



Filene Research Institute*

FILENE'S TOP TRENDS IN ACTION STRATEGIC IMPLEMENTATION FOR CREDIT UNIONS

Eltropy Leadership Summit
August 26, 2025

WHO WE ARE

FILENE RESEARCH INSTITUTE strengthens organizations and the people we serve through innovative research and incubation.

Cutting-Edge Research

Increasing learning and transforming organizations

Advisory Services

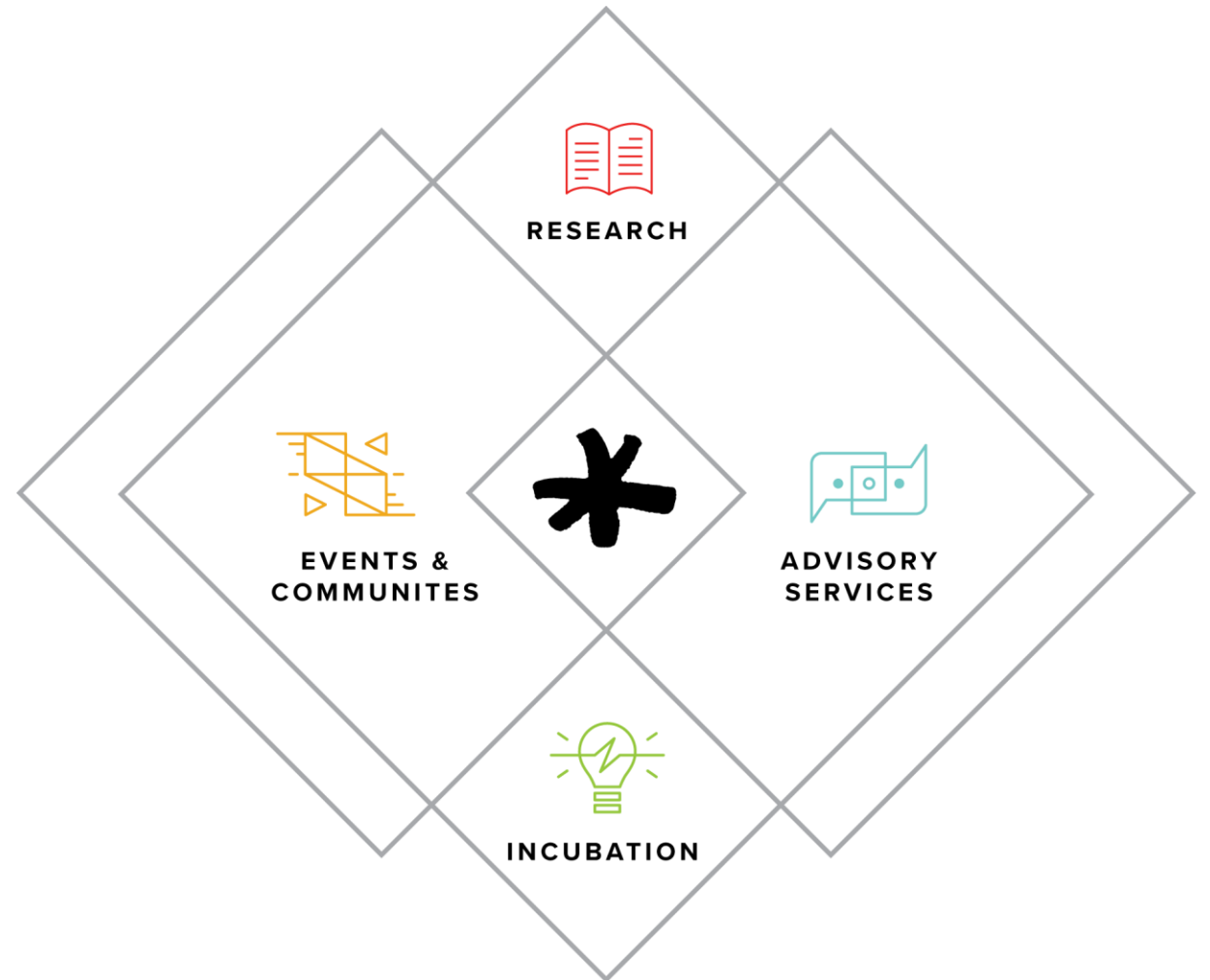
Driving organizational growth and lasting change

Proven Incubators

Accelerating innovation and reducing risk from new solutions

Communities and Events

Connecting leaders with emerging concepts



HOW CAN CREDIT UNIONS SURVIVE? AND THRIVE?

“

Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.

MICHAEL PORTER

“

Deliberately underperform in the areas that matter least so that you can **overperform in the areas that matter most.**

DENNIS CAMPBELL

THE TOP TEN STRATEGIC ISSUES FOR CREDIT UNIONS

10 Building the workplace of the future

9 Leveraging technology advances

8 Attracting & retaining great people

7 Managing regulatory changes

6 Navigating the dynamic rate environment

5 Growing member relationships

4 Facing the evolution of payments

3 Differentiating in the competitive landscape

2 Delivering exceptional member value

1 Pursuing the scale to succeed

Sources: As identified by Mark Sievwright, Sievwright & Associates, a SRM Company

BUILDING THE WORKPLACE OF THE FUTURE

An effective hybrid strategy can be part of the winning solution to **attract and retain top talent**...

