The Credit Union Generation Barrier

Young consumers value fairness, so why don't they choose Credit Unions?

September 2025

Table of Contents

Executive Summary

Credit unions (CU) face a generational crossroads. Millennials and Gen Z consistently emphasize fairness, ethics, and community, qualities that credit unions already claim as core strengths. Yet most continue to gravitate toward the largest banks, just as credit unions' traditional reliance on older members is set to weaken in the years ahead.

This study was designed to ask **why**. If younger consumers claim to prioritize values, **why** do fewer than one in four identify a credit union as their primary financial institution? If digital is a decisive factor, **why** do outsiders still view credit unions as outdated when nearly half of CU members are very satisfied with their digital experience? And if awareness is widespread, **why** do so many younger consumers admit they have never seriously considered joining?

Key Findings

- **Awareness without understanding:**
  Nearly half of Gen Z have heard of credit unions but do not know how they work.

- **Values without action:**
  Two-thirds of Millennials and Gen Z say they try to support brands that align with their values, yet only 35% believe their own primary financial institution reflects those values.

- **Digital as the dealbreaker:**
  Among Millennials and Gen Z, 47% prefer to bank through mobile apps. While nearly half of current CU members are very satisfied with their digital experience, 12% of non-members still perceive credit unions as not modern.

- **Declining Millennial usage:**
  Credit union membership among Millennials has dropped from nearly one in three in 2023 to just over one in five in 2025.

Introduction

Credit unions are at a pivotal crossroads. Membership growth has long relied on older generations, but that foundation is weakening. **Baby boomers generate more than half of credit union revenues today, yet their share is projected to decline to around 20% within the next decade.** To remain viable, credit unions must attract Millennials and Gen Z.

Early signs point to trouble. In 2023, credit unions captured only 10% of new deposit account openings, down from 16% in 2015, while the largest banks gained ground by investing heavily in digital channels. Regional banks now generate more than 30% of sales digitally, while credit unions remain below 10%, a gap that represents $5–10 billion in potential revenue left on the table.

At the same time, the values gap cuts both ways. A CU Times study found that 28% of Gen Z would consider leaving a large bank for a credit union or community bank based on ethical alignment. Credit unions have the fairness, transparency, and community focus younger consumers say they want, but these strengths are often hidden by outdated systems and unclear communication.

This contradiction defines the central question. **If credit unions embody the very qualities Millennials and Gen Z claim to seek, why do so few choose them as their primary financial institution?** This study was designed to examine that disconnect, to measure perceptions, expectations, and barriers, and to identify the opportunities for credit unions to translate values into action. **Without decisive change, the credit union movement risks fading into irrelevance with the very generations that will determine its future.**

Methodology

This report is based on three national surveys conducted by Sogolytics in 2023, 2024, and 2025, with a combined sample of 3,330 U.S. adults. The 2025 survey focused exclusively on Millennials (ages 25-44) and Gen Z (ages 18-24), providing 1,010 responses.

Respondents were balanced by gender and race/ethnicity to reflect U.S. census benchmarks. Results are segmented by generation, with 2025 data shown alongside 2023 and 2024 for questions that were consistent across years. Surveys included both closed- and open-ended questions, capturing quantitative trends and qualitative feedback.

Where Millennials and Gen Z Stand Today

Awareness

Familiarity with credit unions is widespread, but younger consumers have a harder time explaining what they are or how they work. Almost half of Millennials (48%) say they know a lot about credit unions, while only about a quarter of Gen Z feel the same. Instead, most Gen Z fall into a middle ground of recognition without understanding, with nearly half (49%) admitting they have heard of credit unions but do not really know how they operate. This uncertainty shows up again among the respondents who say they have no idea what a credit union is, which is almost twice as high for Gen Z as it is for Millennials.

Very few in either group say they have never heard of credit unions, which makes clear that the barrier is not awareness itself but the lack of deeper knowledge. **For younger consumers in particular, the gap between hearing about credit unions and actually knowing what they stand for remains significant.**

