

The 2025 Credit Union Digital Experience Report

The annual deep dive into the **largest Credit Unions in America** by asset size, to analyze digital experiences across the industry.

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About Us

Based in the San Francisco Bay Area, Finalytics.ai is led by a team of experts in the fields of retail banking, FinTech, digital experience design, and web analytics.

Our platform Finalytics.ai is purpose-built for credit unions, taking the high-touch, personalized experience that members experience in a branch and replicating it in the digital channel.

To achieve this, we leverage an AI personalization strategy to help credit unions unlock the value of visitor behavior data, transaction data, and 2nd/3rd party data across channels to better understand and serve members.

As human interaction in-branch declines year over year, digital commands an ever-expanding share of the consumer touch. The Finalytics.ai platform doesn't just collect member data and share it back. The platform helps credit unions continue to do what they've always done best: providing relationship-based and high-touch service experiences.

How does your CU compare? Visit Finalytics.ai, or [click here](#).

01

Introduction

Introduction

Inside This Report

Inside you will find a snapshot of key industry trends, as well as a heuristic review and ranking of the user experience of the largest 100 credit unions by asset size in the United States.

Change Is Everywhere

Since our last report we've seen a lot of exciting changes in the top 100 credit unions. Seven newcomers joined the list as their asset size outgrew the previous contenders. At the same time, we've seen more than 20% of the top 100 credit unions redesign their websites. This includes three complete rebrands, usually as the result of mergers and acquisitions.

Overall, these redesigns have resulted in higher scores with an improved digital experience for their users. It's clear that more organizations are making the digital experience a top priority for the organization, and it shows.

Surprisingly, a few of the redesigns were more of a step sideways than forward in certain categories, such as UX. This is a red flag that those organizations may have approached the design without a clear strategy. The key to a successful redesign starts with research to understand your user's needs and behaviors—not to mention a firm grounding in best practices.

We look forward to seeing what kind of changes the next year brings.

How does your CU compare? Visit [Finalytics.ai](https://finalytics.ai), or [click here](#).

Finalytics.ai takes an annual deep dive into the largest credit unions in America by asset size to analyze digital experiences across the industry.



1 Navy Federal CU 168.4 B	35 Broadview FCU 8.5 B	69 Virginia CU 5.2 B
2 State Employees' CU 50.7 B	36 Redwood CU 8.4 B	70 University of Wisconsin (UW) CU 5.1 B
3 Pentagon FCU (PenFed) 35.4 B	37 Desert Financial CU 8.4 B	71 Everwise CU 5.1 B
4 Boeing Employees' CU (BECU) 29.2 B	38 Pennsylvania State Employees CU (PSECU) 8.1 B	72 Royal CU 5.0 B
5 SchoolsFirst FCU 28.8 B	39 Bellco CU 8.1 B	73 General Electric CU 5.0 B
6 The Golden 1 CU 20.5 B	40 Wright-Patt Credit Union CU 8.1 B	74 Coastal FCU 4.9 B
7 America First CU 19.1 B	41 Eastman CU 7.8 B	75 Travis CU 4.9 B
8 Alliant CU 18.9 B	42 Michigan State University FCU (MSUFCU) 7.7 B	76 Technology CU (Tech CU) 4.8 B
9 Mountain America CU 18.0 B	43 Citizens Equity First CU (CEFCU) 7.4 B	77 TruStone Financial 4.8 B
10 Randolph-Brooks FCU (RBFCU) 17.9 B	44 Redstone FCU 7.4 B	78 Texas Dow Employees CU (TDECU) 4.7 B
11 Suncoast CU 17.1 B	45 MIDFLORIDA CU 7.4 B	79 Chevron FCU 4.7 B
12 First Technology FCU 16.8 B	46 Members 1st FCU 7.3 B	80 Truliant FCU 4.7 B
13 VyStar CU 13.4 B	47 Veridian CU 7.2 B	81 California CU 4.7 B
14 Security Service FCU 13.4 B	48 Hudson Valley CU 6.9 B	82 SAFE CU 4.7 B
15 Bethpage FCU 13.0 B	49 Kinecta FCU 6.8 B	83 American Heritage CU 4.7 B
16 Lake Michigan CU 12.9 B	50 Summit CU 6.8 B	84 Genisys CU 4.7 B
17 San Diego County CU 12.7 B	51 Landmark CU 6.3 B	85 CommunityAmerica CU 4.7 B
18 Digital FCU (DCU) 12.0 B	52 Bank Fund Staff FCU 6.2 B	86 Educational Employees CU (EECU) 4.6 B
19 Global CU (formerly Alaska USA) 11.8 B	53 DFCU Financial CU 6.2 B	87 Northwest FCU 4.6 B
20 GreenState CU 11.2 B	54 Mission Fed CU 6.1 B	88 Tower FCU 4.5 B
21 Idaho Central CU 10.7 B	55 Tinker FCU 6.0 B	89 State Farm FCU 4.5 B
22 Ent CU 10.0 B	56 Baxter CU 5.9 B	90 Fairwinds CU 4.4 B
23 Star One CU 10.0 B	57 Wescom Central CU 5.9 B	91 Affinity FCU 4.4 B
24 Teachers FCU 9.8 B	58 Spokane Teachers CU (STCU) 5.8 B	92 GECU 4.4 B
25 Logix FCU 9.8 B	59 Citadel CU 5.8 B	93 Georgia's Own CU 4.4 B
26 Patelco CU 9.5 B	60 Visions FCU 5.7 B	94 Jovia Financial CU 4.4 B
27 Wings Financial CU 9.4 B	61 Service FCU 5.5 B	95 Apple FCU 4.3 B
28 ESL FCU 9.1 B	62 Community First CU 5.5 B	96 Canvas CU 4.3 B
29 Space Coast CU 9.0 B	63 Gesa CU 5.5 B	97 Nusenda CU 4.3 B
30 OnPoint Community CU 8.8 B	64 Connexus CU 5.4 B	98 Rally CU 4.3 B
31 Delta Community CU 8.7 B	65 NASA FCU 5.4 B	99 Founders FCU 4.3 B
32 United Nations FCU 8.6 B	66 Washington State Employees CU (WSECU) 5.3 B	100 TwinStar CU 4.3 B
33 Police & Fire FCU 8.6 B	67 Langley FCU 5.3 B	
34 American Airlines CU 8.5 B	68 State Employees CU of Maryland (SECU) 5.3 B	

*Source: NCUA, September 2023.

How does your CU compare? Visit Finalytics.ai, or [click here](#).

Our Approach

Our primary focus in this report centers on the public marketing site of each credit union. Our focus on asset size allowed us to review the credit unions with the most resources. Additionally, we evaluated areas of the digital experience such as online account origination, SEO, and web analytics.

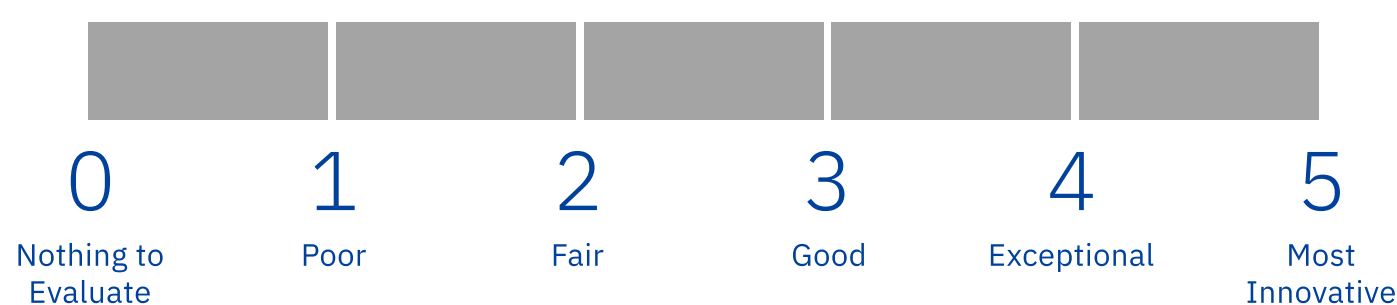
What We Reviewed

See the individual sections for details on the criteria for each category.

- User Experience
- Analytics & SEO
- Key Features & Functionality
- Visual Design & Branding
- Content
- Digital Marketing
- Security & Privacy

RATING SYSTEM

A rating of 3 is considered good: the site is meeting basic standards for best practices. 4s are extremely rare and reserved for sites that exceed expectations. 5s are reserved for outstanding innovators. Few of the sites we evaluated reached that level.



METHODOLOGY

We assembled an inter-disciplinary team in UX, Design, Content, and Analytics to conduct a heuristic evaluation of each credit union's site. We scored them according to best practices in the categories listed at left. These scores include both quantitative and qualitative criteria and reflect our analysis of the sites during a specific snapshot in time*. In reviewing the sites, we aimed to be honest, fair, and consistent.

* Other opinions may vary, and we understand that organizations continuously update their sites, and may have already evolved since our evaluation.

How does your CU compare? Visit [Finalytics.ai](https://finalytics.ai), or [click here](#).

02

Results & Findings

Overall Digital Experience Winners

The following credit unions achieved the highest average scores across categories, earning their place as digital experience leaders.

Overall, they demonstrate a strong commitment to their members by providing them the experience, features, and aesthetic they deserve.



Note that CUs with tied scores are listed alphabetically.

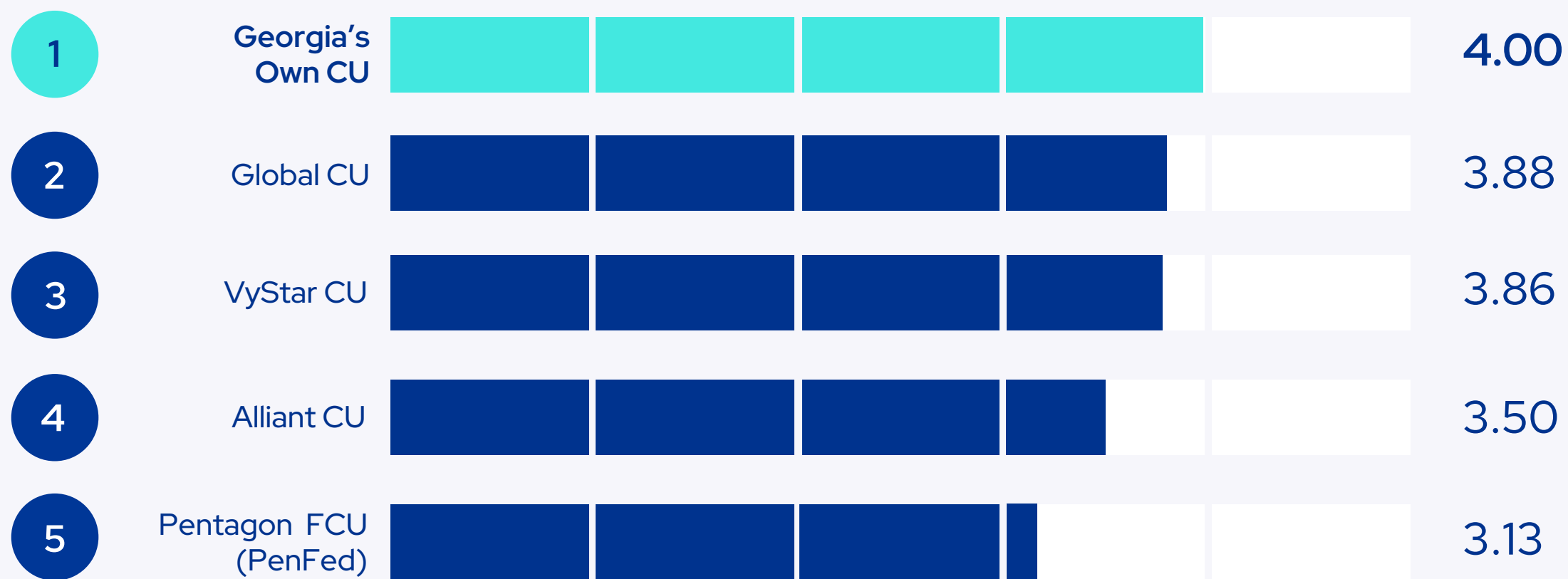
- | | | | | | |
|----|--------------------------------|------|----|---|------|
| 6 | CommunityAmerica CU | 2.81 | 16 | America First CU | 2.49 |
| 7 | Desert Financial CU | 2.80 | 17 | Citadel CU | 2.49 |
| 8 | Wings Financial CU | 2.77 | 18 | Redwood CU | 2.49 |
| 9 | Suncoast CU | 2.74 | 19 | OnPoint Community CU | 2.48 |
| 10 | Mission Fed CU | 2.73 | 20 | Pennsylvania State Employees CU (PSECU) | 2.48 |
| 11 | General Electric CU | 2.55 | 21 | Summit CU | 2.48 |
| 12 | Affinity FCU | 2.54 | 22 | California CU | 2.46 |
| 13 | Pentagon FCU (PenFed) | 2.53 | 23 | Teachers FCU | 2.46 |
| 14 | Texas Dow Employees CU (TDECU) | 2.52 | 24 | Bethpage FCU | 2.45 |
| 15 | Fairwinds CU | 2.51 | 25 | SchoolsFirst FCU | 2.43 |

Dig Deeper. Visit [Finalytics.ai](https://finalytics.ai), or [click here](#).

User Experience

The average UX score was 2.43 – leaving a lot of room for improvement compared to the UX category leaders.

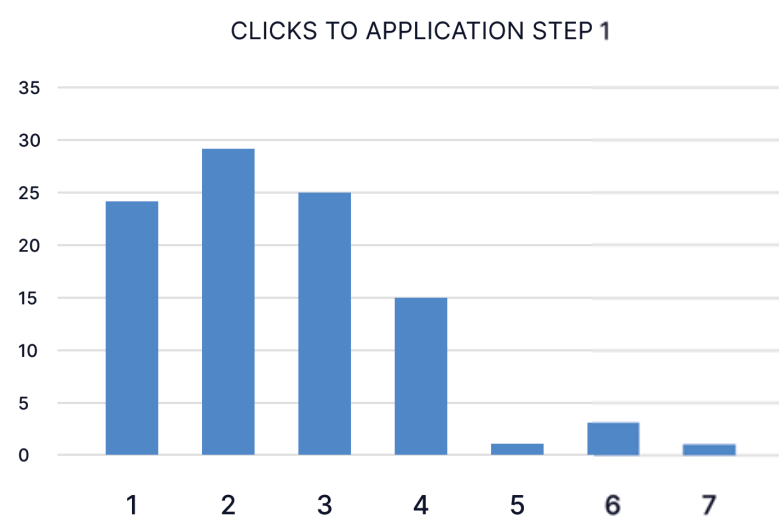
Many factors go into making a good experience, so we carefully evaluate how easy it is to find and understand information on the site and to complete the user journey.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

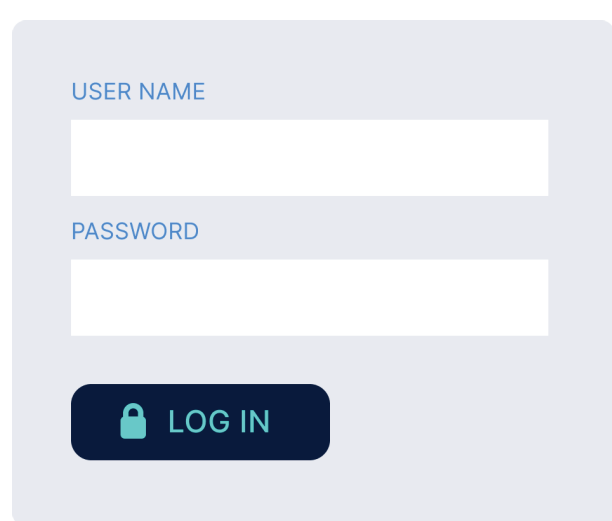
- Responsive display
- Site architecture
- Navigation
- Friction
- Scannability
- Layout and organization
- Calls to action/Customer journey
- Micro-interactions



The Long Journey to Membership

Credit unions have a long way to go in terms of journey optimization. The average was 2.5 clicks.

Almost half of all sites took three or more clicks from the checking product detail to get to the first step of the application. Only a quarter of sites took a single click. The more clicks it takes to get to the application, the more friction you introduce to the experience and the more drop off you'll see. Two sites did not allow online applications at all, which is surprising for a top 100 credit union.



Logging In: Is the Hero Box in Decline?

Members will always make up a large percentage of visitors to the site, especially the Homepage. Most of their visits will be focused on one primary task: logging in to digital banking. This means that that the Login call to action needs to be high up the page, easy to find, and in a consistent location across the entire site.

To save members time, many banking websites display all or part of the login form within the Hero. However, this takes up valuable marketing space, especially for converting prospects.

