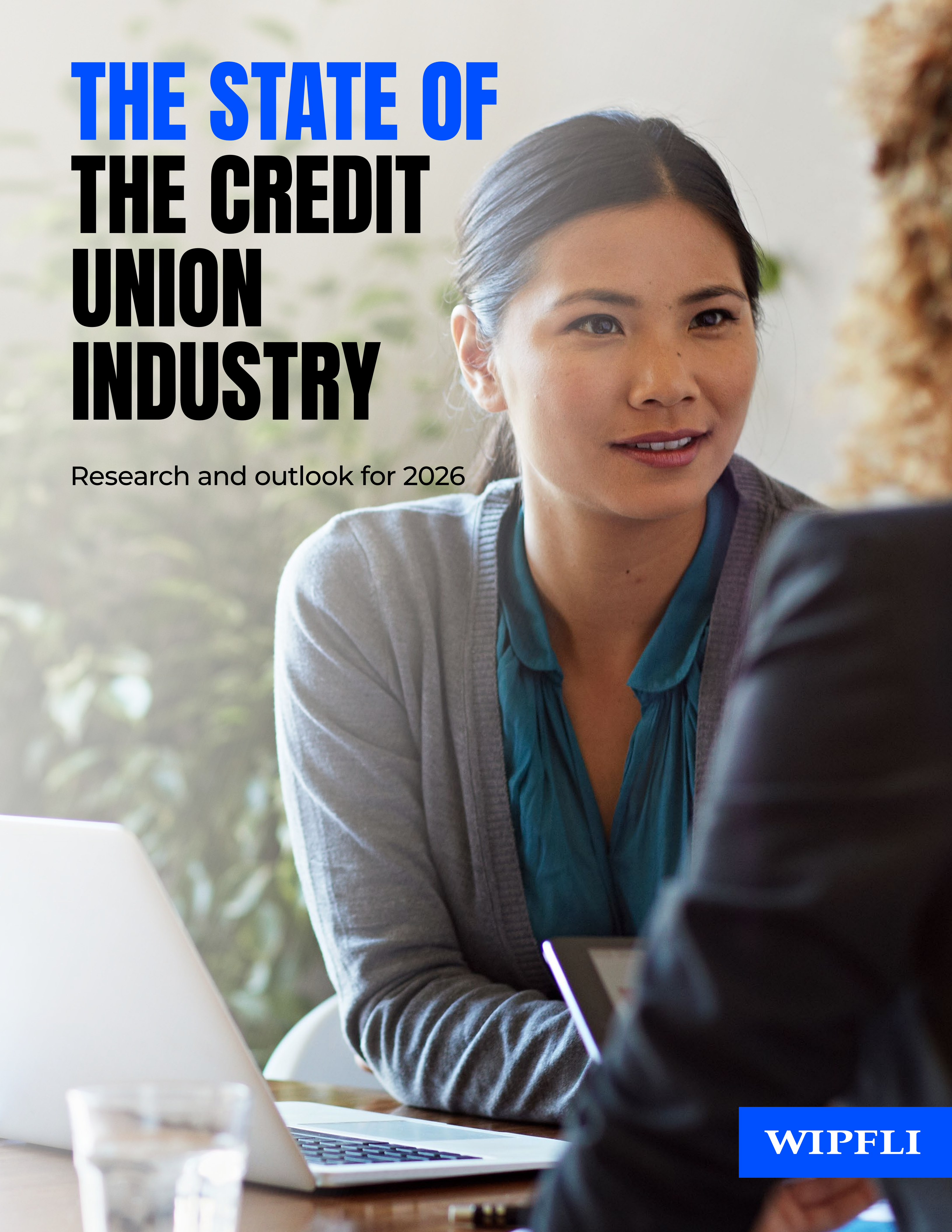
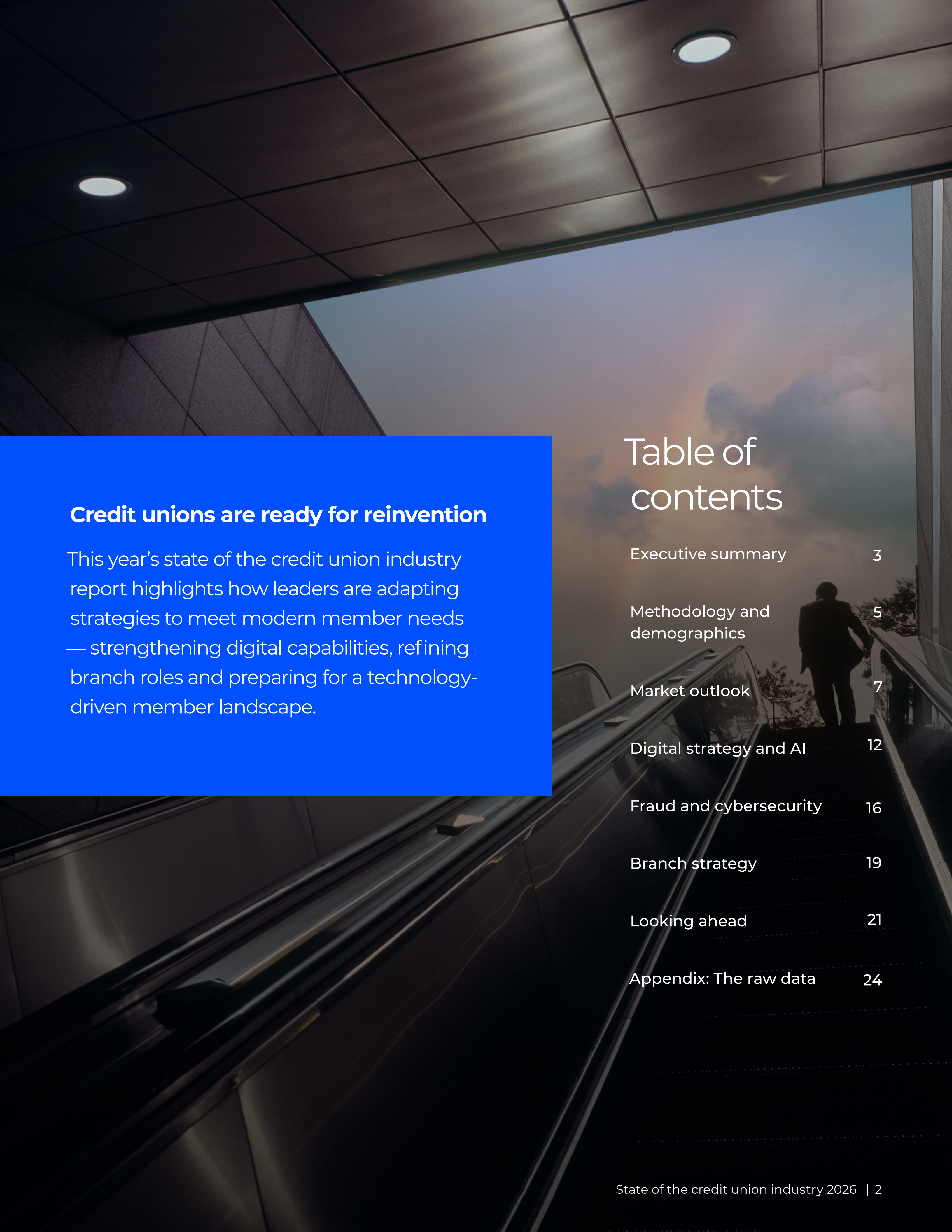
THE STATE OF THE CREDIT UNION INDUSTRY

Research and outlook for 2026



WIPFLI



Credit unions are ready for reinvention

This year's state of the credit union industry report highlights how leaders are adapting strategies to meet modern member needs — strengthening digital capabilities, refining branch roles and preparing for a technology-driven member landscape.

Table of contents

Executive summary

Wipfli surveyed 100 credit union executives to understand their business outlook, pain points and strategic priorities for the year ahead

This marks Wipfli's fifth consecutive year studying credit union executives' perspective on the financial services environment. Here's what we've learned:

Confidence is strong

The credit union executives surveyed project steady growth in 2026. More than half (57%) of respondents expect asset growth of more than 5% in the next 12 months. Confidence was slightly stronger among respondents from large ($3B+ in asset size) and mid-sized ($1B-$3B) credit unions.

Digital dominates priority lists

Respondents' most important strategies and top concerns were digital. Improving digital member engagement ranked as the most important strategy for the next 12 months, closely followed by data analytics/AI and accepting instant payments.

Feedback from

100 credit union executives

Key insights

Among the credit union executives we surveyed:

57% expect asset growth of more than 5% in the next 12 months.

92% are participating in or planning to participate in banking as a service (BaaS)/embedded banking — up from 76% last year.

77% experienced at least one incident of unauthorized network access in the past year.

46% reported increasing fraud, while 37% reported increasing cyberattacks.

62% plan to open new branches in the next 12 months.

64% cited "improving digital member engagement" as a top priority in 2026.

When asked about digital tactics specifically, respondents prioritized data analytics/predictive modeling, social media and automated online account opening. Cybersecurity and fintech competition ranked as the top two concerns, followed by sustaining operations.

Fraud and cyberthreats are intensifying

Cybersecurity (including fraud) was the top concern for the second consecutive year — surpassing the next-highest concern (fintech competition) by 22 percentage points. Nearly half of respondents reported increasing fraud (46%), and more than one-third reported rising cyberattacks (37%). In the past year, 77% of respondents experienced at least one cybersecurity incident at their credit union.

Branch strategies are evolving

Nearly two-thirds (62%) of respondents plan to open new branches in the next year, and more than half (58%) plan to repurpose existing locations to support new banking experiences. Digital adoption rates were a significant factor in respondents' decisions to open locations. Among respondents who reported repurposing branches, a majority (76%) said they were transitioning locations into advisory hubs.

Methodology and demographics

Wipfli conducted a national online survey of 100 credit union executives in September and October 2025

The goal of the survey was to understand their business outlook, pain points and strategic priorities for the year ahead. See the appendix for full details.

Leadership representation

Respondents included C-suite leaders and presidents from credit unions across the country, as shown in figure 1. Sixty-two percent of respondents were CFOs.

