



CREDIT UNIONS CONTRIBUTED \$2.2 BILLION AND SUPPORTED 17,900 JOBS IN THE COLORADO ECONOMY IN 2023



Key findings

Colorado credit unions in 2023



Total impact summary

 **\$2.2 billion** Total GDP contribution



1 in every \$240 of GDP in Colorado

 **17,900 jobs** Supported by credit unions



1 in every 240 jobs in Colorado

 **\$1.5 billion** In compensation paid to workers supported through all impact channels



 **\$388 million** Direct financial benefits to credit union members



 **371** Branches



 Serve **47%** of the state population

 **2.8 million** Members



 **\$36 billion** Amount of outstanding loans





Introduction

One-third of the American population has a credit union membership.¹ Credit unions provide critically needed financial services similar to banks, such as savings and checking accounts, consumer loans, and mortgages.² However, unlike banks, credit unions are not-for-profit organizations owned by their members. Earnings made by credit unions are returned to their members in the form of benefits such as reduced fees, higher savings rates, lower loan interest rates,³ and dividends. Consumer Financial Life Survey conducted by global management consulting firm McKinsey & Company in 2023 found that respondents who primarily relied on credit unions for financial services were more likely to perceive that they received extremely good value than customers of large or smaller banks.⁴

In addition to providing financial benefits, credit unions have a strong social impact.

For instance, nearly all credit unions provide free financial literacy classes to the community to help people make informed financial decisions,⁵ and they often provide personalized services by catering to their members' unique financial needs.⁶ Entrepreneurs can also benefit from credit unions as small business loans may come with lower interest rates, reducing the financial burden on business owners, and allowing them to grow their businesses.⁷

GoWest Credit Union Association commissioned Oxford Economics to perform this study, which quantifies the economic impacts of credit unions in Arizona, Colorado, Idaho, Oregon, Washington, and Wyoming in terms of GDP, employment, and wages.

This report focuses on the economic impact of credit unions in Colorado.

1 Statista, "Number of members of credit unions in the United States from 2013 to 2023," accessed September 2024.

2 MyCreditUnion, "Credit union products and services," accessed September 2024.

3 MyCreditUnion, "What Is a credit union," accessed September 2024.

4 McKinsey & Company, "Six imperatives for credit unions to secure their future," June 2024.

5 Lita Epstein, "Credit unions vs. banks: what's the difference?," Investopedia.com, April 2024.

6 Martha C. White, "Banks vs. credit unions: how to choose," Wall Street Journal, May 2024.

7 TDCEU, "How entrepreneurs can benefit from being a credit union member," August 2023.

Glossary and methodology

Economic impact modeling is a standard tool used to quantify the economic contribution of a company or an industry in a region. The total economic impacts of credit unions include:

- **Direct impacts**, which refer to activity conducted directly by credit unions in a region (credit union operations).
- **Indirect impacts**, which consist of activity supported as a result of the purchase of local goods and services by credit unions, purchases by those suppliers in turn, and so on.
- **Induced impacts**, which reflect activity supported by the spending of wage income by direct and indirect employees.
- **Member benefits**, which refer to the activity supported by the higher household income resulting from benefits such as facing lower borrowing rates, earning higher interest rates on savings, and experiencing lower fees overall as a result of being credit union members (as opposed to bank customers).