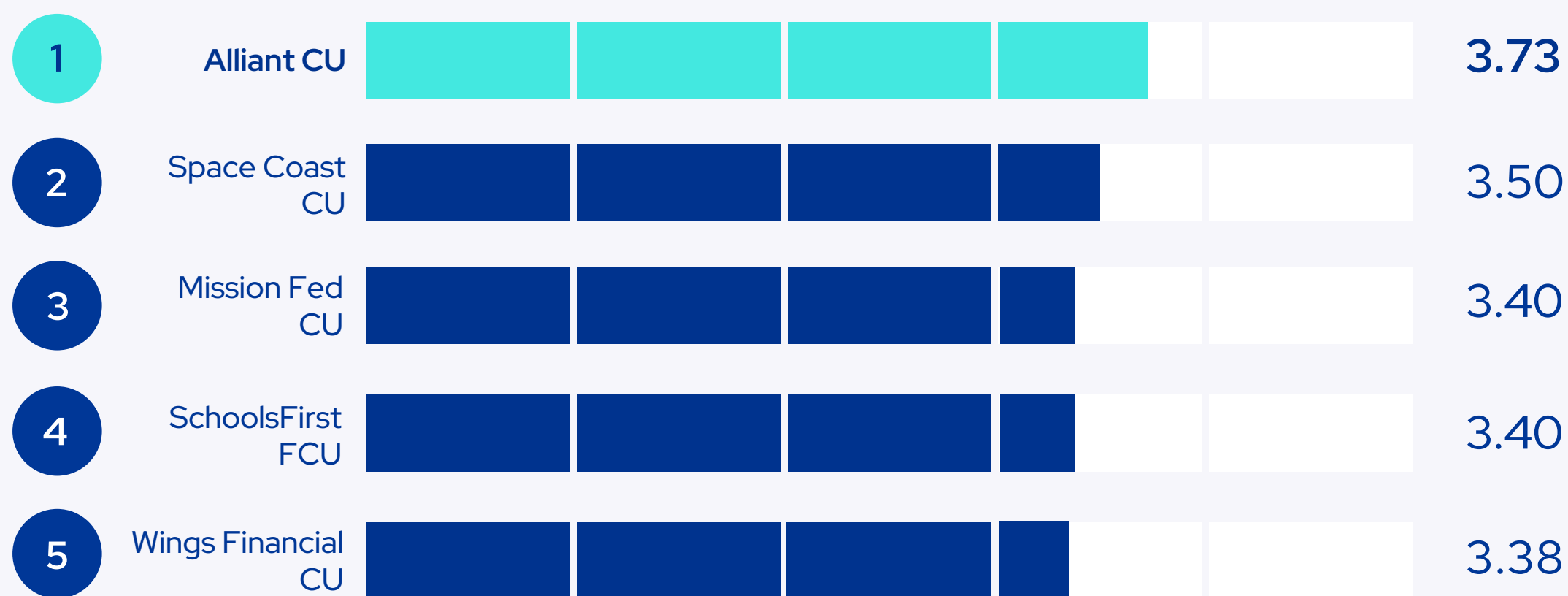
This year, we began tracking how credit unions present their Login action so we can identify trends. Note that some sites combined methods, having a Hero Box on the Homepage, plus a Button in the Header for all/lower-level pages. (Note: sites with a Hero Box for login often have a button or link in the Header as well.)

# of Sites	Login Method
54	Header: Button
37	Hero Box or Bar
16	Header: Text Link in Utility Nav.
15	Header: Button that Opens Modal Form
9	Header: Inline Form
3	Other

Analytics & SEO

For many credit unions on the list, digital analytics is becoming a team discipline. The number of CUs with custom web analytics tracking across the member journey has grown by 117%.

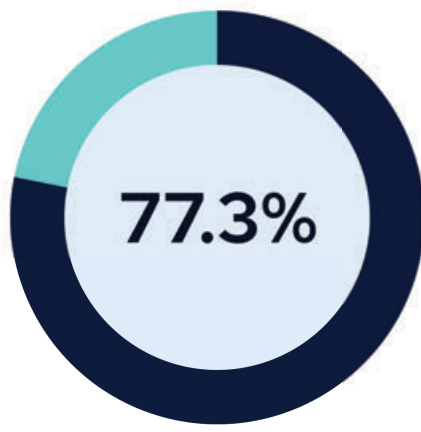
An average of 76% of all member interactions happen online. The digital channel is already the source of most product applications for CUs. The digital channel is growing in criticality, and web analytics will serve as the intelligence engine for digital optimization.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

- Integrated advertising
- Custom events
- Data governance
- Back-end data integration
- Onsite search
- Domain authority
- Page load times
- Personalization
- Up-to-date tags
- Funnel tracking
- OLB tracking
- Segments tracking (e.g., members, applicants)
- Geo-targeting
- Keyphrase targeting
- WCAG accessibility
- Analytics team members

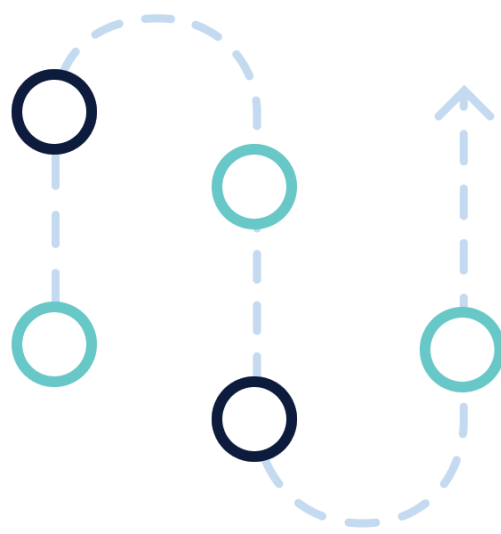


Analytics

Digital interactions with prospects and members continue to increase. Most interactions (77.3%) between members/prospects and credit unions happen online.

The main areas for interactions are mobile digital banking (39.9%), web digital banking (19.6%), and public website (16.7%). More and more CUs and banks are developing advanced data driven cultures.

>50% of the top CUs track analytics across the digital journey (WWW, LOS, OLB, etc.). Many CUs are starting to integrate back-end data sources (e.g., fund, approval, member segment) with front end data.

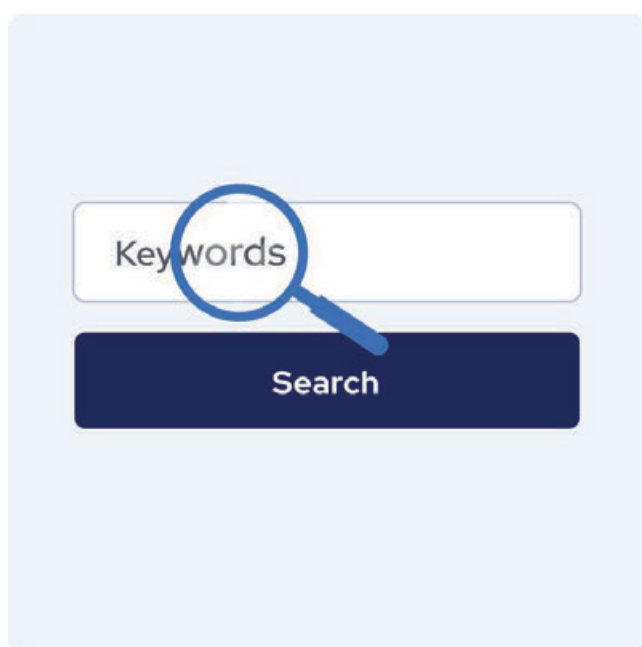


Digital Journey Optimization

Advanced CUs prioritized accessible, cross-channel reporting in 2024 and 2025 initiatives.

For most CUs, the digital channel now accounts for (1) the majority of transactions, (2) the majority of loan applications, and (3) the majority of deposit applications. Soon, the digital channel will lead in support/service requests.

Many members see all channels as one service organization. Sometimes members also use a specific channel because they could not complete the desired service on a different channel (e.g., adding a joint member to an account). This is also known as channel switching. Forcing a member to switch channels often correlates with poor satisfaction scores.



SEO & Paid Advertising

A Paid Advertising budgets increased significantly in 2021, 2022, and 2023 as many CUs saw digital as a reliable and scalable channel for growing new membership and growing products-per-member. For many, SEO continues to be an under-utilized channel .

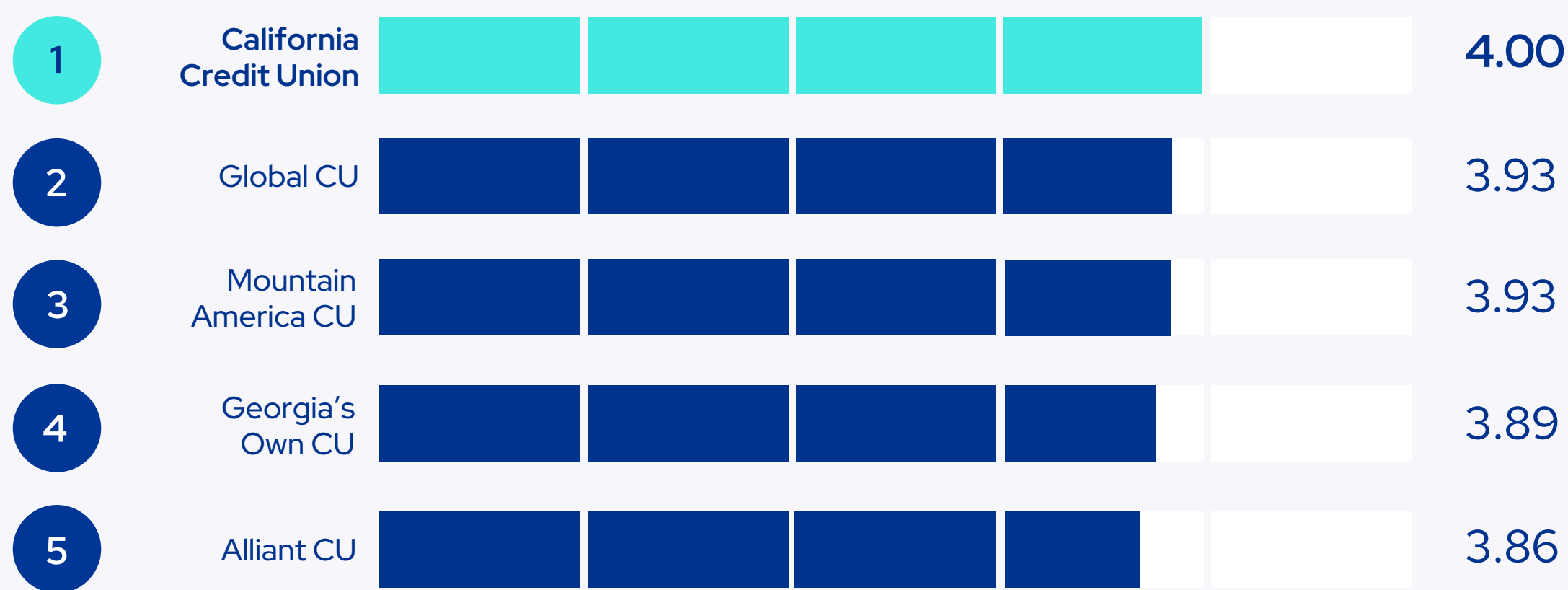
While non-branded SEO continues to be a very large opportunity for growth, most CUs are not investing heavily in SEO content development or reporting. Branded SEO is typically the second-largest source of conversions online.

Paid search is invested in heavily with leaders achieving scalable models by traffic advertising traffic all the way through to the approved/funded application. In the top 100 credit unions, over 25 of them increased their paid search budget by >50% over the prior three years. This is due to the high performance of the channel.

Visual Design & Branding

Credit Unions are showing signs of improving their design game. The top-ranking CUs continue to score high on the quality of visual design, and many others scored well enough to modestly raise the group average above last year's.

The reasons for the overall improvement? This past year, multiple credit unions underwent web site redesigns or facelifts. And notably, many of the new entries into the NCUA's Top 100 scored well on their visual design practices.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

- Brand Design Consistency
- Design System
- Type
- Color
- Illustration & Infographics
- Iconography
- Imagery
- Animation & Interactive



User-Focused Design

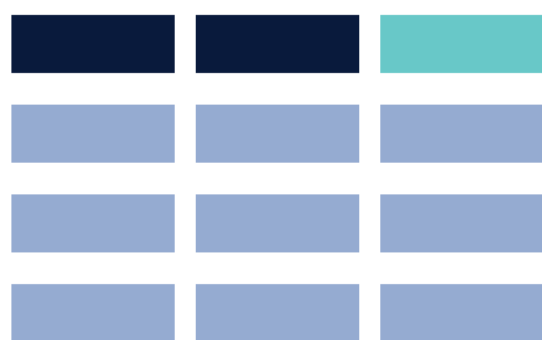
In this report’s **Industry Trends & Insights** section, you’ll notice a line regarding shifting consumer expectations: *“My last best experience is what I expect from you”*. Consumers are not just evaluating a CU’s online experience against those of other financial institutions, they’re comparing it to every other online experience they have.

Accordingly, there’s growing awareness of this among credit unions. We’re seeing the beginnings of a trend away from the established financial institution style, toward a style that feels more consumer-focused. The inspiration comes from the worlds of ecommerce, FinTechs, product-focused sites, and streaming/subscription services. We’re seeing more examples of clear simplified messaging, compelling authentic imagery, increased interactivity, and a reduction in visual clutter. An example: large login boxes replaced by the more discreet login interfaces used by ecommerce sites.



Visual Content

Illustrations, graphics and animation all help to communicate concepts, and help users visualize & evaluate information. Organizations are starting to put effort into interactive and illustrative content that is engaging and actionable, and that can also serve to reinforce their brand position.



Design Systems

A design system is a set of rules and standards created to maintain brand consistency and uniformity across an organization’s entire online presence. Credit unions with good design systems in place benefit from much greater efficiency with site updates, marketing campaigns, and organizational changes. They also benefit from having a more consistent, clear, and streamlined brand experience.

In this year’s evaluation, we see that more credit unions are implementing or improving their design systems, but overall, this is an area where many CUs are still lagging.

Learn more: Establishing a Design System For High-Impact Performance Marketing Campaigns, Forbes

Key Features & Functionality

COVID accelerated the transition away from the branch and toward digital. Therefore, it's more important than ever that credit unions offer the right set of digital features and tools to stay competitive, including with emerging FinTechs.

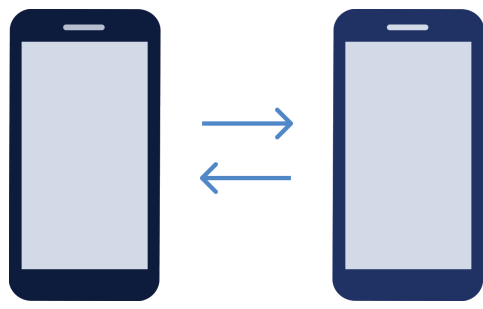
For this evaluation, we focused on what we believe to be the most important features for users on both desktop and mobile.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on criteria such as:

- Online account origination
- Mobile check deposit
- Live chat
- Find a branch/ATM
- Search
- Calculators
- Peer-to-peer payments
- Product comparison



Peer-to-Peer and Real Time Payments

Send your kid lunch money. Split the bill after a night out with your friends. Everyone is using P2P and RTP services like Venmo, PayPal, and CashApp. Often these are used as a replacement for transactions that previously would have used cash. However, they're increasingly part of a robust digital marketplace used in place of credit cards.

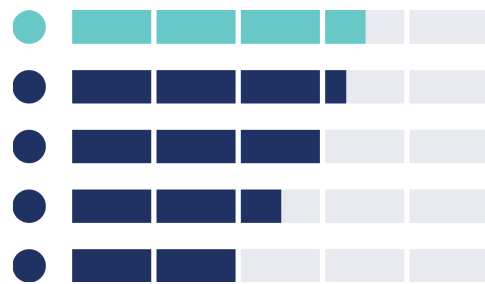
Many members we've talked to say that they prefer services like Zelle because they're integrated into their banking and feel more secure. Surprisingly, 37 of the sites we reviewed have no P2P service.



Chat Slowly Gaining Ground

Credit unions pride themselves on their commitment to service, and chat—especially live chat—is a logical way to translate that commitment to the digital world. Love them or hate them, chat bots are here to stay and can help organizations manage their call center costs.

Eight more credit unions added chat to their site since our last report, for a total of almost 60%.



How the Apps Score

A number of credit unions that previously scored below a 3.0 have seen big jumps, which suggests they had a major update or change of platforms. This has brought the average score to over 4.5. Only ten remaining credit unions have a score less than 4, but seven of those are less than 3.