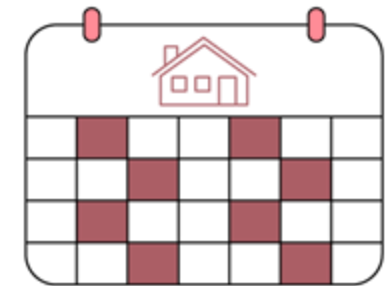


...but there is **friction** surrounding back-to-work strategies.

Sources: Barrero, Bloom, and Davis, "Why Working from Home Will Stick" (2021). (Most recent results from July 2024, see here: www.wfhresearch.com.)

Remote work is normal:

About 28% of paid full days are worked from home.



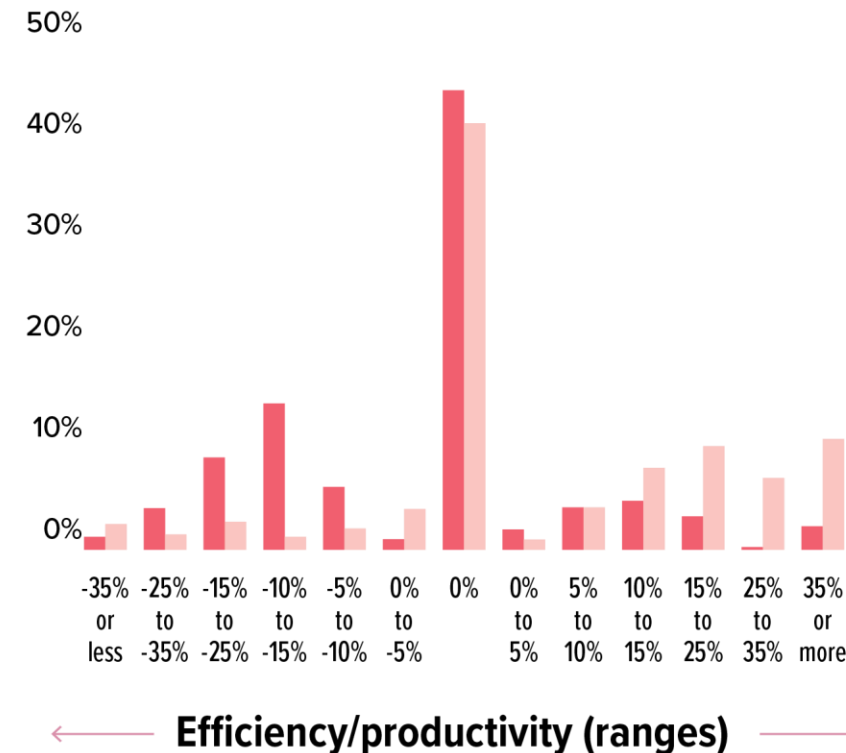
Nationally, **29%** of full-time employees work in a hybrid arrangement, and **13%** work fully from home.



BUILDING THE WORKPLACE OF THE FUTURE

- But there's a vast perception gap:
 - 82% of individual employees say they are as efficient or more efficient working from home
 - Only 20% of managers say employees are more productive when when they work from home
- **Culture** is the critical lynchpin for workplace transformation
- Be **intentional** with remote / hybrid employees

Percent of respondents



- **Individual employees**
How much less/ more efficient are you working from home than on business premises
- **Managers**
How much less/ more productive are employees who work from home at least one day per week?

Sources: Filene research report #430, #560; Barrero, Bloom, and Davis, "Why Working from Home Will Stick" (2021). (Most recent results from July 2024, see here: www.wfhresearch.com.)

9 LEVERAGING TECH ADVANCES

- **73%** of American firms **have already adopted AI** in at least some areas of their business
- Start-up fintechs are no longer seen as a major threat by credit union leaders, but **trust is a concern**
- **Credit unions** and **system partners** are building new **fintech-focused investment funds**

Which best matches your experience with identifying external service providers for implementing technical solutions?

It's hard to find providers who are willing to work with us, although we do trust them.

7%

It's easy to find willing service providers but hard to assess whether they are a good and trusted source.

70%

It's easy to find willing external service providers who we also trust to do what we need.

14%

Source: Filene research report #606, #621, #624; PWC, Cornerstone Advisors

8

ATTRACTING GREAT PEOPLE

EMPLOYEE- EMPLOYER FIT



Having high-quality applicants matters more than a large applicant pool.

ORGANIZATION & JOB CHARACTERISTICS



Applicants are motivated by transparency and look for specific kinds of organizations/roles.

RECRUITER BEHAVIOR



Recruiters represent you and the industry.

It's not just staff!



