

FINALYTICS.AI

# The 2023 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.

## Looking to 2023

It goes without saying that digital banking has advanced since we conducted our first review in 2018. Our goal is to provide a useful framework for analyzing the quality of digital experiences, and each year we respond to growth in the industry by adapting and expanding our analysis.

This report will be the fifth that we have published. It includes twice as many credit unions as the year before, increasing from fifty credit unions to one hundred. We've also added a new category to our analysis: Security & Privacy.

Of the fifty credit unions we reviewed last year, we saw only a handful of updates to their marketing sites, let alone redesigns. Those who are slow to embrace digital channels risk falling behind as new industry leaders rise to meet higher member expectations.

Financial institutions are putting in great work to meet their members' needs, and we love seeing that hard work pay off. We hope our analysis can serve as not only a resource, but also a toast: to the successes of last year and to new opportunities ahead.

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 <b>\$151.0 B</b>	36 United Nations FCU (UNFCU) <b>\$7.4 B</b>	69 Citadel CU <b>\$4.6 B</b>
2 State Employees' CU <b>\$50.9 B</b>	37 Police & Fire FCU <b>\$7.4 B</b>	70 Texas Dow Employees CU (TDECU) <b>\$4.5 B</b>
3 Pentagon FCU (PenFed) <b>\$29.7 B</b>	38 Redwood CU <b>\$7.2 B</b>	71 Washington State Employees CU (WSECU) <b>\$4.5 B</b>
4 Boeing Employees' CU (BECU) <b>\$29.6 B</b>	39 Eastman CU <b>\$7.0 B</b>	72 Chevron FCU <b>\$4.4 B</b>
5 SchoolsFirst FCU <b>\$26.4 B</b>	40 Wright-Patt CU <b>\$6.8 B</b>	73 CommunityAmerica CU <b>\$4.4 B</b>
6 Golden 1 CU <b>\$18.1 B</b>	41 Space Coast CU <b>\$6.7 B</b>	74 Coastal FCU <b>\$4.4 B</b>
7 America First CU <b>\$16.4 B</b>	42 Kinecta FCU <b>\$6.6 B</b>	75 SAFE CU <b>\$4.4 B</b>
8 First Technology FCU <b>\$14.7 B</b>	43 Michigan State University FCU (MSUFCU) <b>\$6.5 B</b>	76 Teachers CU <b>\$4.3 B</b>
9 Alliant CU <b>\$14.7 B</b>	44 Hudson Valley CU <b>\$6.5 B</b>	77 Northwest FCU <b>\$4.3 B</b>
10 Randolph-Brooks FCU (RBFCU) <b>\$14.6 B</b>	45 Bank-Fund Staff FCU <b>\$6.4 B</b>	78 Municipal CU (MCU) <b>\$4.2 B</b>
11 Suncoast CU <b>\$14.3 B</b>	46 DFCU Financial CU <b>\$6.3 B</b>	79 California CU <b>\$4.2 B</b>
12 Mountain America CU <b>\$13.8 B</b>	47 Members 1st FCU <b>\$6.2 B</b>	80 Keesler FCU <b>\$4.2 B</b>
13 VyStar CU <b>\$11.4 B</b>	48 MIDFLORIDA CU <b>\$6.0 B</b>	81 Tower FCU <b>\$4.1 B</b>
14 Bethpage FCU <b>\$11.2 B</b>	49 Bellco CU <b>\$5.8 B</b>	82 Langley FCU <b>\$4.0 B</b>
15 Star One CU <b>\$10.9 B</b>	50 Landmark CU <b>\$5.8 B</b>	83 NavyArmy CCU <b>\$4.0 B</b>
16 San Diego County CU (SDCCU) <b>\$10.7 B</b>	51 Tinker FCU (TFCU) <b>\$5.8 B</b>	84 Jovia Financial CU <b>\$4.0 B</b>
17 Lake Michigan CU <b>\$10.7 B</b>	52 Veridian CU <b>\$5.6 B</b>	85 Technology CU (Tech CU) <b>\$3.9 B</b>
18 Alaska USA FCU <b>\$10.6 B</b>	53 State Farm FCU <b>\$5.5 B</b>	86 Fairwinds CU <b>\$3.9 B</b>
19 Security Service FCU <b>\$10.3 B</b>	54 Visions FCU <b>\$5.5 B</b>	87 Royal CU <b>\$3.9 B</b>
20 Digital FCU (DCU) <b>\$9.8 B</b>	55 State Employees FCU (SEFCU) <b>\$5.4 B</b>	88 Genisys CU <b>\$3.9 B</b>
21 American Airlines CU <b>\$9.2 B</b>	56 Mission Fed CU <b>\$5.2 B</b>	89 University (UFCU) <b>\$3.9 B</b>
22 Patelco CU <b>\$8.9 B</b>	57 Service FCU <b>\$5.1 B</b>	90 TruStone Financial CU <b>\$3.9 B</b>
23 OnPoint Community CU <b>\$8.9 B</b>	58 Wescom CU <b>\$5.1 B</b>	91 General Electric CU <b>\$3.9 B</b>
24 Delta Community CU <b>\$8.8 B</b>	59 Baxter CU (BCU) <b>\$5.0 B</b>	92 Robins Financial CU <b>\$3.8 B</b>
25 Teachers FCU <b>\$8.7 B</b>	60 Virginia CU <b>\$4.8 B</b>	93 United FCU <b>\$3.8 B</b>
26 ESL FCU <b>\$8.7 B</b>	61 Gesa CU <b>\$4.8 B</b>	94 Apple FCU <b>\$3.8 B</b>
27 Logix FCU <b>\$8.6 B</b>	62 Summit CU <b>\$4.8 B</b>	95 First Community CU <b>\$3.8 B</b>
28 Ent CU <b>\$8.4 B</b>	63 Community First CU <b>\$4.7 B</b>	96 GECU <b>\$3.7 B</b>
29 Pennsylvania State Employees CU (PSECU) <b>\$8.0 B</b>	64 University of Wisconsin (UW) CU <b>\$4.7 B</b>	97 Connexus CU <b>\$3.7 B</b>
30 Idaho Central CU <b>\$8.0 B</b>	65 State Employees CU of Maryland (SECU) <b>\$4.7 B</b>	98 Nusenda CU <b>\$3.7 B</b>
31 GreenState CU <b>\$8.0 B</b>	66 Spokane Teachers CU (STCU) <b>\$4.7 B</b>	99 American Heritage CU <b>\$3.7 B</b>
32 Desert Financial CU <b>\$7.8 B</b>	67 Travis CU <b>\$4.7 B</b>	100 Stanford FCU <b>\$3.7 B</b>
33 Redstone FCU <b>\$7.7 B</b>	68 Educational Employees CU (EECU) <b>\$4.6 B</b>	