Content

This is an opportunity for credit unions to stand out with comprehensive product and educational content that supports member financial wellness and drives visibility through SEO.

In reviewing a site’s content, we consider the quality, quantity, and type of content, especially for the home and product pages.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

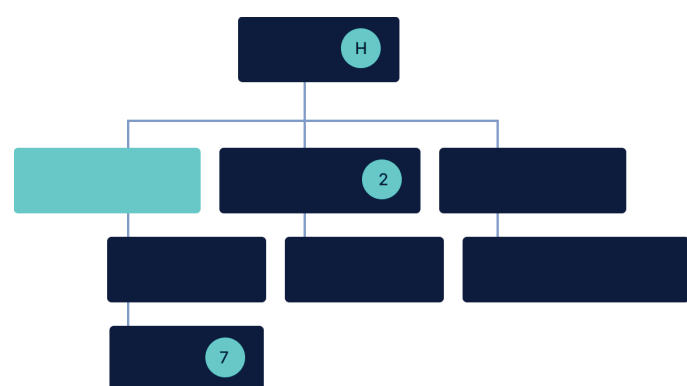
- Home page content quality and key tasks represented
- Product pages content quality, integration and cross-promotion
- Original financial education content
- Content hub
- Content density
- Content freshness
- Content variety
- Supporting content



Homepage Content

The homepage is often the gateway to the site, particularly for first-time visitors. For sites that lack personalization—which is most of them—the featured content will not be relevant to every visitor.

Surprisingly, 16% of homepages lack any product promotions. These sites tend to focus their homepage's content on brand messaging and news. While brand awareness is important and should not be neglected entirely on the homepage, prioritizing it over higher converting product content is not a strategy for growth.



Product and Educational Content Remain Disconnected

The homepage isn't the only point of entry to the site. Many users land directly on lower-level pages from search or external links. This makes it essential that those pages meet the needs of users that may be at different points in their journey. While product pages should focus on conversion, they also need to provide a path to related content for users just doing research and not yet ready to apply.

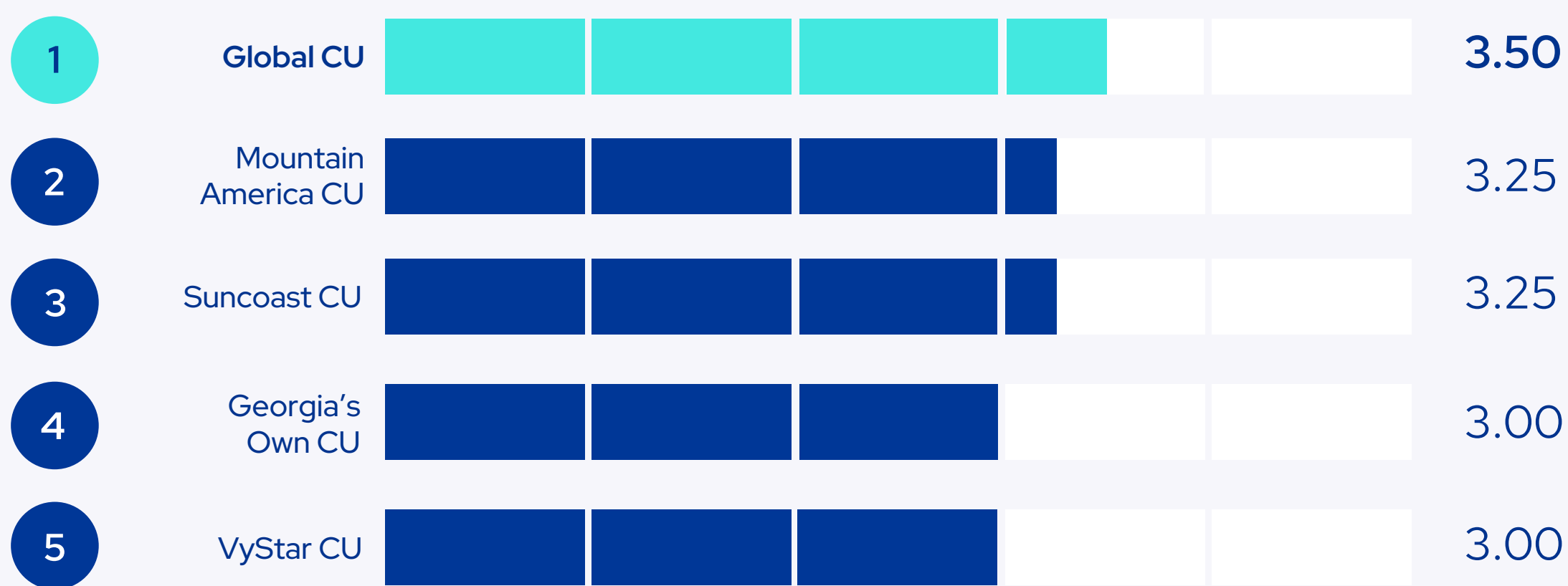
Only 23 out of 100 sites did a good, consistent job of integrating related educational content into their product pages.

Digital Marketing

Digital marketing isn't only about driving visitors to the site, but marketing to them once they've arrived. Many CUs ignore the basic cross-selling and up-selling techniques that have proved so successful in ecommerce.

We look for sites that connect the user with related products and services, rather than leaving them in a dead end if the product they're viewing isn't exactly what they need.

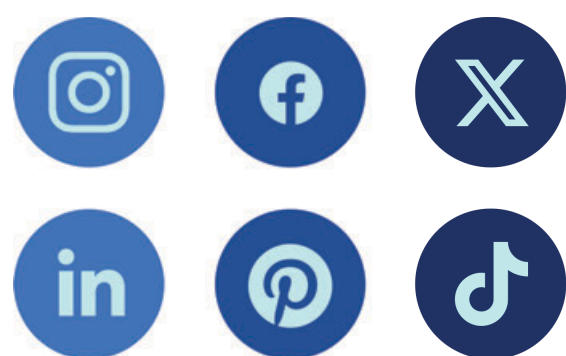
The most advanced sites use personalization to anticipate the user's interests and deliver targeted, relevant marketing content.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

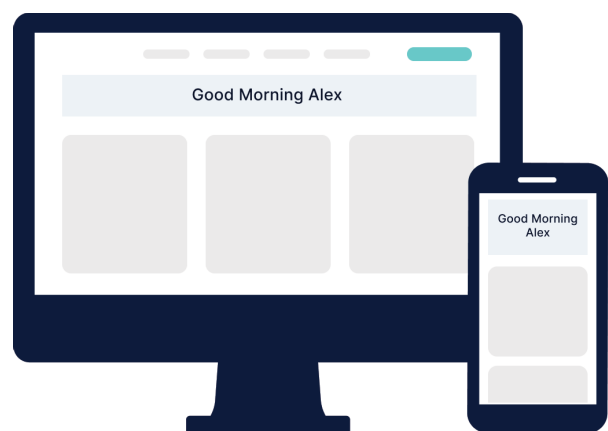
- Effective cross-sell and up-sell of products and services
- Addressing key audience segments
- Evidence of personalization
- Social media used to drive campaigns
- Special offers



Social Media Channels

TikTok is slowly starting to gain ground, while X (formerly known as Twitter) and Pinterest lost the most presence.

A quick review of which social media channels a credit union promotes on their site, usually in the footer, can give us a sense of where they think their audiences interact with the brand outside their own site. The big four are all clustered in the 70-90% range, with Pinterest and TikTok lagging contenders. Although TikTok is only on a handful of sites today, micro-videos are increasingly popular for both marketing, advice, and education. Many of our clients express concern about their aging membership, and TikTok seems like an obvious way to reach a younger demographic.



Personalization

Credit unions continue to lag other industries in their adoption of personalization on their marketing sites.

There was a slight uptick in sites with personalization, from 21 to 24, but that still leaves more than three-fourths of sites without it. The lack of personalization means that most visitors see the same promotions over and over again—regardless of whether those promos are relevant to them or if they already own those products.

Security & Privacy

One bad experience with fraud, identity theft, or a data breach can send members looking for the exit. Therefore, members and prospects looking for information about their digital security should be able to find it quickly.

In this review, we evaluated sites on the visibility, consistency, and depth of security and privacy information.

We saw that most credit union sites featured only a minimal amount of content regarding these subjects. Those that did made the information difficult to find.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

- Primacy of Security & Privacy information
- Consistency of Security & Privacy messaging
- Depth of Offerings and Content



Primacy of Security and Privacy

Fraud is top of mind for many users, but most sites treat information about data security and privacy as an afterthought.

However, just because users are concerned about fraud doesn't mean that credit unions should broadcast nonstop warnings about it on their homepage. Too many sites use a global site alert for routine fraud messages. Doing so runs the risk of scaring off prospects. At the very least it distracts them with messaging that is meant for members, not the general public.

Credit unions should have a central security hub where users can learn about how their data is being protected and what they can do to protect themselves. It should be easily findable from the navigation.



Persistent and Consistent Messaging

Don't limit your security messaging to your security hub only. Consistent security messaging should appear throughout the site wherever the context demands.

The most obvious places for security messaging are on the credit and debit card pages because those are the accounts where user most experience fraud. Beyond that, credit unions can demonstrate their commitment to member service by providing support content and clear instructions on what to do to report a problem.



The Dreaded Data Breach

Organizations need to have a rapid response plan to communicate with members about a breach of their security and privacy.

First, be transparent about what has happened, what is being done to address the problem, and when any disruptions to service will be restored. Second, be proactive not only about notifying the membership at large about the situation but informing individual members if and how their data has been compromised. Third, give users concrete actions they can take, such as changing passwords, that they can take to protect themselves in the aftermath of a breach. Lastly, provide them with further tools and external resources to help educate and protect them going forward.

03

Industry Trends & Insights

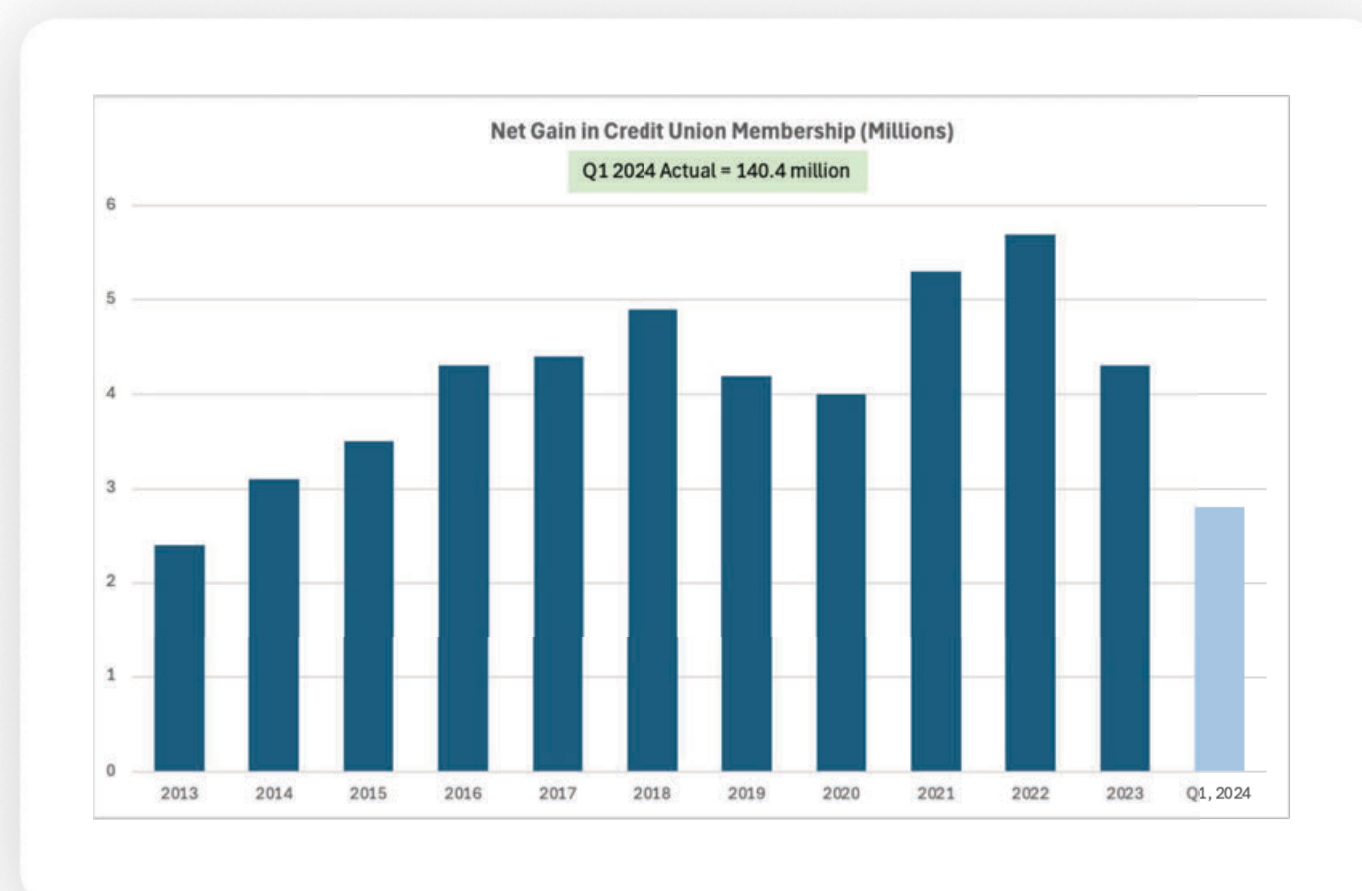
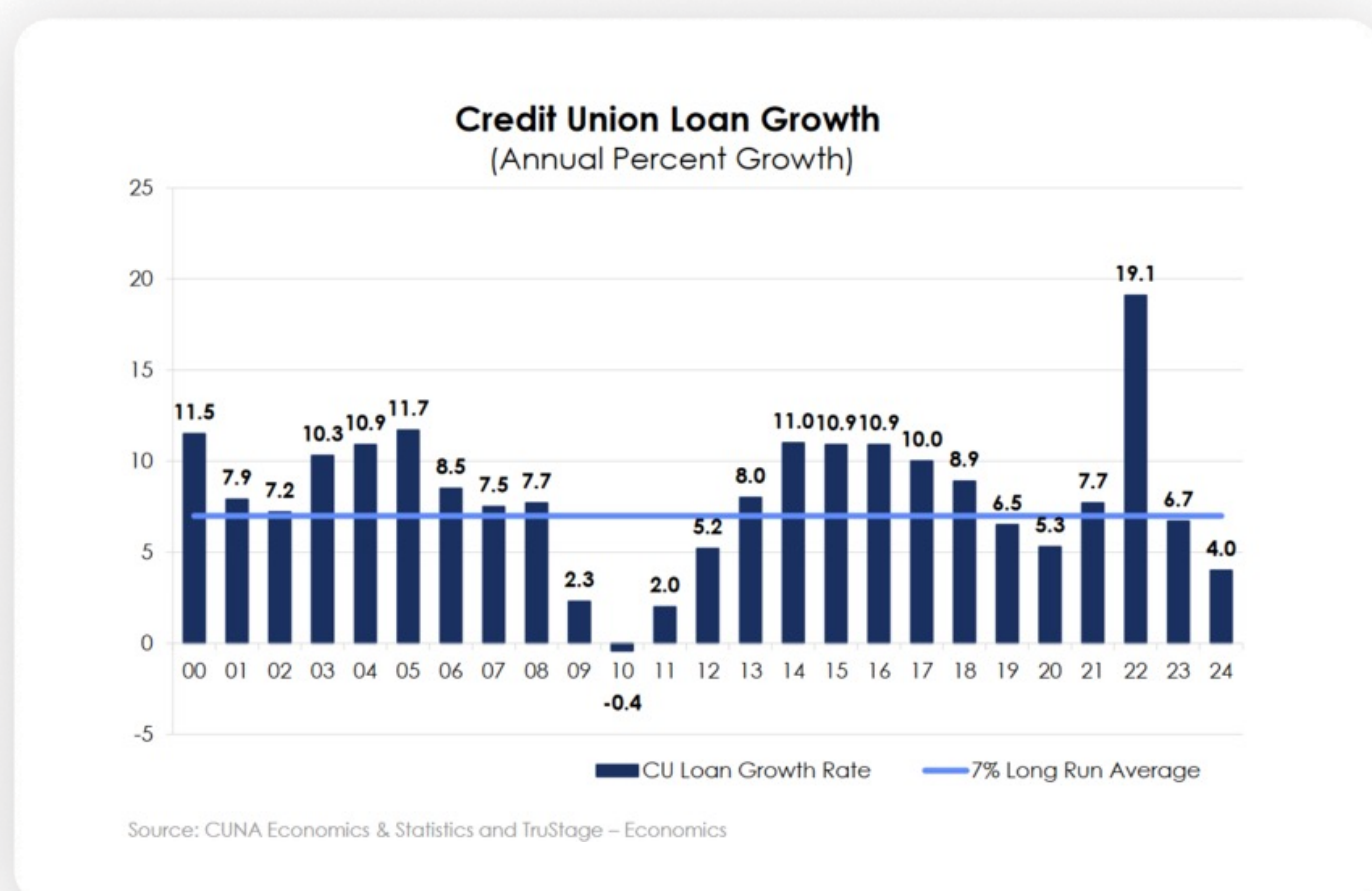
A Period of Uncertainty

As the post Covid party subsided in 2023, the credit union industry entered 2024 facing several challenges. Inflation and rate increases have led to liquidity challenges, a slowing in lending, falling ROA and financial constraints. While there has been a strong focus on growing new memberships, the larger, innovative credit unions have been putting more focus and investment in smarter digital capabilities and are seeing that benefit payoff in membership growth, often at the expense of their small compatriots.