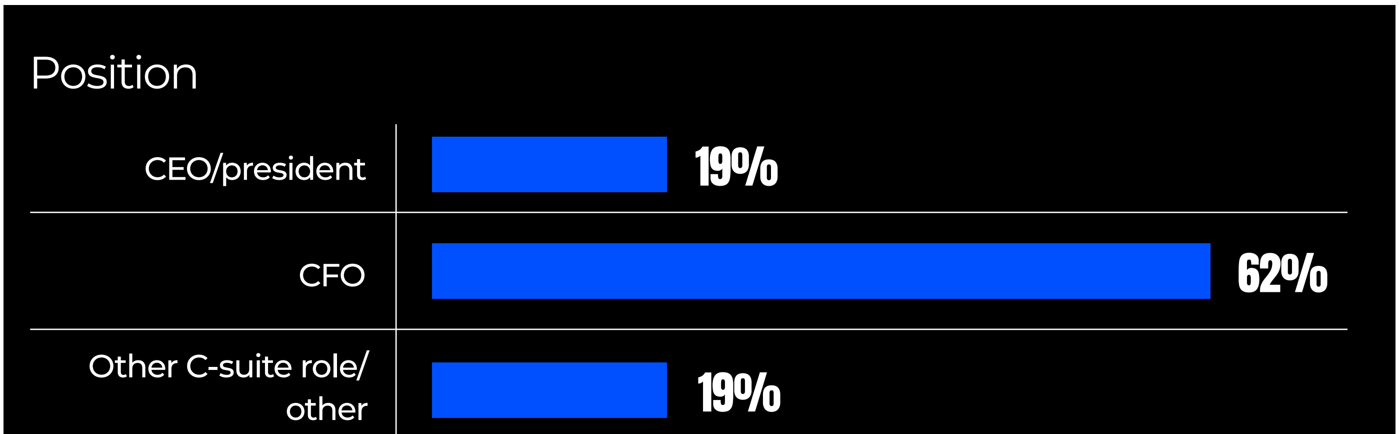


Figure 1. Respondents by role

Institution size

Respondents' credit unions were categorized by asset size, as shown in figure 2. Credit unions were classified as small (<$1B), mid-sized ($1B-$3B) and large ($3B+). Most respondents came from mid-sized and large institutions.

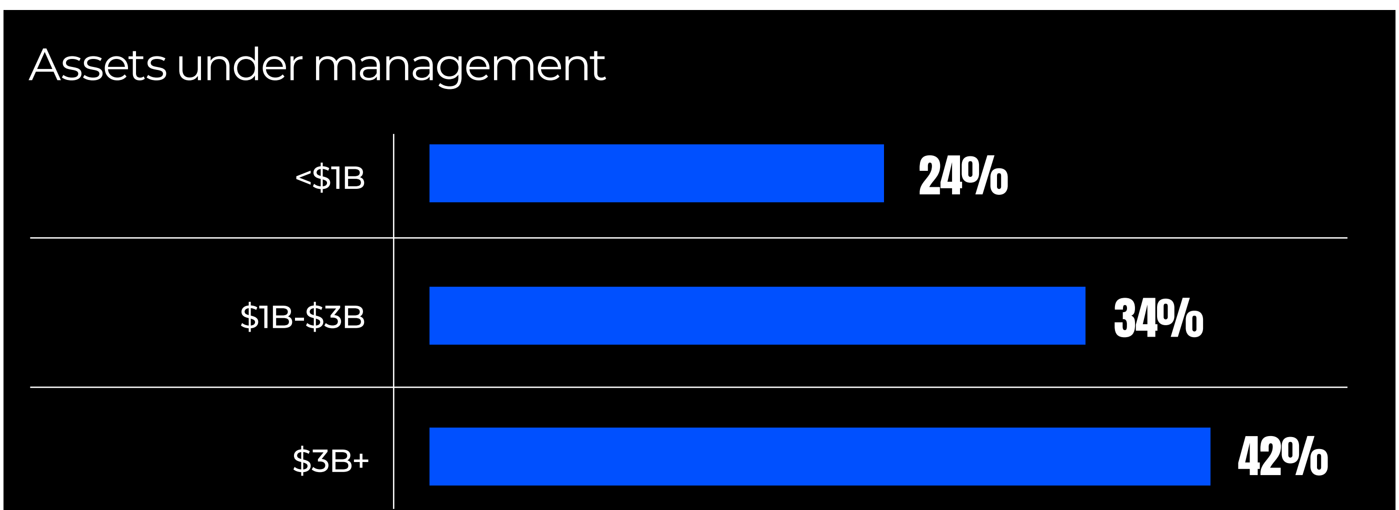


Figure 2. Respondents by asset size

Geographic distribution

Respondents represented credit unions across the United States, as shown in figure 3.

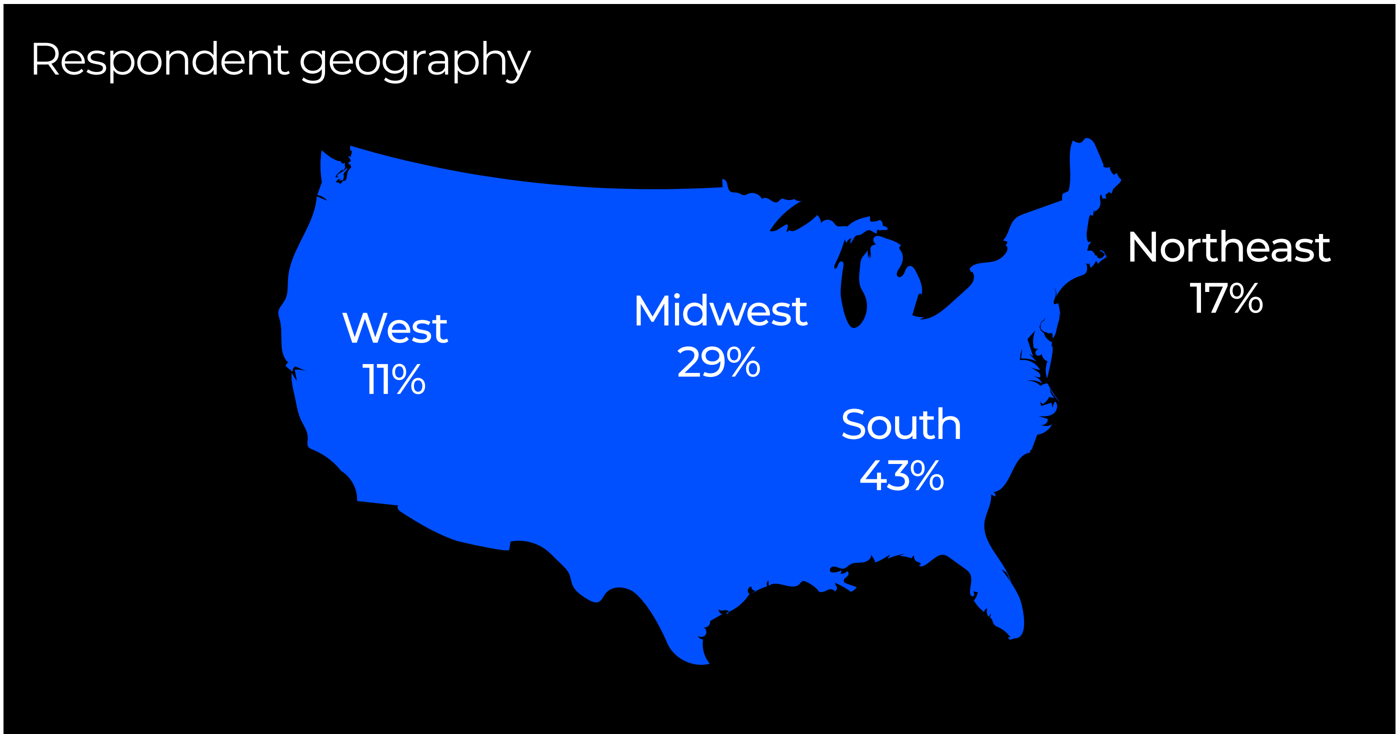
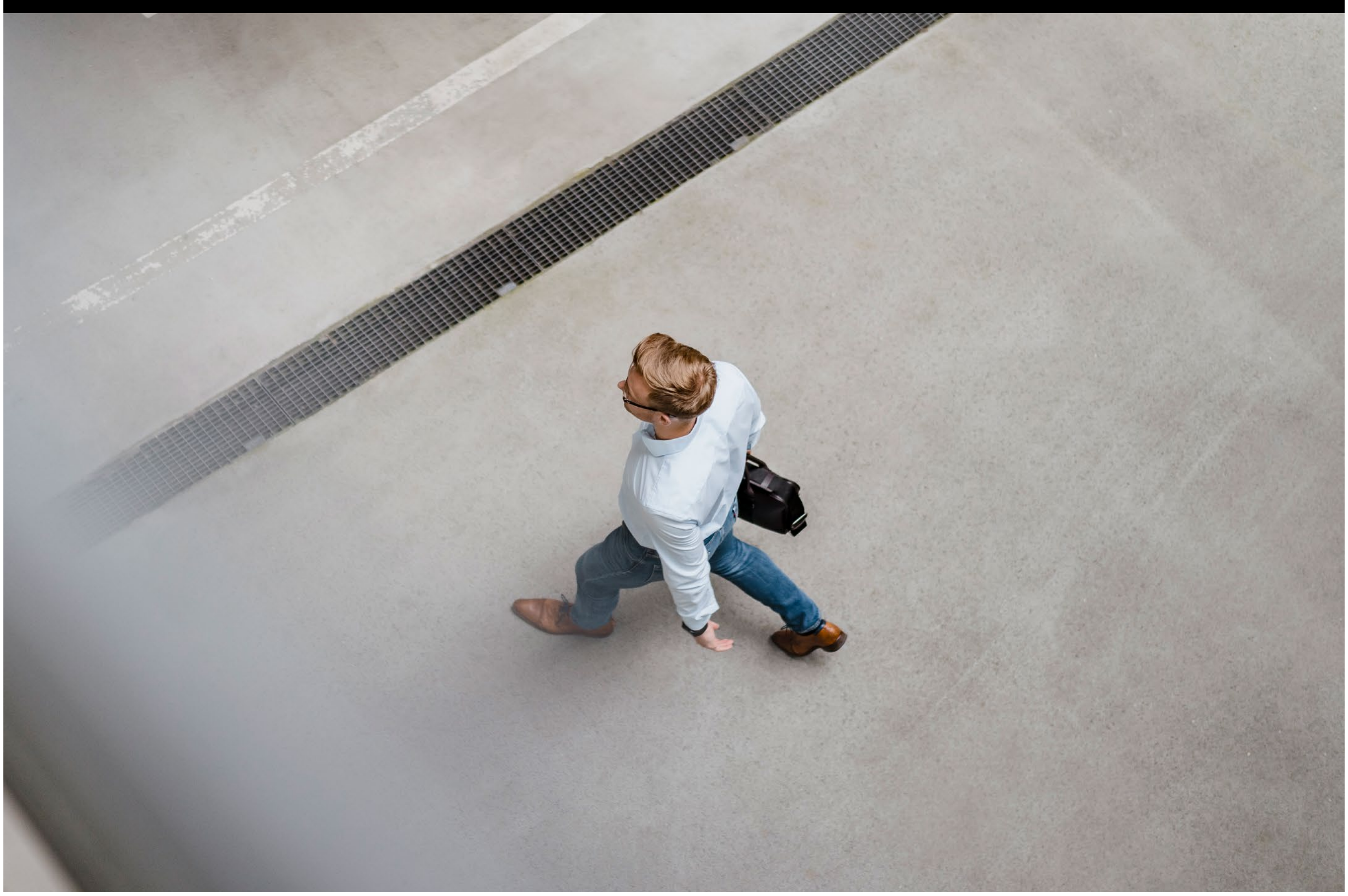


Figure 3. Respondents by geographic location



Market outlook

Confidence remains high

Confidence remains strong in this year's survey, with every respondent expecting growth in the year ahead. Fifty-seven percent project asset growth of 5% or more over the next 12 months.