\* Source: NCUA, September 2021.

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.

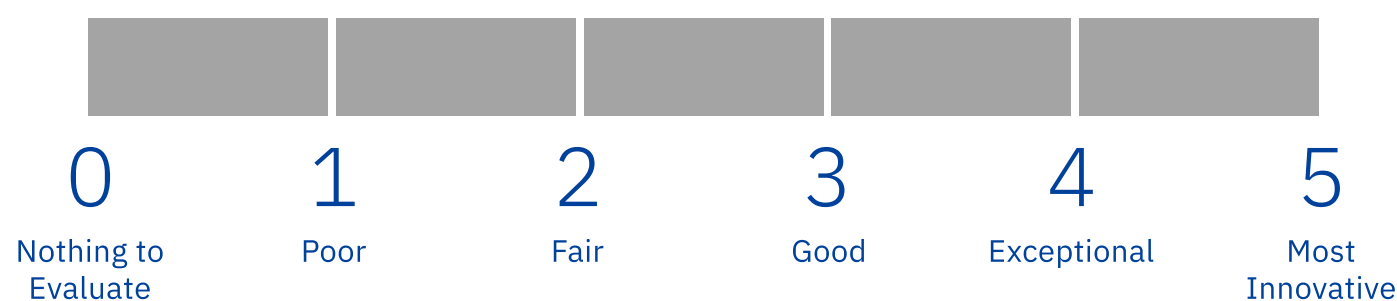
## What We Reviewed

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. None 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](#).

