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The Economic Impacts of Utah's Fintech Industry

Many factors, including strong economic multipliers, position Utah's fintech industry to grow and play a larger role in the state's economy.

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Acknowledgements

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Analysis in Brief

The financial technology industry (fintech) continues to transform the traditional financial services sector and introduce innovative business models across the globe. The pace of change accelerated since the Great Recession of 2007-2009. Utah's fintech industry demonstrates strong growth and will continue to grow due to the state's youthful population and educated workforce, large financial services sector, concentration of industrial banks, and other factors. With industry growth and strong economic multipliers, Utah fintech companies will likely contribute to greater shares of Utah's economy over time.

Key Findings

- **Fintech industry profile -** In 2023, 67 fintech companies in Utah created nearly 8,000 jobs, producing more than $1 billion in total annual wages. About half of these companies categorize in software and technology-related industries, while the other half fall in the financial services sector.

- **Geographical concentration -** Utah fintech companies reside in six counties: Salt Lake, Utah, Weber, Cache, Davis, and Washington. Salt Lake County is home to the most Utah fintech companies (67%), followed by Utah County (26%).

- **Fintech segments -** Analysts classify each Utah fintech company into one of six segments by their business model. Lending ranks largest among Utah fintech segments, accounting for 32% of total jobs and 29% of total wages in this industry.

- **High average wages -** The estimated annual wage at Utah's fintech companies averages about $131,500 per employee, much higher than the average wage among all other industries in Utah ($65,260).

- **Economic impacts -** Fintech significantly impacts Utah's employment, with each job in the industry generating an additional 2.8 jobs throughout the broader economy. The industry employs about 7,800 individuals and supports an additional 22,000 jobs in the Utah economy. Wages totaling $1 billion lead to total impacts of $2.3 billion in wages across all industries and $2.6 billion in fintech industry output (industry sales) leads to $7.3 billion in output across all Utah industries.

Utah Fintech Segmentation by Business Model, 2023
(Counts, Shares, and Millions of Current Dollars)

Fintech Segments	Employment		Wages	
	Jobs	Share	Amount	Share
Lending	2,513	32%	$297	29%
Payments and Infrastructure	1,889	24%	$272	27%
Internal Financial Operations and Risk Management	1,230	16%	$200	20%
Investments	1,243	16%	$138	13%
Customer Interface	675	9%	$91	9%
Data Security and Monetization	222	3%	$25	2%
Total	**7,772**	**100%**	**$1,022**	**100%**

See Table 1 for notes
Source: Kem C. Gardner Policy Institute and Stena Center for Financial Technology analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

Average Wages per Worker in Utah's Fintech Industry Compared to All Other Industries
(Current Dollars)

Utah fintech industry	$131,503
All other industries	$65,260

Note: Wages data are inflation-adjusted to 2024 dollars.
Source: Kem C. Gardner Policy Institute analysis of 2022 Q4 – 2023 Q3 data from Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics

Economic Impacts of Utah's Fintech Industry, 2023
(Jobs, Millions of Current Dollars)

Economic Indicator	Direct Effect	Multiplier	Total Impact
Employment	7,772	3.8x	29,764
Wages	$1,022	2.3x	$2,302
Output	$2,645	2.8x	$7,346

Note: Wages and output data are inflation-adjusted to 2024 dollars.
Sources: Utah Department of Workforce Services, Bureau of Labor Statistics, and REMI PI+ Economic Model

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Section 1: Overview of the Fintech Industry

Financial technology – or "fintech" – refers to the delivery of financial services using technology. The financial services sector's use of technology enhances efficiency while also enabling new products and services within the sector. While some level of technology has always been a part of the financial services industry, the interrelationships between the financial services sector and the technology sector have deepened since the 2007-2008 Global Financial Crisis. The demand for fintech products and services has grown alongside the increasing digitization of economies. Venture capital (VC) has been instrumental in financing fintech companies. Globally, fintech VC funding stood at $18 billion in 2015, growing at an annual rate of 12%. This surged to $92 billion in 2021, marking a peak year for fintech VC funding. However, economic uncertainty, geopolitical instability, and rising interest rates have led to a decline in capital raised since 2021. Global funding fell by 67% between 2021 and 2023, dropping to $55 billion in 2022 and to $30 billion in 2023. The U.S. and Canada experienced a similar trend, with funding rising from $8.6 billion in 2015 to $42.4 billion in 2021, then declining to $15.7 billion in 2023.[1]

The International Monetary Fund (IMF) and World Bank define fintech as "a technological advancement that has the potential to transform the provision of financial services, spurring the development of new business models, applications, processes, and products".[2] Connectivity through mobile and internet devices, coupled with low-cost computing and data storage are pivotal drivers in the fintech industry's growth.[3] Technology reduces transaction costs, boosts transparency and speed, and fosters innovation in finance.

Section 1.1: Defining Utah's Fintech Industry

While the fintech industry exists globally, this report focuses on the state of fintech in Utah. The "fintech" industry has no universally accepted definition, and there are no standardized or designated North American Industry Classification System (NAICS) codes for the fintech industry. An industry definition based on NAICS codes would enable a "top-down" approach to defining the industry. Since that is not possible here, this report's definition includes four criteria to enable a "bottom-up" approach to defining fintech in Utah. The definition can be applied to any company to determine whether they belong in Utah's fintech industry. A fintech company meets all four criteria:

1. **Business model:** The company operates one of six identified fintech business models.
2. **Technology:** The company uses an internet-related technology.
3. **Purpose:** The company serves financial services institutions or provides financial services to the market.
4. **Majority:** Greater than 50% of the company's activities meet the first three criteria.

Section 1.1.1: Business Model

The research team identified six business models or fintech segments for the first criterion, relying heavily on work by Giglio (2021).[4]

Payments and infrastructure: The payments and payment infrastructure segment involves primarily internet and mobile-based financial transactions. Companies in this segment provide digital wallets, peer-to-peer (P2P) payments, cross-border