Heading into 2025, we expect to see interest rates decline and those credit unions who have invested in the future will be ready to reap the benefits.

Mixed Signals of Credit Union Health

- Total loans outstanding in federally insured credit unions increased \$70 billion, or 4.4%, over the year ending in the first quarter of 2024, to \$1.6 trillion, the slowest growth rate since 2011 according to NCUA's latest financial performance data.
- Credit union shares and deposits increased by 2.4% in the first quarter of 2024, reaching \$1.93 trillion, an increase of about \$45 billion over a year ago. However, the median growth was negative 2.1%.
- Membership at credit unions continued to grow, increasing by 3.8 million members, to 140.4 million, a 2.8% increase over the last year, which is below the 4.7% average increase over the last five years. Moreover, on average, all the growth in membership is with credit unions who have over \$1bn in assets.



Sources: Credit Union Analysis, NCUA, June 7, 2024; CU Today, April 2024

Shifting Consumer Expectations

First and foremost, let's remember credit union members are consumers first, and their behavior and expectations are becoming increasingly sophisticated in the digital channel, and are being set by their everyday interactions with leading digital experiences across the Internet.

Accordingly, the benchmark is no longer one of the large Retail Banks or even a Neo Bank, rather the experiences they have are from across the digital spectrum, and this in-turn will force credit unions to rethink the types of experiences and capabilities they provide to their members.

With that in mind, we have identified three trends shaping members expectations of credit unions digital experiences:

1. My last best experience is what I expect from you

Nearly 90% of buyers say the experience a company provides matters as much as its products and services.



Source: Kantar

2. Deliver on my individual needs, where and when I want them

We live in a digital and mobile first world, and this is reflected in how consumers research and shop for products and services across all industries, banking included.

Even the physical world – i.e., branches, are increasingly informed by online search and research.

In fact, **99.5% of consumers research purchases online** at least sometimes, and 87% do so regularly or always even if the purchase is in a physical location.

For credit unions, our data shows us that **over 84% of customers research a product on a public website** before clicking "Apply".

3. I want it now

Today's consumers demand immediate solutions and real-time responses, influenced by the result of their fast-paced digital lives.

RTP, P2P and digital wallets are and will continue to be critical drivers of innovation and disintermediation for traditional FIs.

A staggering 70% of consumers expressed that having faster payments options from their financial institution is an important driver of satisfaction.

Sources:

Salesforce, *State of the Connected Customer*, 2022

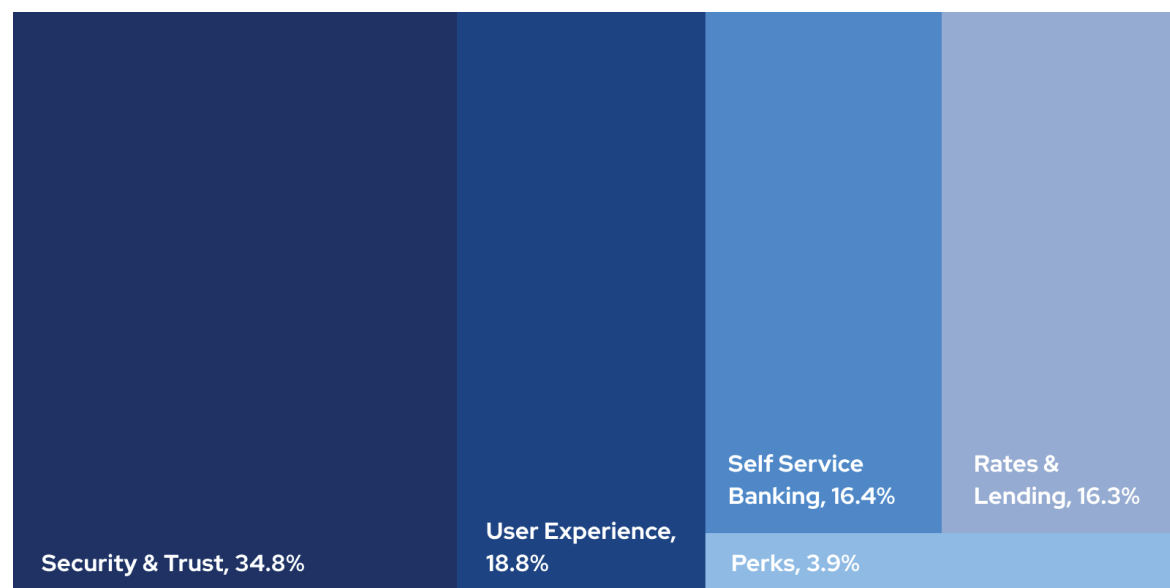
Power Reviews, 2023

Catalyst Corp, August 2023

Reasons for Selecting a Credit Union

Increasingly self-service capabilities and a focus on user-experience along with digital innovation are drivers for why people select a credit union.

Key Factors in Credit Union Choice

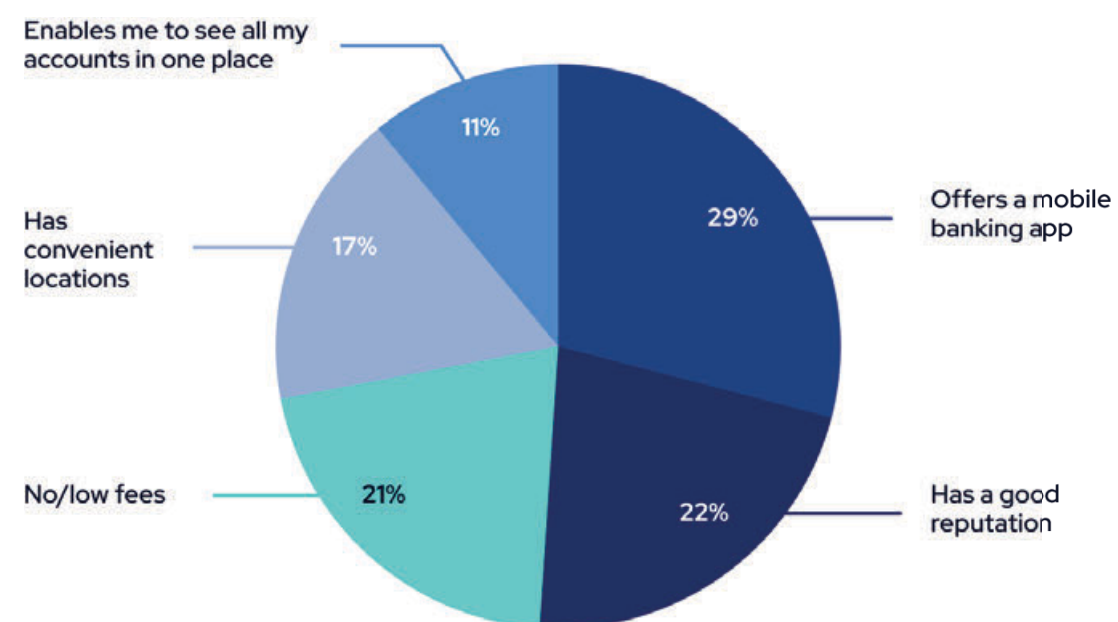


Security and trust continue to be the baseline reasons that consumers find important in selecting a credit union at 34.8%

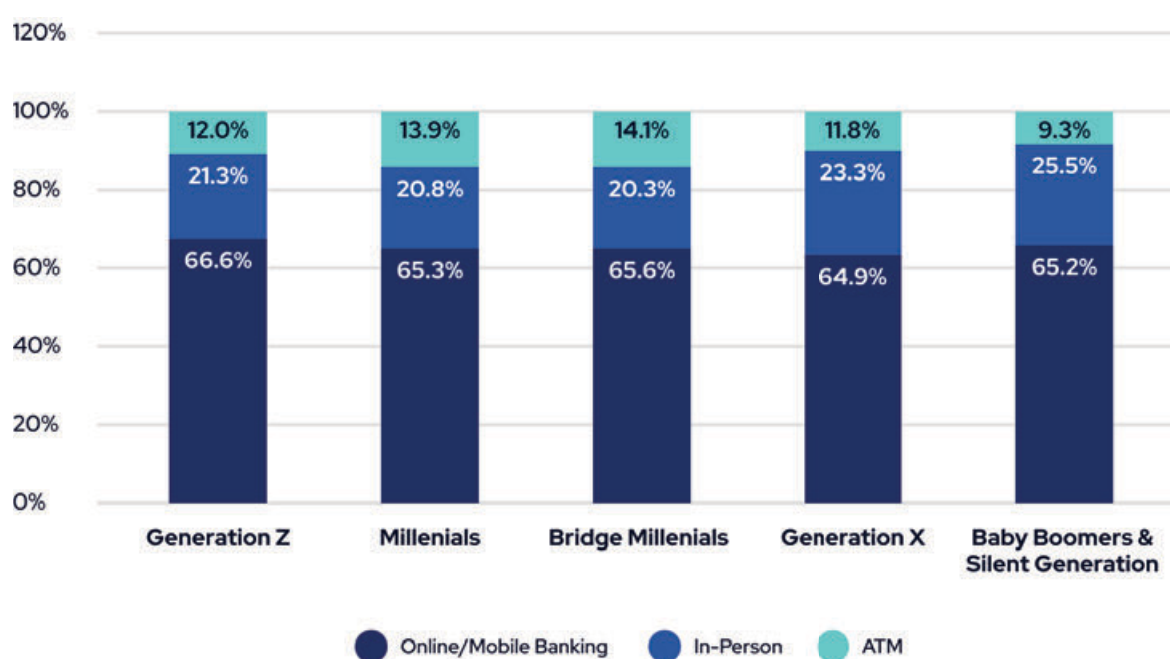
However digital capabilities and user experience are in second and third position respectively on 18.8% and 16.4%, and when combined, at 35.2% they score higher than security and trust.

Another survey of factors for choosing a financial provider had mobile as its top reason for selecting a bank or credit union.

Top Factors For Choosing a Financial Institution



How Members Access Financial Services



The shift to digital and mobile-centric banking for credit unions now spans every generation, with online and mobile banking dominating engagement across all generational groups.

Digital and particularly mobile experiences need to be a top priority when credit unions are considering their digital offerings.

Sources:

How CUs Can Drive Engagement with Self-Service Banking Innovation, PYMTS/Velera, July 2024

How to Keep Consumers from Breaking Up with Banks, MX Q4'23

Capabilities that Drive Engagement

For forward thinking institutions, digital is about being creative and thoughtful in how to use technology and data to differentiate experiences, create better connections with members and visitors and stand out from your competitors.

7 Features to Retain and Grow Your Members

We believe these seven capabilities will drive the future of credit union engagement over the next several years, and if credit unions are actively solving for them, then members will consider switching.

- I. Seamless Digital Onboarding Processes
- II. Advanced Personalization Strategies
- III. Artificial Intelligence
- IV. Privacy, Security and Fraud Prevention
- V. Real-Time Payments and Digital Wallets
- VI. Embedded Finance
- VII. Open Banking

I. Seamless Digital Onboarding

Creating the right impression

According to the last five or six years of the invaluable Cornerstone “What’s Going On In Banking” reports, each year somewhere between 30% and 36% of Credit Unions expect or plan to replace their consumer digital account opening platforms.

This means that over the past six years, everyone has replaced replaced the digital onboarding platform almost twice.

And while the actual number of credit unions that have done this maybe lower, it is sending a clear message. That one of the most important capabilities for acquiring new members and products is not meeting expectations.

In fact, almost all the credit unions we have spoken to over the past several years are either looking for a new solution, are going through an implementation, have just gone through one and are bedding it in.

Credit Union Planned New System/Replacements	2024	2023	2022	2021	2020	2019
Consumer Digital Account Opening	36%	32%	32%	30%	30%	30%
Consumer Digital Loan Origination System	14%	21%	21%	25%	25%	25%

Why is this?

Our data tells us that the digital channel is already the largest single source of new members and accounts (deposits and loans), and it is only going to grow in volume over the coming years.

In this period of rapid digital change, credit unions and banks are increasingly focusing on digital onboarding as a critical part of their growth strategy. However, many financial institutions still face significant challenges in creating a seamless onboarding experience. These challenges include cumbersome verification processes, poor integration with existing systems, and a lack of personalization that leaves new members feeling disconnected. A report by Signicat found that 68% of consumers abandoned digital banking applications due to a poor onboarding experience, highlighting the urgent need for improvement in this area.

Onboarding must not be seen as a one-time transaction but the beginning of a long-term relationship.

Unfortunately, many institutions treat onboarding as if it stops at account opening, missing critical opportunities to engage new members and deepen relationships. This oversight can lead to reduced member satisfaction, lower product adoption rates, and increased attrition. According to a study by J.D. Power, 47% of members who felt their onboarding experience was lacking were likely to switch to another institution within the first year.

To build lasting member loyalty, credit unions must view onboarding as an ongoing process that extends well beyond the initial account setup.

Source: Cornerstone Advisors, *What's Going On In Banking*, 2020-2024

I. Seamless Digital Onboarding

With the above in mind, a holistic and seamless digital onboarding experience that can elegantly onboard a new member, open their deposit account or loan application in an easy, fluid and speedy fashion is going to become an even more crucial capability. More than being seen as a cost of doing business, it is an important differentiator in credit union's ongoing battle to acquire more members and accounts.

Here are nine key areas credit unions need to consider when looking at an onboarding solution:

- 1. Traceable:** The onboarding experience is the beginning of the end of a number of activities to get a user to open an account. It is critical that it is designed from the ground up, and easy to support being tagged and tracked by your analytics solution you choose to have.
- 2. Integrated:** Not just into your Core and LOS (for loans), but also, the marketing tools you use so you can effectively connect your acquisition experiences to your conversion experience. This benefits both the user and the credit union.
- 3. Optimizable and Configurable:** In digital you are never "done"! The need to constantly review, adjust, tweak and change an onboarding experience should be an out-of-the-box capability.
- 4. Usable:** This seems painfully obvious, however is often not the case. This is not a technology first solution, not that anything should be, however this especially needs to be designed with the user in mind – both your member/prospect and your employees.
- 5. Omni-channel:** The solution you have for digital, should easily transition to a solution that supports in-branch, over the phone or any other channel you want to use to acquire members and accounts, and it needs to be self-aware, knowing if and when a person engages with you across channels.
- 6. Multi-product:** Don't select and deploy products and services based on your organization structure, rather think about the user and how they shop. The importance of your onboarding system "knowing" what a person is shopping for, and the ability to allow them to shop for and open/apply for any product their choose in one consistent experience is good not just for the user, it is good for the credit union too, as it allows for cross-selling and personalized communications across the buying journey.
- 7. Extensible:** Let's make it easy for your users to add the products and services to their shopping and onboarding experience. It needs to be.
- 8. Personalized:** Be relevant to the person you are onboarding, understand who they are and ensure the flow and steps align to their needs.
- 9. Secure:** This needs to go without saying. Privacy and security need to be paramount, leveraging the most current zero-trust protocols and PEC to instill trust and confidence in real customers and minimize fraud.

II. Advanced Personalization

Your members and prospects expect personalization. According to recent studies between 61% and 76% of them want relevant and personalized experiences when they bank and are more likely purchase and remain engaged and loyal when their banking experiences are personalized.

Marketing has changed. Digital, the internet and experiences from across other industries have reframed how marketers differentiate and engage their customers.

Classic marketing is about the five P's – Product, Price, Place, Promotion and People. We believe this framework is being upended with the sixth P – Personalization. Outside of financial services, targeted and personalized experiences are the norm, from Amazon to Spotify and Netflix, commodity offerings become highly differentiated and relevant to user needs through AI and the extensive use of data to understand intent, and as a result they deliver experiences that are irresistible to consumers.