Familiarity with Credit Unions

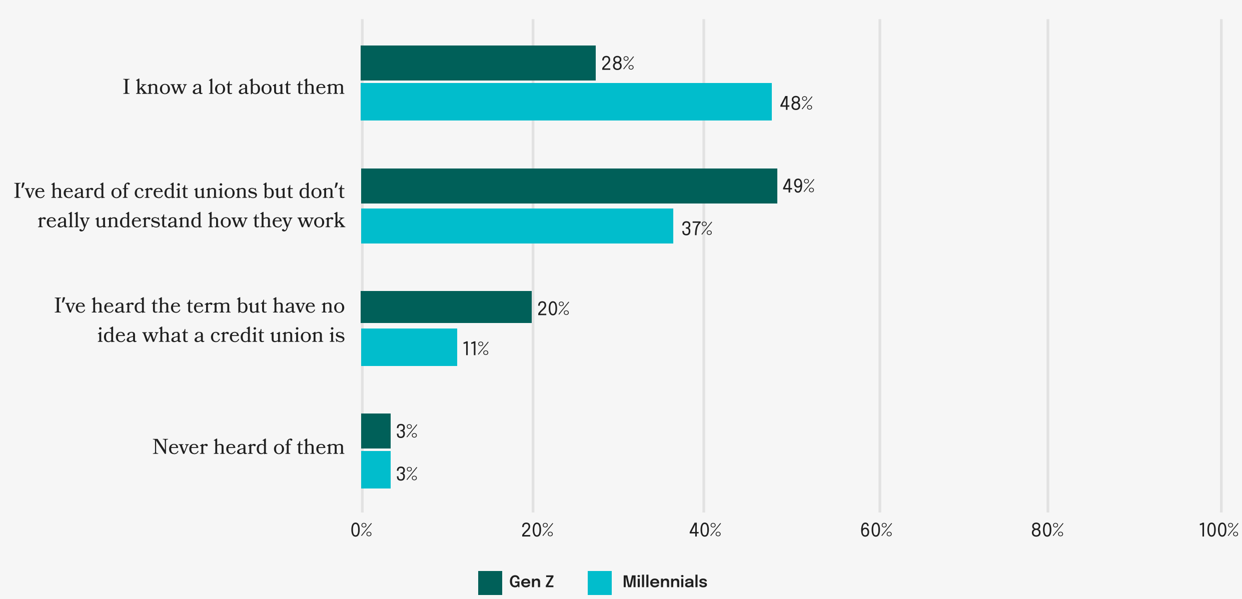

Figure 1: This graph shows how familiarity with credit unions differs between Gen Z and Millennial respondents in the 2025 survey. Results are segmented by generation, with a total sample of N=1,010

Perceptions

Beyond awareness, younger consumers hold very different views of what credit unions represent. **Millennials are more likely to highlight positive traits, with 38% describing credit unions as community focused** and 35% pointing to lower fees. About 31% also see them as more ethical than big banks. **Gen Z is less certain,** with over a third (34%) saying they do not know enough to give an opinion, compared with 25% of Millennials.

Perceptions of Credit Unions

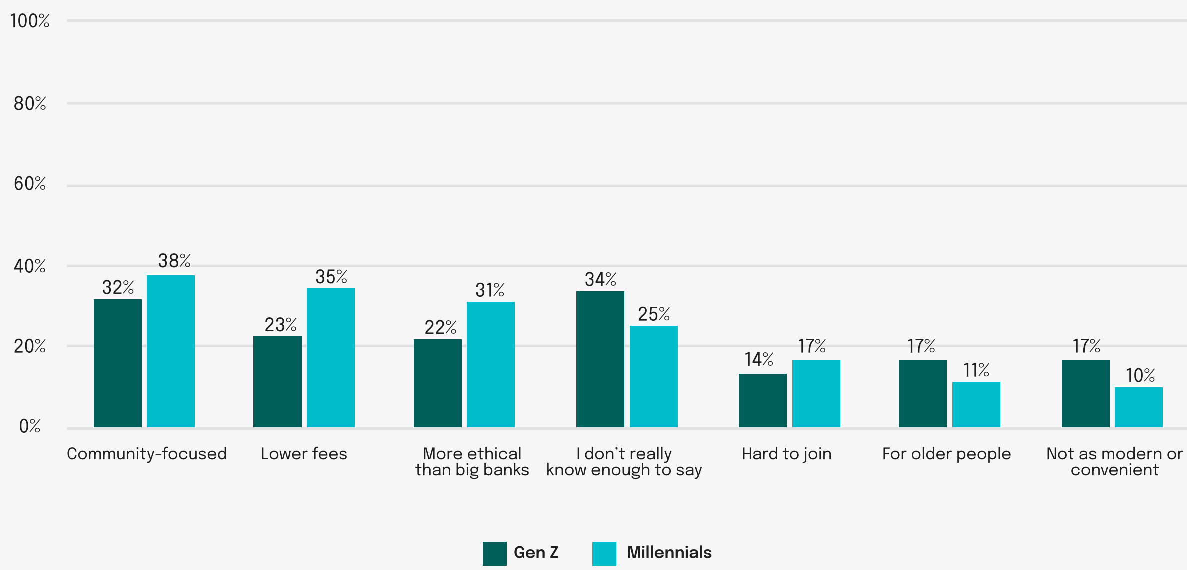

Figure 2: This graph shows how perceptions of credit unions differ between Gen Z and Millennial respondents in the 2025 survey. Results are segmented by generation, with a total sample of N=1,010. Because respondents could select more than one answer, total percentages may exceed 100 percent.