Figure 1: Fintech Venture Capital Funding, 2015-2023
(Billions of Nominal U.S. Dollars)
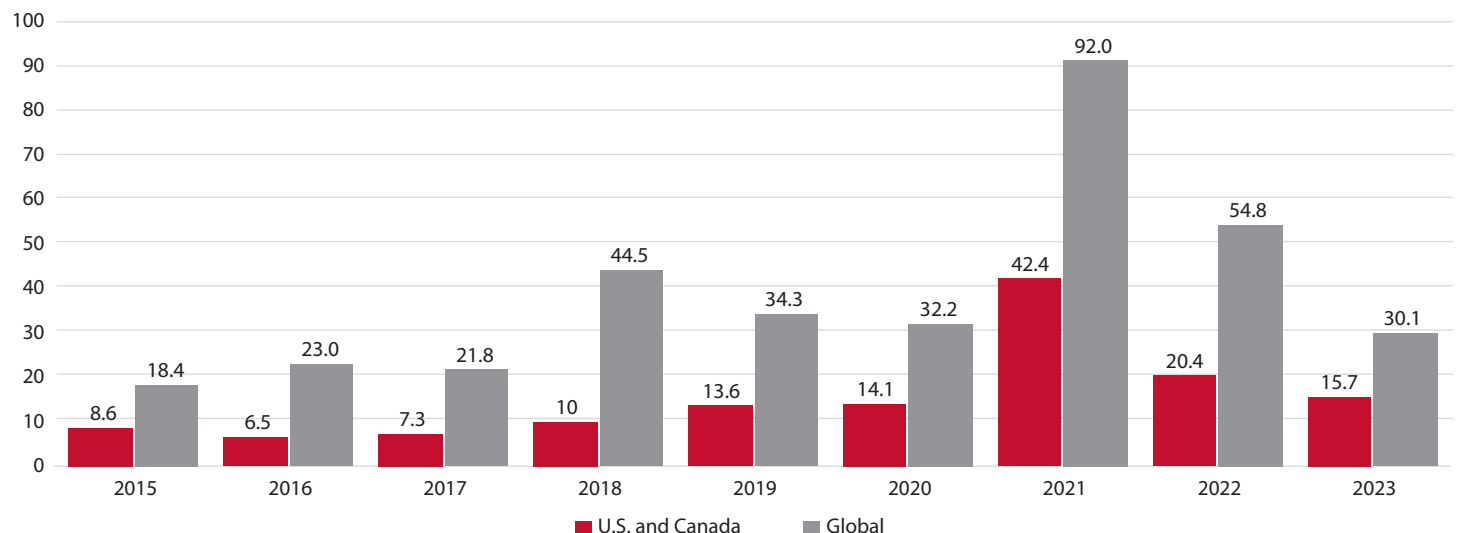
Source: World Economic Forum, 2024

payments, biometric payments, cryptocurrency exchanges, and blockchain solutions. While still novel from an economic perspective, many of these innovative solutions and products are gaining consumer trust and adoption. Examples of Utah fintech companies classified in this segment include Global Payments, Cybersource (acquired by VISA), and Finicity (acquired by Mastercard).

Internal financial operations and risk management: Companies in this segment use technology to streamline risk management processes and enhance internal financial operations at financial institutions. By leveraging advanced technologies, financial institutions can enhance their risk assessment capabilities, identify potential risks more efficiently, and implement proactive measures to mitigate them. Fintech companies in this segment offer services such as risk assessment, compliance systems, expense analysis and management, invoicing and billing, accounting software, payroll processing, financial planning and forecasting, and internal audit. Examples of Utah fintech firms classified in this segment include Divvy (acquired by Bill.com), Canopy Tax, and Brex.

Lending: Technology enables remote access to loans, bypassing the need for physical visits to bank branches and face-to-face meetings with loan officers. Fintech companies utilize AI, big data, and secure Application Programming Interface (API) connections to offer peer-to-peer (P2P) lending, crowdfunding, microfinance, and other digital lending platforms. Examples of Utah fintech companies classified in this segment include Lendio, Galileo (acquired by SoFi), LoanPro, and Snap! Finance.

Investments: Some fintech companies utilize technology for stock and bond trading, wealth management, and other investment activities. While these offerings may compete with those at traditional financial institutions, many traditional financial institutions are partnering with fintech companies and integrating these platforms into their operations. Examples of Utah fintech firms classified in this segment include E-Trade, Alter Domus, and Carta.

Data security and monetization: Data security is crucial for consumer trust in online transactions. Companies in this segment offer services such as identify verification, fraud prevention, and secure transactions. Cybercrime prevention is a central focus within the fintech ecosystem, ensuring the reliability of financial services. The utilization of big data amplifies the efficiency of financial services and extends their accessibility to a broader audience. Examples of Utah fintech companies classified in this segment include Addepar, Midigator (acquired by Equifax), and Ripple.

Bank-nonbank Partnerships

Bank-nonbank partnerships increase the accessibility of core banking products and services to consumers and businesses by integrating these products and services into applications and platforms. Bank-nonbank partnerships take various forms and are often referred to as a "banking-as-a-service" business model. In a direct-bank relationship, the nonbank typically needs licensing and money movement capabilities from the bank. The bank, often called "sponsor bank," provides compliance oversight. Either the bank or the nonbank manages operations and programs resulting from the partnership. Either entity or a third party, often known as the "middleware provider," provides the software to enable the technology and program integrations. Fintech companies typically play the role of nonbank or middleware provider in these partnerships and may fit under various business model segments. Bank-nonbank partnerships allow banks to extend their customer base beyond their traditional market, to open new revenue streams, and to deepen relationships with customers. One example of a bank-nonbank partnership involves the fintech company Stripe, which has employees in Utah. Shopify (nonbank) uses Stripe (fintech) to integrate business bank accounts held at Fifth Third Bank (bank) into a platform, providing insights to businesses (Shopify's clients) via data visualization dashboards about their financial health.

Customer interface: This fintech segment focuses on customer interactions and fintech platforms. This type of fintech company provides the design, functionality, and usability of digital interfaces, including mobile apps, websites, and other digital platforms that facilitate transactions, account management, and communication with financial providers. Examples of Utah fintech firms classified in this segment include MX, nCino, and Taulia.

Section 1.1.2: Technology

Defining what is meant by "technology" is crucial within fintech. An all-encompassing definition that includes spreadsheets and calculators would not result in a workable industry definition. The research team adopts a framework by the Organization for Economic Co-operation and Development (OECD) to define technology, as it is used in fintech.[5] The framework includes emerging technologies such as blockchain technology, big data analytics, Internet of Things (IoT), cloud computing, artificial intelligence (AI), biometrics, and augmented/virtual reality.

Section 1.1.3: Purpose

Fintech companies must either serve the financial services industry or provide financial services directly to the marketplace. As they serve the financial services industry, traditional financial services institutions such as commercial banks act as common clients. When fintech companies provide financial services directly to individuals, households, or businesses, traditional financial services institutions become competitors to fintech businesses.

Section 1.1.4: Majority

The last criterion for the workable definition of fintech requires that the majority of a company's activities meet the prior three criteria (business model, technology, and purpose). In effect, this criterion eliminates potential companies who engage in some fintech activity but for whom it is not their primary activity.

Section 1.2: Utah's Fintech Companies

The research team applied the industry definition's criteria to hundreds of potential fintech companies with a presence in Utah to determine which ones to include in Utah's fintech industry list. The research team sourced potential fintech firms by reviewing data and other sources from industry, investor, public, and academic perspectives. All decisions were validated jointly between the Gardner Institute and the Stena Center. For additional details related to sourcing methodology, see Appendix 1. For the complete list of Utah's fintech companies, see Appendix 3.

To maintain feasibility of the study, the research team chose to focus on the core fintech business models described in Section 1.1.1 and chose not to incorporate chartered banks, insurance companies or "insurtech" companies within the study's scope. This is not to say that fintech activity does not take place among those companies. Furthermore, the research team opted to exclude companies with fewer than 20 employees, even if they met all four of the definition's criteria, to concentrate on those fintech companies with substantial economic influence in Utah's economy. These project scope parameters limit this project's economic impacts to effectively a minimum or lower bound estimate of true economic impacts to Utah's economy by the statewide fintech industry.