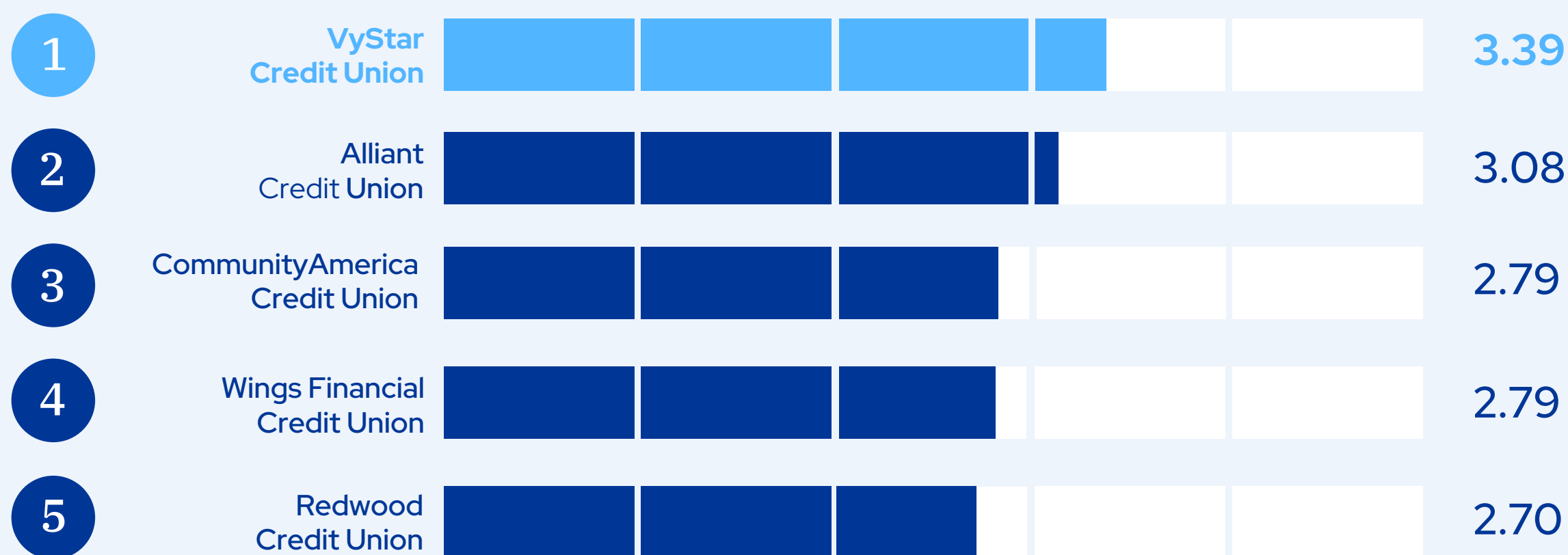
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# Results & Findings

# 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 Texas Dow Employees CU **2.70**
- 7 California CU **2.67**
- 8 General Electric CU **2.60**
- 9 Idaho Central CU **2.59**
- 10 State Employees CU of Maryland (SECU) **2.54**
- 11 Virginia CU **2.53**
- 12 America First CU **2.51**
- 13 Patelco CU **2.51**
- 14 Royal CU **2.50**
- 15 Teachers FCU **2.50**
- 16 Keesler FCU **2.49**
- 17 University of Wisconsin CU **2.49**
- 18 Service FCU **2.46**
- 19 Desert Financial CU **2.45**
- 20 Pentagon FCU (PenFed) **2.44**
- 21 Suncoast CU **2.44**
- 22 Jovia Financial CU **2.43**
- 23 Gesa CU **2.40**
- 24 Coastal FCU **2.38**
- 25 SAFE CU **2.36**