Historically, credit unions knew this to be the case, offering high-touch engagement in the branch and contact center.

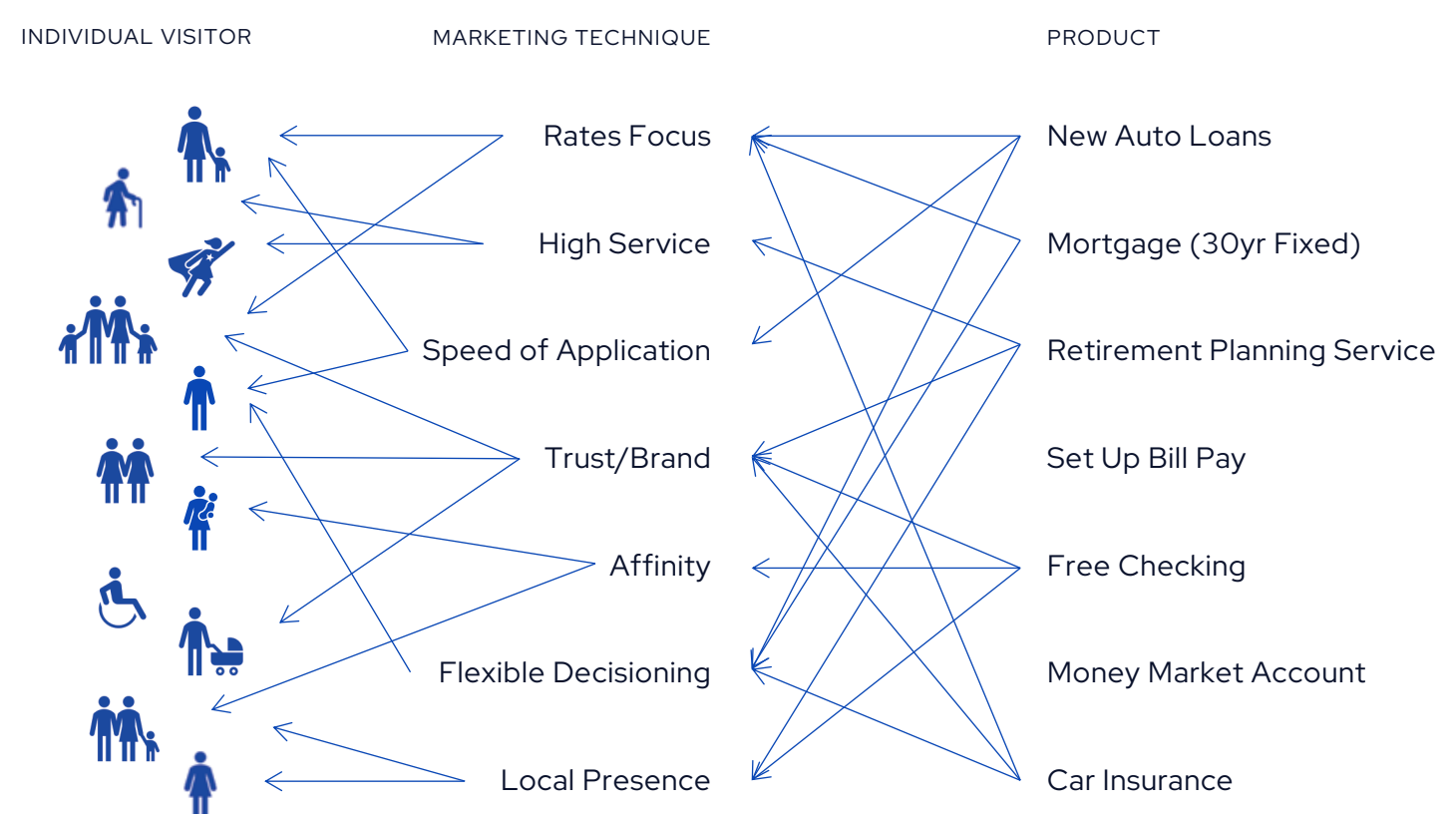
However, in the shift to a digital-first world where most engagement takes place online, the historic differentiator has gone. In its place are a commoditized set of digital experiences that take no account of a member or prospects needs.

Personalization provides an avenue for credit unions to bring a human understanding and touch back to digital banking and innovative credit unions are using a variety of personalization techniques across their channels and platforms to be relevant to their visitors, whether they are members or prospects, and they are seeing the benefits in increased engagement, loyalty and crucially results.

Today, modern personalization has moved significantly beyond email and notifications to creating highly personalized experiences across every customer touchpoint.

Predictive Messaging

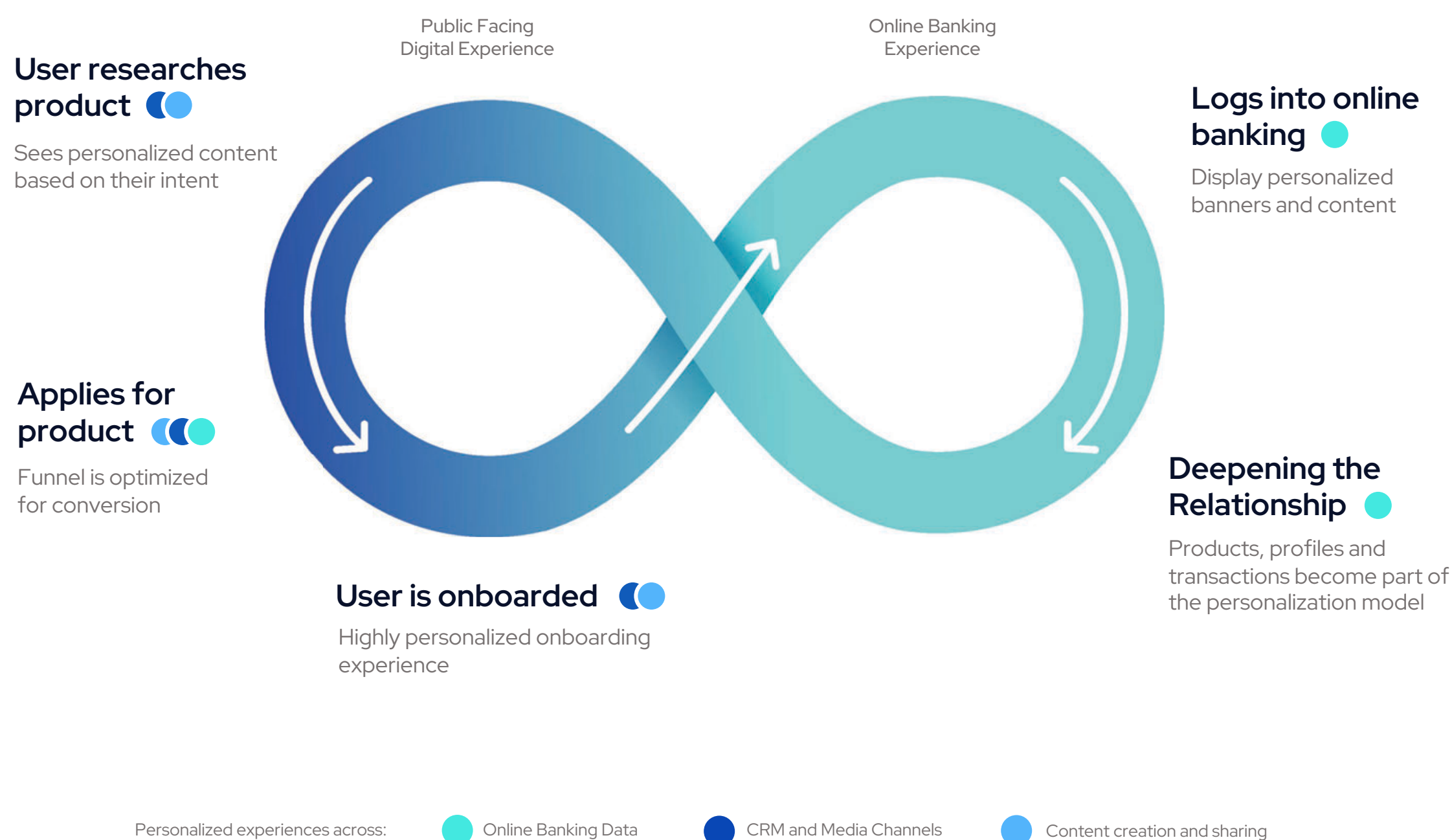
The latest personalization techniques go beyond typical behavioral personalization by predicting and tracking a user's preference in messaging and product attributes, then delivering relevant experiences across multiple channels and platforms.



II. Advanced Personalization

Creating Your Personalization Flywheel

Credit Unions that provide deep personalization experiences see up to 4 time increase in user engagement, new accounts and new members.



“Now, with A.I., that means that even mass-market brands can practice a ‘market of one.’”

Ian Rogers
Chief digital officer
LVMH Moët Hennessy

III. Artificial Intelligence

Artificial Intelligence (AI) is rapidly transforming the financial services sector, fundamentally altering how credit unions and banks operate. As AI technologies evolve, they promise not only to streamline processes and enhance security but also to revolutionize customer interactions through the rise of AI agents. In an industry that prioritizes personalized member service, the implications of these trends are significant and demand attention. Understanding these changes is critical to staying competitive in an increasingly digital and AI dominated market.

AI's Potential and the Rise of AI Agents

AI agents, sophisticated software programs capable of performing tasks autonomously, are set to play a game-changing role in the future of banking and credit unions. These agents can handle everything from answering member queries to executing financial transactions, making services faster, more accessible, and highly personalized.

According to Gartner, by 2026, AI agents will handle 75% of member interactions in financial institutions, up from less than 10% today. This shift could greatly benefit credit unions by enhancing member experience and operational efficiency.

However, the rise of AI agents also poses challenges. Credit unions must carefully navigate the integration of these technologies to avoid undermining the personal touch that sets them apart from larger banks.

1. AI-Driven Member Experience and Personalization:

As consumer expectations for personalized services grow, AI-driven personalization is becoming a crucial differentiator for credit unions. AI can analyze vast amounts of member data to provide tailored financial advice and product recommendations.

A report by Accenture found that 61% of consumers are more likely to switch to a provider that offers personalized services. For credit unions, leveraging AI

to understand and predict member needs can lead to enhanced member satisfaction and loyalty.

2. AI Agents for Enhanced Customer Service:

AI agents are emerging as powerful tools for improving customer service efficiency and engagement. These agents can handle routine inquiries, process transactions, and even offer financial advice based on a member's financial history and goals.

According to a study by Juniper Research, AI-driven chatbots and virtual assistants could save banks and credit unions over \$7.3 billion annually by 2025 through reduced customer service costs. For credit unions, deploying AI agents potentially means providing 24/7 service without sacrificing the quality of personalized member interactions.

3. Enhanced Fraud Detection and Risk Management:

As previously noted, AI's capabilities in detecting fraud and managing risk are becoming increasingly sophisticated. Machine learning algorithms can analyze transaction patterns and flag unusual activities in real time, reducing the risk of fraud.

McAfee estimates that AI could help reduce fraud losses by 20% by 2027.

III. Artificial Intelligence

How Credit Unions Can Leverage AI and AI Agents Responsibly

With so much happening in this space, and with the pace of change being so fast, it can be difficult to know where to start. But start you must, and to fully benefit from AI advancements, credit unions need to adopt these technologies thoughtfully, ensuring they align with their mission of member-focused service. Here's how credit unions can approach AI adoption responsibly:

1. Maintain a Balance Between Automation and Human Interaction:

While AI agents offer efficiency, credit unions should ensure that members still have access to human representatives for complex issues or when a personal touch is needed. This balance will help preserve the trust and loyalty that members value.

2. Prioritize Data Privacy and Security:

With AI systems handling more sensitive member data, credit unions must prioritize robust data security measures. Transparency about data usage and strict adherence to privacy regulations will be key to maintaining member trust.

3. Invest in Continuous AI Training and Education:

Credit unions need to invest in training programs for both employees and members to foster a better understanding of AI tools and how to use them effectively. This includes understanding the limitations and potential biases in AI systems to ensure fair and accurate outcomes.

As with every other industry, the future of credit unions is intertwined with the evolution of AI. Soon using AI will not be a differentiator, it will be the cost of doing business.

Much is going to rest on how each credit union finds their pattern for using AI to drive their business and member engagement forward and by embracing these trends with a focus on ethical considerations and member-centric values, credit unions can successfully navigate the AI-driven future.

Sources:

"The Future of AI in Financial Services: AI Agents and Beyond." Gartner

"Personalization in Financial Services: The Power of AI." Accenture

"AI in Banking: Chatbots and Virtual Assistants Market Forecasts 2021-2025." Juniper Research

AI in Fraud Detection: Reducing Financial Crime in the Digital Age." McAfee

IV. Privacy, Security and Fraud Prevention

Privacy, security and fraud prevention are not just regulatory requirements or increasingly the cornerstone of member trust, they can also be key differentiators for credit unions aiming to attract and retain members. With the ever-rising threats and increasingly sophisticated fraud tactics, it is crucial for credit unions to stay ahead by adopting cutting-edge technologies and balancing privacy with the effective use of customer data.

Unfortunately, fraud and attempts at data breaches are systemic to the financial system. The 2024 State of Fraud Benchmark Report by Alloy found that 54% of credit unions, banks and FinTechs lost at least \$500k in direct fraud losses, and 99% suffered some form of direct loss, and according to IBM by August of this year (2024) the cost of a data breach had reached nearly \$6.1 million.

The issues of security, fraud and privacy are increasingly top of mind for both the financial industry and their customers. The stakes are high, Beyond the financial burden, there is the even

larger impact of dilution of brand reputation and lost members that can take years to recover from.

All of this underscores the high stakes for credit unions: protecting member data is paramount to retaining loyalty and ensuring long-term success. On top of this, credit unions must navigate the increasingly delicate balance between utilizing data to enhance member services and safeguarding privacy. This is where Privacy Enhanced Computing (PEC) comes into play.

The Privacy Opportunity

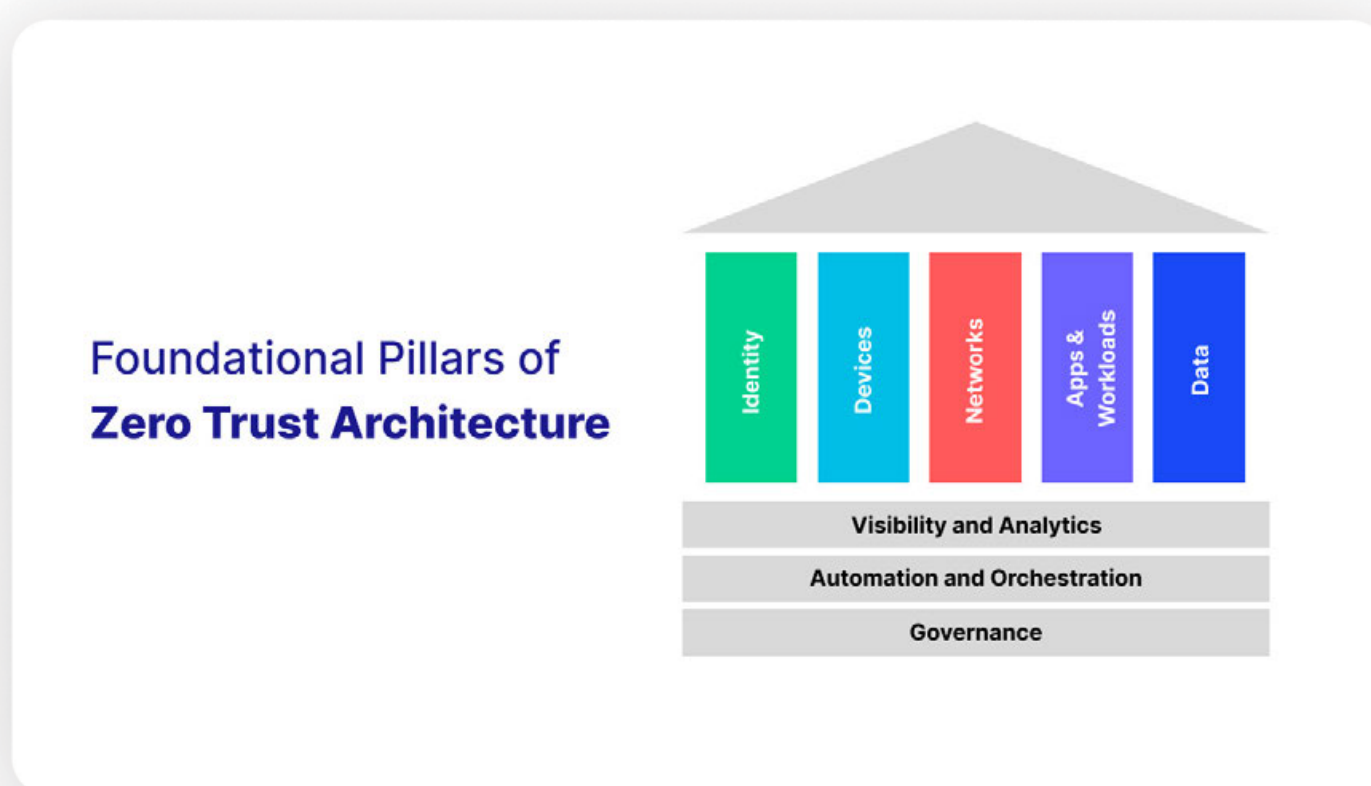
i. Privacy-Enhanced Computing (PEC) involves using technologies like homomorphic encryption, secure multi-party computation, and federated learning to process data in a way that protects member privacy. These technologies allow credit unions to analyze and utilize customer data for fraud detection without exposing sensitive information.