37%

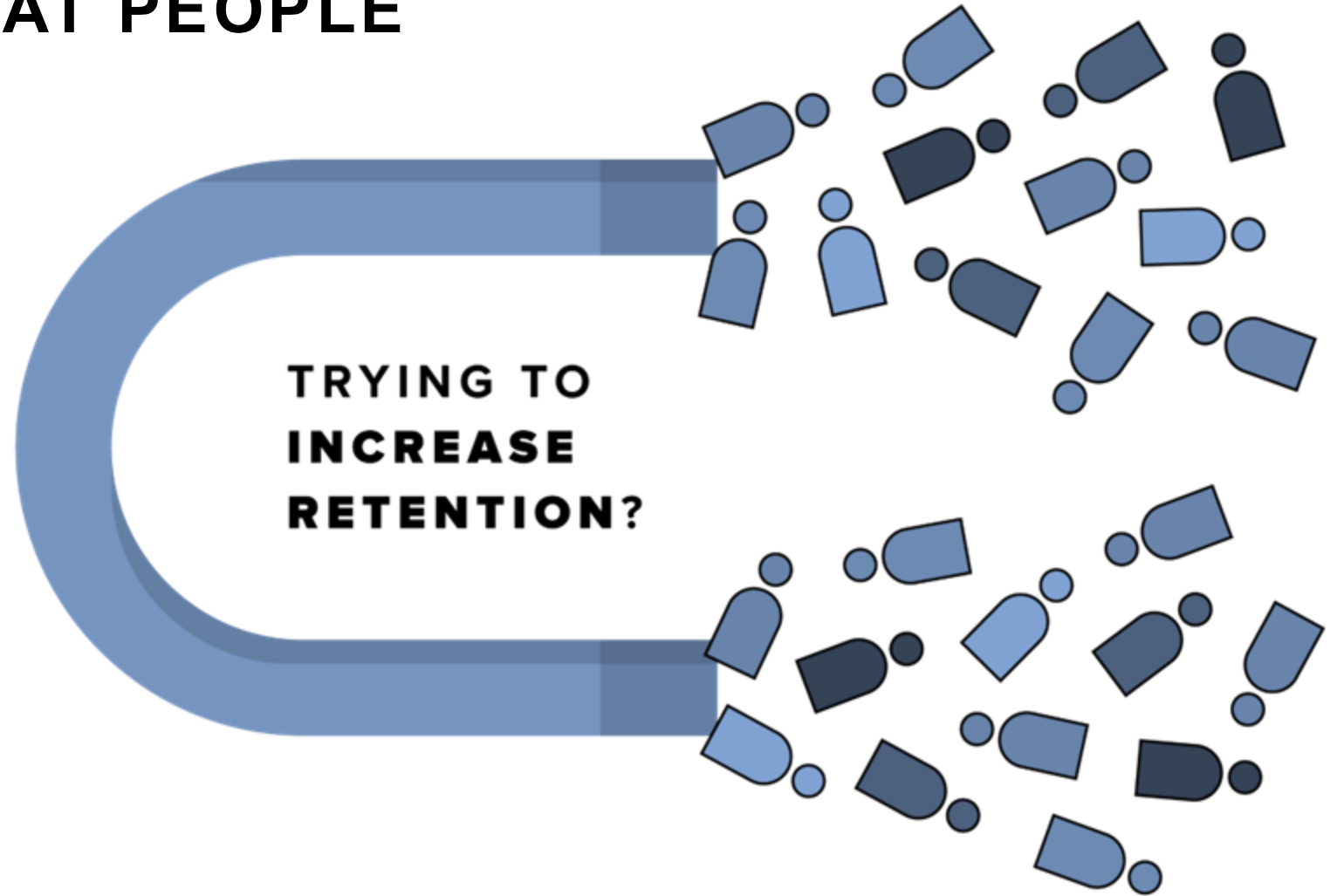


of credit unions in 2023 had a different CEO than they did in 2018.

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RETAINING GREAT PEOPLE

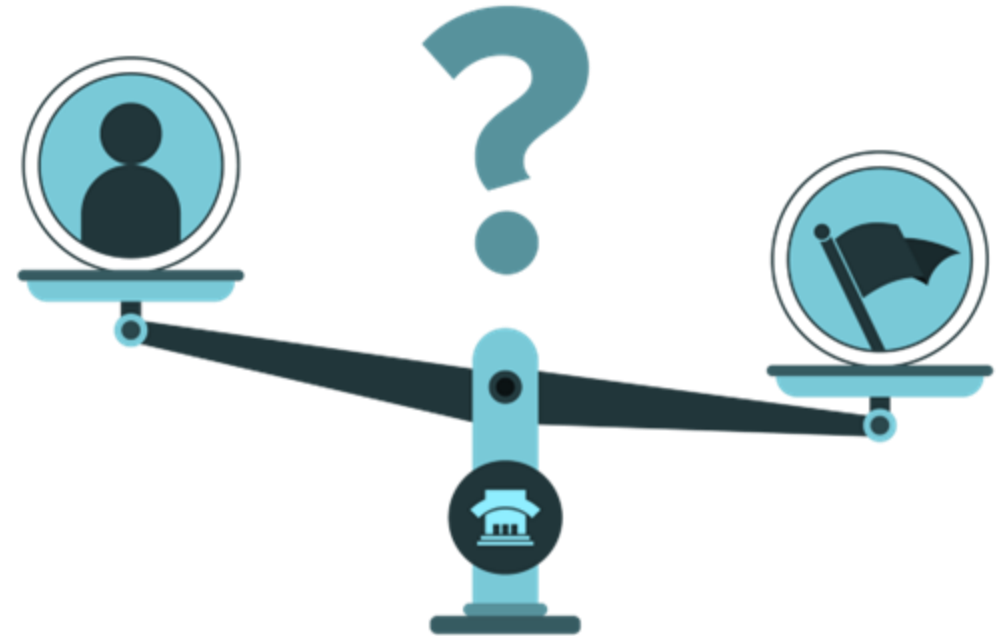
- 1 Revisit benefits offerings.
- 2 Address workplace inequities.
- 3 Tackle employee burnout.
- 4 Realign corporate social responsibility efforts.



Source: Filene research report #530

7 MANAGING (DE)REGULATORY CHANGES

- **Rules from the CFPB**
 - Finalized rule on Open Banking
 - Proposed rules on overdraft fees and non-sufficient funds
 - Will these rules stand?
- **Potential for taxation increasing?**
 - Off the table for now – will it stay that way?
- **The great unknowns**
 - Regulation? Deregulation? Inertia?
- **Be proactive in building relationships with the regulators**
 - NCUA board is back?
 - Super-regulator on the cards?