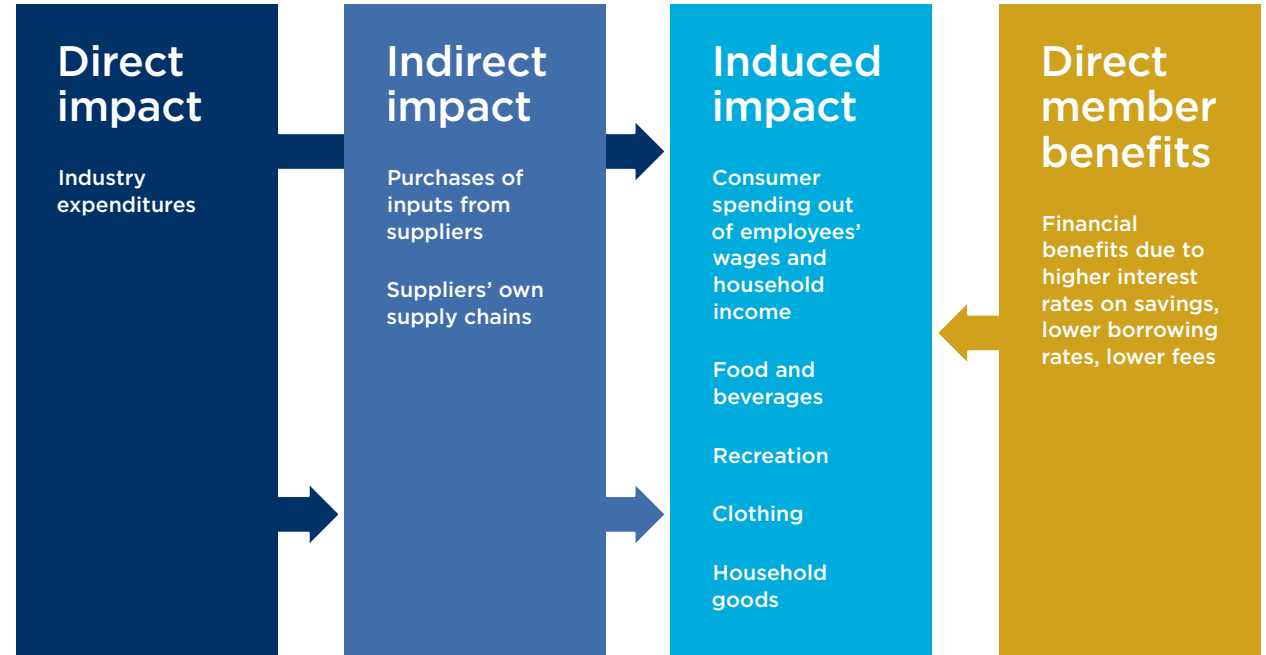
The model captures the inter-industry relationships, consumer spending, and ripple effects that result from the credit unions' economic activity in the region. The economic impact is measured in terms of:

- **GDP**, or more specifically, credit unions' gross value added (GVA) contribution to the state's GDP.
- **Employment**, meaning the number of people employed, measured on a headcount basis.
- **Labor income**, or total compensation (including benefits for these workers).

What is GDP?

Gross Domestic Product measures the value of all final goods and services produced in the economy in one year. Equivalently, GDP measures the value-added production of all businesses in the economy, tracing value through supply chains without double counting. GDP is the main indicator of a country's economic activity and is used to measure growth or contraction in the economy.

Fig. 1. Channels of economic impact



Economic impacts of credit unions on Colorado's economy



In 2023, credit unions **directly** contributed \$948 million in GDP to the state's economy, employed 6,600 employees across their Colorado branches, and paid \$722 million in wages to their employees.

Credit unions' **indirect** impact, or the contribution supported through the spending on goods and services needed to run their operations, amounted to a GDP contribution of \$460 million. Credit unions also supported 4,000 jobs along the supply chain (indirect employment) and \$305 million in compensation paid to employees in those jobs.

Credit unions' **induced** contribution, or the activity supported in the consumer economy, amounted to \$561 million worth

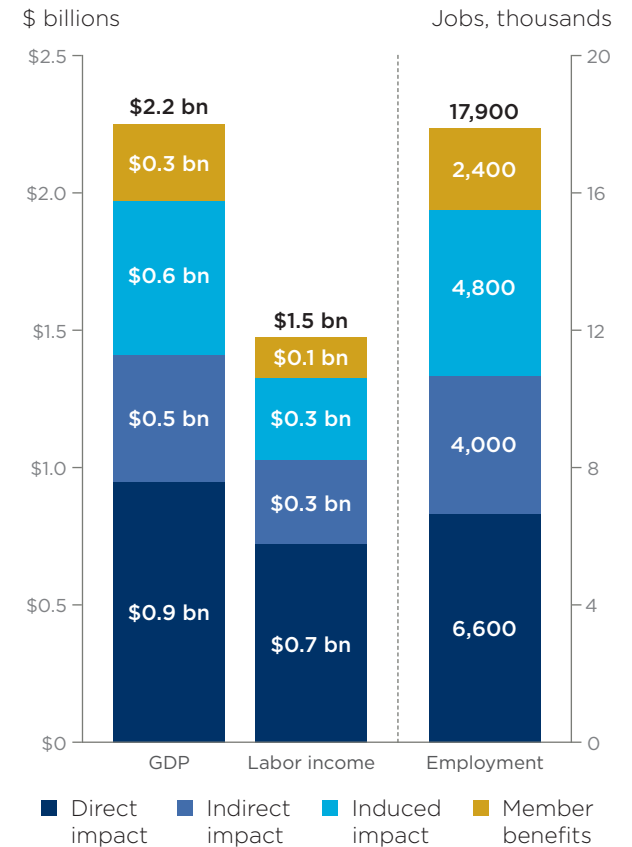
of GDP. Credit unions stimulated another 4,800 jobs through wage spending (induced employment) and \$299 million in wages.