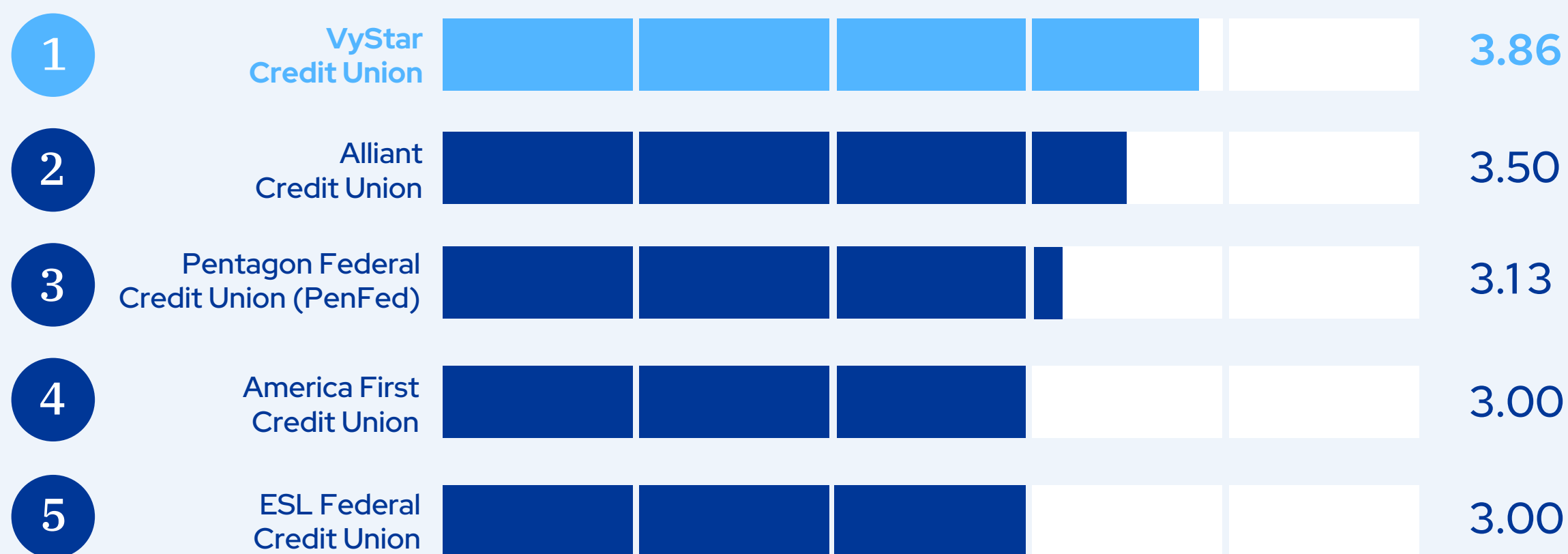
**Dig Deeper.** Visit [Finalytics.ai](https://finalytics.ai), or [click here](#).



# User Experience

The average UX score was 2.31, indicating a large gap between the leaders and the laggards.

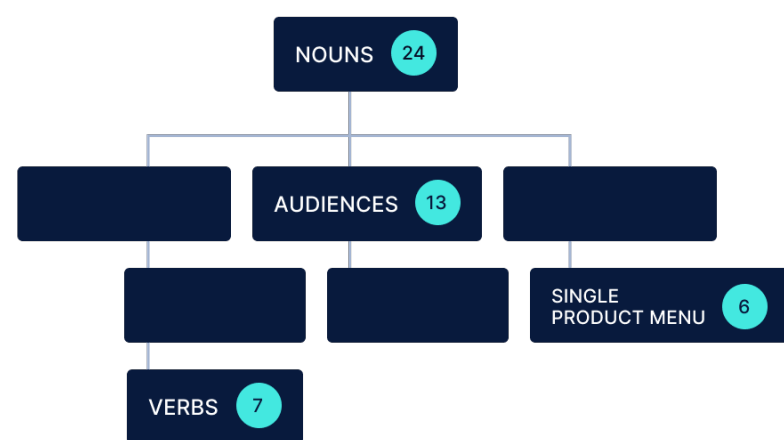
Many factors go into making a good experience, so we carefully evaluate how easy it is to find and understand information on the site and to complete the user journey.



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



### Product-Focused Primary Navigation

At some point in their journey, all visitors rely on the navigation to provide “information scent”: a hint to what the site is about and what they can expect to find on it. While some visitors may prefer to use search or explore links further down the page, a site’s most important and visually striking menu, its primary navigation, is crucial to the entire experience.

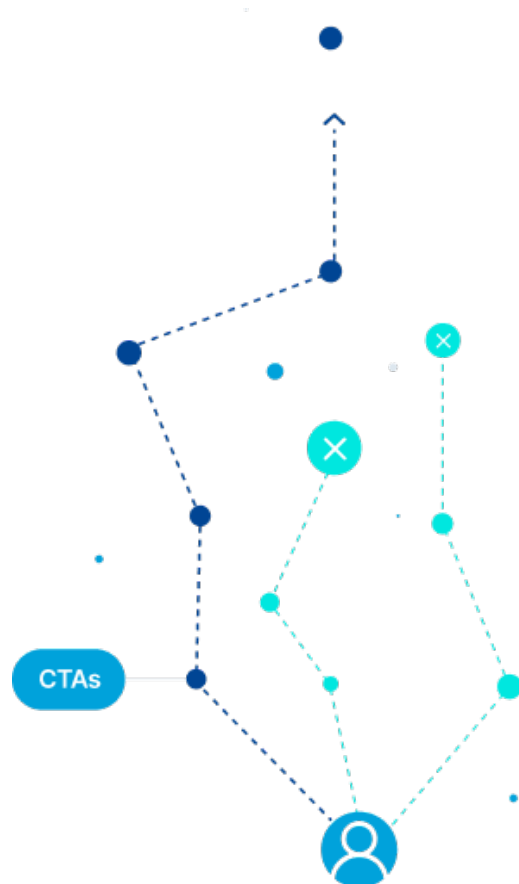
Despite a recent trend toward using action verbs (e.g., Bank, Borrow, Insure), product categories (e.g., Accounts, Loans, Insurance) are the clear winner, employed by just over half of the sites we considered in this review. Unfortunately, more than a third of sites use an information architecture that buries product links a level down under a single audience, hamburger, or other menu. This forces the user to make extra clicks and reduces their ability to find products.