For example, federated learning enables the development of machine learning models using decentralized data, which enhances fraud detection capabilities while ensuring member data remains private.

ii. Integration of AI and Machine Learning for Advanced Fraud Detection: Artificial Intelligence (AI) and Machine Learning (ML) are increasingly indispensable tools for fraud detection and prevention. They can analyze transaction patterns, detect anomalies in real-time, and predict fraudulent activities before they cause harm.

For example, the Boston Consulting Group estimates that AI-driven fraud detection can reduce fraud-related losses by up to 50%. For credit unions, integrating AI and ML, or finding the right partner who really has this integrated into their offering, and integrating them into their cybersecurity strategies is critical.

iii. Zero Trust Architecture (ZTA): Zero Trust Architecture (ZTA) is a significant trend in cybersecurity, and an interesting opportunity for credit unions. Unlike traditional security models that assume trust within the network perimeter, Zero Trust assumes that threats could come from anywhere, both inside and outside the network.



Source: Revolutionizing Banking Security With Zero Trust Architecture, Zeta.tech

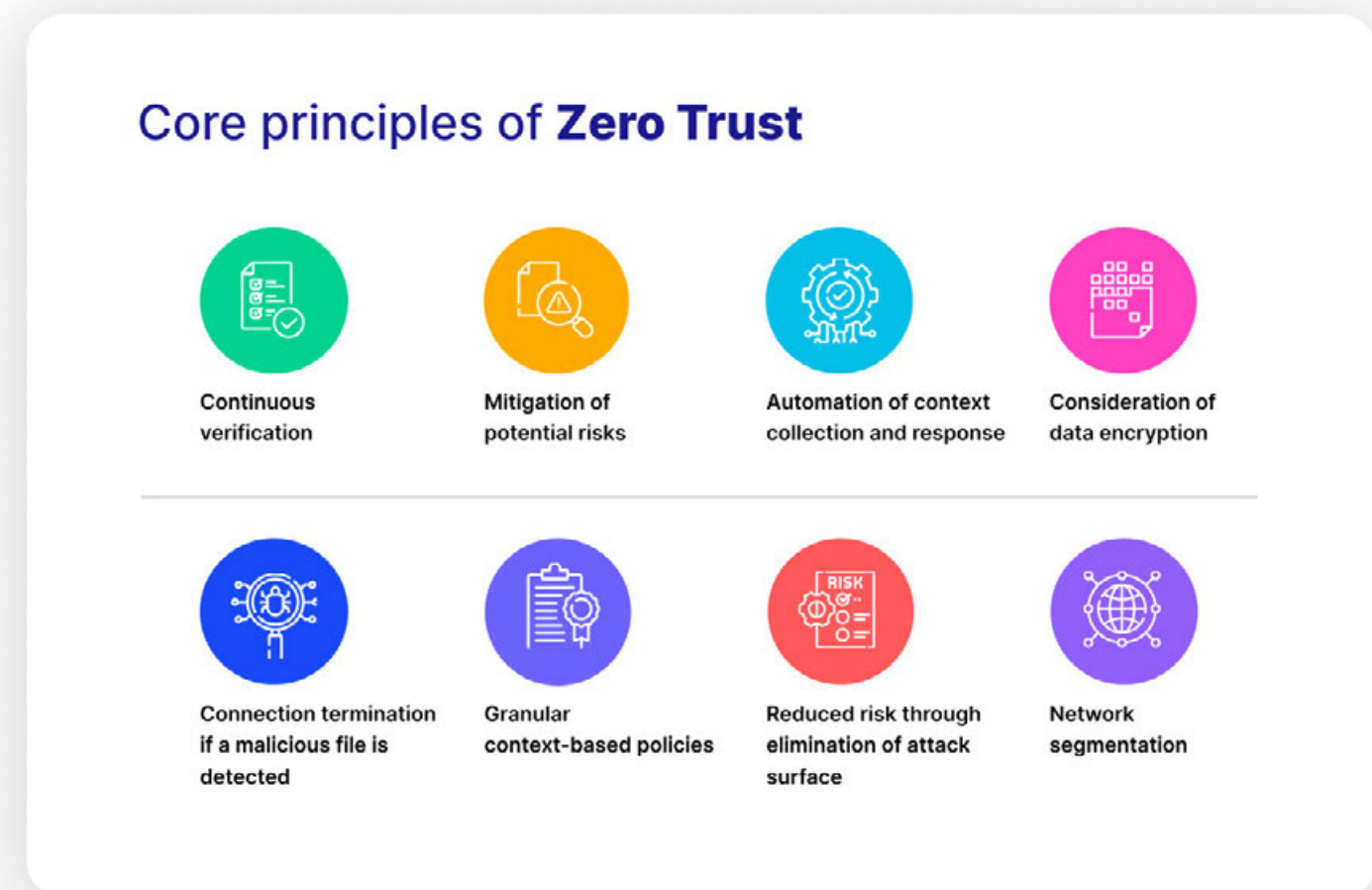
IV. Privacy, Security and Fraud Prevention

Zero Trust continued...

This model requires continuous verification of user identities and strict access controls. A survey by Forrester Research found that 80% of organizations plan to implement or expand Zero Trust strategies by 2026. For credit unions, adopting ZTA helps protect against internal and external threats, reducing the risk of breaches and ensuring compliance with stringent regulatory requirements.

To learn more about Zero Trust, check out:

<https://www.zeta.tech/us/blog/revolutionizing-banking-security-with-zero-trust-architecture/>



Source: *Revolutionizing Banking Security With Zero Trust Architecture*, Zeta.tech

Finding the Right Balance Between Privacy and Data Utilization

As the importance of data and personalization grows, credit unions face the challenge of balancing privacy with the need for data-driven insights. Data analytics can enhance personalized services and fraud detection however, it must be managed within a robust privacy framework.

- Data Minimization:** Collect only the data necessary for specific purposes, reducing exposure and aligning with privacy regulations like GDPR and CCPA.
- Transparency and Consent:** Clearly communicate data practices and obtain member consent, building trust and ensuring compliance.
- Advanced Analytics with Privacy Controls:** Utilize privacy-enhanced computing techniques to analyze data securely, ensuring privacy without compromising on valuable insights.

Source: *Revolutionizing Banking Security With Zero Trust Architecture*, Zeta.tech

Four Tips to Assure Members of Your Privacy Commitment

- Invest in PEC:** Gartner predicts that by 2025, 60% of large organizations will use privacy-enhancing computation techniques (Gartner, 2024)
- Implement and ensure you have the latest Fraud Detection systems:** AI-driven fraud detection can help to reduce fraud losses by up to 30% (Federal Reserve, 2023), proving the value of these investments for credit unions.
- Be transparent with your members:** According to a McKinsey 2022 survey, 84% of consumers agree that it's important to know a company's data privacy policy before making a purchase.
- Implement a Zero Trust Security Model:** Establish a Zero Trust Architecture to strengthen cybersecurity posture. This includes continuously verifying user identities, implementing least-privilege access controls, and monitoring all network activities to detect and mitigate threats.

V. Real Time Payments and Digital Wallets

The Future is now

My two children, 25 and 21, don't carry cash around and I think have never been to an ATM. All of their transactions between their friends—and even me for that matter—are cashless. In The United Kingdom an increasing number of retail chains have or are going cashless. The real-time digital payments world is with us today, and it is only going to continue to expand in terms of capabilities and options. The question for credit unions is what role will you play in all of this.

The payments landscape is rapidly evolving, driven by advancements in technology and changing consumer expectations. For credit unions staying competitive means embracing real-time payments (RTP) and digital wallet capabilities as core offerings.

With the launch of FedNow, the Federal Reserve's real-time payment system, in July 2023, financial institutions have a new opportunity to enhance their payment services and meet the

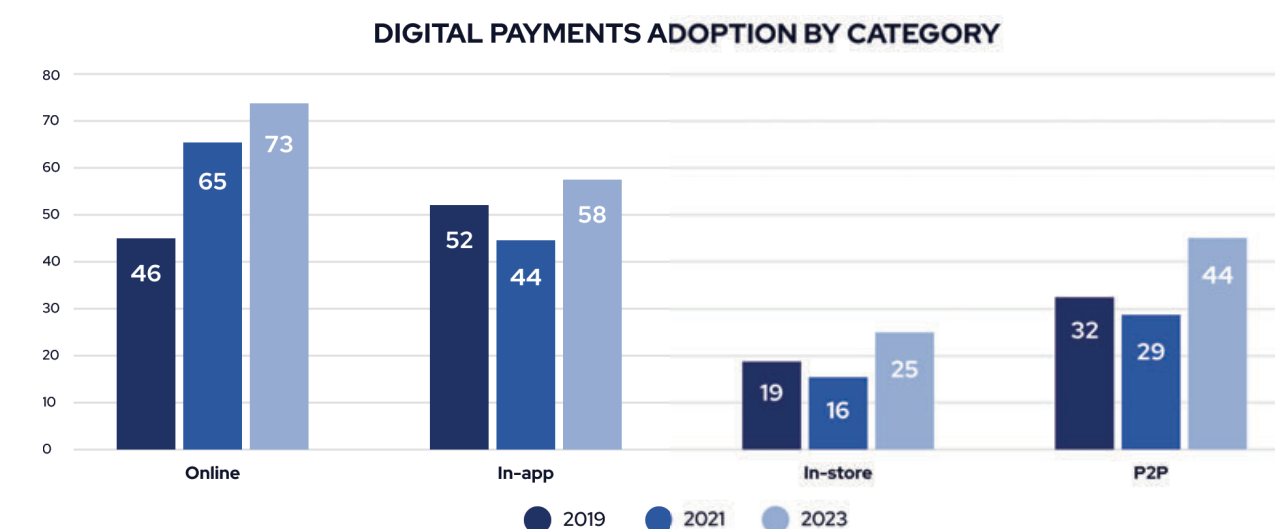
growing demand for faster, more convenient transactions. A survey by McKinsey & Company found that 90% of consumers have used some form of digital payments across 2023, and 67% of consumers expect faster payment options from their financial institutions, making real-time payments a crucial area of focus for credit unions aiming to remain relevant in an increasingly competitive market.

“One of the biggest things we have noticed is that our members want to move money yesterday...”

Minal Gupta

EVP Operations, Star One Credit Union
Fed360 June 2023

Digital payments are accelerating across all channels:



Source: Consumer digital payments: Already mainstream, increasingly embedded, still evolving, 2023 McKinsey

Crucial for credit unions

Real-time payments and digital wallets are more than just trends; they are increasingly fundamental to the future of financial services. For credit unions, adopting these leads to increased member satisfaction, reduced costs, and improved operational efficiency.

The capability to process transactions instantly enhances the member experience by providing quick access to funds and almost instant financial management. In addition, digital wallets

are gaining traction as consumers look for secure, convenient ways to make payments and manage their finances.

According to a report by Deloitte, digital wallet adoption is expected to reach 70% among U.S. consumers by 2025, underscoring the importance of integrating these capabilities into credit union offerings.

V. Real Time Payments and Digital Wallets

Trends shaping the future

Looking ahead, we believe three significant trends will shape the future of payments for credit unions. Embracing these trends is essential for credit unions to stay competitive and deliver the solutions that members demand.

i. Expansion of Real-Time Payment Networks

With the introduction of FedNow, alongside other RTP networks like The Clearing House RTP network, the infrastructure for real-time payments is expanding rapidly. RTP is increasingly moving from a cool feature to a must-have capability and this expansion will allow credit unions to offer their members faster and more reliable payment services, enhancing the overall banking experience. The Federal Reserve's 2024 Financial Services Report estimates that real-time payments will account for 30% of all consumer transactions by 2026. For credit unions, integrating with these networks means keeping up with the big retail banks, reducing payment processing times from days to seconds, improving liquidity management, and offering immediate settlement capabilities to members.

ii. Integration of Digital Wallets and Embedded Finance

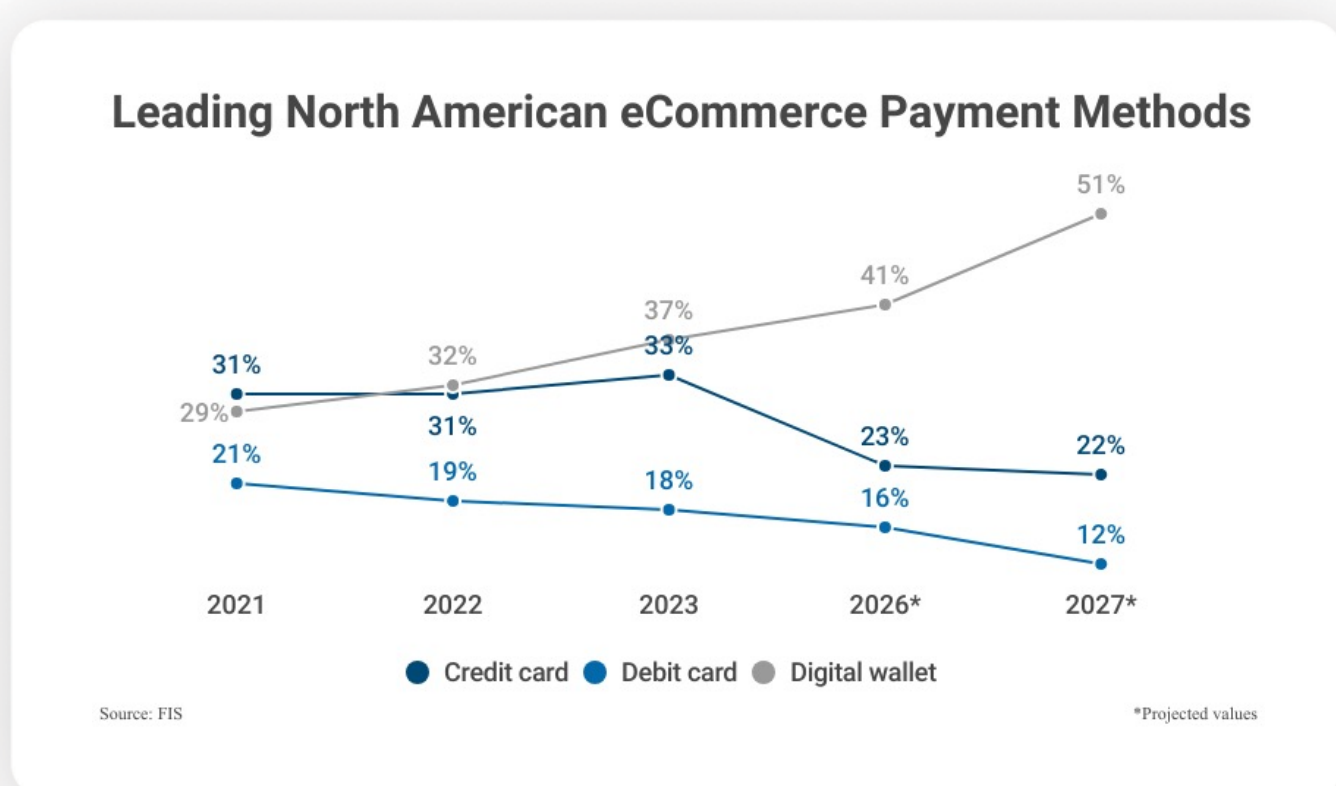
Digital wallets are an integral part of consumers' financial lives, and for some central to how they transact. As consumers increasingly use digital wallets for everyday purchases, credit unions must integrate these capabilities into their services to

stay relevant. According to paynet.pro, digital wallets are now the fastest-growing payment method in the USA, with nearly half (48%) of consumers using a digital wallet so far this year. For credit unions, this trend presents an opportunity to offer branded digital wallets or integrate with popular wallets like Apple Pay, Google Pay, and PayPal, providing a seamless, secure payment experience that meets member expectations for convenience and security.

iii. Enhanced Security and Fraud Prevention in Real-Time Payments

With the rise of RTP and digital wallets, security and fraud prevention are becoming more critical than ever. As payment speeds increase, so does the opportunity for fraud. Real-time fraud detection and prevention systems using artificial intelligence and machine learning are essential for protecting members and maintaining trust. A report from ACI Worldwide highlights that financial institutions using real-time fraud prevention tools see a 70% reduction in fraud losses. For credit unions, it is critical to invest in advanced security measures and fraud detection technologies to safeguard member assets and ensuring a secure payment environment.