Negative impressions are also stronger among Gen Z, with 17% saying credit unions are for older people and another 17% calling them not modern enough. The result is that Millennials connect credit unions with fairness and community values, while Gen Z often struggles to see past limited understanding and outdated images.

Usage

Looking at where Millennials and Gen Z currently keep their money, **commercial banks remain the most common choice.** In 2025, 37% say their primary financial institution is a commercial bank, while 23% report using a credit union and 21% turn to community banks. Smaller shares rely on card-based products such as Bluebird or other alternatives.

Primary Financial Institution (2025)

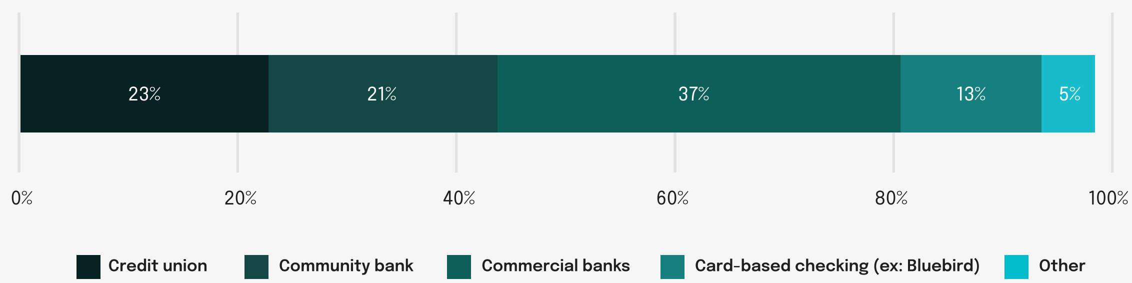

Figure 3: This graph shows the distribution of primary financial institutions among Gen Z and Millennial respondents in the 2025 survey. Results are based on the total sample of N=1,010. Because of rounding, the total percentage may not equal 100 percent.

When it comes to credit unions specifically, usage has held steady among Gen Z but declined among Millennials over the past three years. Around one in four Gen Z report a credit union as their primary financial institution, with little change since 2023. For Millennials, however, the share has dropped from nearly a third in 2023 to just over one in five in 2025. **This trend shows that credit unions are not gaining ground with younger consumers and may even be losing Millennials.**

Credit Union Usage Trend (2023-2025)

Year	Gen Z (%)	Millennials (%)
2023	26	31
2024	28	24
2025	27	22

Figure 4: This table shows the share of Gen Z and Millennial respondents reporting a credit union as their primary financial institution across three years of surveys. Results are segmented by generation, with sample sizes of N=1,315 in 2023, N=1,005 in 2024, and N=1,010 in 2025.

The Values Disconnect

Importance of Values in Financial Decisions

Over the past three years, **values have become increasingly central to how younger consumers judge their financial institutions.** In 2023, 40% said it was very important that their provider promoted financial well-being, rising to 44% in 2025. A similar shift appears in views of community impact, with the share calling it very important climbing from 32% to 33%. Trustworthiness remains a top priority, with more than half rating it very important in every year of the study.

This commitment is not just theoretical. **In 2025, two-thirds of Millennials and Gen Z agree that they try to support brands aligned with their values,** and one in three strongly agree. Together, these results confirm that ethics, fairness, and trust are not side issues but a core part of decision-making.

Primary Financial Institution (2025)

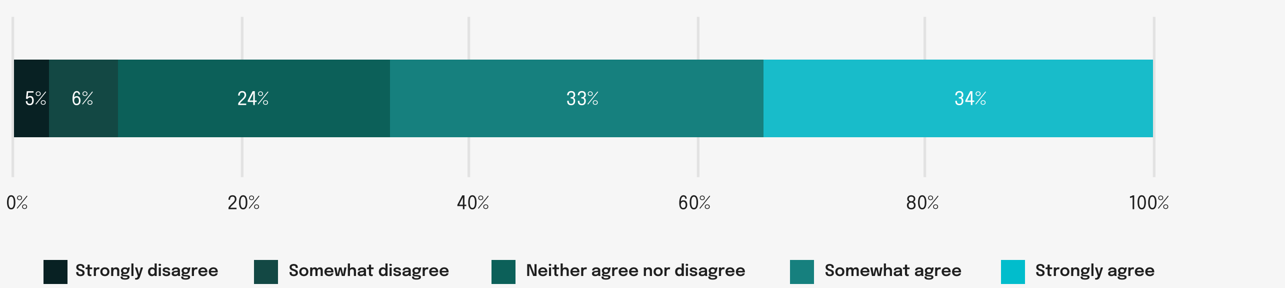

Figure 5: This graph shows how strongly Gen Z and Millennial respondents agree with supporting brands that align with their values. Results are from the 2025 survey, based on the total sample of N=1,010.