Section 1.2.1: Segments and Industries

The research team identified 67 Utah fintech companies using the criteria mentioned above. While not all of these are headquartered in Utah, they all have at least one in-state office location. The Utah Department of Workforce Services (DWS) provided average annual wages and employment data for these 67 companies. DWS manages Utah data from the Quarterly Census of Employment and Wages (QCEW), which benefits from reporting requirements that apply to nearly every employer.[6] At the time of analysis, wages and employment data were available through September 2023. Annual averages, therefore, are calculated using data inclusive of 2022Q4 through 2023Q3. These data show lending as the biggest fintech segment in Utah, followed by payments and infrastructure, internal financial operations and risk management, investments, customer interface, and data security and monetization.

Using the 2022 North American Industry Classification System (NAICS), Utah fintechs fall primarily under two sectors: financial services and technology. This does not mean they are necessarily similar to other companies in these sectors such as commercial banks or large tech companies. They do, however, possess unique characteristics that meet the fintech industry definition's criteria explained in Section 1.1. Fintechs associate with 20 industries inside the two sectors. Table 2 lists the various industries and their unique six-digit codes. Of the 67 fintech companies with a presence in Utah, 51% are part of the larger technology sector, and 49% fall under financial services.

Table 1: Utah Fintech Segmentation by Business Model, 2023
(Counts, Shares, and Millions of Current Dollars)

Fintech Segments	Firms		Employment		Wages	
	Number	Share	Jobs	Share	Amount	Share
Lending	18	26.9%	2,513	32.3%	$297	29.0%
Payments and Infrastructure	17	25.4%	1,889	24.3%	$272	26.6%
Internal Financial Operations and Risk Management	13	19.4%	1,230	15.8%	$200	19.5%
Investments	7	10.4%	1,243	16.0%	$138	13.5%
Customer Interface	7	10.4%	675	8.7%	$91	8.9%
Data Security and Monetization	5	7.5%	222	2.9%	$25	2.4%
Total	**67**	**100%**	**7,772**	**100%**	**$1,022**	**100%**

Notes: 1) The summation of column percentages may not equal 100% due to rounding. 2) While there are more companies classified as "internal financial operations and risk management" than those classified as "investments", those in the "investments" segment employ slightly more people in Utah. 3) Employment and wage data represent annual averages from 2022Q4 through 2023Q3. Wage data are inflation-adjusted to 2024 dollars.
Source: Kem C. Gardner Policy Institute and Stena Center for Financial Technology analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

Table 2: Utah Fintech Company Counts by Sector and Industry, 2023

Sector/Industry	NAICS Code	Companies
Software, Computing Infrastructure, and Related Services		
Software Publishers	513210	13
Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	518210	3
Other Accounting Services	541219	1
Custom Computing Programming Services	541511	11
Computer Systems Design Services	541512	3
Other Computer Related Services	541519	1
Research and Development in Biotechnology (except Nanobiotechnology)	541714	1
All Other Professional, Scientific, and Technical Services	541990	2
Total Technology Company Counts		**35**
Financial Services		
Credit Card Issuing	522210	1
Sales Financing	522220	1
Consumer Lending	522291	5
Real Estate Credit	522292	1
International, Secondary Market, and All Other Nondepository Credit Intermediation	522299	3
Mortgage and Nonmortgage Loan Brokers	522310	1
Financial Transaction Processing, Reserve, and Clearinghouse Activities	522320	13
Other Activities Related to Credit Intermediation	522390	1
Investment Banking and Securities Intermediation	523150	2
Miscellaneous Intermediation	523910	1
Portfolio Management and Investment Advice	523940	1
Miscellaneous Financial Investment Activities	523999	2
Total Financial Services Company Counts		**32**
TOTAL		**67**

Source: Kem C. Gardner Policy Institute and Stena Center for Financial Technology analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

Table 3: Utah Fintech Establishments by County, 2023

County	Fintech Establishment Counts	Share of total counts
Salt Lake	47	67.1%
Utah	18	25.7%
Weber	2	2.9%
Cache	1	1.4%
Davis	1	1.4%
Washington	1	1.4%
Total	**70**	**100%**

Note: Companies may have more than one establishment, explaining why establishment counts in the table are greater than 67.
Source: Kem C. Gardner Policy Institute analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

Section 1.2.2: Geographical Concentration

Utah fintech companies are found across six counties in Utah: Salt Lake, Utah, Weber, Davis, Cache, and Washington (Figure 3). The majority of Utah's fintech jobs are concentrated in the Wasatch Front region. In fact, 67% of Utah's fintech establishments (office sites) are located in Salt Lake County alone, followed by 26% in Utah County. The remaining 7% are scattered across Weber, Cache, Davis, and Washington counties.

In terms of city presence, Salt Lake City hosts the highest number of fintech establishments in the state, with 24 (34.3%), followed by Draper and Lehi with 11 (15.7%) and 6 (8.6%) establishments each, respectively. Global Payments, the largest fintech company in Utah by in-state employees, maintains three locations: two in Lindon and one in South Jordan.

Section 1.2.3: Company Size

The fintech sector in Utah includes all sizes of companies, ranging from large, publicly traded corporations to medium-sized firms and startups. In 2023, 50.7% of fintech entities within scope employed 20 to 49 individuals. Many companies in this group fall within the "payments and infrastructure" segment. The subsequent categories include companies with employee counts ranging from 50 to 99 (17.9%) and from 100 to 249 (17.9%). There are also dozens of fintech startups in Utah with fewer than 20 employees (out of scope for this project) which do not yet materially impact Utah's economy, but certainly will to the extent they continue to grow. Table 3-2 provides examples of small fintech companies excluded from this report.

Utah's three largest fintech companies by in-state employment fall into three different segments: payments and infrastructure, investments, and internal financial operations and risk management. Global Payments, the largest fintech company in terms of 2023 employment, generated between 755 and 1,567 jobs across three Utah locations (Table 5). It operates a "payments and infrastructure" business model and provides a wide range of services such as money transfer services, check and payment processing, consolidated billing, payment security, and online reporting. E-Trade and Divvy are

Table 4: Utah Fintech Companies by Size, September 2023

Employment	Fintech Company Count	Share of Total Counts
Greater than 500	3	4.5%
250 to 499	6	9.0%
100 to 249	12	17.9%
50 to 99	12	17.9%
20 to 49	34	50.7%
Total	**67**	**100%**

Notes: 1) Some fintech companies on the list have more than one establishment within Utah. 2) The "20 to 49" employment category includes six companies that employed less than 20 employees as of September 2023 in the list because they had more than 20 employees at some point in the previous 12 months and contribute to the study's economic impact analysis. 3) Column percentages may not sum to 100% due to rounding.
Source: Kem C. Gardner Policy Institute and Stena Center for Financial Technology analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