### Optimizing the User Journey

Creating a site that is user-centric means organizing it around the user journey. The journey may vary depending on the persona and their goals. It may even span multiple touchpoints, channels, and sessions. All sites, of course, need to support the journey for new member acquisition.

Fortunately, 50% of the sites we reviewed made it easy for the user to continue their application journey using prominent calls to action. Another 43% of sites show room for improvement. Unfortunately, the final 7% of sites created friction for the user, with missing or hard-to-find links to key product applications such as checking and savings.

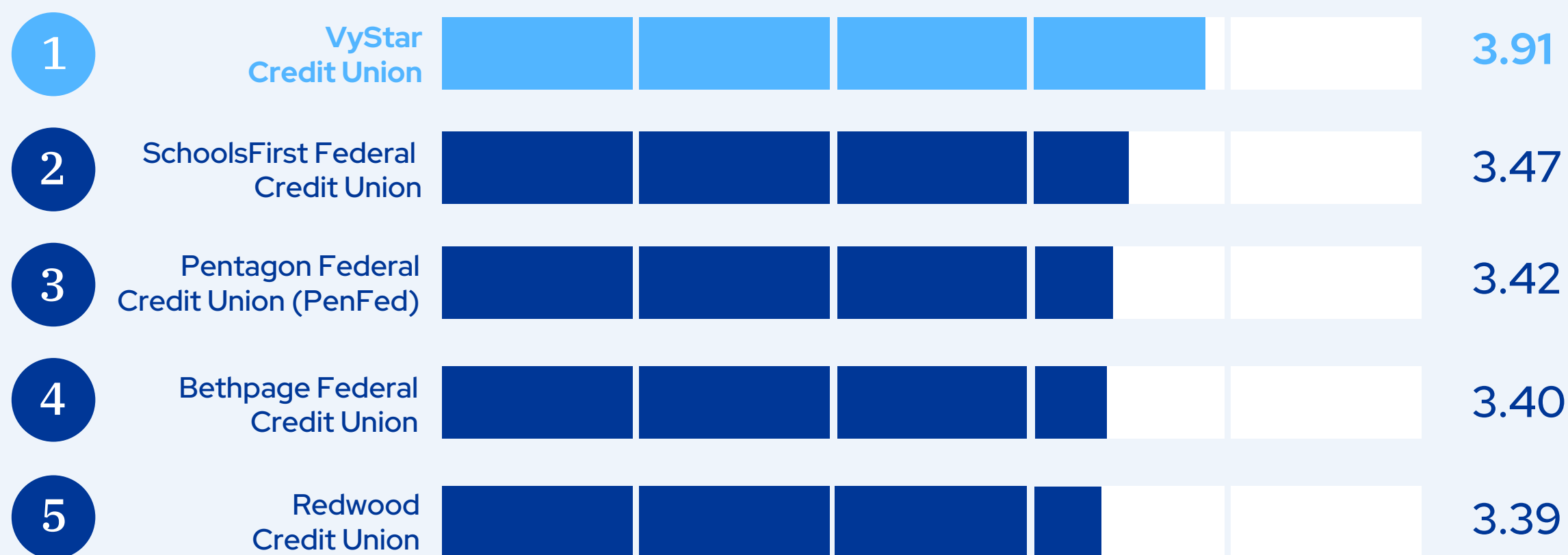
Our interviews with credit union prospects have revealed an additional challenge: calls to action such as “join” or “become a member” may confuse visitors that are unfamiliar with how credit unions work.