Alignment vs. Reality

Younger consumers place strong importance on fairness, trust, and community in their financial decisions. Yet despite these priorities, many do not feel their current provider lives up to them. **Only 35% say their institution aligns well with their values,** while 40% see only partial alignment. Another 9% believe there is no alignment at all, and 16% admit they have not thought about the issue.

For those who feel no alignment, practical considerations outweigh principles. 34% continue with their provider because it was convenient or easy to join, and 28% stay out of long-standing habit. Others cite perks, rewards, or digital tools that make switching less attractive.

Why Younger Population Stay with Non-Aligned Providers (2025)

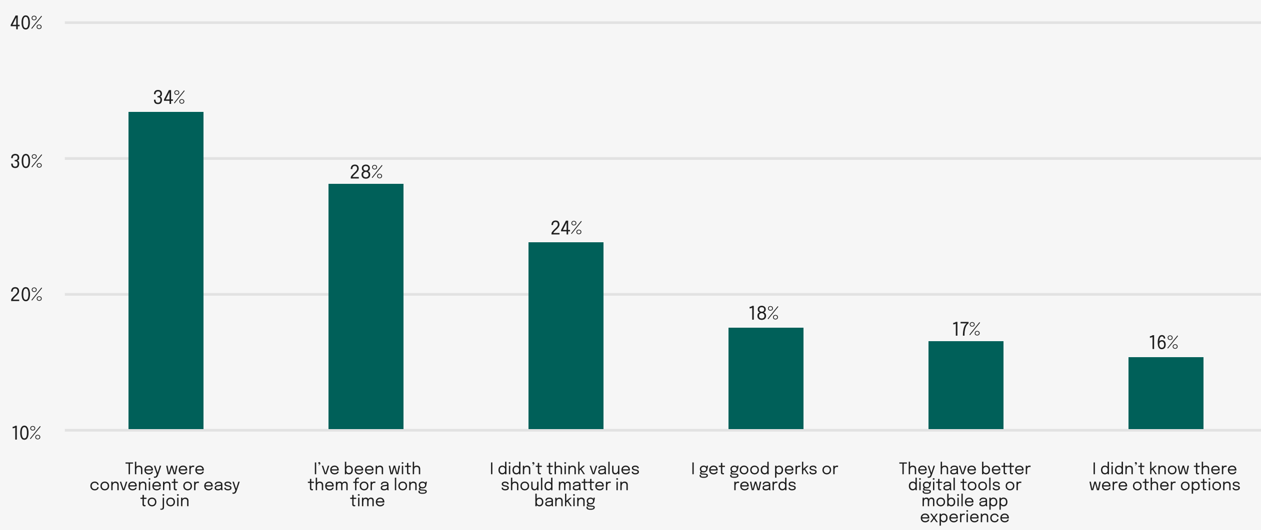

Figure 6: This graph shows the main reasons why Gen Z and Millennial respondents continue using a financial provider even when they feel it does not reflect their personal values. Results are from the 2025 survey, based on the subset of respondents who reported no alignment. Because respondents could select more than one answer, total percentages may exceed 100 percent.

This gap between what consumers say they value and what they actually do keeps commercial banks dominant. Millennials and Gen Z place fairness and trust at the center of their ideals, but their banking choices do not reflect those ideals.

Digital as the Dealbreaker

Channel Preferences

Digital banking has become the default channel for Millennials and Gen Z. In 2025, nearly half say they prefer to bank through a mobile app, and another 21% choose their smartphone browser. In-person visits now account for just 14%, while ATMs, computers, and phone calls each draw only small shares. This shift confirms that digital access is no longer a feature but an expectation.

Preferred Banking Channels (2025)