Colorado credit unions pay payroll, real estate, and property taxes. Due to their unique cooperative, not-for-profit structure, they are exempt from state and federal income tax. This helps them provide direct financial **benefits to their members**, such as higher interest rates on savings, lower borrowing rates, and lower fees overall. In 2023, in Colorado, the financial benefits of credit union membership amounted to **\$388 million**.

Credit union members spend a portion of these financial benefits within the state economy on housing, transportation, retailers, and other services. We refer to the economic activity supported by this spending as member benefits impact. We estimate that this spending added \$280 million to the state's GDP, 2,400 jobs, and \$148 million in wages in 2023.

In 2023, across the four channels of impact (direct, indirect, induced, and member benefits), credit unions contributed **\$2.2 billion** in GDP to Colorado's economy (Fig. 2), equivalent to approximately 1 in every \$240 of GDP in the state.

Fig. 2. Credit unions' impacts on GDP, jobs, and wages



Source: GoWest, Oxford Economics, IMPLAN
Numbers may not sum to totals due to rounding.

The total employment impact amounted to **17,900 jobs** or about 1 in every 240 jobs in Colorado. These workers received an estimated **\$1.5 billion in compensation** in 2023.

We estimate that credit unions had a jobs multiplier of 2.7. For every 10 workers employed by credit unions, their operations supported 17 additional jobs in other industries in the region.

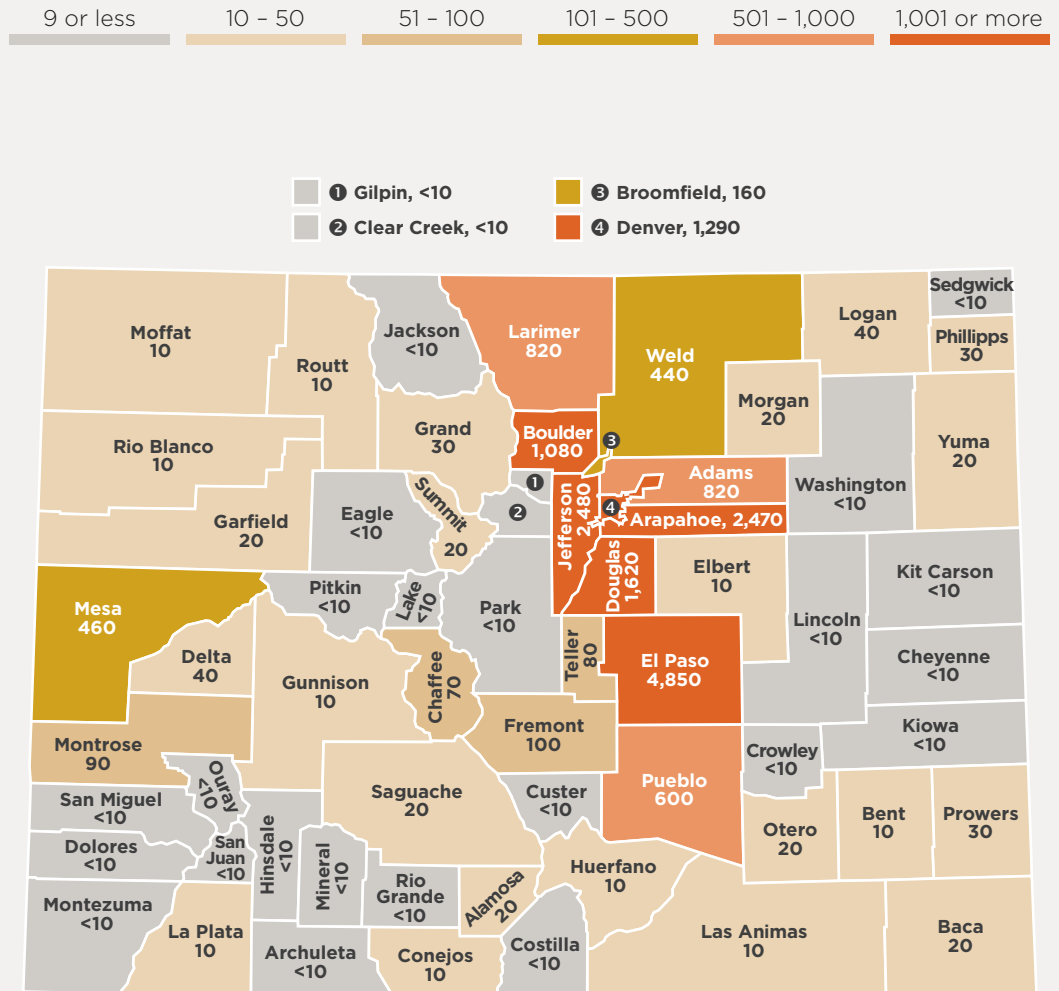
Looking at the employment impact by county, El Paso County accounted for most of the jobs (27% of the total jobs), followed by Jefferson County with 14% and Arapahoe County with 14%.