Respondents from small and large credit unions reported the most bullish outlooks: 21% of executives from small credit unions and 17% from large credit unions project growth above 8%, compared to only 9% of executives from mid-sized institutions. Overall, respondents also reported a slightly stronger sense of optimism than in recent years, as shown in figure 4.

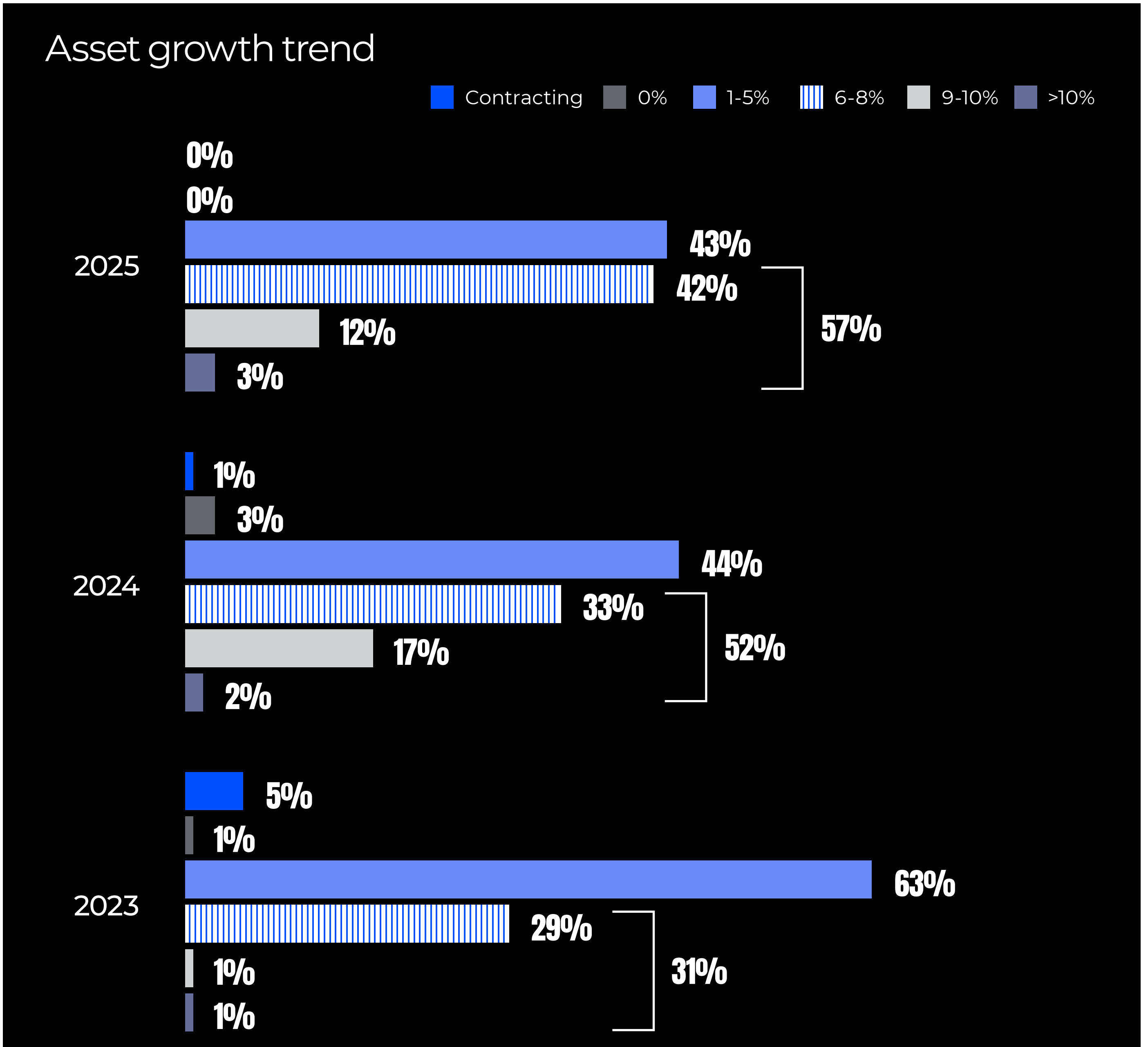


Figure 4. Growth projections over the years

Growth levers are familiar

Respondents were asked to rank fundamental growth drivers in 2026. Loan growth rose to the top, followed by deposit growth and net interest margin optimization.

Executives from small and mid-sized credit unions were more likely to expect loan growth, while those from large credit unions leaned more heavily toward deposit growth.

Service expansions support financial wellness and convenience

Over the past three years, respondents reported adding services related to financial well-being (66%), instant payments (65%), wealth advisory services (59%) and banking as a service (BaaS)/embedded banking (56%).

Ninety-two percent of respondents said their credit union is either participating in or planning to participate in BaaS/embedded banking within the next 12 months. Executives from mid-sized and large credit unions were more likely to report current or planned participation in BaaS/embedded banking, as shown in figure 5.

Participation in BaaS/embedded banking or open AI

Does your institution participate in (or plan to participate in) BaaS/embedded banking or open AI services in the next 12 months?

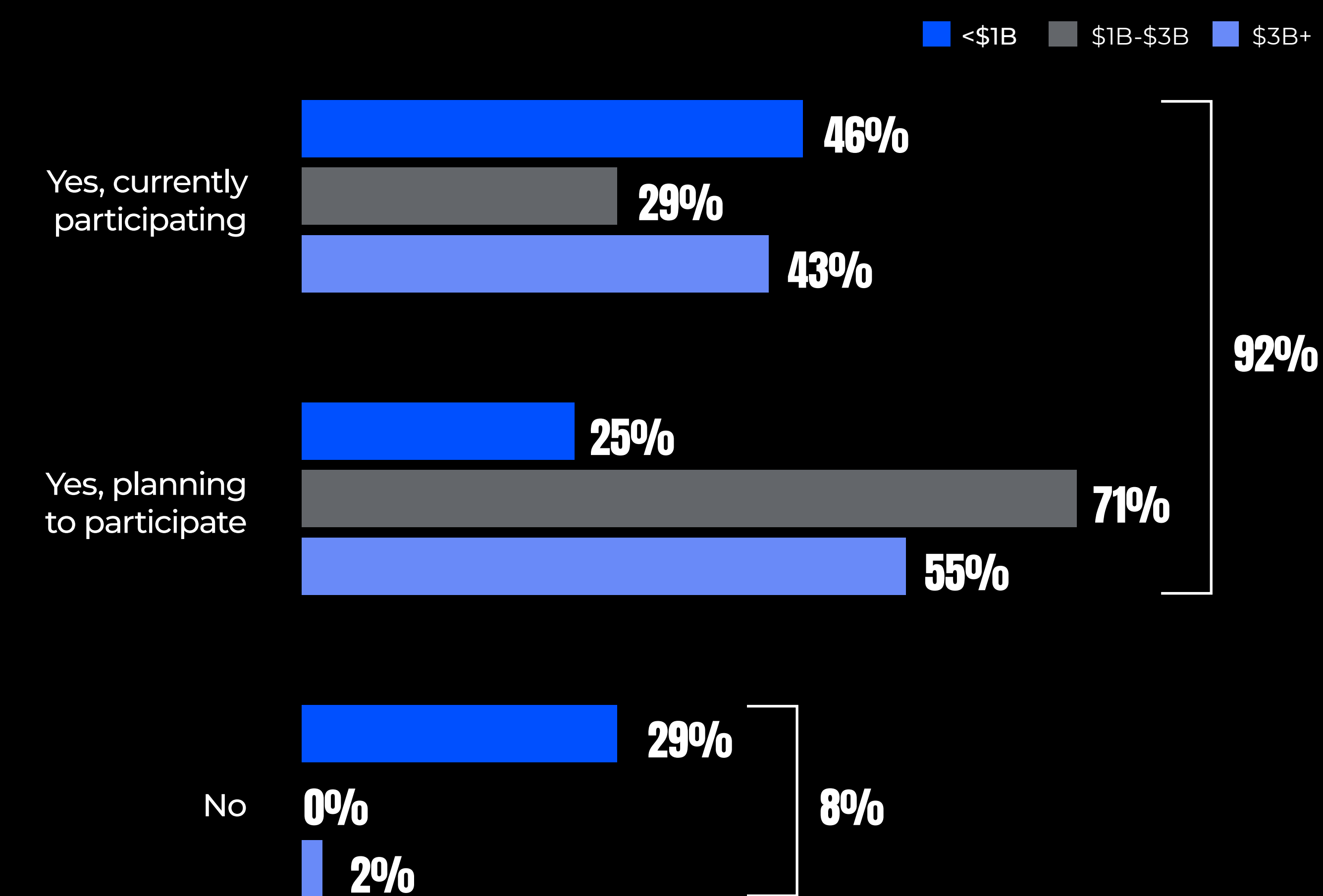


Figure 5. Respondents from mid-sized and large credit unions reported stronger BaaS/embedded banking intentions

Strategic priorities lean digital

When asked to identify their most important strategies for the next 12 months, respondents placed the greatest emphasis on digital initiatives, as shown in figure 6. Improving digital member engagement ranked first, closely followed by data analytics/AI. Accepting instant payments, automating processes and BaaS/embedded banking rounded out the top five priorities.

Respondents from small and mid-sized credit unions placed greater emphasis on automating processes than respondents from large credit unions.

When asked about digital strategies to support growth and expansion, credit union executives said they plan to use:

- Data analytics/predictive modeling (80%)
- 24/7 automated online account opening (69%)
- Social media (60%)

Data analytics/predictive modeling ranked as the top digital strategy by a wide margin — and was the top response across every asset tier. Respondents from large credit unions were also more likely to include partnership development among their top digital tactics.