Figure 2: Fintech Establishments by City, 2023

Note: Gray dots represent Utah cities with no fintech establishments while red dots represent cities with at least one fintech establishment. Source: Kem C. Gardner Policy Institute analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)
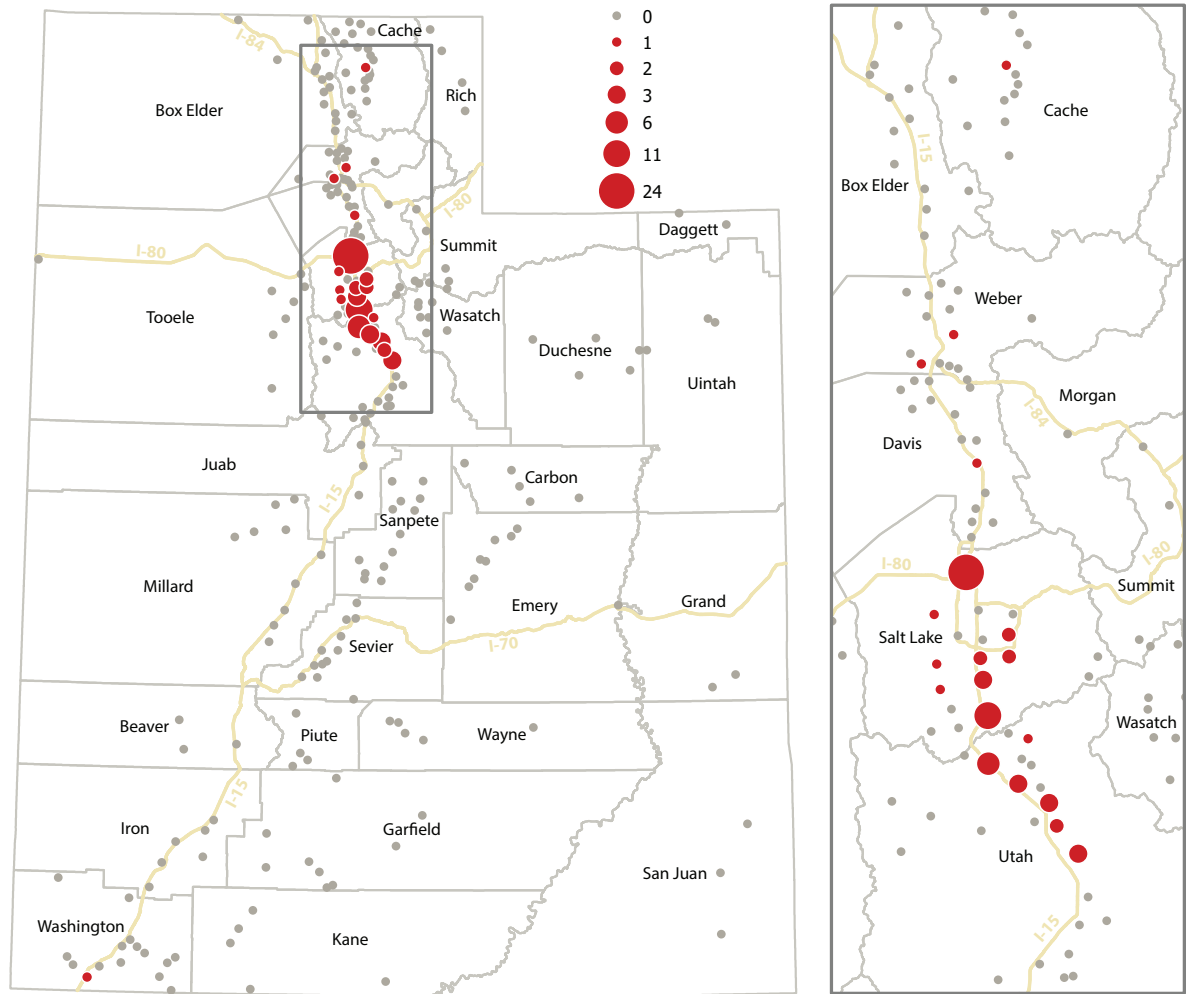
Utah's second and third-largest fintech companies respectively, each creating between 500 and 999 jobs in 2023. E-trade operates an "investments" business model by providing a platform and application for investment in stocks, exchange-traded funds (ETFs), mutual funds, and option trades. Divvy, acquired by Bill. com in 2021, operates an "internal financial operations and risk management" business model by specializing in expense management solutions, offering virtual corporate cards, auto expense categorization, and real-time spending insights.

Section 1.3: Utah's Fintech Financing Activity

Among the 67 identified fintech companies in Utah, many (13) have undergone activity related to mergers and acquisitions (M&A) in their most recent financing event.[7] The M&A events occurred primarily between 2020 and 2022 to diversify product offerings, services, and customer bases. This aligned with the increase in fintech M&A activity at the global level. Venture capital inflows, which used to be a primary funding source for fintech startups, decelerated in 2022 and 2023 because of heightened risk perceptions in finance related to the higher interest-rate environment—which lasted longer than economists initially thought— and macroeconomic risks related to a possible recession.

Table 5: Largest Employers in Utah's Fintech Industry, 2023
(Companies with at Least 250 In-State Jobs)

Company	Segment	In-state Employment[2]
Global Payments	Payments and Infrastructure	755 to 1,567
E-Trade	Investments	500 to 999
Divvy[1]	Internal Financial Operations and Risk Management	500 to 999
Acima Credit[1]	Lending	250 to 499
MX	Customer Interface	250 to 499
Lendio	Lending	250 to 499
Snap! Finance	Lending	250 to 499
Alter Domus	Investments	250 to 499
Galileo[1]	Lending	250 to 499

Notes: 1) Divvy was acquired by Bill.com, Acima Credit was acquired by Preferred Lease (subsidiary of Rent-A-Center), and Galileo was acquired by SoFi.
2) In-state employment counts are combined for any company establishments within the fintech industry. Federal disclosure guidelines permit broad employment ranges but not exact counts. The Utah Department of Workforce Services confirmed the rank ordering of the displayed companies, based on average in-state employment from 2022 Q4–2023 Q3. Source: Kem C. Gardner Policy Institute analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

After M&A activity, Utah fintech companies' second largest group of financing deals (10) relate to general debt (e.g., bonds or loans, including refinancing activity). Some Utah fintech startups went through later-stage venture capital rounds (8), while others secured venture capital in early fundraising rounds (7) in their most recent financing event.[8] The remaining companies are diverse in their most recent financing activity across different types of debt or other, often unknown, financing.

Financing Activity by Segment

Lending

This segment comprises 18 fintech companies, with SoFi leading in total funds raised at $4.9 billion. The biggest deal in recent years involved Acima Credit, acquired by Preferred Lease (a subsidiary of Rent-A-Center) in 2021 for $1.4 billion.

Payments and Infrastructure

Seventeen fintech companies operate in payments and infrastructure within the state as of 2023. Stripe and PayPal stood out in financing deals by raising significant capital amounts of $6.5 billion and $3 billion, respectively.[9] Since both companies have offices in multiple states, not all capital raised by these deals flowed to Utah's economy.

Internal Financial Operation and Risk Management

This segment, which comprises 13 companies in Utah, experienced two acquisitions recently. Three companies received capital in later stages of venture capital funding in their most recent financing event. Divvy, acquired by Bill.com in 2021, secured the most capital among this segment ($2.3 billion).

Investments

The investments segment in Utah consists of seven companies. The largest disclosed deal in recent financing activity involved beatBread's $100 million raised in an early-stage VC round.