# Web 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%.

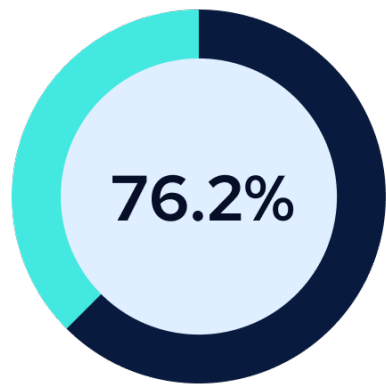
An average of 76% of all member interactions happen online. By 2024, the digital channel will be the source of most product applications for CUs. The digital channel is growing in criticality, and web analytics will serve as the intelligence engine for digital optimization.



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

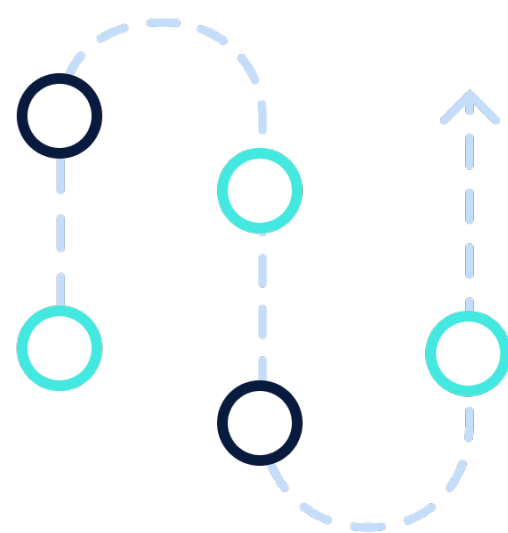


### Analytics

**Most interactions (76.2%) between members/prospects and credit unions happen online.**

The main areas for interactions are mobile (49.1%), public website (13.9%), and web digital banking (13.1%). Having strong engagement analytics and the processes to act on these metrics is a highly effective competitive advantage.

<40% of the top CUs track analytics across the digital journey and even fewer integrate web analytics across front-end/back-end data sources. Credit Unions are increasing the pace of web analytics adoption.



### Digital Journey Optimization

**Advanced CUs prioritized accessible, cross-channel reporting in 2022 and 2023 initiatives.**

With the digital channel becoming the primary channel for service, support, and growth for most members, it is critical to have accurate and timely performance reporting. Today, most reporting is siloed between contact centers, branches, public digital, authenticated digital, and other channels.

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. This is also known as channel switching.

Leading CUs have also developed refined processes for making monthly digital channel improvements based on this reporting.

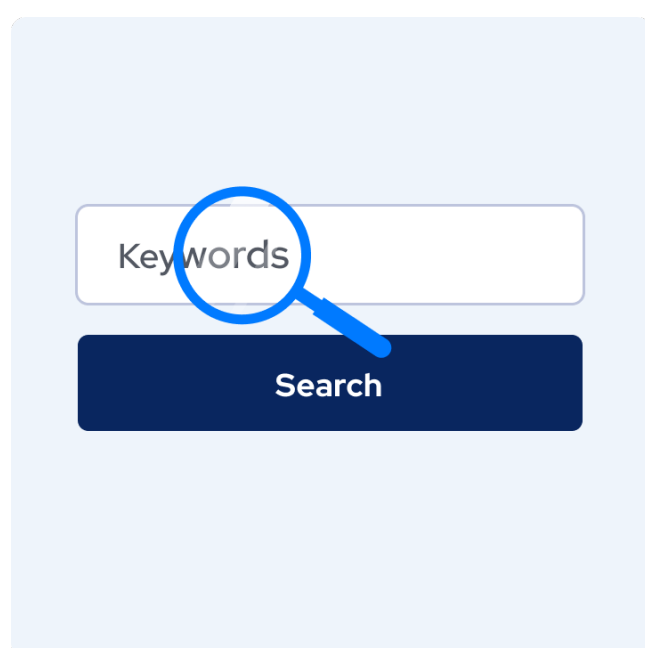
### SEO & Paid Advertising

**A lack in focus on SEO and Paid Advertising is creating a bottleneck effect that blocks growth.**

SEO can make or break the digital experience of any site. Most credit unions are not doing an adequate job competing with large banks for digital traffic or even prioritizing SEO initiatives.

Organic search traffic and traffic from paid advertising typically account for 40% to 60% of online product applications. For many CUs these traffic acquisition techniques account for 10% to 30% of the organization's overall growth.

In the SEO section of our evaluation, only 4 of the top 10 credit unions by asset size scored in the 90th percentile. 75% of the CUs we reviewed scored below the 90th percentile of SEO scores, including 6 of the largest CUs by asset size, illustrating that SEO competitiveness stems from a lack of focus rather than a lack of resources.