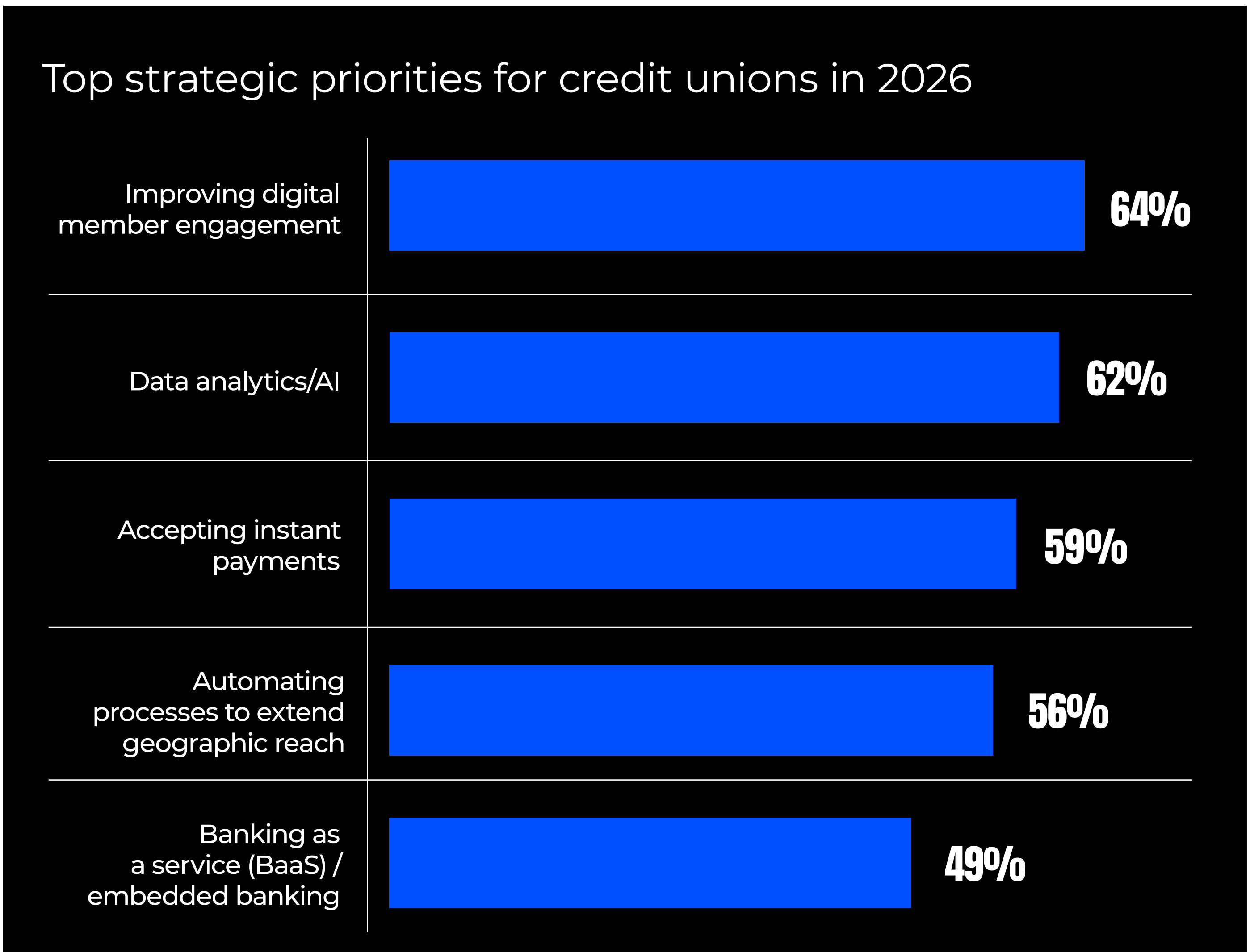


Figure 6. Respondents' top strategic priorities for 2026

Barriers are broad

Executives acknowledged that a wide range of operational and economic factors may constrain their ability to achieve strategic priorities in 2026. Respondents were asked how severely common barriers could impact their performance, using a scale of "no effect" to "major effect." Overall, the impact of these factors ranked closely, as shown in figure 7.

However, concerns varied by institution size. Respondents from large credit unions expressed stronger concern about economic and regulatory shifts, while respondents from small credit unions ranked talent shortages as their top constraint. For respondents from mid-sized institutions, the leading concern was a tie between the economy/regulatory environment and core deposit growth.

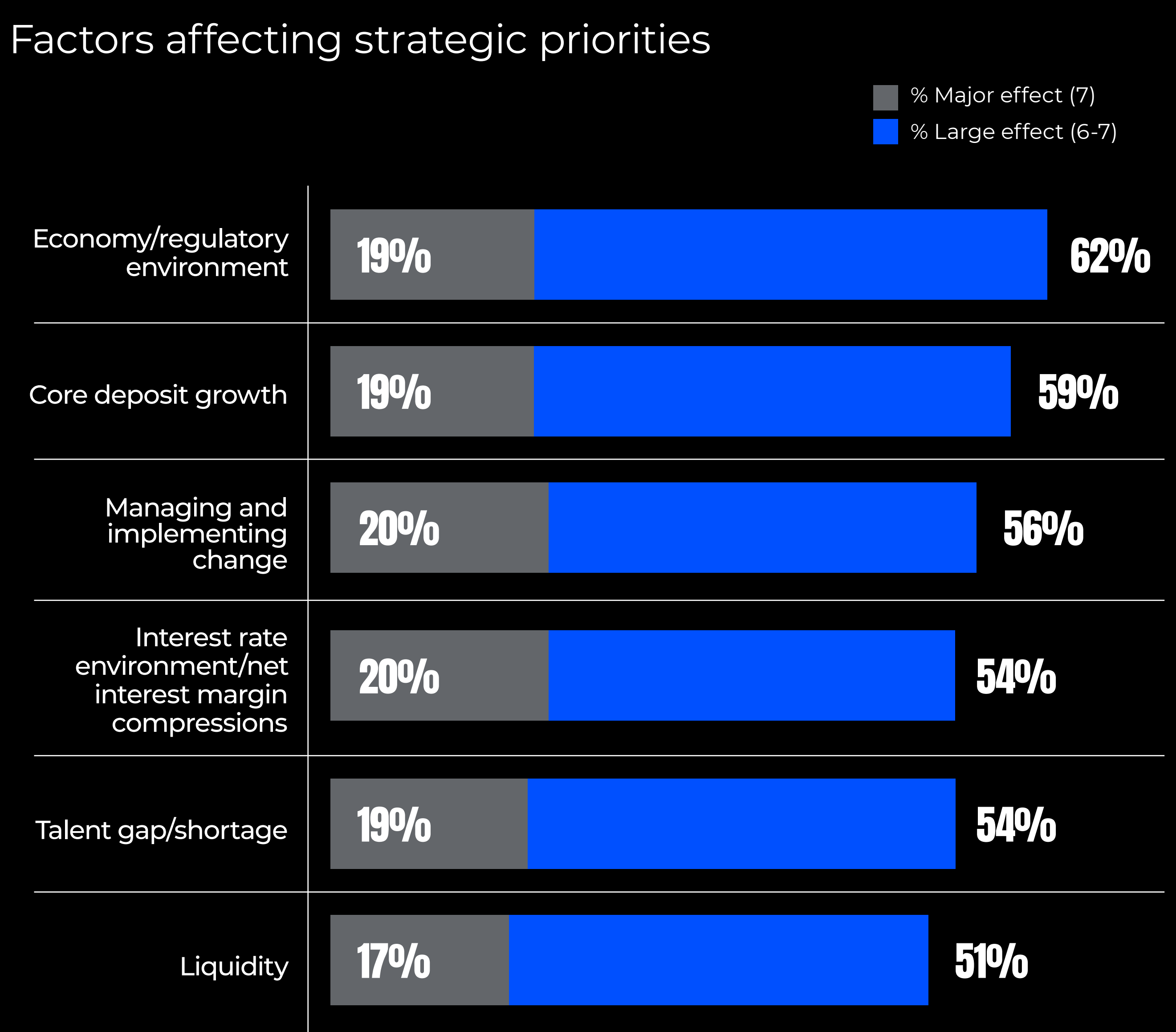


Figure 7. Credit union executives rated factors that could affect strategic priorities

Momentum and mission must be in balance

Confidence among credit union executives remains high — but growth expectations come with added responsibility. "Credit unions feel pressure to grow, but they are also stewards of member trust and their communities," said Alison Herrick, partner at Wipfli. "That balance is harder to maintain when economic conditions, regulatory requirements and member expectations all shift at once."

Growth levers are becoming more digital and indirect

As competition over deposits intensifies, many credit unions are reevaluating their traditional growth approaches. Purchased loan pools, indirect lending models and third-party origination channels may be promising levers, particularly when organic growth is challenging to sustain.

At the same time, long-term momentum is increasingly dependent on digital engagement.

"Members expect their credit unions to meet them where they are," Herrick said. "Often, that's on a device. That means credit unions have to deliver seamless digital access, intuitive experiences and relevance across every stage of life — not just competitive rates."

Younger members may be a strategic vulnerability

Generational shifts are also forcing credit union leaders to rethink their acquisition strategies.

"Younger consumers simply don't bank or build relationships the way previous generations did," said Carlos Vega, director at Wipfli. "They're influenced by digital experiences and social platforms. If credit unions don't adapt their engagement strategies to match, they could risk losing relevance."

Stability alone won't sustain growth

While safety and soundness remain foundational, some credit unions risk becoming overly cautious — prioritizing maintenance over modernization.

"Protecting what you've built is important," Herrick said. "But if you don't invest in new capabilities, the gap between member expectations and what you can deliver widens."

Sustainable growth will also depend on how well credit unions can align innovation with purpose — expanding access while preserving the mission and member focus that differentiate them in the market.

The bottom line: Long-term success will require deliberate choices. "Growth strategies have to respect the mission while adapting to digital, demographic and regulatory realities," Herrick said.

Digital strategy and AI

Digital transformation centers on members

To understand respondents' digital strategies, we asked how they define "digital transformation." Overall, the most frequently selected definitions included:

- Digital member engagement (66%)
- Payment transactions (65%)
- Faster loan approvals/account opening (64%)

However, definitions shifted by asset size. Respondents from small credit unions were more likely to include "digital branch" and "AI/gen AI" in their definition of digital transformation.

Respondents from mid-sized credit unions also emphasized "AI/gen AI," along with "open banking" and "digital financial advisor."

Barriers to digital transformation are persistent

As shown in figure 8, respondents said their top barriers to digital transformation were cybersecurity (40%), high costs (36%) and integration with existing systems (33%).

Respondents from mid-sized credit unions were more likely to rank "risk aversion" among their top barriers, while respondents from large credit unions often cited a lack of talent or technical expertise.