With RTP and Digital wallets, the future is now and as the payments landscape continues to evolve, those credit unions that prioritize innovation and member-centric strategies will be well-positioned to thrive, or at least survive in an increasingly digital world.



Source: FIS

VI. Embedded Finance

A future where everything is embedded

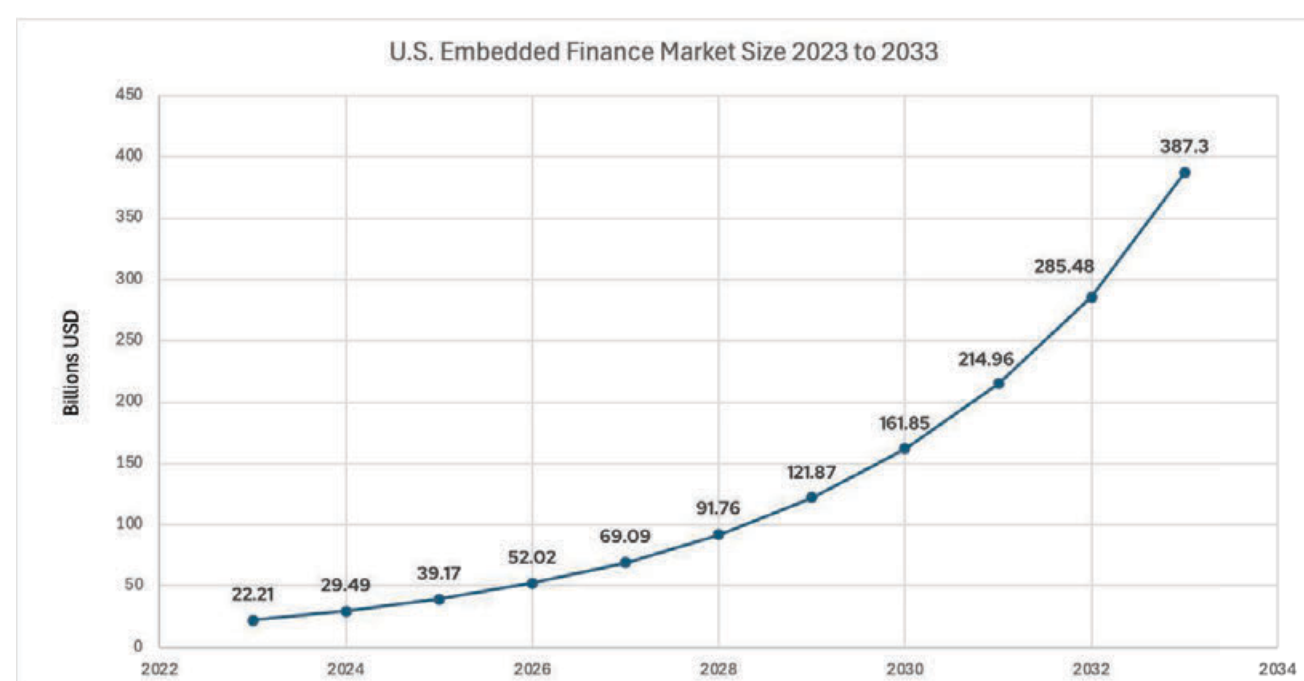
We hear the term embedded finance all the time. What does it actually mean? A simple definition might be: *The integration of financial products and services, into a customer experience, at a point of need.*

This is not a new concept. Any car dealer, appliance store, furniture store and many other retailers will offer you financing at point of sale. What has changed is how digital technology has opened the door to innovative ways to deliver a whole suite of financial offerings to consumers and businesses right at their point of need, and equally, to consumer's and businesses' trust, desire and willingness to engage and transact.

According to Precedence Research, in 2024 the embedded finance market in the USA will be nearly \$25bn, and over the next ten years will increase over 13 times to over \$387bn.

That is a CAGR of around 33% a year, so an incredible rate of growth. In terms of transaction share, back in 2021 it was worth \$2.6 trillion, and 5% of all financial transactions, and expected to reach \$7 trillion and 10% by 2026. We can safely assume we are well over \$4 trillion in transactions in 2024.

This implies that both more consumers and businesses going to be using it, and it will basically every business will be offering it. It will become ubiquitous. In some ways, it already is, how many ecommerce sites do you go to that offer a "Pay in Four" option. It's BNPL, and it is also embedded finance.



Source: Precedence Research, 2024

As we move forward, we expect to see a dramatic increase in the range of financial solutions offered to across payments, lending, insurance and even general banking, for example A report by Juniper Research estimates that by 2026, over 60% of global consumers will use embedded finance services.

As embedded finances continues to evolve and grow, driven by digital technology, four key trends will shape embedded finance over the next several years:

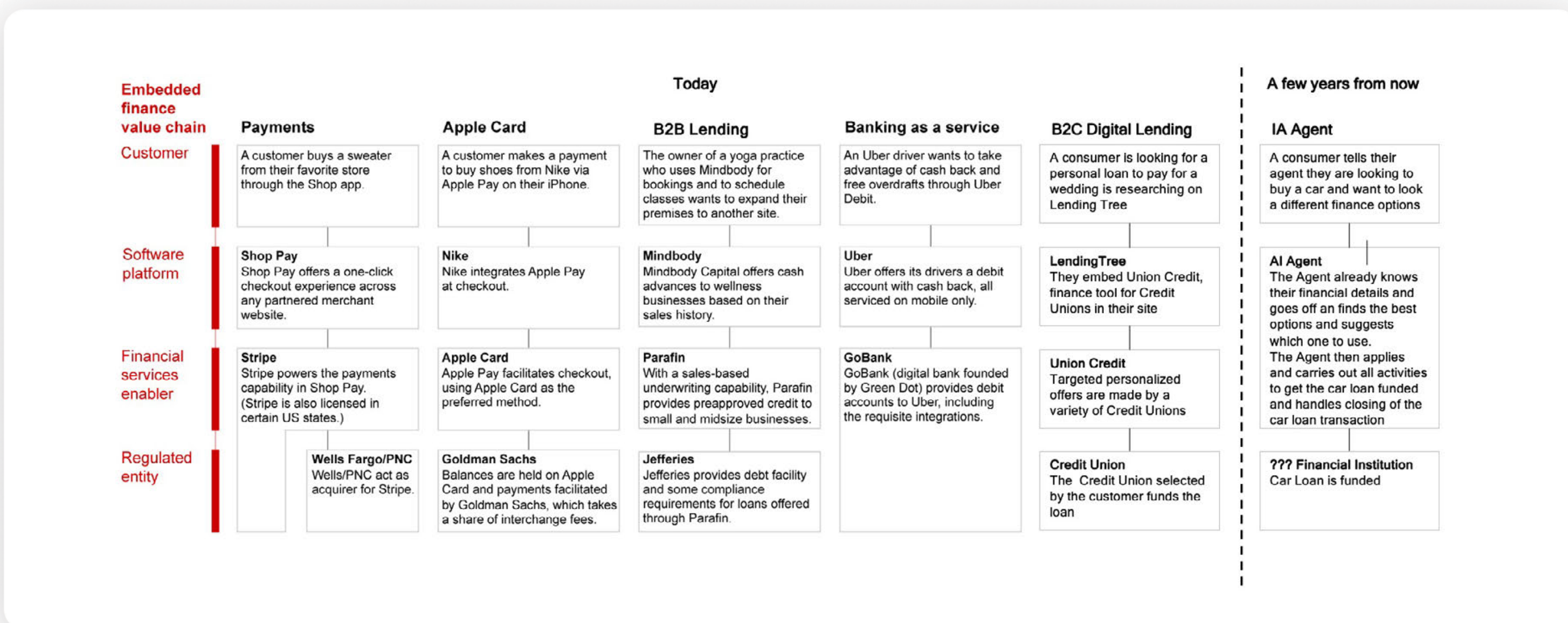
- 1. Integration of Financial Services into Non-Financial Platforms:** The tipping point is fast approaching where almost every front-end user experience that has a financial component will have embedded options available.
- 2. Development of White-Label Financial Products:** In some ways, embedded finance means everyone is a provider of financial services, and there are an increasing number of financial institutions who are providing the infrastructure and capabilities for other, retailers or embedded techs to offer embedded finance services. According to Accenture, the white-label banking market is expected to grow by 20% annually over the next five years.

VI. Embedded Finance

3. Adoption of Open Banking and API Integration (see next section): As embedded finance evolves into embedded banking, embracing open banking standards are going to be critical enablers as customers start to demand the same flexibility from their banking experiences.

4. The Rise of AI agents: In our section on AI, we reference the soon to be ubiquitous rise of intelligent agents, and in some respects, for financial services, these will be the ultimate embedded experience.

Examples of a select range of embedded finance solutions available today and within the next few years:



Source: Bain & Company, *Embedded Finance, what it Takes to Prosper in the New Value Chain, 2022* / Extended by Finalytics.ai for B2C Digital Lending and AI Agents.

What does this mean for credit unions? On the one hand, embedded finance has the potential of opening a whole new market for credit union services. The question is how?

The challenges for this are many though as the nature of the value-chain shifts from a direct model to more of an indirect model. And with that the challenges of brand recognition and reach, especially for smaller credit unions.

To navigate the evolving landscape of embedded finance, credit unions should focus on the following:

1. Recognize this is an important part of the future of financial services and start with the user and business in mind. Don't jump to the technology. First and foremost,

have a perspective on what embedded finance means to your credit union and create a strategy and plan for how it will become part of your business.

2. Find and work with embedded finance partners who are focused on the credit union industry.
3. Evolve their technical architectures to be digitally centric, open and API driven, so they are able to seamlessly integrate with partners.

The future of credit unions lies in their ability to adapt, innovate and find the right partners to work with in response to the evolving financial landscape .

VII. The Open Banking Tsunami is nearly here

Ready, Set, Go ...

The Consumer Financial Protection Bureau’s open banking rule is set to be finalized in the fall of 2024. It is expected to require the approximately 10,000 banks and credit unions in the US to offer technology to provide access to customers’ financial data securely and reliably for checking, savings, and credit card accounts, prepaid cards, and digital wallets, at the customers request, to third parties such as FinTechs.

Will this kickstart a new phase of the open banking revolution in the US, and what does this mean for credit unions?

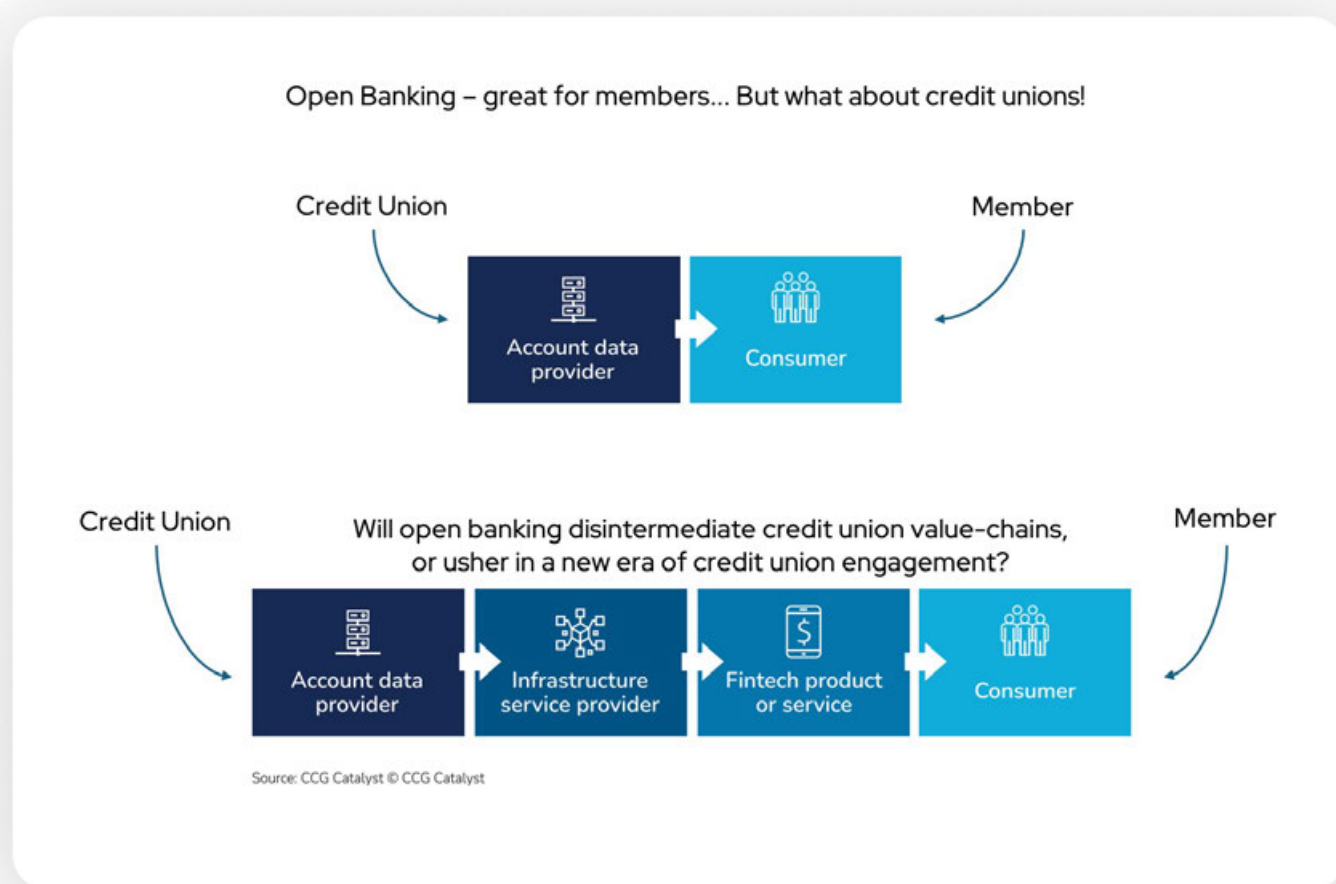
Consumer Opportunity, Credit Union Challenge

From the consumers viewpoint the promise of open banking is tantalizing, new ways to access their finances and new innovative financial products and services are sure to follow. Already many capabilities such as embedded finance and soon to be AI agents rely heavily on open banking frameworks.

Will the most valuable part of credit unions value-chain, the relationship with the member be disintermediated?

However, this is not a one-way street. Credit unions who work with the right partners can in-turn use open banking as a powerful tool to expand reach and acquire new members and products. It could even open the door to offering a whole host of new services as part of a partnership with the right partners.

On another level, with the right ideas and offerings at the local level, credit union could even gain an advantage offering powerful, yet accessible capabilities to local business and members.



Source: CCG Catalyst

For credit unions, and banks the challenges are altogether different. What does it mean for a credit unions relationship with their members? What role does brand and loyalty play if the credit union is not front and center in the consumer experience?