# Visual Design & Branding

As expected from top Credit Unions, the overall quality of visual design was high.

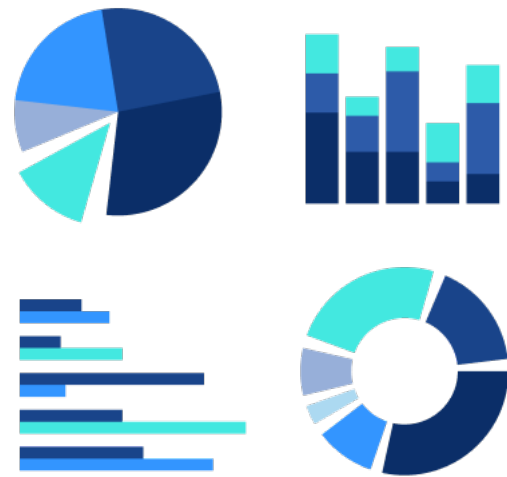
However, there is still room for improvement, especially when it comes to a consistent design system across digital channels and beyond.



Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

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



## Illustration & Infographics

A third of the human brain’s cortex is dedicated exclusively to vision.<sup>1</sup> Consider the increasing need for visual storytelling, as searches for infographics have more than doubled from March 2019 to March 2020.<sup>2</sup>

**Illustrations and infographics play an impactful role in helping users visualize information.**

In this year’s report, we found that the average score for the illustration and infographic section of our design review was less than 1, with a rating system of 1-5. Only a fifth of the 100 sites we evaluated scored a 3 or above in this section.

Forward-thinking organizations are investing more time and money into their brands’ visual storytelling, using infographics and illustrations to display information and to communicate concepts. This visual approach creates more engaging and actionable content for users.

## Design Systems

**A design system is a set of rules and standards created to maintain brand consistency and uniformity across the requirements of a brand.<sup>3</sup>**

A design system is a streamlined & centralized “single source of truth” that encompasses all brand elements and design components—from fonts, colors and formatting to button behaviors—integrating the design formatting of all UI elements on site pages, micro-sites, and online banking platforms.

While we see improvement in this year’s evaluation of design systems, there are quite a few sites that are lagging in this category. With a strong design system in place, the saying holds that “the whole is better than the sum of its parts.” But without one, the whole can limit the performance of its parts. A dysfunctional, or nonexistent, design system can bog down internal processes, and complicate any future branding efforts on a site.

Credit unions with good design systems in place benefit from smoother transitions between marketing campaigns and through organizational changes. They also benefit from having a more consistent, clear, and streamlined brand experience. The goal is for the end user to spend less time learning to navigate the site and more time learning about, and applying for, the services offered.

<sup>1</sup> [www.forbes.com/sites/princeghuman/2022/04/20/why-visuals-work-in-marketing](http://www.forbes.com/sites/princeghuman/2022/04/20/why-visuals-work-in-marketing)

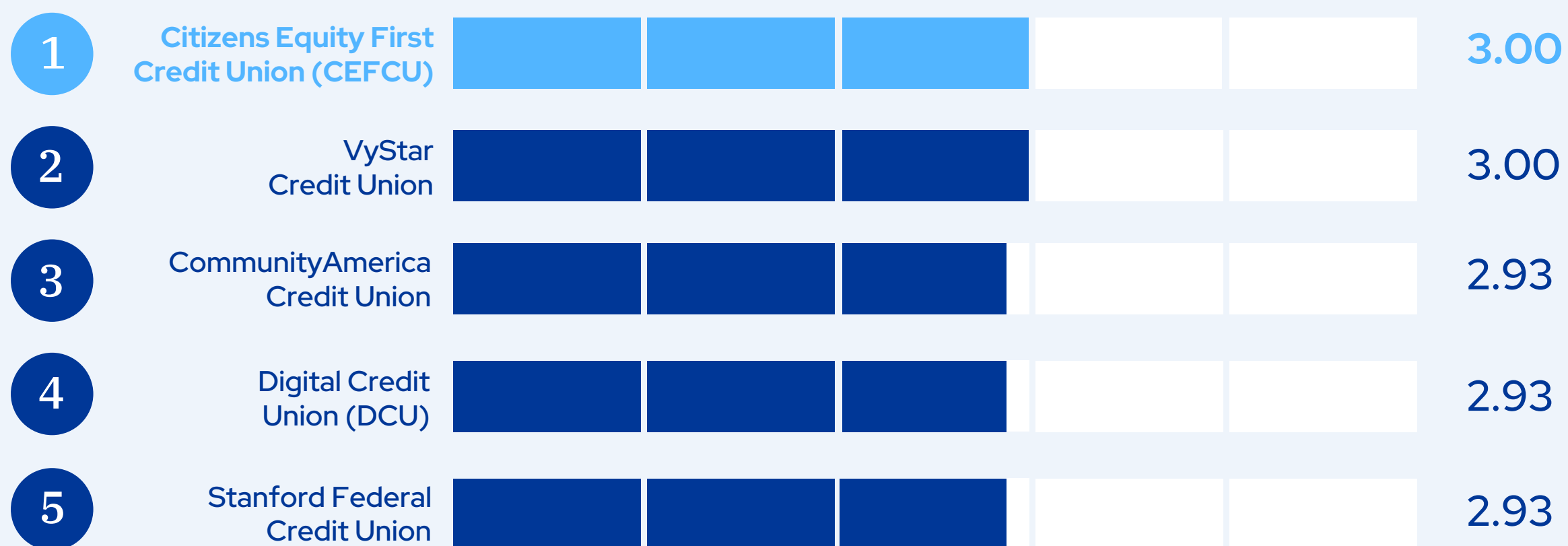
<sup>2</sup> <https://contentmarketinginstitute.com/articles/ideas-spark-great-infographics/>