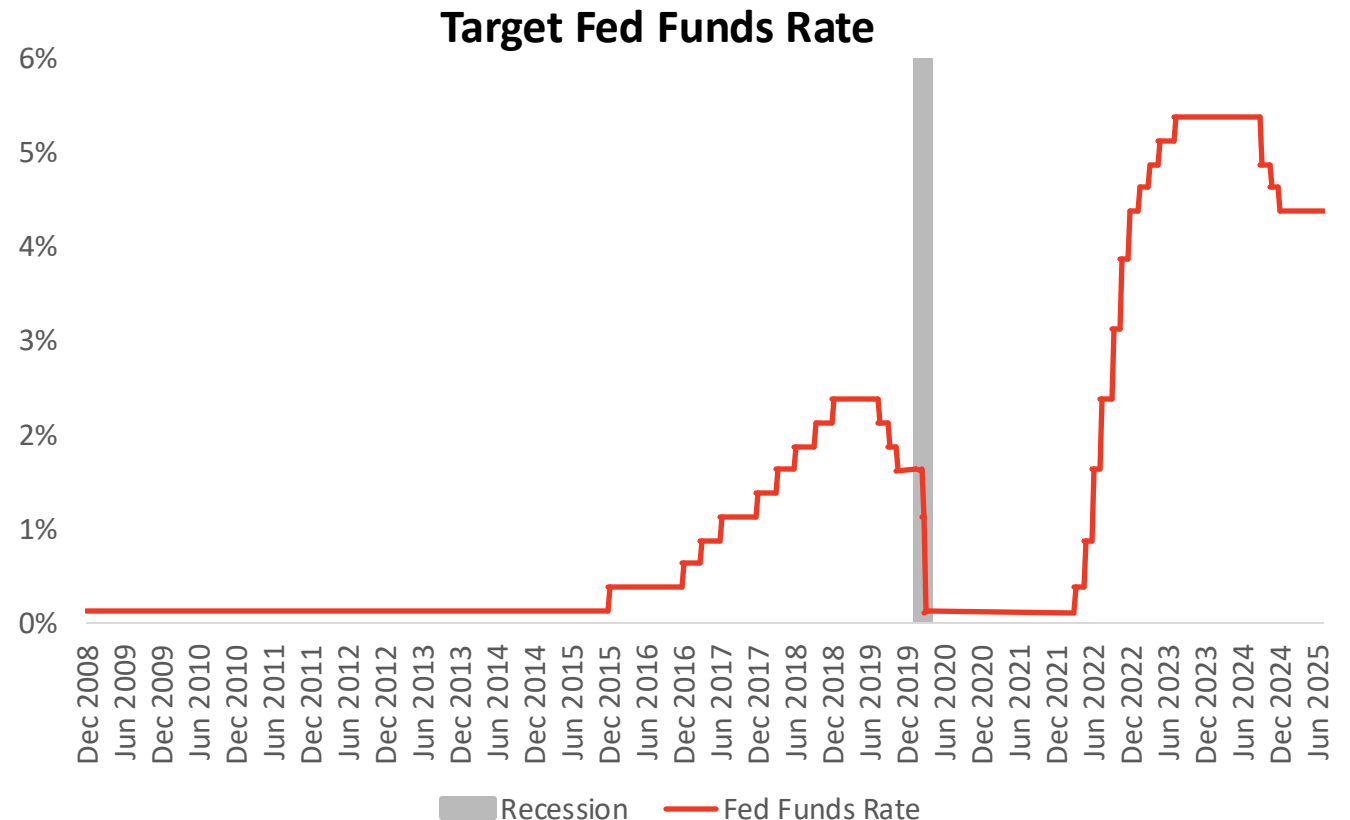


Source: Filene research report #571, #614

6

NAVIGATING THE DYNAMIC RATE ENVIRONMENT

- **Fastest** increase in rates since the 1980s
- Pressure on credit union deposits
- Rates started to fall, but now **plateaued**
 - Loan repricing and prepayments?
 - High-rate term deposits locked in?
 - Will Fed vote to change rates this year?
- **Recession** or **soft landing**?
- **Efficiency of operations** provides a cost advantage in changing rate environments



Source: Federal Reserve, Filene blog post "Maximizing Efficiency of Operations: The "New Currency""

6

THE OPERATIONALLY EFFECTIVE WILL THRIVE

- Rather than thinking about operational efficiency, **consider operational effectiveness.**
- Effective institutions have a buffer when times are challenging. They continue to operate as **business as usual.**
- Those who don't operate effectively have little margin for error. **Business unusual** becomes their new reality.



Operational effectiveness is a sustainable competitive advantage because it cannot be purchased or copied; it must be **earned.**



SUCCESSING REQUIRES DOING LESS & MORE AT THE SAME TIME



Source: Filene Report #624

Operational effectiveness is not just about cutting costs.

Operational effectiveness is about optimizing the dollars you spend to produce value.

How do you optimize?



- **FOCUS**
- Speed
- Failing fast
- Reducing friction
- Innovation

Do not waste time doing things that don't provide value.