Figure 3: Recent Utah Fintech Financing Activity
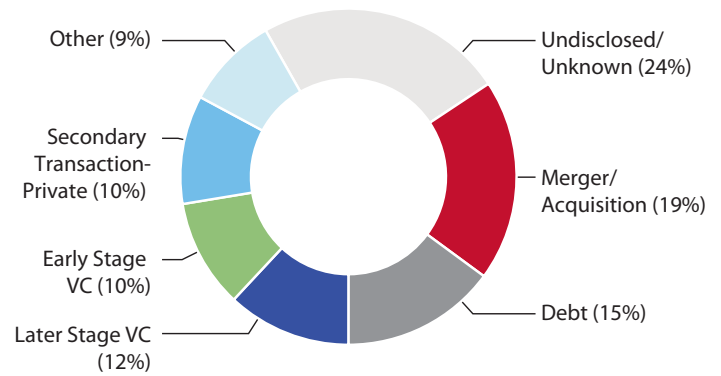
Note: 1) The analysis includes financing activity from each fintech's most recent financing event, most of which occurred since 2020. 2) "Later Stage VC" includes Series C rounds and beyond. "Early Stage VC" includes angel investments and pre-series C rounds. "Other" includes Buyout, Leverage Buyout (LBO), Private Equity Growth/Expansion, and Corporate. "Undisclosed/Unknown" also includes those with no financing activity to date.
Source: Kem C. Gardner Institute Analysis of data provided by PitchBook (accessed in 2024)

Customer Interface

Seven companies in Utah specialize in customer interface solutions. While MX has the largest in-state employee count in this group (250-499 employees), nCino holds the top rank for highest estimated company value ($6,560 million as of 2020). However, that does not represent the value of nCino's Utah offices—nCino has headquarters in North Carolina and offices globally.

Data Security and Monetization

Five fintechs with Utah offices employ a business model around data security or monetization. Two of these companies have reached later-stage venture capital status. California-based Addepar emerges as the largest company in terms of capital raised ($495 million) and estimated value ($2,170 million as of 2021) within the segment.

Table 6: Acquisitions of Utah Fintech Companies

Fintech Company	Acquirer	Date of Acquisition	Acquisition Price (Millions)
ProPay	Total System Services	12/26/2012	$100
Metastock	Innovative Market Analysis	6/17/2013	Undisclosed
Visible Equity	nCino	7/8/2019	$73
Galileo	SoFi	5/14/2020	$1,200
Finicity	Mastercard	11/18/2020	$873
Acima Credit	Preferred Lease (subsidiary of Rent-A-Center)	2/17/2021	$1,390
Divvy	Bill.com	6/1/2021	$2,300
SimpleNexus	nCino	1/7/2022	$934
Midigator	Equifax	8/26/2022	Undisclosed
Rapid Financial Solutions	Tyler Technologies	10/31/2022	$68
Aumni	JP Morgan Chase	5/2/2023	Undisclosed

Notes: 1) Two of the 13 acquisitions are not included (Taulia by SAP) and (CyberSource by Visa) since they were headquartered outside of Utah. 2) The Beekman Group's acquisition of Convenient Payments (not shown above) was considered a private equity buyout. 3) Prices are rounded to the nearest one million and represent nominal dollars (not adjusted for inflation).
Source: PitchBook data (2024)

Section 2: Economic Impacts of Utah's Fintech Industry

Utah's economy sees a substantial boost from its fintech industry, which is deeply intertwined with other various industries. To estimate the economic impacts, the research team employs a general equilibrium economic simulation model (Appendix 2 contains additional details). This model simulates what Utah's economic landscape would look like without Utah's fintech companies.

The resulting economic impacts include direct, indirect, and induced activities generated from spending and purchases by fintech companies, affiliated businesses, and their workforce. Direct impacts involve expenditures such as wages, capital investment, and operational costs incurred by fintech companies. Indirect impacts arise from spending by in-state companies supplying goods and services to fintech companies. Induced economic impacts result from increased consumer spending by workers at fintech companies and related businesses.

Section 2.1: Direct, Indirect, and Induced Impacts

As of 2023, 67 fintech companies in Utah employed 7,772 individuals and paid out $1.022 billion in wages (inflation-adjusted to 2024 dollars), according to the Utah Department of Workforce Services. The research team used total direct employment and wages as inputs for economic impact modeling. Economic impacts in Utah stemming from fintech companies total an estimated 29,765 jobs, $2.3 billion in wages, and $7.3 billion in output. Output measures the value of all sales of goods and services, including final purchases and intermediate inputs. These results imply significant multipliers from the fintech industry. Specifically, the employment multiplier of 3.8x indicates that one job created in fintech generates an additional 2.8 jobs in Utah. Similarly, one dollar paid by a fintech company in wages results in an additional $1.30 in wages paid elsewhere in the state. Each dollar spent by the fintech industry generates an estimated additional $1.80 in output (Table 7). These economic multipliers are strong relative to typical multipliers.[10]

Table 7: Utah's Fintech Industry Economic Impacts, 2023
(Individuals and Millions of Current Dollars)

Economic Indicator	Direct Impact	Indirect & Induced Impact	Total Impact	Multiplier
Employment	7,772	21,992	29,764	3.8x
% of State Total[1]	0.4%	1.3%	1.7%	
Wages[2]	$1,022	$1,280	$2,302	2.3x
% of State Total[3]	0.9%	1.1%	1.9%	
Output[2]	$2,645	$4,701	$7,346	2.8x
% of State Total[3]	0.6%	1.0%	1.5%	

Notes: 1) Total nonfarm employment as of December 2023. 2) Wages and Output data are inflation-adjusted to 2024 dollars. 3) Total wages and salaries and total output, all industries, come from REMI's standard regional model, 2023, REMI PI+ v3.1.0.
Sources: Utah Department of Workforce Services, Bureau of Labor Statistics, and REMI PI+ Economic Model

The fintech sector's contribution to Utah's economy totals 1.7% of total state employment, 1.9% of total wages, and 1.5% of output in 2023. Although these figures may seem modest, fintech's influence amplifies throughout Utah because of high economic multipliers. Industries with high economic multipliers have the potential to impact the broader economy when they are growing significantly. Because of the fintech industry's high utilization of technology, this industry has the potential to drive productivity growth faster than many other industries.

Section 2.2: Fintech Industry Current Wages and Employment Growth

Utah's fintech industry stands out for paying average wages significantly higher than the average across all industries. Figure 4 shows the average annual wages from Utah's fintech companies in 2023, estimated at $131,503 per employee in current dollars.

Closely related industries can be used as a proxy for Utah's fintech industry to illustrate the growth trends of fintech in recent years. The related industries reflect those industries to which Utah fintech companies are classified, including finance and insurance, professional and technical services, information, publishing industries, and computing infrastructure providers. While not all companies in these industries are fintech companies, some are fintechs and they contribute to the growth seen in Figure 5.

