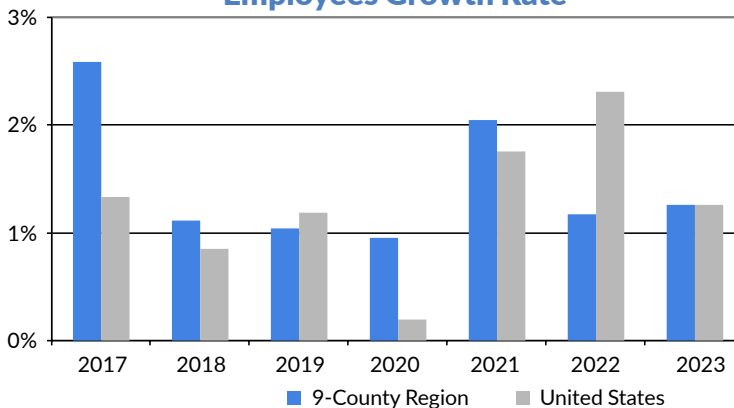
Source: Dun & Bradstreet, Inc., Hoover's Online Database; Market Analysis Profile, 2017-2022.

Financial Services Employment by Category 2022

- Holding Companies 3.5%
- Pension, Health, & Welfare Services 0.6%
- Insurance Agents & Brokers 17.0%
- Depository Banking 16.3%
- Mortgage Banking & Loan Brokerage Services 15.3%
- Insurance Carriers 14.5%
- Investors & Investment Advisory Services 10.9%
- Security Brokers & Dealers 9.0%
- All Other Investment Services 7.7%
- Nondepository Banking & Credit Intermediation 5.3%

Sources: Market Analysis Profile, 2022; Development Research Partners.

[1]Direct employment rank based on the number of employees in the industry cluster in a state. Employment concentration rank based on the direct cluster employment in a state expressed as a percent of total employment in all industries in the same state. Rankings are for the 50 states. No multiplier effects are included. 1st = highest for both rankings.

FINANCIAL SERVICES INDUSTRY SUBCLUSTERS

The Financial Services cluster is divided into three subclusters: (1) banking & finance, (2) insurance, and (3) investments.

Banking & Finance is comprised of transaction-oriented companies including commercial banks and credit unions, lenders, credit agencies, and mortgage bankers. The banking & finance subclusters consists of 16, six-digit North American Industry Classification System (NAICS) codes.

Investments includes companies involved in financial advising, securities and commodities trade, real estate investment trusts (REITS), portfolio management, and financial planning. The investments subcluster consists of 15, six-digit NAICS codes.

Insurance companies provide all types of insurance ranging from life, accident, health, casualty, title, and surety insurance to pension, health, and welfare funds businesses. The insurance subcluster consists of 13, six-digit NAICS codes.

9-County Rankings, 2022[3]
Subcluster Rankings

Banking & Finance	
Banking & Finance Direct Employment Rank	13th (unchanged from 2021)
Banking & Finance Direct Employment Concentration Rank	91th (up four position from 2021)
Investments	
Investments Direct Employment Rank	10th (unchanged from 2021)
Investments Direct Employment Concentration Rank	5th (up two positions from 2021)
Insurance	
Insurance Direct Employment Rank	12th (unchanged from 2021)
Insurance Direct Employment Concentration Rank	25th (unchanged from 2021)

Financial Services Subclusters
Employment & Company Profile, 2022

	Banking & Finance		Investments		Insurance	
	9-County Region	USA	9-County Region	USA	9-County Region	USA
Direct employment, 2022	40,220	2,699,790	33,980	1,579,830	35,090	2,847,150
Number of direct companies, 2022	4,410	200,830	26,160	442,410	5,750	247,160
One-year direct employment growth, 2021-2022	-1.7%	-0.4%	5.1%	6.2%	1.0%	2.9%
Five-year direct employment growth, 2017-2022	-1.1%	1.9%	15.7%	11.6%	7.6%	8.2%
Avg. annual direct employment growth, 2017-2022	-0.2%	0.4%	3.0%	2.2%	1.5%	1.6%
Direct employment concentration	1.9%	1.8%	1.6%	1.1%	1.7%	1.9%
% of companies with <10 employees	88.2%	76.5%	77.5%	80.5%	94.8%	91.4%

Note: Individual subcluster figures may not add to the financial services cluster total due to rounding.
Sources: Dun & Bradstreet, Inc., Hoover's Online Database; Market Analysis Profile, 2017-2022; Development Research Partners.

[3]Direct employment rank based on the number of employees in the industry cluster in a region. Employment concentration rank based on the direct cluster employment in a region expressed as a percent of total employment in all industries in the same region. Rankings are for the 50 largest metropolitan statistical areas (MSAs). No multiplier effects are included. 1st = highest for both rankings.

INDUSTRY INFRASTRUCTURE SUPPORT

CFA Society Colorado

COLORADO THE BANKERS ASSOCIATION

NAPFA THE NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS

NAIFA COLORADO

COLORADO ASSOCIATION OF MORTGAGE PROFESSIONALS CoAMP 1983

PIIAC Professional Independent Insurance Agents of Colorado

RMAFP ROCKY MOUNTAIN ASSOCIATION FOR FINANCIAL PROFESSIONALS

The Institutes CPCU Society

FPA FINANCIAL PLANNING ASSOCIATION COLORADO

FINANCIAL SERVICES WORKFORCE PROFILE

» The Leeds School of Business at University of Colorado Boulder and the CU Denver Business School ranked among the top 100 MBA programs in the U.S., according to the 2023 ranking by U.S. News & World Report.