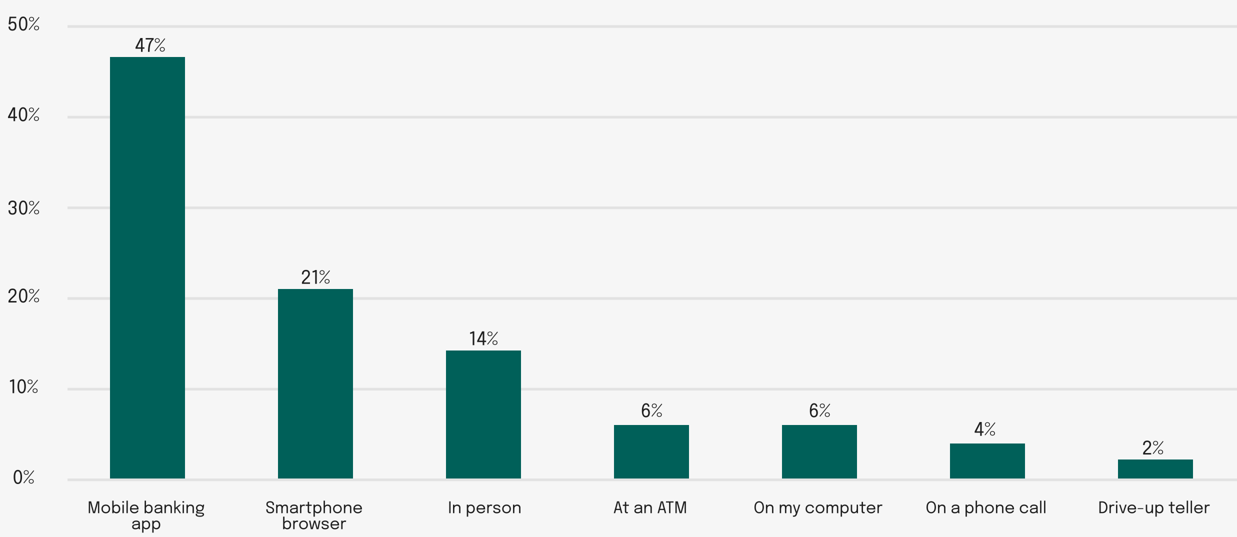

Figure 7: This graph shows how Gen Z and Millennial respondents prefer to conduct their banking. Results are from the 2025 survey.

Shifts Over Time

The trend over time reinforces this point. In 2023, only 30% of consumers across all age groups said they preferred mobile apps, rising to 33% in 2024. By 2025, among Gen Z and Millennials alone, mobile preference jumped to 47%. While the 2023 and 2024 results reflect the broader population, the 2025 numbers highlight how strongly younger consumers in particular are driving the move toward digital-first banking.

Satisfaction with Digital Tools

Satisfaction levels show that credit unions can meet this demand. **Among credit union members, 47% report being very satisfied with their institution's digital experience.** By comparison, 41% of those using community banks or commercial banks say the same. Once members join, credit unions are often seen as just as capable digitally as larger providers.

Satisfaction with Digital Banking Experience (2025)

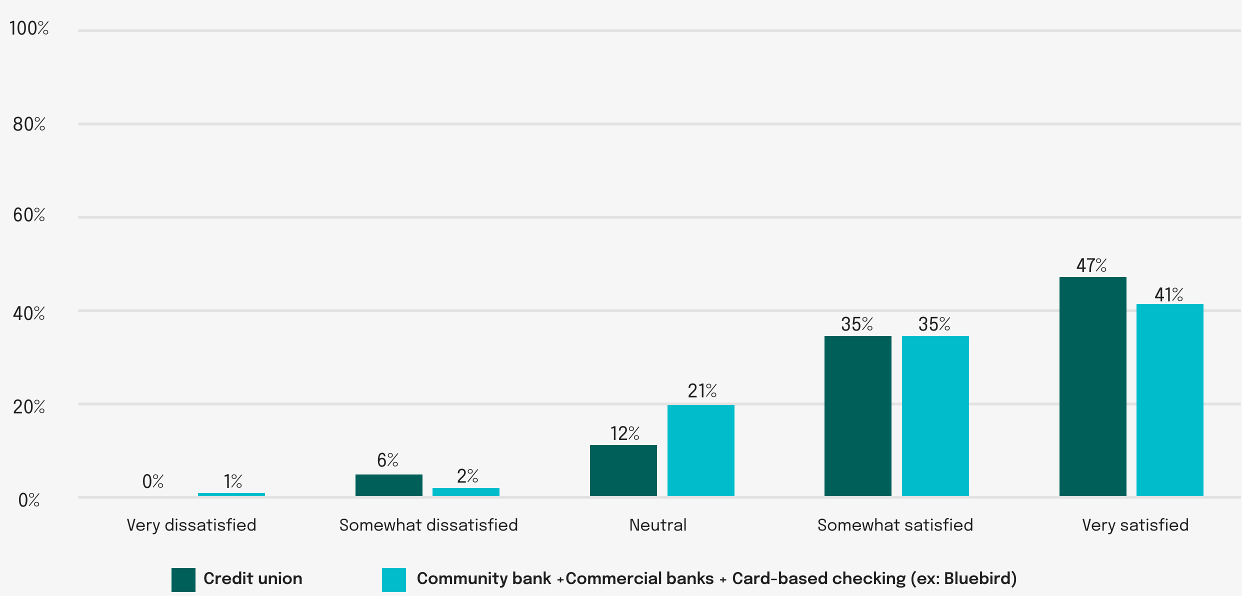

Figure 8: This graph shows how satisfied respondents are with the mobile or digital experience of their primary financial provider. Results compare credit union members with those using community banks, commercial banks, or card-based products. Data is from the 2025 survey.

The challenge lies in perception among those who are not members. When non-members were asked why they do not use a credit union, 6% said the apps or digital tools do not seem good enough. In a separate question asked of all respondents, 12% described credit unions as not modern or convenient.