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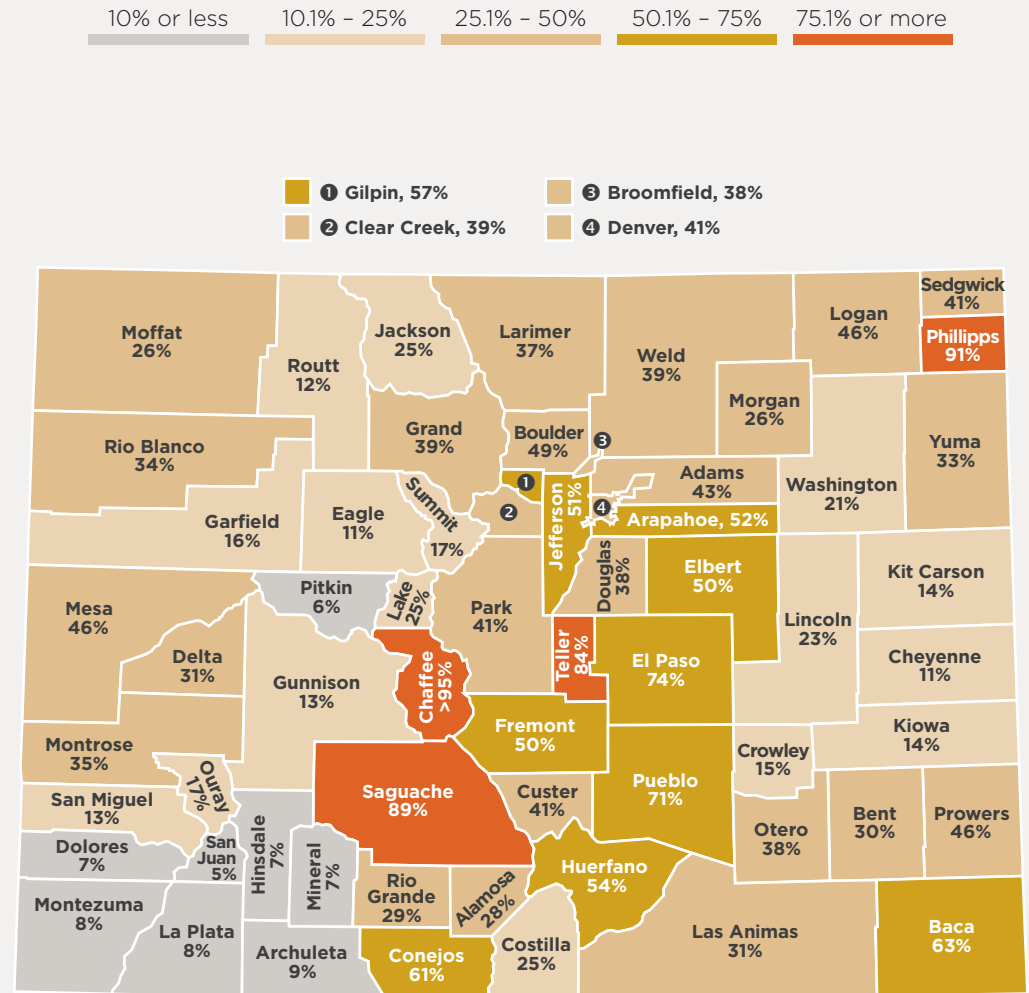
Fig. 3. Credit union-supported jobs by county



Credit union membership in Colorado

Some 79 credit unions have branches in Colorado, serving **2.8 million members** or about **47% of Colorado's population**. Looking at membership by county, Chaffee County has the highest prevalence of credit union membership, with more than 95% of its population as credit union members, followed by Phillips County with 91%, and Saguache County with 89%.

Fig. 4. Share of population that is credit union members⁸



8 Residents of Colorado who are members of credit unions that operate within the six states of this study.

About Oxford Economics

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts, and analytical tools on more than 200 countries, 100 industries, and 8,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social, and business impact. Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modeling to UK companies and financial institutions expanding abroad.

Headquartered in Oxford, England, with regional centers in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 700 staff, including more than 450 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modeling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

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