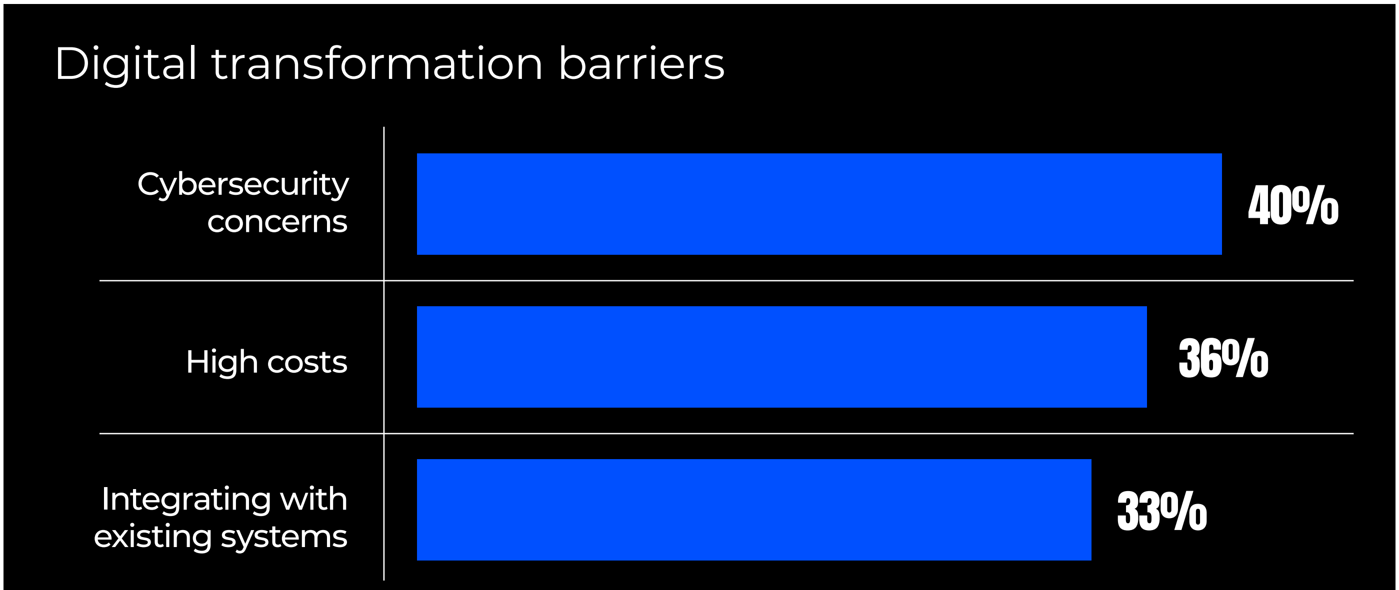


Figure 8. Barriers to digital transformation

AI implementation and maturity are uneven

AI adoption is accelerating, but AI maturity isn't keeping pace. Two-thirds of respondents (66%) said their credit unions are actively implementing AI solutions. However, only 16% reported having an enterprisewide roadmap for AI that includes governance frameworks and measurable business impact (see figure 9).

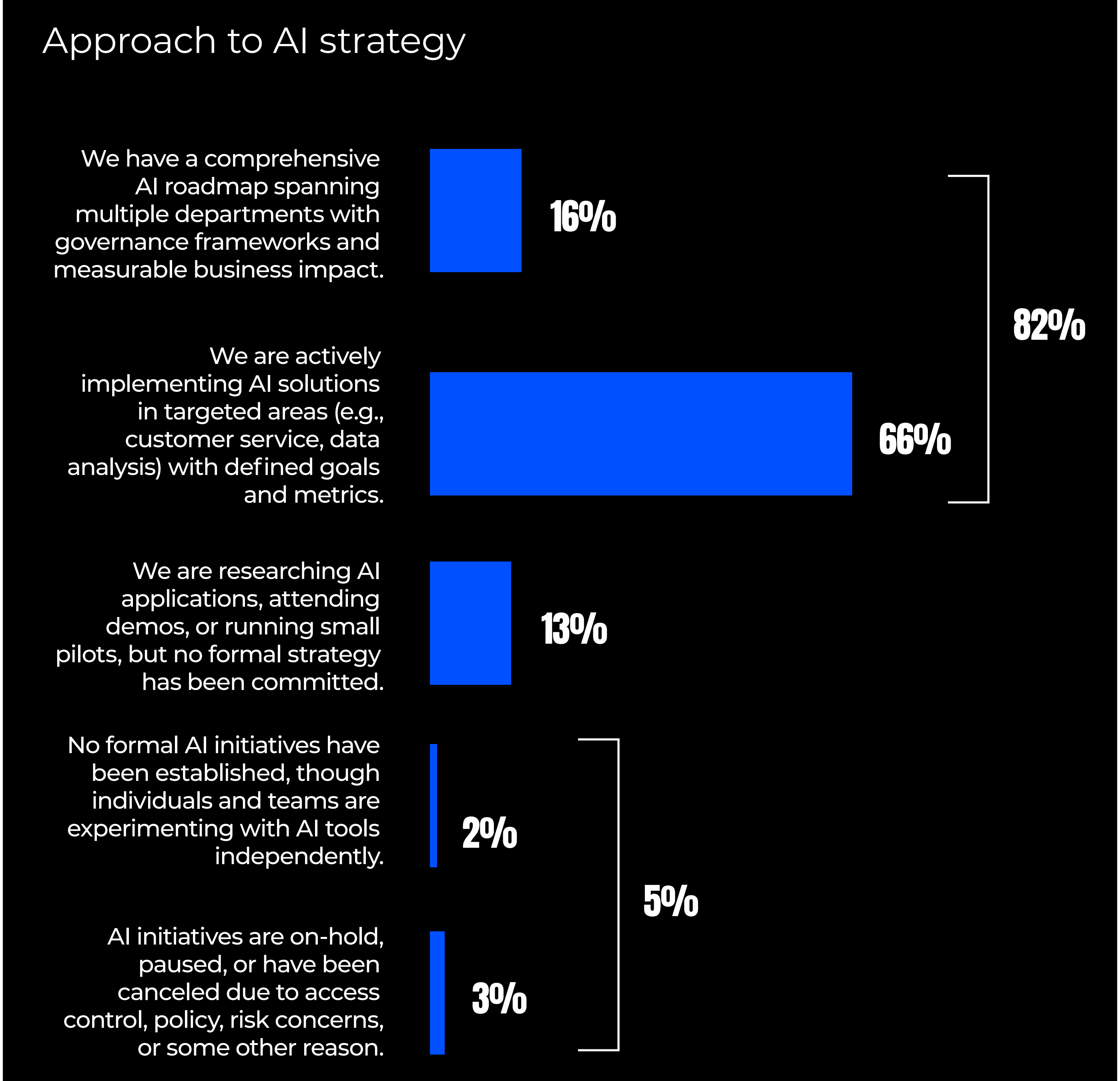


Figure 9. Two-thirds of respondents are actively implementing AI solutions, yet few report enterprise-level AI maturity

Levels of AI implementation and maturity varied by asset size. Respondents from mid-sized credit unions reported the highest levels of AI implementation activity. However, respondents from large credit unions were more likely to report advanced AI maturity. Twenty-nine percent of respondents from large credit unions said their institution's AI use was at the highest maturity level, compared to just 3% of respondents from mid-sized credit unions. About one-quarter of respondents from small credit unions said their organizations are still in the research phase (see figure 10).

Approach to AI strategy by asset size

- We have a comprehensive AI roadmap spanning multiple departments with governance frameworks and measurable business impact.
- We are actively implementing AI solutions in targeted areas (e.g., customer service, data analysis) with defined goals and metrics.
- We are researching AI applications, attending demos, or running small pilots, but no formal strategy has been committed.
- No formal AI initiatives have been established, though individuals and teams are experimenting with AI tools independently.
- AI initiatives are on-hold, paused, or have been canceled due to access control, policy, risk concerns, or some other reason.

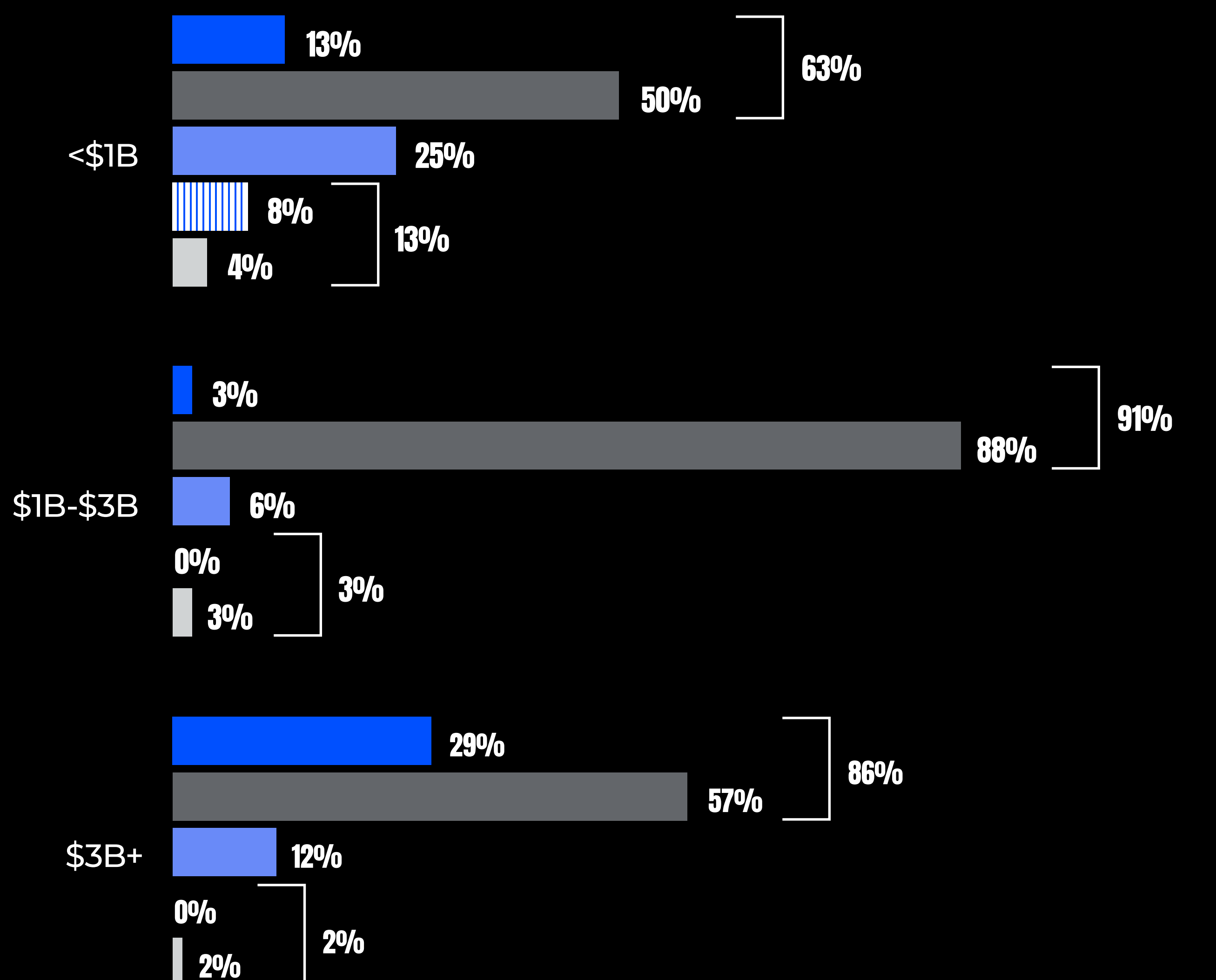


Figure 10. AI implementation and maturity vary by institution size

Barriers to AI adoption mirror broader digital challenges

Respondents cited cybersecurity (70%) as the top barrier to AI adoption, followed by fraud risk (65%), liability concerns (48%) and challenges with data readiness/quality/governance (47%).