Employment growth across all industries in Utah remained steady and positive at 2% to 5% from 2019 to 2022, except during 2020, when Utah employment experienced slightly negative growth. The finance and insurance sector experienced job growth at around 2% to 4% between 2019 and 2021 but its growth dropped to 0.1% in 2022 and to -0.7% in 2023. The professional, scientific, and technical services sector grew gradually, reaching nearly 9% in 2022, then dropped to 2.1% in 2023. The information sector includes two key industries closely related to fintech: publishing industries (NAICS 513) and computing infrastructure providers, data processing, web hosting, and related services (NAICS 518). While the broader information industry sector showed moderate growth, these fintech-related industries experienced notably higher job growth rates, particularly in 2022. Publishing industries saw job growth soar to 25%, while jobs in computing infrastructure provider, data processing, web hosting, and related services surged by 27% in the same year. However, due to macroeconomic challenges from rising interest rates and economic uncertainty, job growth across all these sectors slowed in 2023. Industries closely tied to fintech, such as publishing industries and computing infrastructure, have seen significant job losses. Figure 5 illustrates the job growth among these fintech-related industries.

Figure 4: Average Wages per Worker in Utah's Fintech Industry Compared to All Other Industries and Related Industries, 2023
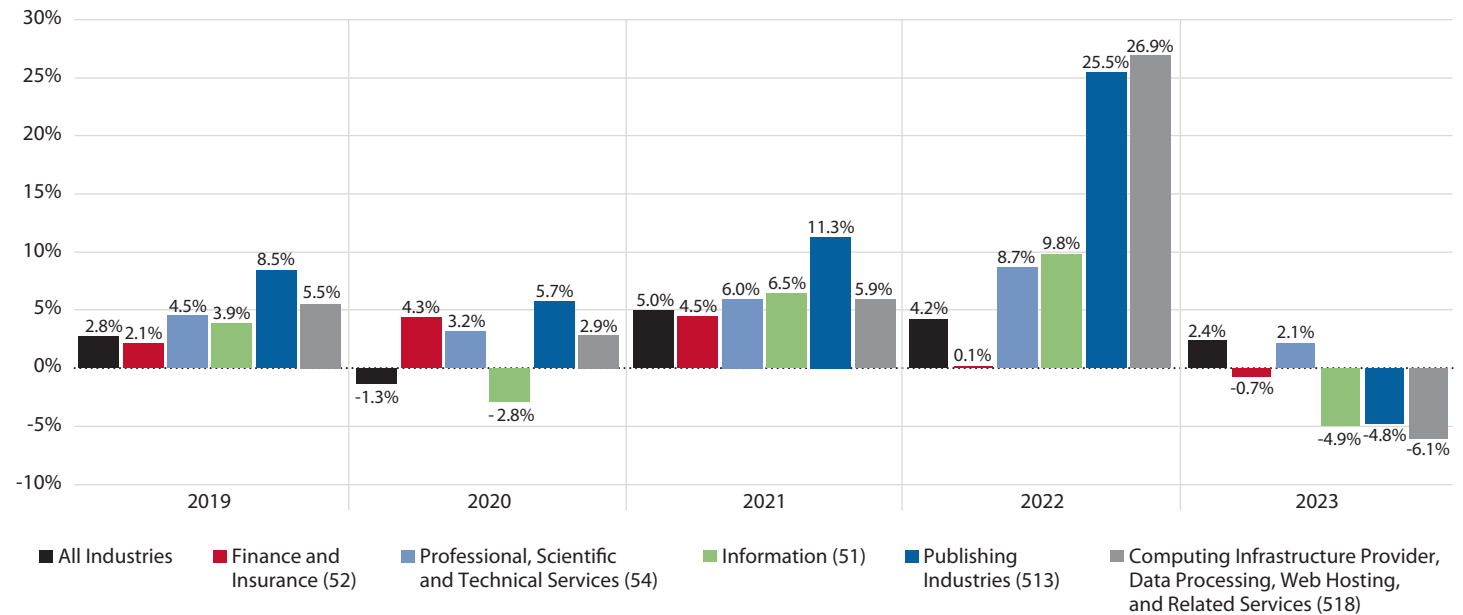
(Current Dollars)

Utah fintech	$131,503
All other industries	$65,260
54 Professional, scientific, and technical services	$106,496
525 Funds, trusts, and other financial vehicles	$124,394
523 Securities, commodity contracts, and other financial investments	$140,532
522 Credit intermediation and related activities	$91,356
521 Monetary authorities-central bank	$123,923
513 Publishing industries	$150,978

Note: Wage data are inflation-adjusted to 2024 dollars.
Source: Kem C. Gardner Policy Institute analysis of data from Quarterly Census of Employment and Wages, Bureau of Labor Statistics

Figure 5: Utah Job Growth in Fintech-Related Industries and All Industries, 2019-2023

Legend:
- All Industries
- Finance and Insurance (52)
- Professional, Scientific and Technical Services (54)
- Information (51)
- Publishing Industries (513)
- Computing Infrastructure Provider, Data Processing, Web Hosting, and Related Services (518)

Source: Kem C. Gardner Policy Institute analysis of data from Quarterly Census of Employment and Wages, Utah Department of Workforce Services

Section 3. Fintech Industry Growth

Section 3.1: Fintech Industry Growth in the U.S.

The fintech industry is experiencing robust growth nationally and globally in both demand and supply. Following the 2008 financial crisis, some consumers began to engage less with traditional financial institutions while becoming more acquainted with fintech companies.[4] The latest global expansion was propelled by an increasing demand for contactless transactions due to the COVID-19 pandemic. Registered mobile money users increased by 13% globally in 2020.[3] In the U.S., one in two consumers in 2021 used a fintech product, primarily peer-to-peer payment products and nonbank money transfers.[11]

On the supply side, investment in fintech ventures increased significantly from the high return on investment and growing interest in technological innovation within the financial sector. Numerous traditional financial institutions are pursuing collaborations with fintech startups to explore financial technological advancements. Some traditional financial institutions have established dedicated fintech departments. From 2010 onwards, the U.S. witnessed a surge in number of fintech startups, including payment systems and infrastructure, peer-to-peer lending, robo-advisors, and transaction systems using blockchain technology. Venture capital funding for fintech grew substantially from 2015 to 2021, as noted in Section 1. Despite the industry's slowdown in 2023, McKinsey & Company's forecast through 2028 anticipates an acceleration in fintech industry revenues, projecting a growth nearly three times faster than growth in traditional banking.[12]

Section 3.2: Fintech Industry Growth in Utah

Defining Utah's fintech industry enables tracking of the industry over time to determine how the industry evolves and grows. Utah is uniquely positioned for fintech industry growth because of several factors. On the consumer front, the state's youthful population fosters grounds for fintech adoption. Utah has the lowest median age population of any state in the U.S. at 32.1 (compared to the U.S. median age of 39.0).[13] Younger consumers tend to embrace fintech innovations at higher rates than older generations.[14] In terms of business demand, Utah's financial services sector accounts for 8.4% of Utah's GDP (ranking 9th highest among states for concentration), and represents the 4th largest sector in Utah.[15] The significant presence of prominent financial institutions in Utah generally and Salt Lake City in particular—such as Goldman Sachs, Fidelity Investments, and Wells Fargo—underscores the capital city's emergence as a "Wall Street of the West."[16] Additionally, 15 of the country's 24 industrial banks are headquartered in Utah, accounting for 85.6% of the total industrial bank assets within the U.S.[17] These traditional financial institutions and industrial