The mismatch between strong satisfaction among members and skepticism among outsiders highlights a critical barrier. For younger consumers, digital remains the make-or-break factor, and perception often matters as much as reality.

Motivators and Barriers for Millennials and Gen Z

Why They Join

When Millennials and Gen Z choose a credit union as their primary financial institution, family influence and economics play a decisive role. Nearly half (48%) say they joined on the recommendation of a family member, while 39% point to lower fees or better rates. One in three cite better customer service, and percentage of respondents mention easier approval for loans, community support, or shared values.

Why Younger Consumers Choose Credit Unions (2025)

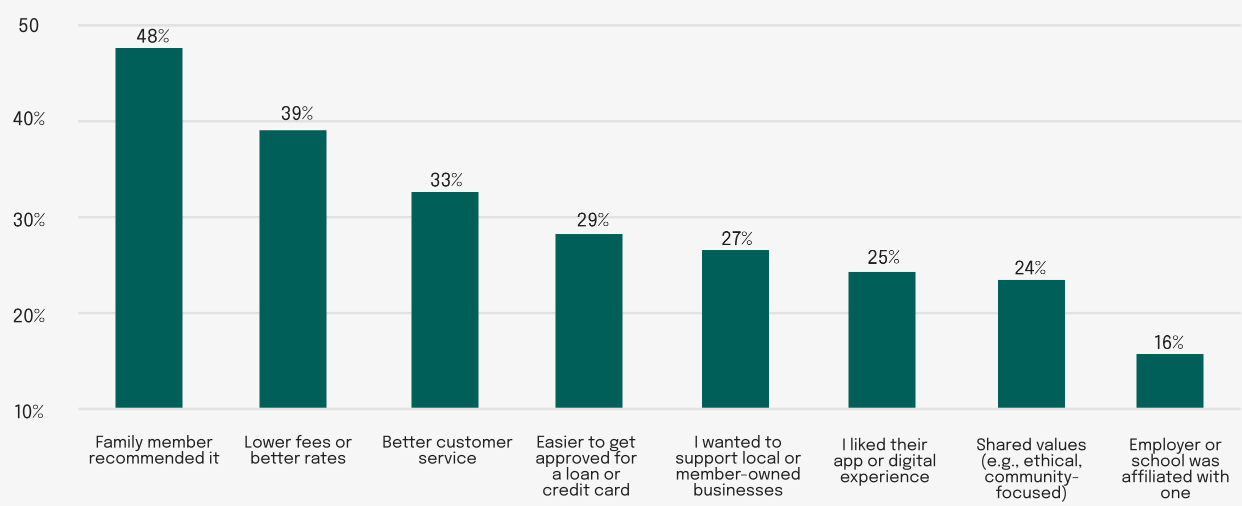

Figure 9: This graph shows the main reasons Millennials and Gen Z chose a credit union as their primary financial institution. Results are from the 2025 survey, based on respondents who identified a credit union as their primary provider.

Together, these results show that once younger consumers see the benefits, they often connect credit unions with fairness, value, and trust.

Why They Don't Join

For non-members, the story looks different. **A quarter (25%) say they have never really thought about credit unions, while 22% are happy with their current bank and feel no need to switch.** Practical barriers also stand in the way, with 9% believing they are not eligible to join and another 8% saying they did not know how. Misconceptions add to the challenge, with 7% assuming credit unions are only for older people and 5% thinking they are only local or too small.

Why Younger Consumers Do Not Choose Credit Unions (2025)

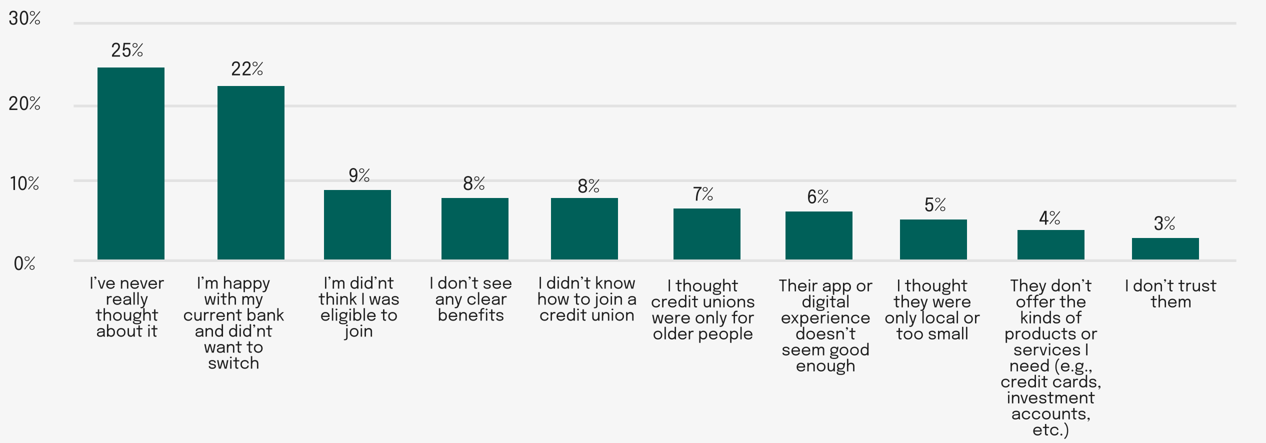

Figure 10: This graph shows the biggest reasons Millennials and Gen Z give for not using a credit union as their primary financial institution. Results are from the 2025 survey, based on non-members only (N=776).