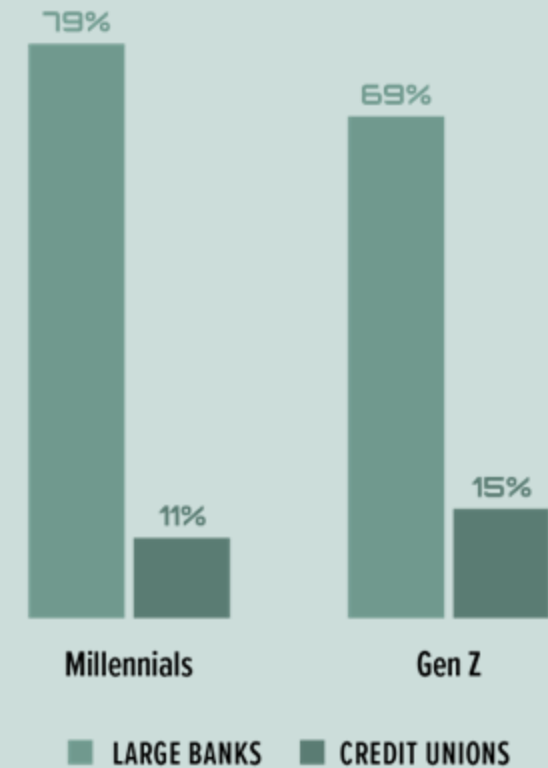
5 GROWING MEMBER RELATIONSHIPS

Credit union membership growth is **slowing** in younger generations putting pressure on long-term sustainability

- **<20% of Americans under the age of 40** use a credit union.
- **Only 11% of Generation Z and 15% of Millennials** are credit union members, while 79% and 69%, respectively, use larger banks.
- CU membership **growth slowed to 2.2% in 2024**.
- Smaller credit unions with **limited digital investment** experienced **membership declines in 2024** (−3.7%),
- Larger, tech-enabled credit unions **grew by 5%**, highlighting how fintech adoption supports member growth in a digitally driven market.

Source: Filene Report #647

YOUNG MEMBER MARKET SHARE:
LARGE BANKS VS. CREDIT UNIONS



RECOMMENDATIONS FOR MEMBER GROWTH

Here are a few key steps credit unions can take to build **membership growth**:

- Implement seamless, real-time digital onboarding to **eliminate friction**.
- Deliver **highly personalized outreach**.
- Cultivate embedded partnerships to **integrate financial services into daily life**.
- Moving from **product-centered to member-centered marketing**.
- Share financial empowerment stories that **illustrate tangible member success**.
- Establish a visible **and supportive presence during pivotal life moments**.

Source: Filene Report #647

4

FACING THE EVOLUTION OF PAYMENTS

“

Payments is a huge moneymaker and a huge touchpoint. It's one of the only things that our members interact with on an everyday basis.

VP, \$3B CREDIT UNION

DEPOSITS

Capture deposits where members transact.

TRANSACTIONS

Support members making purchases, paying bills, and sending and receiving money.

80% of people's interactions with their financial institution are through payments.

LENDING & REPAYMENT

Extend credit options at the moment of purchase or payment.

Embedded finance: threat or opportunity?

Source: Filene research report #555; Filene, EY, & CO-OP Solutions, "Bridging Member Needs and Payments Strategy to Deepen Trust" (2022); Accenture, "Five Big Bets for Retail Payments in North America" (2019)

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PAYMENT AND DEPOSIT DISINTERMEDIATION

- **Starbucks** holds \$1.8 billion in stored dollars on their app; 31% of purchases are done on their app
- **Robinhood** holds \$193 billion under custody as of YE 2024, an 88% increase over 2023

Robinhood 

amazon




coinbase

 Cash App

Source: Annual Reports

3

DIFFERENTIATING IN A COMPETITIVE LANDSCAPE

- The average consumer has **5-7 accounts** with different financial services providers
- What is your credit union's value proposition?
How do you deliver on it?
- Shhh...cybersecurity



Source: Filene research report #348; MX, "How to Keep Consumers from Breaking Up with Banks" (Q4 2023)

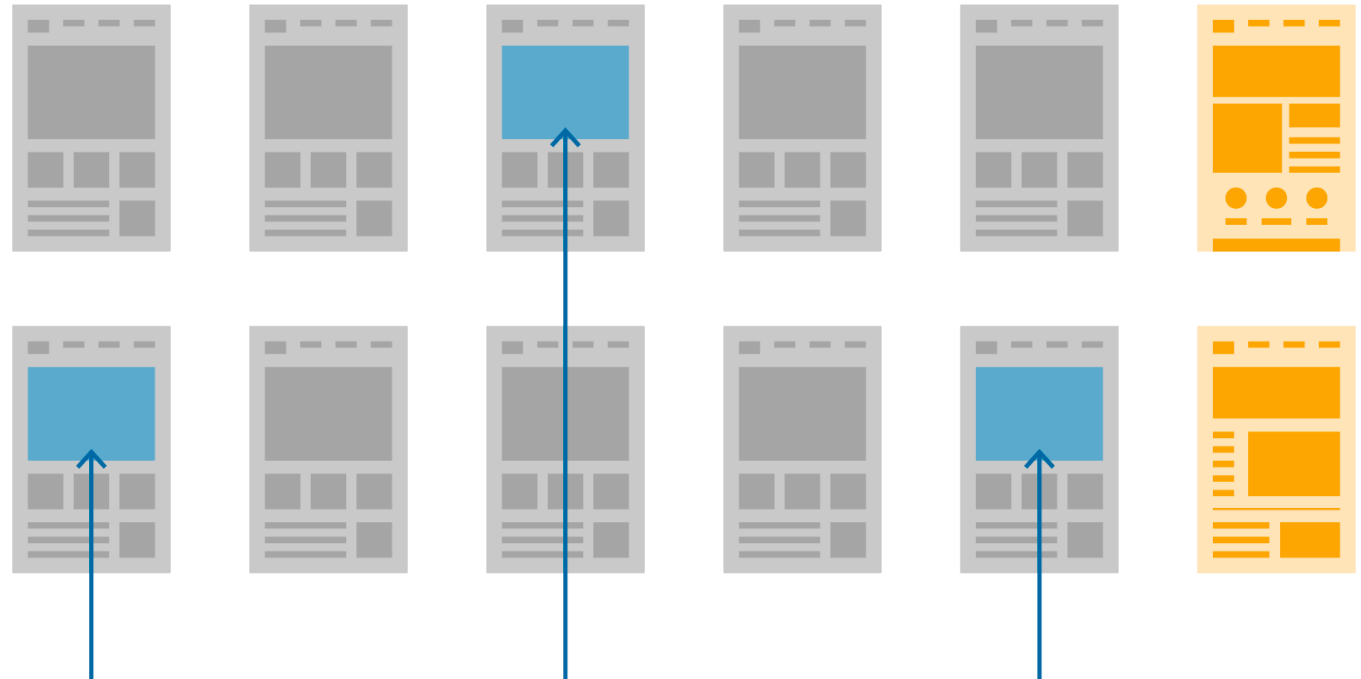
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ARE YOU JUST A BANK?

