

# BANK On It

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CENTRAL FLORIDA IS BECOMING A GLOBAL FINANCIAL CENTER AS CLUSTERS OF FINANCIAL SOFTWARE AND ACCOUNTING OPERATIONS FIRMS HAVE SWARMED IN.



Whether or not you believe that money makes the world go around, it's a fact that financial services companies — banks, insurance companies, credit card issuers and the technology firms that support them — do make the money go around for all of us.





As Orlando has moved up in national rankings for entrepreneurship and gained notice for its simulation, laser and digital media business clusters, it's also attracted financial services firms. Aside from being a good place to look for customers, they're finding it's a good place to locate their own operations and they're creating a robust cluster of their own.

The "holy trinity" of financial services is banking, software and back office support, all of which have a considerable and growing presence in Central Florida.

That's not an accident.

Prior to the September 11 attacks in New York, the financial services industry had already begun decentralizing, moving operations out of high-wage markets in New York and New Jersey. A 2002 white paper — issued jointly by the U.S. Securities and Exchange Commission, the Federal Reserve and the Treasury Department — recommended further decentralization and gave specific guidelines for choosing alternative locations. The criteria they laid out favored Florida, where many major U.S. institutions already had operations.

Then, in 2003, the Florida Financial Services Cluster Initiative was formed to build on the base of financial services businesses already in the state.

The seeds of a world-class financial center now exist in the state and they're growing rapidly.

## BANKS & FI-TECH

The two largest banks in the Central

Florida region are products (and survivors) of the mega-mergers that have swept the industry: SunTrust and Bank of America, who enjoy 20.6% and 20.2% shares of the local market, respectively.

But as the total number of banks has shrunk, the health of the survivors has increased, creating opportunities for smaller banks with a local or cultural focus to come in "underneath" the big boys. They may not be household names, but homegrown institutions like R-G Crown Bank, Orlando National Bank and Florida Choice are opening new branches and acquiring locations from other banks to help service the area's growing appetite for financial services. Robert Johnson, whose sale of Black Entertainment Television made him a billionaire, acquired tiny Metro Bank in Orlando and renamed it Urban Trust. Johnson plans to make it the first branch of a banking network that will serve African-American communities nationwide.

The flurry of local bank openings has been a boon to another sector of the financial services market: the technology companies that make the software and systems banks rely on. Although they do sell locally, the area is an incubator and hub for global financial software development.

Kirchman Corporation of Altamonte Springs is the granddaddy, founded in 1968 as Florida Software Services and a longtime leader in providing technology solutions for banking. In 2004, Kirchman was acquired by financial

services giant Metavante Corporation of Milwaukee.

Buyouts have been something of a theme here. Phoenix International launched in Lake Mary in 1992 and was acquired by London Bridge Software Holdings Plc, in 2001. Headquartered in the United Kingdom, London Bridge is a major global player in fi-tech and has maintained its presence in Central Florida as a link to the Florida and U.S. markets.

And, the concentration of bank-savvy programmers and software engineers in Orlando has made it very attractive to other firms.

FinCentric, one of the largest international fi-tech companies, is headquartered in Richmond, BC. When they were looking for a site for their sales, marketing and support operations in 1998 they picked Maitland.

Industry giant FiServ is here, too, and for a lot of the same reasons as its peers.

"There's a community of vendors in Central Florida and a large pool of people who are experts in financial services and that's a benefit," says Bette Fitzgerald, vice president of marketing for FiServ Imagesoft in Lake Mary. "There are a half-dozen financial services units here — FiServ, Harland, Metavante to name a few — all the major players, the core vendors in the industry."

Fitzgerald says lifestyle has played a role in their growth: "It's not hard to get people to move here: we have low taxes, a great quality of life and the weather is great. We're located in Lake

Mary and if you live near the office, as I do, it's terrific. You don't have to deal with traffic. Our headquarters are in Brookfield, Wis., so it hasn't been very hard to get people to work down here."