Respondents who identified data analytics/AI as an important strategic priority also shared how they currently use these tools. The most common use cases included:

- Financial reporting (66%)
- Fraud and financial crime (58%)
- Risk analytics/regulatory (50%)

Enthusiasm for digital is strong, but readiness varies

Digital expectations continue to rise, particularly around onboarding, mobile experiences and account access. “These aren’t optional anymore,” said Robert Zondag, partner at Wipfli. “They’re table stakes for attracting younger accountholders and competing with alternative providers.”

Many credit unions are modernizing unevenly as they try to keep pace. Some focus on front-end improvements without addressing the back-end systems that support them. Others adopt new tools before fixing foundational issues such as data integration, connectivity and governance. And the result often falls short of expectations.

“Front-end enhancements can’t deliver lasting value if the back end is still operating in pieces,” Vega said.

AI adoption is high, but maturity is limited

Survey results show widespread AI adoption across credit unions, a trend Wipfli leaders attribute to vendor-enabled tools embedded in existing platforms. While this has accelerated experimentation and use, it hasn’t consistently translated into AI maturity or strategic advantage.

“Many credit unions are using AI because it’s available, not because it’s part of a deliberate strategy,” Vega said. “Much of today’s AI use is operational — fraud detection, financial reporting, risk analysis — rather than member-facing or growth-oriented.”

Overreliance on vendor solutions can also limit innovation. “If everyone is using the same tools in the same way, the competitive advantage disappears,” Vega said. “Real value comes from how AI is applied, not whether or not a feature is turned on.”

Integration is often the bottleneck

Across digital and AI initiatives, integration continues to be one of the biggest challenges. Adding new capabilities without connecting data, workflows or governance structures often results in fragmented experiences for both members and staff — and unrealized ROI.

“Credit unions are pursuing digital transformation aggressively,” Vega said. “But success depends on whether data, people and processes are aligned behind those investments.”

Growth opportunities require guardrails

Interest in BaaS and embedded banking is surging, creating new opportunities for credit unions to extend reach and serve members in different contexts. But these models require careful oversight, cautioned Anna Kooi, partner and financial services practice leader at Wipfli.

“Embedded finance doesn’t absolve institutions of responsibility,” Kooi said. “Credit unions still need strong vendor governance, clear risk controls and a thoughtful approach to how their brand and values extend into partner experiences.”

The bottom line: As technology and partnerships evolve, leaders must balance innovation with mission to ensure growth strategies strengthen member trust, not dilute it.

Fraud and cybersecurity

Fraud and cybersecurity risk continues to rise

Cybersecurity was the top concern among the credit union executives we surveyed — and the top concern across every asset tier. The next-cited issue, fintech competition, was selected by just 34% of respondents, as shown in figure 11.

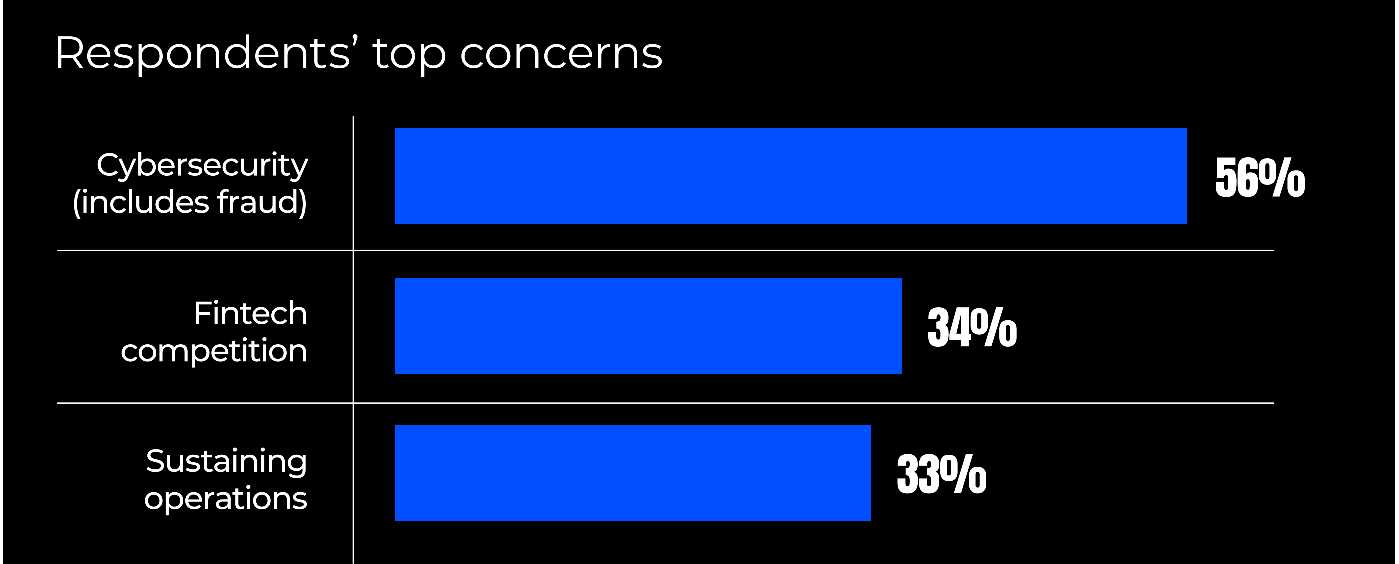


Figure 11. Cybersecurity was respondents’ top concern

Incidents are becoming more frequent

Respondents reported increasing activity across several threat categories:

- 46% said fraud is increasing in their institution.
- 37% reported an increase in cyberattacks over the past year.
- 77% said their institution experienced at least one incident of unauthorized access to networks or data in the last 12 months.
- 36% reported experiencing three or more unauthorized access incidents in the same period.

Leaders are responding with layered security measures

Over the past 12 months, respondents reported taking a wide range of actions to strengthen their resilience against bad actors:

- 60% improved systems and processes to more rapidly identify cybersecurity events.
- 59% increased investment in cybersecurity technologies.
- 54% implemented safeguards to protect their networks and data, including enhanced access controls, maintenance procedures or 24/7 monitoring.

Digital growth is increasing exposure

As credit unions expand digital access and add member-facing capabilities, fraud and cyber risks rise in parallel. "As institutions increase speed and convenience, the attack surface also expands," said Zondag. "Digital conveniences introduce new vulnerabilities if underlying controls don't evolve at the same pace."

Many credit unions have invested in modern digital front ends while continuing to rely on legacy back-end systems. Disconnected platforms, data siloes and inconsistent workflows can create gaps between channels — gaps that attackers know how to exploit.

"If your systems can't share data, they can't detect patterns quickly enough to stop an attack," Vega said. "Cyber programs are often tool-focused, but not fully or meaningfully integrated. That limits their effectiveness."

For many credit unions, this challenge is compounded by limited internal resources. Smaller security and IT teams rely heavily on vendors for monitoring, tools and expertise. While vendor partnerships are essential, they don't eliminate threats — or responsibility.

Vendor support requires strong governance

"Vendors play an important role, but they can't close every gap," Zondag said. "You can outsource support, but you can't outsource accountability."

Relying too heavily on a single vendor can also concentrate risk. Vega encourages leaders to "trust but verify." "Bringing in additional perspectives and independent testing and validation strengthens your program and supports real resilience," he said.

AI is changing the threat landscape

Bad actors are increasingly using AI-powered tactics, including deepfake audio, identity spoofing and automated phishing, to scale attacks and make them harder to detect. "We're seeing fraud attempts that look shockingly real," said Kooi. "The risk isn't hypothetical anymore. It's happening in the field."

As digital access becomes the default, cyber protection must be treated with the same discipline applied to physical locations.

"Digital channels are your new branches," Vega said. "They require the same level of always-on protection."

The bottom line: Fraud and cyber risks are accelerating — and credit unions can't afford to fall behind. "Cybersecurity isn't just an expense," Vega said. "It's a strategic investment and commitment to members."

Branch strategy

Branches are being reimagined — but not abandoned

Rather than retreating from brick-and-mortar, many respondents indicated plans to open branches or repurpose existing locations over the next 12 months (see figure 12). Among the credit union executives we surveyed:

- 62% said their organization plans to open branches.
- 58% plan to repurpose existing branches to support new banking experiences.
- 18% plan to close branches.

Figure 12. A majority of respondents plan to open or repurpose branches within the next 12 months

Factors influencing branch strategies

We asked respondents who plan to open new branches which factors were most important in their decision. As shown in figure 13, the top responses included:

- Digital adoption rates (63%)
- Operating costs vs. revenue (55%)
- Targeting younger members (47%)
- Transaction volume per branch (47%)

Credit union executives who plan to **repurpose existing branches** were asked about their intentions. Most cited shifts in services or service delivery. Executives said they plan to:

- Shift the service focus from transactional to advisory (76%)
- Offer enhanced ATM services (64%)
- Create more collaborative/community gathering spaces (53%)