IN A REVIEW OF 378
CREDIT UNION WEBSITES,

83%

WERE EFFECTIVELY
**INDISTINGUISHABLE
FROM ANY OTHER
FINANCIAL INSTITUTION.**

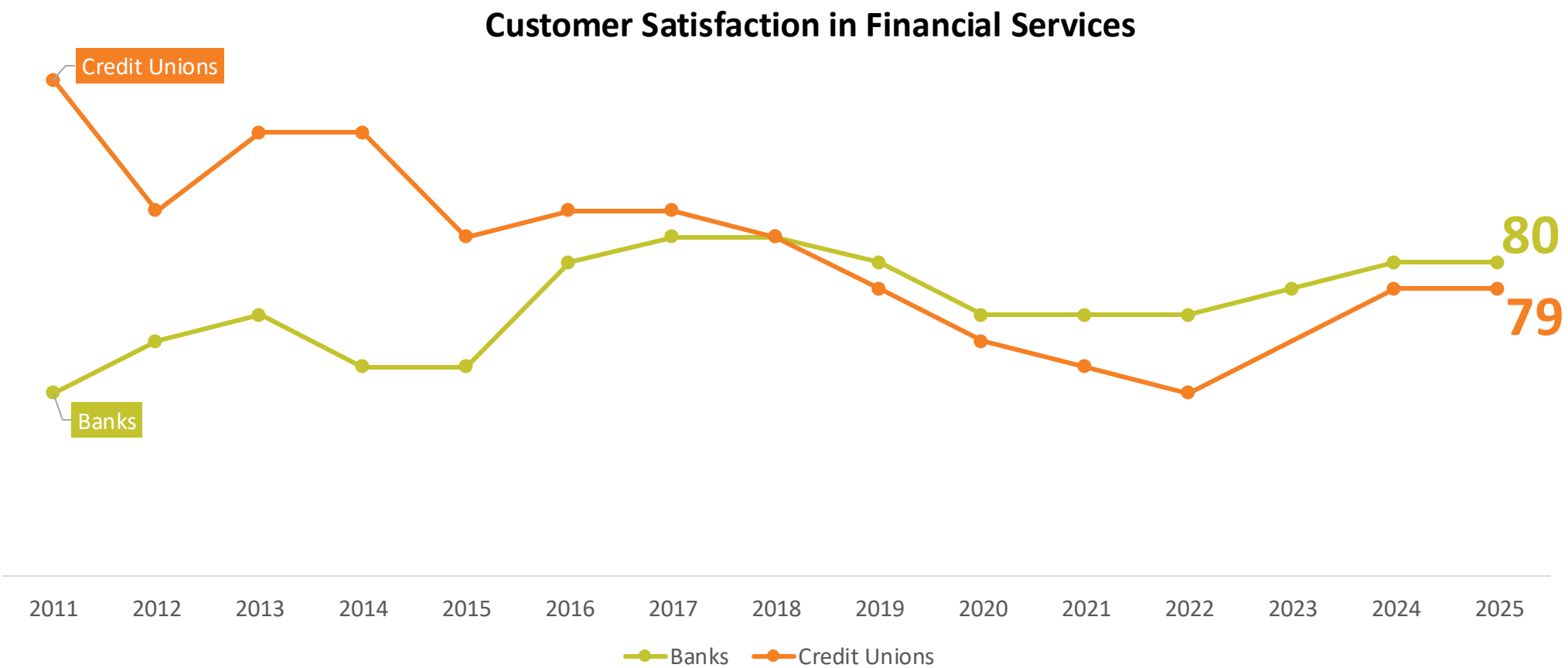


In addition, very few used graphics or imagery specific to their membership demographic.