This mix of motivations and barriers highlights a key disconnect. **Those who join often see credit unions as living up to their values, offering fairer fees, and providing trusted recommendations. Those who do not join are less likely to reject the idea outright and more likely to overlook or misunderstand what credit unions offer.** The gap is not awareness of existence but awareness of relevance, leaving many younger consumers stuck with banks even when credit unions may better reflect their priorities.

What Would Make Them Switch

For Millennials and Gen Z who are not currently members, economics and ease are the strongest triggers. 47% say they would consider switching to a credit union for better rates or lower fees. 33% point to clearer explanations of benefits or a stronger digital and mobile experience, and a similar share of respondents highlight the need for greater transparency. Easier signup, lifestyle perks, and seeing more peers use credit unions also appear as secondary motivators. At the same time, 15% say nothing would make them switch, reflecting a base of consumers firmly attached to their current providers.

What Would Make Younger Consumers Switch to a Credit Union (2025)

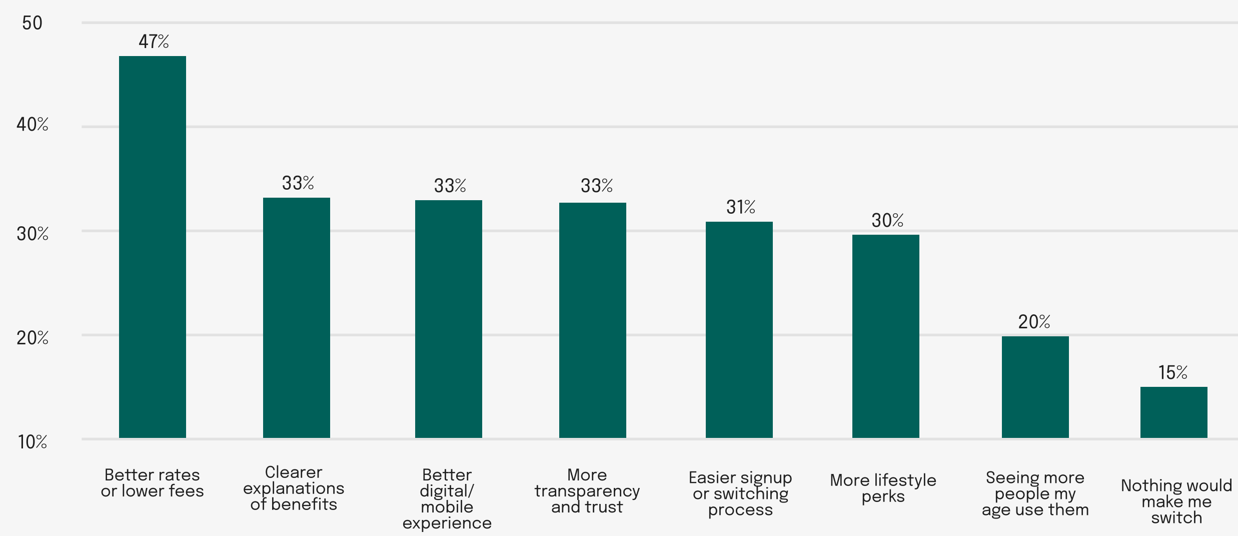

Figure 11: This graph shows the top reasons Millennials and Gen Z who are not current members say they would consider switching to a credit union. Results are from the 2025 survey, based on non-members only (N=776).

The appetite for more youth-focused products is especially strong. When asked about a Gen Z- or Millennial-friendly account with features such as early paychecks, no overdraft fees, or rent reporting to credit bureaus, 34% said they would definitely be interested and another 51% said maybe. Taken together, **85% of Millennials and Gen Z non-members show at least some interest in an offering designed with their needs in mind.**

Open-ended feedback reinforces the same themes. Respondents called for better marketing, clearer explanations of benefits, and more emphasis on digital convenience. **Many younger consumers are not dismissing credit unions outright. Instead, they are waiting for a clearer signal that credit unions can match their priorities and make switching simpler.**

How to Reach Younger Consumer

When younger consumers look for financial advice, both Gen Z and Millennials rely most on personal networks and quick online searches, but their balance differs. **Gen Z is more likely to turn to friends or family, reflecting the influence of close circles at earlier life stages. Millennials, on the other hand, lean more toward online search, showing greater independence in seeking financial information.**

The same divide arises when they look for a new financial product or institution. Gen Z continues to favor family referrals as a first step, while Millennials rely more on search engines to compare options. Professional advisors, social media, and provider websites play only supporting roles for both groups.