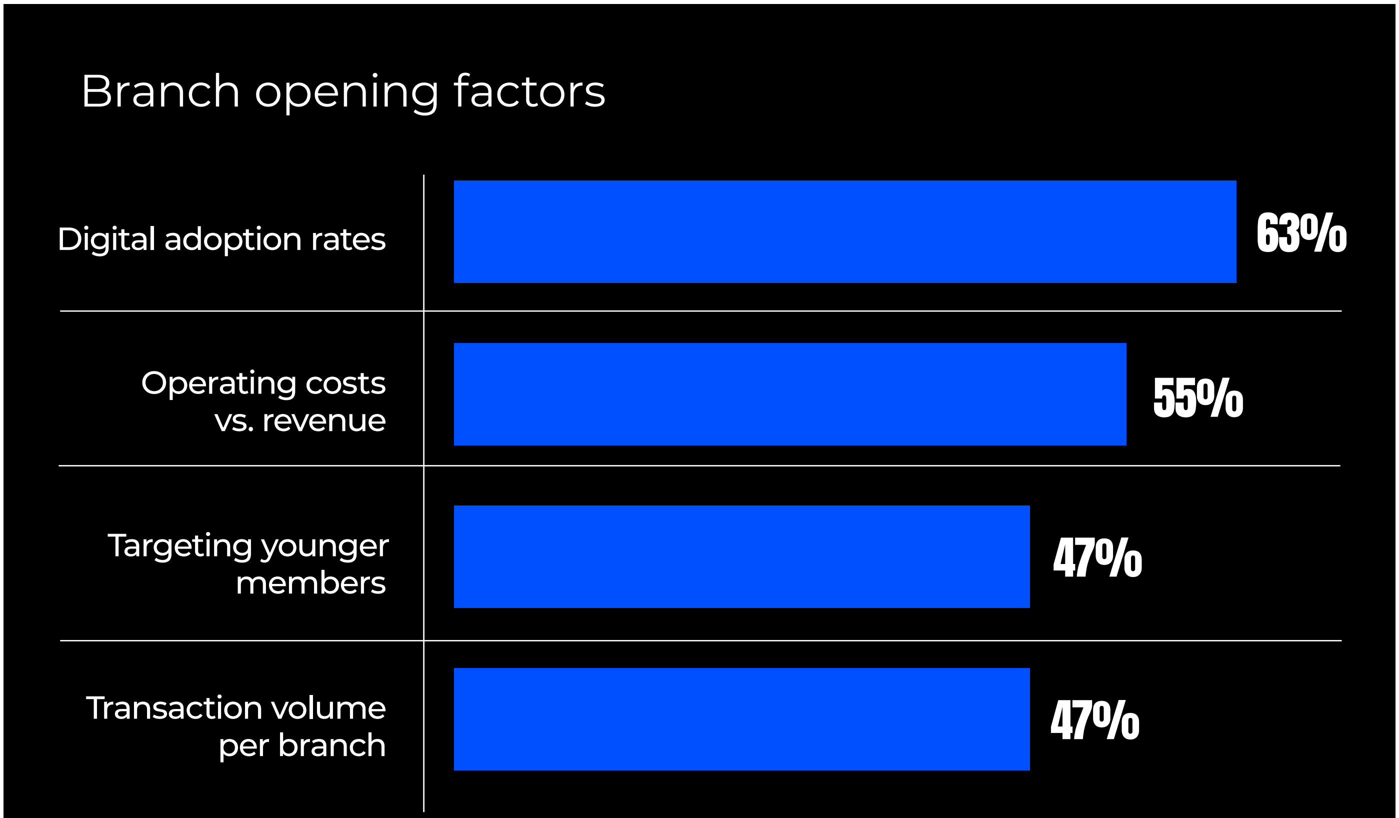


Figure 13. Respondents shared the most important factors in their institution's decision to open a new branch

Branches are evolving — not disappearing

As digital channels absorb more day-to-day transactions, branches are no longer the primary place where banking happens. Instead, banking has become something members do — through mobile apps, digital wallets and embedded experiences — rather than somewhere they routinely go.

That shift doesn't diminish the role of branches for credit unions. It changes it.

"Branches still matter, but for different reasons," Herrick said. "They're less about transactions and more about trust, advice and visibility in the community — which is an important channel for delivering the credit union mission."

Branches are increasingly becoming strategic assets to support relationship-building, financial guidance and community presence. Rather than serving as default service centers, branches are being reimagined as consultative hubs and places to support financial conversations, education, small businesses and community engagement.

Generational shifts are accelerating branch evolution

"Different generations have very different expectations about how — and where — banking happens," Kooi said. "Some still value face-to-face interaction. Others would never even consider stepping inside a branch."

That reality requires credit unions to design branch strategies that support multiple generations at once: members who expect banking to live almost entirely on their devices, and those who still value personal interaction and familiarity. Many credit unions are experimenting with new ways to activate branch space — and strike that balance.

The bottom line: Digital channels handle transactions. Branches build relationships in moments that matter. "Every institution has to decide what matters most to their members," Zondag said, "then intentionally design spaces that support the broader ecosystem, not duplicate it."

Looking ahead: How to sustain relevance, trust and scale

The credit union executives we surveyed are entering 2026 with confidence — but also with a clear understanding that the operating environment is becoming more complex

Digital expansion, rapid technology change, cyber and fraud risk and evolving member expectations are reshaping how credit unions fulfill their missions and grow.

Based on this year's findings, credit unions should consider the following actions to sustain operations and strengthen member trust in the years ahead:

1. Revisit growth strategies through the lens of changing member behavior

Generational shifts, digital-first expectations and emerging financial channels are changing how members engage with financial services. Credit unions that rely solely on traditional engagement models risk losing relevance with younger members.

Credit union leaders need to re-evaluate growth strategies based on how members want to interact — and how trust is built — in digital and hybrid environments. Attracting younger members in particular will be necessary to achieve long-term sustainability.

2. Use technology to sustain operations and extend impact

For many credit unions, technology isn't about outspending competitors — it's about doing more with existing resources. Digital tools, automation and AI can help credit unions scale service, improve efficiency and support hardworking staff, without compromising the member experience.

When technology is aligned with the mission and strategy, it can be a force multiplier.

3. Create value through integration, not isolated upgrades

Fragmented systems limit the impact of digital investments and introduce operational and security risks. Long-term effectiveness will depend on how well data, platforms and processes work together.

Credit unions that prioritize integration across channels, systems and data sources will be better equipped to deliver consistent member experiences, improve decision-making and manage risk and resources more effectively.

4. Elevate fraud and cybersecurity to strategic priorities

Cybersecurity and fraud are no longer confined to IT or risk functions. As digital channels become the primary way members interact with their credit union, protecting those channels becomes more important for preserving trust.

Treating cybersecurity as a strategic investment — not a compliance cost — enables credit unions to build resilient programs that can scale and evolve alongside digital growth.

5. Prepare now for the next phase of digital financial services

Emerging regulatory and technology developments — including those tied to the GENIUS Act — signal growing momentum around stablecoins, digital wallets and next-generation payment networks. As these models mature, member expectations for faster, data-rich transactions are likely to rise, too. Credit unions will need to extend core payments capabilities — including cybersecurity, know your customer, anti-money laundering, reconciliation and dispute resolution — beyond traditional rails.

Key takeaways

1. Demographic and market shifts require a re-evaluation of growth strategies.
2. Technology is a critical way for credit unions to sustain operations and level the playing field.
3. Integration matters more than isolated digital or branch upgrades.
4. Fraud and cybersecurity must be treated as strategic investments, not operating expenses.
5. The pace of change isn't slowing. And preparation can't wait.

LET'S GROW TOGETHER

Wipfli helps credit unions turn potential into performance — aligning strategy, technology and execution around member needs.

Our advisors pair deep financial services experience with hands-on expertise in digital strategy, data, cybersecurity and organizational performance. Because we see the full picture, we can help you move forward with clarity and confidence — and compete at the new pace of business.

Visit **wipfli.com/credit-unions** to learn more.

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Appendix: The raw data

Wipfli conducted a national online survey of credit union executives (N=100) in September and October 2025

Percentages may not equal 100% due to rounding or multiple response options

WIPFLI CREDIT UNIONS SURVEY: Sept. 30 – Oct. 14, 2025
N=100 Credit unions

In this document:

- An asterisk (*) in a response category means that less than 0.5% of respondents chose that response category and a dash (–) represents no response.
- ^ Denotes rounding. Due to rounding, some figures may be higher or lower by less than one-half of one percent.
- A double asterisk (**) indicates data was collected differently and is displayed in an additional chart below.
- + Denotes a deviation from label verbiage from the 2025 data.

Which best describes your title?

TOTALS	
–	CBO
3%	CCO
15%	CEO
62%	CFO
2%	CHRO
8%	CIO
–	CISO
–	CMO
2%	COO
2%	CTO
4%	President
2%	Other

In what region is your credit union located?

Credit unions	
17%	Northeast
29%	Midwest
43%	South
11%	West

What is your current asset size?

Credit unions	
11%	Under $500M
13%	$500M-$1B
34%	$1.1B-$3B
25%	$3.1B-$5B
15%	$5.1B-$10B
1%	$10.1B-$20B
1%	Over $20B
24%	**TOTAL <$1B**
59%	**TOTAL $1B-$5B**
17%	**TOTAL $5B+**

Who is your core provider?

Credit Unions	
20%	FIS
24%	Fiserv
20%	Jack Henry
3%	CSI
18%	Finastra
3%	COCC
11%	UFS
1%	Other: Cardinal/Shazam

Are you looking for a new core provider?

TOTAL	
43%	Yes
44%	No
13%	Currently negotiating

(ASK IF YES/CURRENTLY NEGOTIATING NEW CORE PROVIDER, N=244)

Which core provider(s) are you considering?
Please select all that apply.

TOTAL	
45%	FIS
52%	Fiserv
39%	Jack Henry
21%	CSI
39%	Finastra
11%	COCC
21%	UFS
–	Other: Automated Systems, Cisco

Which, if any, of the following services have you added in the last three years?
Please select all that apply.

TOTAL	
66%	Financial well-being
65%	Instant payments
56%	Banking as a service (BaaS)/embedded banking
59%	Wealth advisory
54%	Insurance
44%	Automated investing/robo-advisor
36%	Trusts
33%	Cryptocurrency/stablecoin
2%	Other: SBA and USDA lending, Zelle, technical service provider
3%	None of these

Which best describes your expected asset growth over the next 12 months?

TOTAL	
–	Contracting
–	0%
43%	1-5%
42%	6-8%
12%	9-10%
3%	>10%

(ASK IF GROWTH IS EXPECTED BY 1% TO MORE THAN 10%, N=343)

Of the following, which do you expect to be the primary growth driver for your institution over the next 12 months?

TOTAL	
32%	Deposit growth
40%	Loan growth
26%	Net interest margin optimization
–	Other: Acquisition
2%	None of these

(ASK IF CREDIT UNION, N=100)

Please select the top five strategies most important to your credit union over the next 12 months.

TOTAL	
64%	Improving digital customer engagement
62%	Data analytics/AI
59%	Accepting instant payments
56%	Automating processes to extend geographic reach
49%	Banking as a service (Baas)/embedded banking
43%	Talent management
42%	Exploring new revenue streams
36%	Cloud adoption
32%	Labor replacing and/or staff augmenting technologies
32%	Renewed focus on mission
24%	M&A
1%	Other: Relocate branch

(ASK IF TOP PRIORITY IS DATA ANALYTICS/AI, N=231)

For which of the following areas does your institution plan to leverage AI over the next 12 months? *Please select all that apply.*

TOTAL	
58%	Fraud and financial crimes
66%	Financial reporting
50%	Risk analytics and regulatory
45%	Sales/growth/member 360
48%	Credit decisioning
40%	Operations
47%	Quantitative research
32%	Loan underwriting
2%	Other: Taking minutes, marketing, collections, risk and control management
2%	None of these

(ASK IF TOP PRIORITY IS M&A, N=57)

You noted that M&A is a top strategy in the coming year. Are you planning to buy or sell?

TOTAL	
83%	Buy
17%	Sell

(ASK IF BUY, N=51)

Which of the following entities is your institution planning to buy?
Please select all that apply.

TOTAL	
40%	Bank
85%	Credit union
–	Other: Wealth management, RIA, bank branches

(ASK IF SELL, N=6)

Which of the following entities is your institution planning to sell?
Please check all that apply.