Source: Filene Report #470

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DELIVERING EXCEPTIONAL MEMBER VALUE



Source: Filene, American Customer Satisfaction Index, Finance Study (2024)

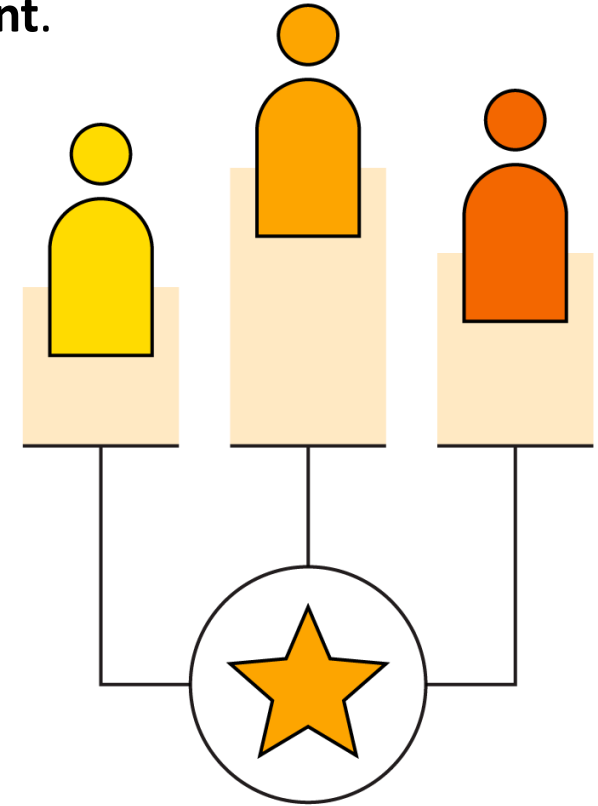
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MEMBER EXPERIENCE MATTERS MOST

Products are often **commodities**; member experience is your **unique ingredient**.

Ways to improve member experience:

- Focusing on members for whom you can **overperform**.
- Communicating about who you are **best positioned** to serve.
- **Creating more transparency** into processes so that members can see the value you provide.
- Managing member expectations around self-service and **designing technology that is simple to use**.
- Building your **culture centered on service** and giving your employees leeway to solve member problems creatively.
- **Manage vendors** to ensure they are fulfilling your expectations around experience.



Source: Filene Report #476

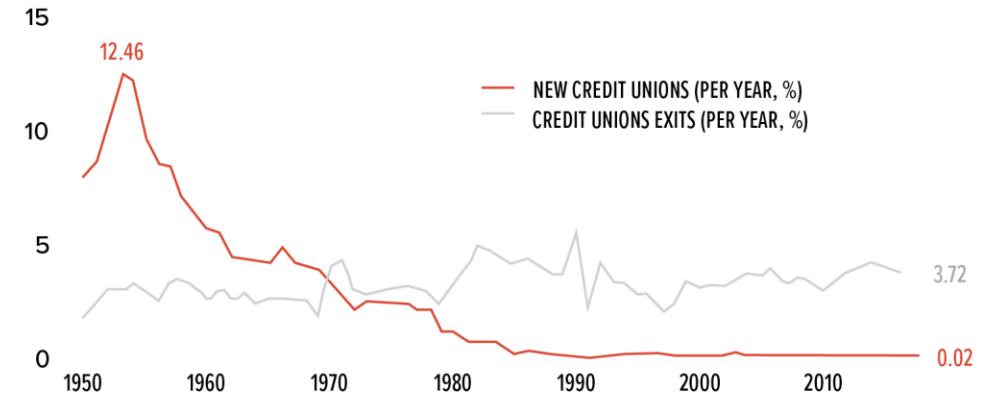
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PURSUING THE SCALE NEEDED TO SUCCEED

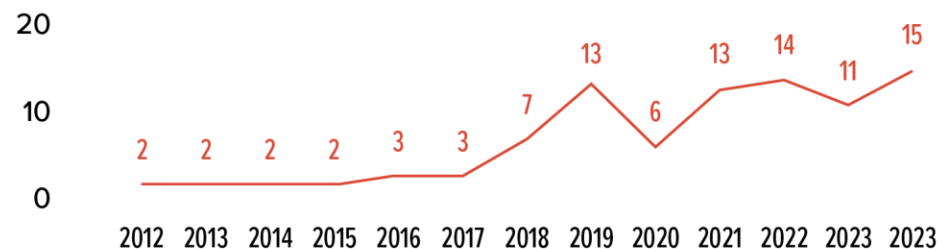
- Consolidation is ongoing, driven by the combination of a steady rate of mergers plus minimal number of new credit unions
- Credit unions will continue to pursue growth and efficiency through scale, evidenced by growing numbers of mergers of equals and bank acquisitions



New Credit Unions vs Credit Union Exits



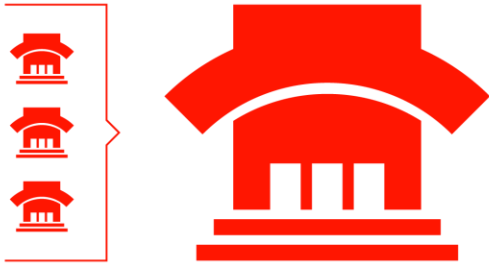
Credit Union Acquisitions of Banks



Sources: Filene blog post "Mergers: A Restructuring of the Credit Union System", NCUA call reports + Paul Ledin, "Bank Sales to Credit Unions," America's Credit Unions (January 2024) + Daniel Wolfe, "How Many Credit Unions Acquired Banks in 2024?" American Banker (July 2024)