Table 8: Total Assets of Industrial Loan Companies (Industrial Banks) by State, 2023 Q3

(Counts, Billions of Nominal Dollars, and Shares)

State	Count	Assets	Share
Utah	15	$206.731	85.6%
Nevada	4	$33.211	13.7%
California	3	$0.920	0.4%
Hawaii	1	$0.667	0.3%
Minnesota	1	$0.024	0.0%
Totals	**24**	**$241.553**	**100%**

Note: While more recent "Call Report" data are available, 2023 Q3 Call Report data are used to be consistent with timing of DWS, QCEW, and other data used and analyzed throughout this report.
Source: Federal Financial Institutions Examination Council 2023 Q3 "Call Reports"

Table 9: Total Wages and Average Employee Counts, 2023

Group	In-State Employees	Wages (Millions)
Utah Fintech Industry	7,772	$1,022
Utah Industrial Banks	2,547	$315

Note: 1) Employment and wage data represent annual averages from 2022Q4 through 2023Q3. 2) Wage data are inflation-adjusted to 2024 dollars.
Source: Kem C. Gardner Policy Institute and Stena Center for Financial Technology analysis of data from Utah Department of Workforce Services (Quarterly Census of Employment and Wages and Firm Find)

banks serve as additional drivers of the demand for fintech products and services in Utah.

Industrial Banks play different roles—sometimes acting as the fintech itself, often as a client of fintech companies, and other times as a partner with fintech firms (as discussed in the Bank-nonbank Partnerships box in Section 1.1.1). While bank-chartered organizations and fintech teams inside of banks fall outside of this research, a portion of industrial banking activity could be considered fintech activity. Table 9 provides context of the size of Utah's industrial banks relative to the size of Utah's fintech industry.

The availability of highly skilled labor in Utah provides a vital advantage for Utah's fintech industry. Utah ranks 4th among U.S. states in higher education attainment.[18] This high level of education translates into a skilled workforce for Utah's growing technology and financial services sectors, as well as for Utah's fintech industry.

Utah is also home to leading entrepreneurship programs and top business schools. The David Eccles School of Business at the University of Utah ranks 4th among public schools and 7th among undergraduate entrepreneurship programs in 2024.[19] The Stena Center for Financial Technology at the University of Utah bridges higher education and industry, accelerating financial innovation and supporting startups. Brigham Young University's Marriott School of Business ranks 34th overall for its undergraduate entrepreneurship program.[20]

Lastly, Utah's promising innovation environment sets the stage for advancements in Utah's fintech industry. Utah ranks first among U.S. states for innovation capacity and outcomes.[21] This status underscores Utah's fertile innovation environment, driven by human capital and knowledge creation, business dynamics, employment and productivity, and general economic well-being.

Figure 6: Headline Intelligence Index by State, 2023

VT	115.1
NH	123.7
MA	131.5
CT	103.4
RI	106.8
NJ	117.1
DE	133.7
MD	110.7
DC	120.8
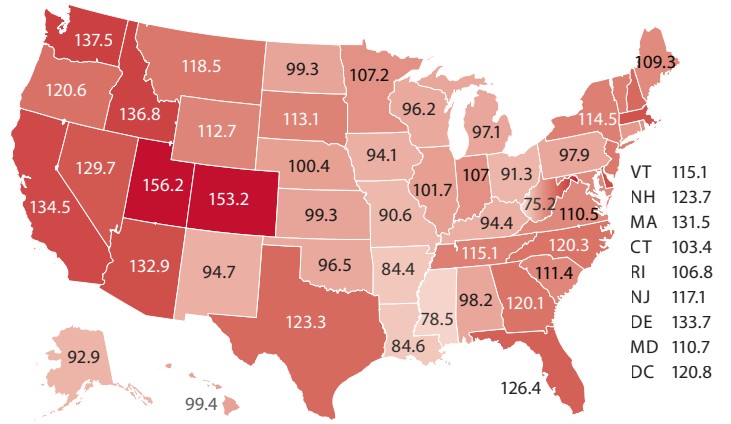
Source: Indiana Business Research Cener, 2024

Appendix 1: Methodology for Sourcing Potential Fintech Companies

The research team considered hundreds of potential fintech companies by reviewing multiple sources of information. A network of leaders from Utah fintech companies and financial institutions participated in an online survey, crowdsourced through social media and administered by the Stena Center for Financial Technology. The Stena Center also facilitated numerous meetings, calls, and emails between researchers at the Gardner Institute and industry leaders. Additionally, the research team generated and analyzed reports from investor databases such as PitchBook and CB Insights to identify fintech companies from an investor perspective. The research team also considered fintech lists from a public sector perspective, as represented by reports such as EDCUtah's FY23-24 report on fintech.[16] Lastly, the research team took a methodic academic approach, identifying 6-digit NAICS codes/industries of fintech companies on preliminary industry lists and scouring Utah's Department of Workforce Services Firm Find Data by industry to search for additional potential fintech firms.

The joint research team from the Gardner Institute and Stena Center applied the industry definition's criteria described in Section 1.1 of the report to all potential companies to determine which ones to include in Utah's fintech industry list. All decisions were validated jointly. See Appendix 3 for the complete list of Utah's fintech companies.

Appendix 2: Methodology for Economic Impacts

Economic impact analysis focuses on economic activity (e.g., jobs and spending) arising directly and indirectly from new money entering an economic region. Here, Utah represents the region of analysis. Exports of goods and services from a state are one way to attract out-of-state dollars. The direct jobs and spending that produce goods and services sold out of Utah generate economic impacts in Utah's economy. The economic activity that would be lost to a state in the absence of an industry can also be considered an economic impact. We refer to this as "import substitution," with in-state production and consumption displacing imports to a state, whether from abroad or another state. While the Utah fintech industry's out-of-state sales (exports) bring in additional resources to grow Utah's economy, in-state sales prevent an outflow of money to purchase from fintech companies outside the state (import substitution).

In this study, direct economic effects are generated by the wages and spending of Utah's fintech companies within Utah. Indirect effects result from the industry's in-state suppliers, who hire employees and make purchases from other in-state suppliers. Induced effects occur when employees of Utah fintech companies and their suppliers spend their wages in Utah's economy. Total economic multipliers represent the sum of direct, indirect, and induced effects all divided by direct effects.

The research team used REMI PI+ v.3.1.0 software with 70 sectors to simulate the economic impact of Utah's fintech industry on the state's economy. The simulation was generated by removing the employment and wage adjustments from the general equilibrium. The model assumed the linkages between industries based on the input-output tables and final demands provided by the Bureau of Labor Statistics Office of Employment Projection, Employment Outlook.