## BACK TO THE FUTURE

Some of the earliest financial service operations in Central Florida were customer care telephone centers and transaction processing facilities, the "back office" operations. They still play a significant role in the area, says John Krug, vice president/business development for the Metro Orlando Economic Development Commission: "Oracle is a good example of that. These kinds of 'call center' jobs were once thought of as low-end and susceptible to being moved overseas, but companies that need high-quality customer care are finding it in Central Florida. Charles Schwab has 400-plus people in the area and there are many others, including Liberty Mutual and AIG. From our perspective, the jobs offer good wages and benefits."

These operations also offer big financial services corporations a way to test the local waters.

One that did was The Bank of New York, and they've never looked back according to Joe Brady, vice president of the bank's mutual fund accounting group and site manager for BNY's Lake Mary operations.

"The original plan was to have 330 people here," Brady says. "We opened our first office in Lake Mary with two business units three months before the 9/11 tragedy. Two more business units moved here as a direct result of 9/11. Additional units commenced operations here after seeing the success of the others. Now we have a total of eight business units here with about 600 employees."

BNY's units illustrate the diversity that has developed in Central Florida's financial services industry. The groups handle back office services for mutual funds and various other types of collective funds, reconcile cash and securities for investment managers, provide statements and audits for large master trusts, perform offshore trading, transfer funds and securities and provide

accounting to hedge fund managers.

"Those additional units came here as a result of the good experiences The Bank of New York had in Central Florida," says Brady.

Other area businesses have even broader financial services operations.

"Every major hospitality company — Marriott, Hyatt, Cendant, Hilton — has their interval ownership headquarters in Central Florida," says Krug.

And there are other significant operations like Siemens shared services, which provides back-office support to Siemens units worldwide.

## EDUCATION FIRST

As the number and variety of financial services operations has grown, so has the demand for skilled financial workers. That need has been met head on by the area's schools working hand-in-hand with corporate partners.

Robin Ronne is an economic development consultant who spent decades in the financial services industry as a marketing director. He says that the University of Central Florida (UCF) and other local institutions are doing a stellar job.

"UCF now has the seventh-largest business school in the nation," Ronne points out.

The school is graduating 800 accounting majors a year — and many are finding employment locally.

"When we go to the northeast to talk to corporations about relocating to Central Florida and we describe the cooperation between UCF and local businesses — the kinds of programs that are offered and the feedback between the companies and the school — their jaws drop," explains Ronne. "They tell us they can't even get the schools in their area to talk to them."

The Bank of New York says they've benefited from that cooperation.

"When we planned the move to Central Florida, we knew we were going to have to train our staff," explains Pam Evans, vice president of Human Resources. "We hired 20 graduating seniors from UCF, then put them through a three-week training program to teach them about accounting for the securities industry and how to use our software system. Within a week after

the course, they were handling their own mutual funds. UCF gave them a very good foundation."

Evans also hires graduates from Rollins, Stetson, Bethune-Cookman, the University of Florida and Florida State.

"UCF has more than 40,000 students, and they're coming here from all over the country," she notes. "A lot of kids who come down from the northeast live here for four years, get their degree and then they don't want to go back home. They like it here and they want to stay."

## VALUE ADDED

The presence of so many major financial players in Central Florida and a pipeline of skilled workers is a powerful attraction, Ronne says, but the area has many other advantages. For companies looking to move jobs out of high-cost money center areas, Florida ranks high on the list of options.

There are significant data privacy and security issues involved in sending sensitive financial data overseas. As a "near shore" location for financial services giants in the northeast, Florida is highly compatible with their needs — inside the United States, in the same time zone and close to strong markets in Latin America. And, Ronne points out, the area has native Spanish speakers who cover the whole spectrum of national dialects: Colombian, Venezuelan, Costa Rican, even Brazilian Portuguese.

The future for Florida's financial services sector looks bright.

"What we have here that's different is a significant concentration of financial technology operations," Ronne says. "Financial service is all about technology, about the ability to move data — and money — around the globe quickly and securely. Trillions of dollars are moving through Central Florida every day."

Ronne and others expect the growth to continue. According to BNY's Brady, the bank is close to announcing a significant addition to its Central Florida operations that would bring an additional 300-400 employees here over the next two years.

That's the kind of growth you can bank on