TOTAL	
50%	Bank
75%	Credit union
–	Other

Which of the following mobile, digital or data-driven strategies is your institution planning to use to support growth and expansion?

Please check all that apply.

TOTAL	
80%	Data analytics/predictive modeling (e.g., cross-sell opportunities, personalized campaigns, product recommendations, automated triggers/referral programs)
60%	Social media (e.g., advertising with direct conversion, sponsoring influencers)
52%	Partnership development (e.g., B2B employers, in-store, digital/online)
69%	24/7 automated online account opening
56%	Streamlined service offerings for efficiency
41%	SEO/SEM optimization for “always-on” lead generation
30%	Interactive teller machines (ITMs)
27%	Call center expansion
–	Other
–	No mobile, digital or data-driven strategies planned

In the next 12 months, are you planning to close branches, open branches or repurpose branches with new forms of banking experiences?

Please check all that apply.

TOTAL	
18%	Close branches
62%	Open branches
58%	Repurpose branches with new forms of banking experiences

(ASK IF CLOSE BRANCHES, N=102)

When closing branches, which alternatives (if any) are your institution planning to provide?

TOTAL	
78%	Enhanced ATM services (could include interactive teller machines [ITMs])
67%	Enhanced mail processing, courier pickup services, etc., for businesses
44%	Mobile banking units
50%	Partnerships/mini branches/kiosks (e.g., inside grocery stores, pharmacies, retail locations or shared spaces)
44%	Call centers with enhanced phone banking and support
39%	Referrals to nearby branches
50%	Digital-only solutions
–	Other alternatives
–	No alternative services

(ASK IF OPEN BRANCHES, N=229)

When evaluating branch openings, which factors are most important in your decision-making? *Please select the top three most important factors.*

TOTAL	
55%	Operating costs vs. revenue
47%	Targeting younger members (e.g., millennials, Gen Z)
63%	Digital adoption rates
39%	Community economic indicators
47%	Transaction volume per branch
39%	Population density
45%	Proximity to other branches
2%	Other factors: Competition growth areas

(ASK IF RE-PURPOSING BRANCHES, N=190)

When repurposing branches, which of the following (if any) is your institution planning to do? *Please check all that apply.*

TOTAL	
76%	Shifting service focus from transactional (e.g., deposits/withdrawals) to advisory (e.g., financial planning, mortgage guidance)
64%	Enhanced ATM services (could include interactive teller machines [ITMs])
53%	Creating more collaborative/community gathering spaces
45%	Interactive kiosks
40%	Downsizing branch square footage/including teller stations
21%	Tablet-equipped bankers
–	Other
–	None

What effect do the following factors have on achieving your strategic priorities?
Please use a 1 to 7 scale, where 1=no effect at all and 7=major effect.

CREDIT UNIONS -- *RANKED BY % TOTAL LARGE EFFECT*

	TOTAL LARGE EFFECT 6-7	MAJOR EFFECT 7	6	5	4	3	2	NO EFFECT AT ALL 1
Economy/regulatory/ environment	***62%***	19%	43%	27%	4%	3%	1%	3%
Core deposit growth	***59%***	19%	40%	29%	8%	2%	–	2%
Managing and implementing change	***56%***	20%	36%	35%	7%	–	–	2%
Interest rate environment/net interest margin compressions	***54%***	20%	34%	26%	17%	1%	–	2%
Talent gap/shortage	***54%***	19%	35%	37%	7%	1%	–	1%
Liquidity	***51%***	17%	34%	35%	10%	3%	–	1%

(ASK IF TALENT GAP SHORTAGE HAS LARGE EFFECT ON ACHIEVING STRATEGIC PRIORITIES, Q22:6-7, N=206)

Which of the following functions have you considered outsourcing?
Please select all that apply.

TOTAL	
57%	Accounting
50%	IT
46%	Information security
35%	Regulatory compliance
31%	Operations
33%	HR
19%	Lending
–	Other: Audit, ALCO, loan underwriting
–	None

Of the following, please select your top three concerns.

TOTAL	
56%	Cybersecurity (includes fraud)
28%	Employee recruitment/retention
34%	Fintech competition
31%	Regulation compliance
30%	Succession planning
25%	Meeting member needs
33%	Sustaining operations
18%	Open banking
18%	Retaining market share
17%	Consolidation
10%	Neo/challenger bank
–	Other

(ASK IF ONE OF TOP 3 CONCERNS IS EMPLOYEE RECRUITMENT/RETENTION, N=114)

In the last 12 months, which of the following actions have been most successful in addressing your recruitment/retention efforts?
Please select up to three responses.

TOTAL	
39%	Increased wages
43%	Increased benefits, perks
36%	Focusing on workplace culture
25%	Career development pathing
36%	Flexibility in work location (i.e., working from home)
14%	Leadership development
39%	More proactive recruiting of candidates
29%	Outsourcing/staff augmentation
25%	Diversity, equity and inclusion (DEI) strategies
–	Other

Of the following, which most closely defines digital transformation to you?
Please rate on a scale of 1-7, where 1=does not define at all and 7=completely defines.

CREDIT UNIONS — *RANKED BY % TOTAL CLOSELY DEFINES*

	TOTAL CLOSE DEFINE 6-7	COMPL DEFINE 7	6	5	4	3	2	DOES NOT DEFINE 1
Digital member engagement	***66%***	20%	46%	28%	5%	1%	–	–
Payment transactions	***65%***	27%	38%	26%	4%	1%	3%	1%
Faster loan approvals/ account opening	***64%***	26%	38%	23%	8%	2%	1%	2%
Digital branch	***60%***	25%	35%	24%	11%	2%	2%	1%
Open banking	***57%***	21%	36%	26%	12%	2%	–	3%
Artificial intelligence (AI/gen AI)	***55%***	19%	36%	33%	8%	1%	2%	1%
Digital financial advisor	***53%***	16%	37%	27%	14%	–	3%	3%
BaaS/embedded banking participation	***46%***	18%	28%	38%	11%	2%	2%	1%

Please rate your credit union's maturity level in the following digital transformation categories on a 1-7 scale where 1=not at all mature and 7=completely mature.

CREDIT UNIONS — *RANKED BY % TOTAL MATURE*

	TOTAL MATURE 6-7	COMPL MAT 7	6	5	4	3	2	NOT MAT AT ALL 1
Artificial intelligence (AI/gen AI)	***61%***	21%	40%	26%	6%	2%	1%	4%
Security architecture	***58%***	18%	40%	32%	8%	1%	1%	–
Fintech readiness/adoption	***58%***	19%	39%	25%	10%	5%	2%	–
Digital strategy	***56%***	20%	36%	27%	10%	5%	2%	–
Technology architecture	***54%***	17%	37%	30%	14%	–	2%	–
Member support for digital operations (e.g., digital onboarding, web live chat)	***54%***	18%	36%	31%	9%	3%	1%	2%
Digital member experience/engagement	***50%***	19%	31%	36%	12%	–	2%	–
Digital operations support	***46%***	21%	25%	28%	23%	–	2%	1%
Open banking	***45%***	18%	27%	37%	12%	3%	2%	1%

When it comes to digital transformation, what are the top two barriers (if any) holding you back?
Please select up to two barriers.

TOTAL	
40%	Cybersecurity concerns
33%	Integrating with existing systems
36%	High costs
20%	Lack of talent/technical expertise
24%	Data readiness/quality/governance
20%	Risk aversion
17%	Resistance to change
4%	None of these/no barriers
–	Other: Time it takes to implement

What actions has your credit union taken in the last 12 months to ensure the security of its network and data?
Please select all that apply.

TOTAL	
54%	Implemented safeguards to better protect networks and data (e.g., enhanced access controls, maintenance procedures, 24/7 security monitoring)
60%	Improved systems and processes to more rapidly identify a cybersecurity event
50%	Developed or revised a cyber risk management policy that communicates cyber prevention, detection, response and recovering actions
59%	Increased investment in cybersecurity technologies (e.g., upgraded networks and devices with security features)
37%	Increased fraud education for customers
32%	Conducted a cyber risk assessment
21%	Conducted penetration testing
30%	Adopted an industry-standard, all-encompassing cybersecurity framework
24%	Hired cybersecurity expertise or added a virtual CISO
–	Other

Which best describes the current level of fraud at your institution?

TOTAL	
46%	Increasing
36%	Decreasing
18%	No change

Which best describes the current level of cyberattacks on your institution?

TOTAL	
37%	Increasing
42%	Decreasing
21%	No change

How many times in the past year has your credit union identified unauthorized access to networks and data?

TOTAL	
23%	0
41%	1-2
31%	3-5
5%	6-10
–	More than 10

Which of the following statements best describes your firm's approach to artificial intelligence (AI) strategy?

TOTAL	
3%	AI initiatives are on-hold, paused or have been canceled due to access control, policy, risk concerns or some other reason.
2%	No formal AI initiatives have been established, though individuals and teams are experimenting with AI tools independently.
13%	We are researching AI applications, attending demos, or running small pilots, but no formal strategy has been committed.
66%	We are actively implementing AI solutions in targeted areas (e.g., customer service, data analysis) with defined goals and metrics.
16%	We have a comprehensive AI roadmap spanning multiple departments with governance frameworks and measurable business impact.

What are the top barriers (if any) preventing your institution from implementing AI-based tools? Please select all that apply.

TOTAL	
70%	Cybersecurity concerns
65%	Fraud risk
47%	Data readiness/quality/governance
48%	Liability
1%	*Other
7%	None of these

***Other**

- Resources/capacity
- Cost of tools
- Regulations have not provided definitive guidance
- Knowledge
- Potential costs

Is your institution currently participating or planning to participate in BaaS/embedded banking or open AI services in the next 12 months?

TOTAL	
92%	**TOTAL YES**
39%	Yes, currently participating
53%	Yes, planning to participate
8%	No

(ASK IF NOT PARTICIPATING IN OR PLANNING TO PARTICIPATE IN BaaS, N=41)

What are the top barriers (if any) preventing your institution from participating in BaaS/embedded banking or open AI services in the next 12 months?
Please select all that apply.

TOTAL	
50%	Not part of our strategy
38%	Risk
50%	Cybersecurity readiness
13%	Compliance
38%	Open AI readiness
25%	Other: Haven't started research and conversation to implement timeline
–	None of these

Which of the following statements best describes your institution's enterprise risk management (ERM) practices?

TOTAL	
8%	There is no formal ERM framework, and limited awareness or training or risk management.
17%	Early stages of ERM implementation, with some leadership support, basic risk identification and qualitative assessments.
12%	There is a documented ERM framework and policies, established risk ownership and committees, with periodic risk assessments.
45%	ERM is consistently applied across all levels of the firm, with risk reporting and culture integrated into strategic decisions.
18%	ERM is strategically tied to value creation, utilizing real-time monitoring and predictive analytics to drive competitive advantage and board-level insight.