» The MBA@Denver University of Denver program ranked No. 2 in North America and No. 17 in the world for online MBA programs. For Executive MBA programs, the University of Denver ranked No. 1 in North America and No. 15 in the world. (CEO Magazine, 2022)

» Employment in the insurance subcluster expanded for 11 consecutive years in 2022, adding over 6,660 jobs since 2011.

» Investopedia ranked Denver No. 12 among the best U.S. Cities for Finance Workers to Live in 2022.

» Denver is one of the top 10 cities for economic growth, according to Kenan Institute of Private Enterprise's "2022's Fastest-Growing Cities in the U.S." report.

» Denver is a top 10 city for young professionals in 2022, according to Rent.com.

» Colorado Springs ranked No. 2 and Boulder ranked No. 4 among the 10 best places to live in the U.S. in 2022-2023 (US News & World Report).

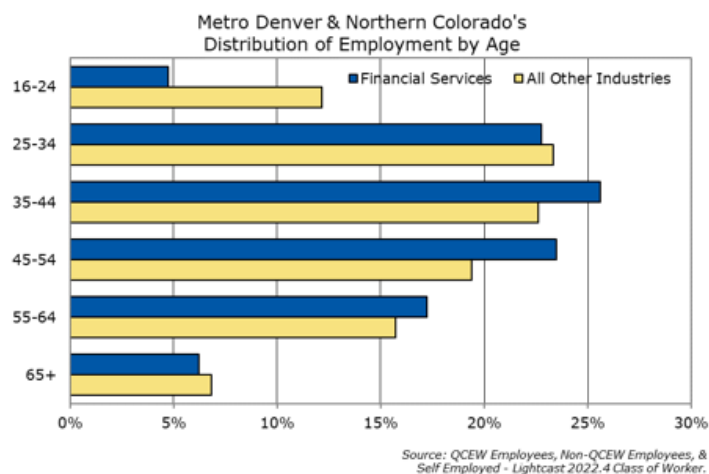» CU Denver has a 100% placement rate in risk management and insurance.

Age Distribution

» The age distribution of workers in the region's Financial Services cluster is concentrated between the ages of 35 and 64 years old (66.3%), compared with the age distribution of all industries across the nine-county region (57.7%).

    » More than one-quarter of the workers in the Financial Services cluster were between the ages of 35 and 44 years old.

Wages

» The 2021 average annual salary for workers in the Financial Services cluster was $140,080 in the region, compared with the national average of $168,280.

» The average starting salary for workers in the Financial Services cluster was $51,430 in the region, compared with $43,070 across all industries.

» Total payroll reached $15.1 billion in 2021.

Occupation & Salary Profile

The Occupation & Salary Profile below includes the 10 largest cluster occupations. It details the total number of workers employed in that occupation across all industries, the number of available applicants that would like to be working in that occupation, the number of recent graduates that are qualified for that occupation, and the median and sample percentile annual salaries.

Metro Denver & Northern Colorado's Distribution of Employment by Age

Source: QCEW Employees, Non-QCEW Employees, & Self Employed - Lightcast 2022.4 Class of Worker.

METRO DENVER & NORTHERN COLORADO FINANCIAL SERVICES OCCUPATION & SALARY PROFILE, 2022

10 Largest Energy & Natural Resources Occupations in Colorado	Total Working Across All Industries (2022)	Number of Available Applicants (2022)	Number of Graduates (2021)	Median Salary	10th Percentile Salary	25th Percentile Salary	75th Percentile Salary	90th Percentile Salary
Insurance Sales Agents	13,600	63	9	$58,217	$29,018	$37,671	$83,263	$130,698
Securities, Commodities, and Financial Services Sales Agents	9,723	99	524	$58,581	$27,715	$37,908	$94,873	$133,791
Customer Service Representatives	35,805	1,702	10,041	$37,554	$28,962	$31,804	$47,206	$59,067
Personal Financial Advisors	6,443	28	518	$85,045	$47,522	$60,560	$132,801	$217,564
Loan Interviewers and Clerks	4,233	78	518	$47,421	$34,911	$38,513	$57,877	$65,446
Claims Adjusters, Examiners, and Investigators	4,961	40	515	$75,142	$48,498	$59,507	$96,546	$108,165
Tellers	3,588	95	518	$37,228	$29,855	$34,219	$41,244	$46,945
Loan Officers	3,652	222	518	$77,455	$42,483	$58,374	$101,365	$131,810
Software Developers	37,179	260	3,228	$119,901	$76,977	$97,231	$140,252	$167,728
Accountants and Auditors	33,436	360	7,450	$78,625	$47,787	$60,321	$103,342	$133,228

Notes: The number of available applicants is a point-in-time measurement of the number of people who have registered in Colorado's workforce development system's statewide database, Connecting Colorado, as being able and available to work in a particular occupation. Results should be interpreted with caution since registration in Connecting Colorado is self-reported. In addition, the skills rubric may assign up to four occupation codes for each registrant. Therefore, the number of available applicants could be inflated. Source: Arapahoe/Douglas Works!; QCEW Employees, Non-QCEW Employees, & Self Employed - Lightcast 2022.4 Class of Worker.

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