The results are based on "industry employment" assumptions about the labor market, where international exports and exogenous production drive employment changes. Results are inflation-adjusted to 2024 dollars using the Consumer Price Index (CPI) West B/C series from the U.S. Bureau of Labor Statistics. There is no CPI for just Utah, but the West series includes Utah, among 12 other states. The class B/C series represents urban areas with population sizes of 2.5 million people or less. The factor below converts 2023 data into 2024 dollars.

$$\text{Inflation Factor} = \frac{\substack{\text{2024 Average CPI} \\ \textit{(Jan. through Nov.)}}}{\text{2023 Average CPI}} = 1.0257$$

Appendix 3: Utah Fintech Companies

The company list below (Table 3-1) includes the 67 Utah companies that meet the four criteria of the industry definition, as described in Section 1.1. Fintech companies in Utah inside insurance or "insurtech" industries are excluded from the analysis and list below. Also, smaller fintech companies with less than 20 employees and fintech employees or teams within bank-chartered organizations are excluded for materiality and feasibility purposes of the study.

Table 3-2 lists some small identified fintech companies with a Utah presence, but which did not meet the average in-state employment count threshold of 20 for this study (i.e., did not meet the materiality threshold for contributing to the industry's economic impacts). While not exhaustive, this list provides an example of companies that stand to benefit from Utah's factors for expected fintech industry growth.

Table 3-1: Utah Fintech Companies by Segment, 2023

Payments and Pmt Infrastructure (17 companies)

Atomic Financial
AvidXchange
Block, Inc.
Bread Financial Payments, Inc.
Complete Merchant Solution
Convenient Payments (acquired by Beekman Group through private equity buyout)
Cybersource (acquired by Visa)
Deserve, Inc.
Finicity (acquired by Mastercard)
Global Payments
Mastercard
PayPal (acquired by Total System Services)
Plaid
ProPay
Select Bankcard
Stripe
Zen Payments

Internal Ops/Risk Management (13 companies)

401Go
Brex, Inc.
Canopy Tax
DAKCS
DHI Computing Service
Divvy (acquired by Bill.com)
Everee

Goldman Sachs Group
Nav
Navan
Rapid Financial Solutions (acquired By Tyler Technologies)
Seis
Taxbit

Investments (7 companies)

Alter Domus
Aumni (acquired by JP Morgan Chase)
beatBread
Carta
CoinZoom
E-Trade
North Capital Investment Technology

Lending (18 companies)

Acima Credit (acquired by Preferred Lease, a subsidiary of Rent-A-Center)
Bluevine
Click Lease
CoFi
Earnest
Eve financial
Galileo (acquired by SoFi)
Greenwave Finance
iThrive Funding
Kornerstone Living

Lendio
Lift Credit
LoanPro
Prog Holdings, Inc.
SimpleNexus (acquired by nCino)
SimplifyHomeLoans
Snap! Finance
SoFi

Data Security and Monetization (5 companies)

Addepar
Midigator (acquired by Equifax)
Ripple
truework
uGenius Technology

Customer Interface (7 companies)

BMA
Connect Financial Software Solution
Metastock (acquired by Innovative Market Analysis)
MX
nCino
Taulia (acquired by SAP)
Visible Equity (acquired by nCino)

Note: Bank-chartered organizations are out of scope for this analysis. Goldman Sachs Group above is not the same entity as Goldman Sachs Bank USA. SoFi includes SoFi and SoFi Lending Corp entities but not SoFi Bank NA.

Table 3-2: Excluded Utah Fintech Companies by Segment, 2023

Payments and Pmt Infrastructure

BlytzPay
Chargeback
Bitt
Checkout.com
Chosen Payments
Digital Financial Group
Fortress Blockchain
Platinum Payments

Investments

Soon
tZero

Lending

Softwise
MoneyLion
OnDeck
Payroc
Pomelo

Customer Interface

Alchemy
Avenu Technologies
Capshare
Previ
You Need a Budget
Connext

Note: While there may be Utah fintech companies in the Internal Operations/Risk Management and Data Security/Monetization segments with less than 20 in-state employees, none were identified through the research process. There may also be other companies that belong to the four segments illustrated in this table. Additional research would be required to comprehensively identify fintech companies with less than 20 in-state employees not already in this table.

Endnotes

1. World Economic Forum, & McKinsey & Company. (2024). Fueling innovation: Closing Fintech Funding Gaps. Retrieved from https://www.weforum.org/publications/fuelling-innovation-closing-fintech-funding-gaps/.

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6. The Quarterly Census of Employment and Wages (QCEW) requires reporting by all employers with workers covered by state unemployment insurance. (The QCEW data include federal government employees who are covered by the Unemployment Compensation for Federal Employees program. The fintech industry definition presented in this report falls entirely within the private sector and does not include federal workers.) Employers with covered workers identify their establishments (separate entities or office locations) and provide monthly job counts and aggregate wage amounts. The Utah Department of Workforce Services (DWS) administers the QCEW program in the state of Utah as part of the national QCEW program administered by the U.S. Bureau of Labor Statistics. DWS publishes QCEW data online, for example through its FirmFind tool. See Utah Department of Workforce Services. (n.d.). Utah Economic Data Viewer. https://jobs. utah.gov/jsp/utalmis/#/ and U.S. Bureau of Labor Statistics. (2023, December). Quarterly Census of Employment and Wages: About QCEW. https://www.bls.gov/cew/overview.htm.

7. This analysis looks at the most recent financing event for each fintech company, through 2023. Therefore, it is not comprehensive of all financing events these companies have experienced nor of all financing events during a specific window of time.

8. "Later stage VC" includes "Later stage VC" and "Series C" PitchBook categories. "Early stage VC" includes "Early stage VC", "Accelerator/Incubator", "Seed round", and "Angel" PitchBook categories.

9. In 2023, Stripe raised over $6.5 billion in a Series I round. In 2022, PayPal issued $3 billion in corporate bonds.

10. Economic multipliers measure economic effects resulting from an event, firm, or - in this study - an industry. Direct effects are generated by the wages and spending of Utah's fintech companies within Utah. Indirect effects result from the industry's in-state suppliers, who hire employees and make purchases from other in-state suppliers. Induced effects occur when employees of Utah fintech companies and their suppliers spend their wages in Utah's economy. Total multipliers represent the sum of direct, indirect, and induced effects all divided by direct effects. For context to the Utah fintech industry's strong employment multiplier of 3.8x, BEA's RIMS 2022 type II (total) multipliers for employment in Utah range from 1.29x to 5.36x and average 2.55x (simple unweighted) across 63 major industry groupings.

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18. Utah's 2022 attainment rate is 61.5%, exceeding the national average of 54.3%. The attainment calculation includes degrees and non-degrees: graduate and professional degrees, bachelor's degrees, associate degrees, certificates, and certifications. See additional details from the Lumina Foundation's report: https://www.luminafoundation.org/stronger-nation/report/#/progress.

19. U.S. News & World Report. (2024).

20. Ibid.

21. The Indiana Business Research Center at Indiana University's Kelly School of Business maintains StatsAmerica and produces the Innovation Intelligence Index to show the regional characteristics of innovation and entrepreneurship to help economic development strategies. The headline Innovation Intelligence Index is calculated from five equally weighted core indexes: Human Capital and Knowledge Creation, Business Dynamics, Business Profile, Employment and Productivity, and Economic Well-Being. The index can be retrieved from https://www.statsamerica.org/innovation.

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