The Technical Challenge and Opportunity

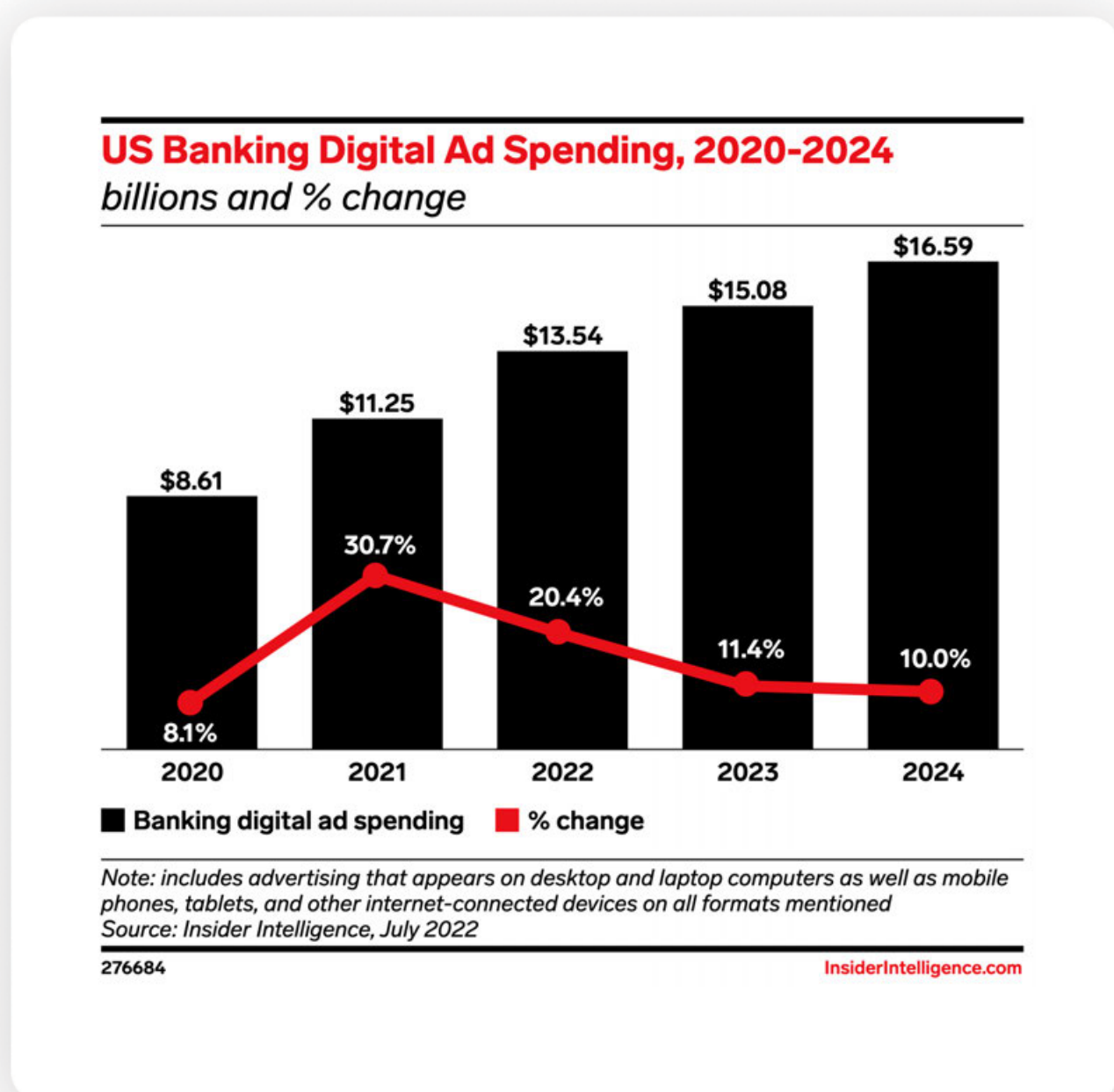
This does not come without technical challenges: in order to take advantage of this new environment, an investment into an API driven world needs to happen. As most credit unions are reliant on technology providers for almost all their capabilities, it is going to be an imperative for credit union and the technology partner community to align on an open banking approach.

The end game is a dynamic ecosystem in which consumers ultimately control their personal financial data and can share it freely and securely with products and services they wish to use. Credit unions must embrace this new future and create an industry wide approach to both embracing the sharing of data and support a cross industry approach to product and service innovation.

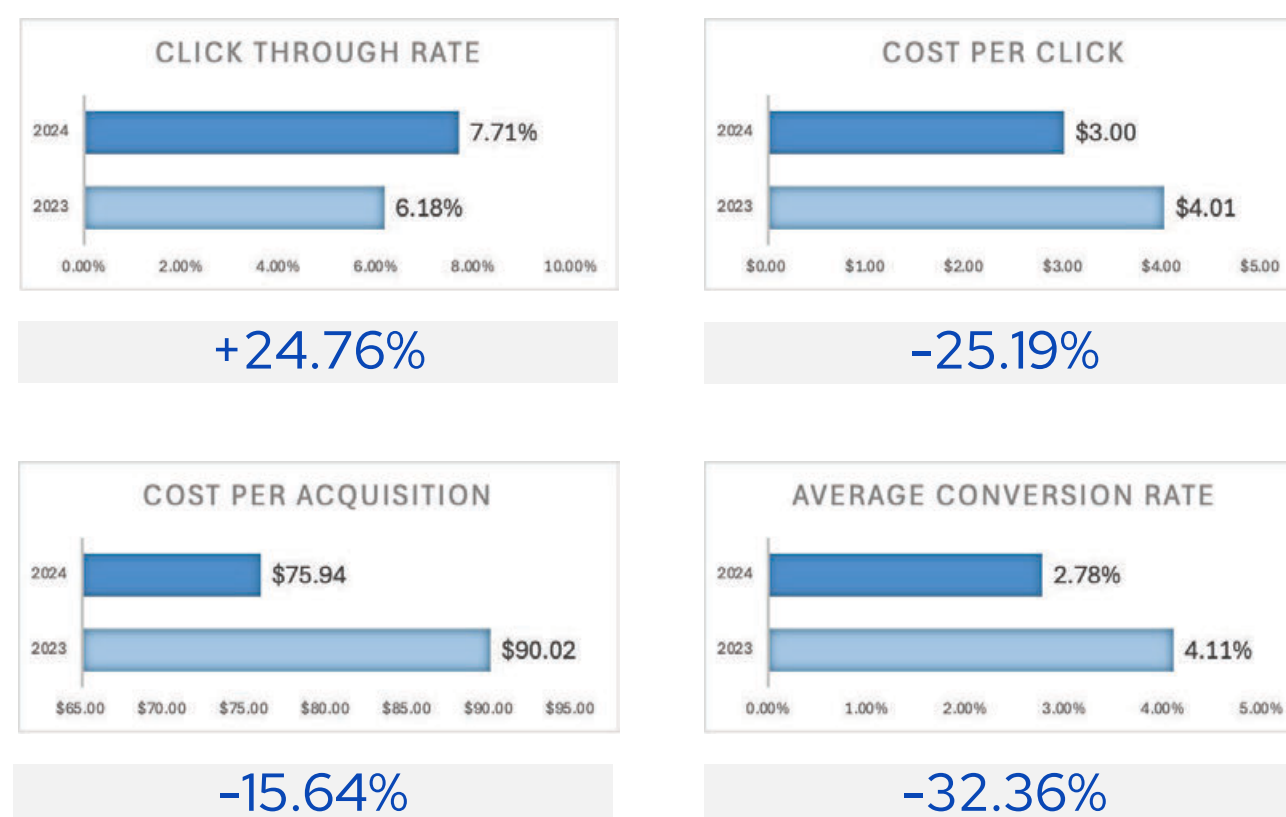
SEM Update

The financial sector continues to be one of the top industries spending budget on digital advertising. In the first half of 2024, growth-focused credit unions saw digital advertising, led by paid search, account for 11%–27% of all product applications across the organization (17%–49% of digital applications).

This makes digital advertising one of the top sources for growth in the credit union industry. Of the different paid channels, paid search typically accounts for 2X–5X other paid advertising channels.



2024 YTD versus 2023 PPC finance Industry Averages



Source: Wordstream.com, Google Ads Benchmarks
2024: New Trends & Insights for Key Industries

According to EMarketer, US banking digital ad spending is expected to reach \$16.59 billion in 2024, up from \$11.25 billion in 2021.

SEM Update

Credit unions budget for paid search has grown significantly over the last 3 years. Many CUs have grown their paid search budget by >100% over 3 years. When we isolate paid search tracking data to CUs that have grown by more than 15% per year over the last 3 years, we see a high correlation between spending above average on paid search and growing faster than peers. With the rapid changes in interest rates, the campaign season, and changes to Google AdWords algorithms, optimizing paid search in 2023 and 2024 has required more focus for analysts.

Advanced advertisers are now optimizing to approves/opens/funds rather than application completes. Several high performing credit unions are optimizing towards segments that high loyalty. Participation, and adoption.

Below is a list of several of the largest spenders in digital advertising. When we compare annual growth rates of credit unions, we see there is a strong correlation with digital advertising spend and annual growth.

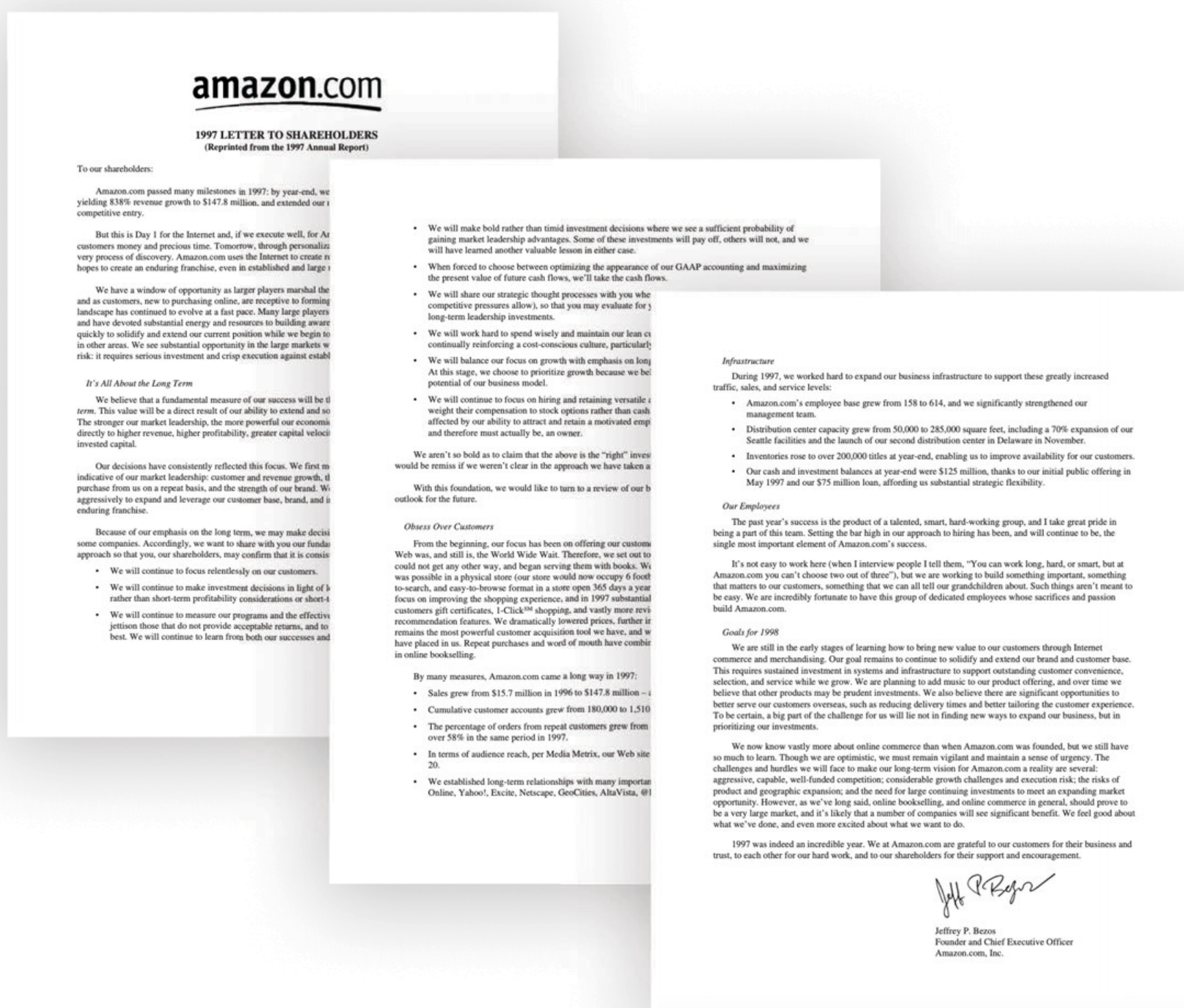
Credit Union	2023 Est. Monthly Google Ad \$	2023 vs 2022 Google \$ Variance	2023 Google \$ % Assets	2023 vs 2022 Asset to Spend Variance
Mission Fed	\$16,000	103%	0.0031%	-0.01
Orange County's Credit Union	\$29,000	171%	0.0139%	0.04
Coastal Federal Credit Union	\$92,000	102%	0.023%	-0.002
Suncoast Credit Union	\$120,000	141%	0.008%	0.02
Members 1st	\$90,000	120%	0.015%	0.01
Navy Federal	\$1,100,000	138%	0.008%	0.02
PenFed	\$910,000	89%	0.031%	-0.02
BECU	\$171,000	98%	0.007%	-0.005
Golden 1	\$99,000	104%	0.005796%	-0.001
First Tech	\$151,000	94%	0.011%	-0.01
Mountain America	\$93,000	124%	0.006%	0.001
Security Service	\$100,000	83%	0.009%	-0.02
Bethpage	\$40,000	114%	0.00370%	0.01
Idaho Central	\$131,000	125%	0.01468%	0.005
Desert Financial	\$70,000	88%	0.01006%	-0.01
CEFCU	\$42,000	70%	0.00678%	-0.03
Space Coast	\$163,000	137%	0.02166%	0.02
Hudson Valley Credit Union	\$234,000	111%	0.04096%	0.01
Veridian	\$118,000	118%	0.01970%	0.01
Landmark Credit Union	\$67,000	103%	0.01276%	-0.009
Virginia Credit Union	\$57,000	20%	0.01321%	-0.055
TDECU	\$42,000	38%	0.01063%	-0.018
WSECU	\$276,000	123%	0.06218%	0.04
Langley Federal Credit union	\$207,000	104%	0.04689%	-0.007
TruStone Financial	\$67,000	116%	0.01661%	0.005
Genisys	\$82,000	103%	0.02106%	-0.01
Royal Credit Union	\$139,000	121%	0.03346%	0.01
Jovia	\$63,000	91%	0.01730%	-0.02

It's Still Day 1

In 1997 Jeff Bezos wrote what is probably the best letter ever written by a business leader, and for credit unions, the opportunity to embrace the principles in the letter as they face a future of constant change and challenge is as true for them as it is for Amazon.

Day 1 is a culture and an operating model that puts the **customer**—and **innovating on behalf of the customer**—at the center of everything Amazon does. The themes in that letter and model dovetail elegantly to the needs of credit unions.

As the trends in this section outline, we are in a state of constant and often unexpected change. The question for credit unions is what to do with that change? At Finalytics.ai we believe there is only one answer: lean in, embrace it and use it to create and deliver incredible value for your members. Do that, and you have the reason to win.



Learn more here:

<https://www.aboutamazon.com/news/company-news/2016-letter-to-shareholders>

04

The Future

Banking in 2025

Banking is rapidly evolving into a digital-first industry. Leading Credit Unions (CUs) are pioneering this transformation, recognizing that digital experiences extend far beyond online banking. With new technology, interactions have moved beyond mere transactions, enabling extensive relational digital experiences between financial institutions and their users.

This year, the top-performing CUs have significantly enhanced their engagement with members and prospective members even before they log in. Previously, this level of engagement was dominated by megabanks and FinTechs. Now, CUs are making significant strides, connecting their brands with high-performing digital experiences. A robust digital user experience has become a standard expectation for all businesses, no longer exclusive to the most innovative organizations.

Leading CUs are diligently defining their relevance to their members. The future of CUs depends on integrating the digital experience with branch and call center interactions, creating a truly omnichannel and consistent brand experience. The importance of seamless integrations cannot be overstated. By effectively integrating various platforms and systems, CUs can ensure a unified and cohesive member experience, regardless of the touchpoint.

In the race to meet rising member expectations for streamlined digital experiences, speed to market is crucial. Successful CUs put their members at the heart of everything they do, regardless of the channel. This member-centric approach has always been a hallmark of CUs, making their adoption of advanced digital services a natural progression. Integrations play a pivotal role in this evolution, ensuring that the transition to a digital-first strategy is both smooth and impactful.

However, as they embrace these technological advancements, it is crucial for CUs to maintain their differentiated focus on the member and the community. AI and other technologies should be viewed as tools, not solutions. Just like a hammer or a programming language, they are means to an end. The ultimate goal is to enhance the member experience. Financial institutions must determine which tools most effectively enable them to deliver on this value proposition. The winners will put the member first, utilizing technology to support this focus. Those who lag will struggle to move beyond their internal challenges and embrace a member-first mindset.



“2025 will be the year that credit unions stop thinking of digital as an add-on. It will be digital-first, recognizing that the front lines have fundamentally changed. CEOs can no longer delegate this responsibility.”

CRAIG McLAUGHLIN
CEO, Finaitytics.ai

Dig Deeper

Predicting what the future of financial services will look like may be impossible, but there's no doubt it will be digital. The only safe bet is to invest in developing a fluid organization – able to react quickly and intelligently to technological, economic, and cultural change.

Evaluate your digital strategy to ensure it gives you continuous insight, operational effectiveness, and allows you to deliver value to your members in any way they engage with you.

If you have any questions about this report or would like to discuss how we might work together, please reach out to us.

Email us

hello@finalytics.ai

How does your CU compare?

Register with Finalytics.ai and dig deeper – and learn how all top 100 Credit Unions rank.

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