These differences suggest that reaching Gen Z requires peer and family referral strategies, while Millennials are more likely to respond to clear, visible information online. Credit unions that strengthen both pathways will be better positioned to compete.

Opportunities for Credit Unions

The findings highlight several clear opportunities for credit unions to strengthen their relevance with Millennials and Gen Z.

- **Bridge the say-do gap**

  Younger consumers consistently emphasize fairness, ethics, and community. Two-thirds say they try to support brands that align with their values, yet fewer than one in four use a credit union as their primary financial institution. Credit unions have an opportunity to close this gap by translating values into visible, modern offerings that make the choice practical as well as principled.

  As one participant put it, “credit unions could better attract younger people by offering user-friendly apps, promoting lower fees, and creating rewards programs that fit their interests”.

- **Rebrand equity**

  Fairness and inclusion are not abstract ideals for younger generations, they are expectations. Many already believe credit unions offer lower fees and more ethical practices, but these benefits often feel too vague.

  “They could help save money and offer lower fees,” one respondent explained, while another urged them to “have clear descriptions of benefits and lower rates.” By showing how equity translates into everyday financial advantages, credit unions can turn ideals into concrete value.

- **Modernize onboarding**

  Confusion around eligibility remains a major barrier. Nearly one in ten non-members say they did not know how to join, and many assume credit unions are closed or exclusive.

  One participant admitted, “I think there’s this idea out there that you could only join a credit union if you are invited or a family member has an account. The term ‘credit union’ also sounds kinda negative.” Credit unions can overcome this by making sign-up frictionless, digital-first, and transparent.

- **Own the youth bundle**

  Interest in youth-oriented products is strong, with 85% saying they would at least consider an account designed for Gen Z or Millennials. Features like early pay, fee forgiveness, and rent reporting align directly with their financial realities.

  "Appeal to interests or trends of the time," one participant suggested, while another called for "an easy-to-use app with AI-based features." Credit unions that own this space can stand apart from traditional banks.

- **Tell better stories**

  Many non-members say they have simply never thought about credit unions, and others rely heavily on family and peer referrals when making financial decisions. Stronger storytelling is critical.

  "Explain more about how they are beneficial and use social media to promote themselves," one respondent recommended. Others called for outreach in schools and more visible advertising to younger audiences. By spotlighting younger members and promoting real stories of impact, credit unions can raise visibility and credibility in the spaces where Millennials and Gen Z are already looking.

Together, these opportunities show that credit unions already align with the priorities of younger generations. **The challenge is to make those strengths easier to see, simpler to access, and more relevant to daily life.**

Conclusion

Millennials and Gen Z say they want fairness, ethics, and trust at the center of their financial lives. Yet most still bank with commercial providers, showing a disconnect between values and action. **Credit unions have the credibility but lack the visibility and modern polish needed to turn interest into membership.**

This is not an issue of awareness. Younger consumers know credit unions exist, but too many see them as confusing, outdated, or irrelevant. At the same time, the same consumers describe credit unions as community-focused, ethical, and fair, exactly the traits they claim to value.

Unless credit unions close this gap now, banks and fintech will own the next generation. The path forward is clear: make values visible, make access simple, and make digital tools seamless. By translating ideals into everyday benefits, credit unions can turn alignment into action and become the natural home for Millennials and Gen Z.

References

- Chilingerian, Natasha. "Report: 30% of Gen Zers, 21% of Millennials Unaware of CU Membership Option." Cutimes.Com, Credit Union Times, 1 July 2024, www.cutimes.com/2024/07/01/report-30-of-gen-zers-21-of-millennials-unaware-of-cu-membership-option/.

- Stoyanov, Atanas, Darius Imregun, Peter Noteboom, et al. "Six Imperatives for Credit Unions to Secure Their Future." McKinsey & Company, McKinsey & Company, 17 June 2024, www.mckinsey.com/industries/financial-services/our-insights/six-imperatives-for-credit-unions-to-secure-their-future.

- Stoyanov, Atanas, et al. "The Digital Imperative for Credit Unions." McKinsey & Company, McKinsey & Company, 11 June 2025, www.mckinsey.com/industries/financial-services/our-insights/the-digital-imperative-for-credit-unions.

sogolytics

To learn more about Sogolytics and how we can help you to conduct your own research, connect with our team today

Email

info@sogolytics.com

Phone

+1 (800) 646-0520

Website

www.sogolytics.com