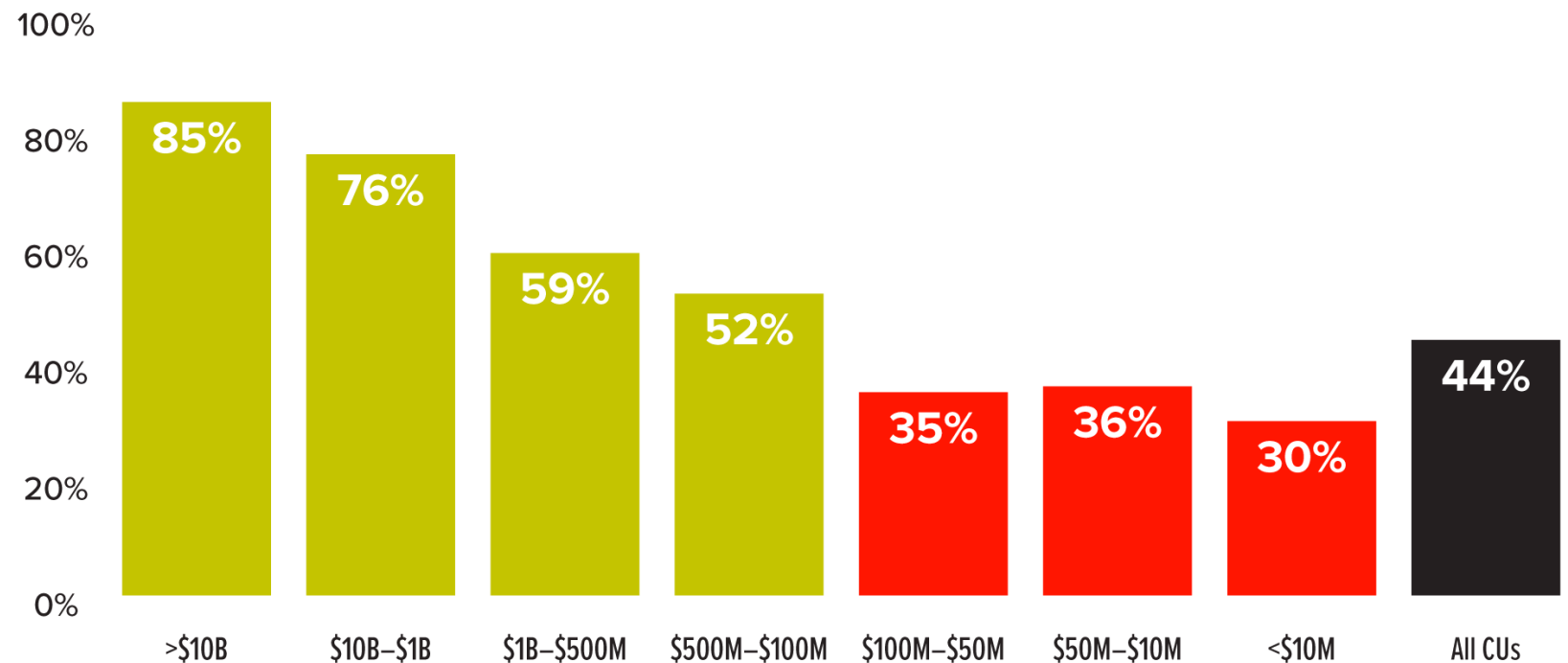
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SCALE MEANS GROWTH



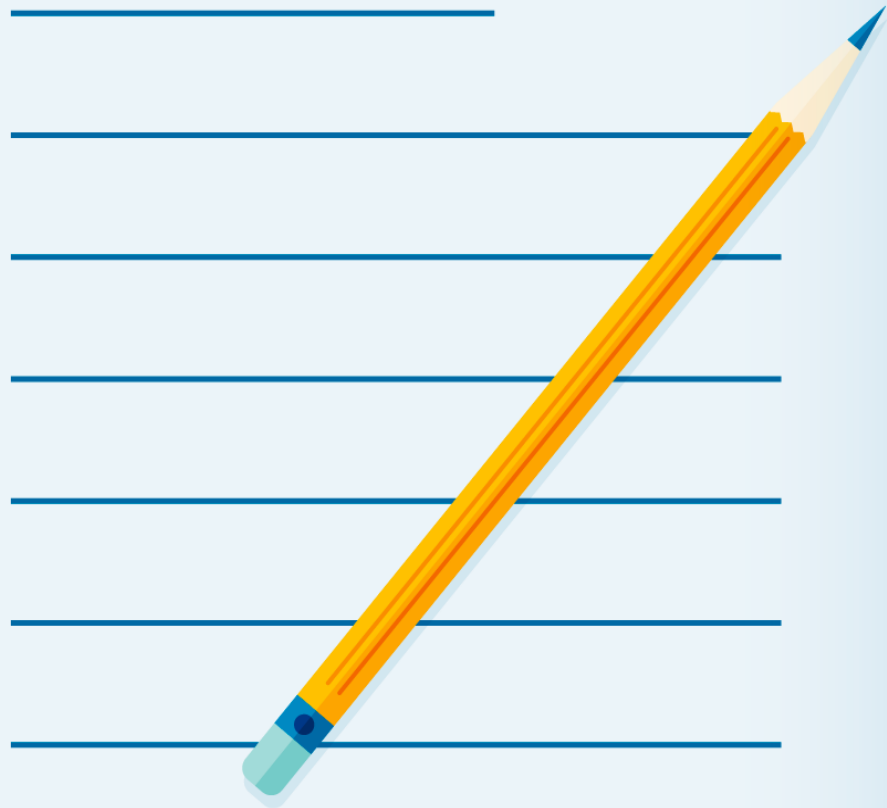
Emerging data point:
Only 44% of all credit unions and 40% of those smaller than \$1B grew members in 2024

% of Credit Unions with Positive Member Growth in 2024



Source: NCUA

TAKEAWAYS



- * Excellence comes from differentiation
- * Do not overlook consistency
- * Work to find scale through consolidation or collaboration



A conversation with Angela Faust