<sup>3</sup> [www.forbes.com/sites/forbesbusinesscouncil/2022/05/03/establishing-a-design-system-for-high-impact-performance-marketing-campaigns/](http://www.forbes.com/sites/forbesbusinesscouncil/2022/05/03/establishing-a-design-system-for-high-impact-performance-marketing-campaigns/)

# Key Features & Functionality

Members today have high expectations for the tools they use online. We see more and more credit unions offering digital payment services to compete with emerging FinTechs, like Venmo, for wallet share.

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

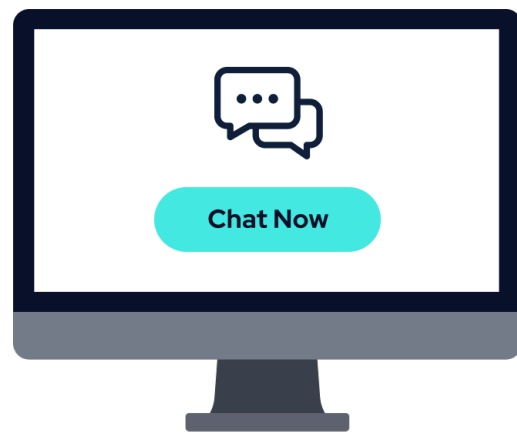


Note that CUs with tied scores are listed alphabetically.

We evaluated each site on the following criteria:

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

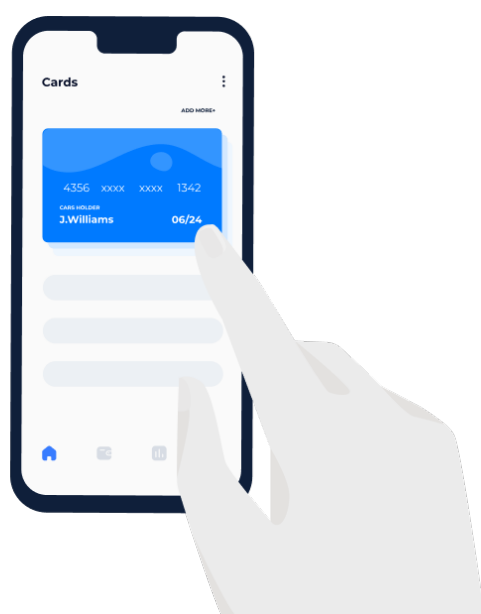
### Live Chat Bridges the Gap



Every credit union we talk to describes themselves as being member-centric or calls out their devotion to great service as a brand differentiator. When we talk to their users, they tell us they appreciate that branch staff know them by name. However, credit unions generally struggle to translate their exceptional offline service into digital channels.

When well implemented and integrated into the site, a live chat service can help bridge the digital service gap. Today, slightly more than half of the credit unions we reviewed offer chat service.

### Native Apps for Digital Natives



The COVID-19 pandemic accelerated the long-term trend of members moving away from seeking in-branch services and relying more on digital banking. Knowing that most credit unions rely on outside vendors for their apps, these vendors may have limited ability to impact member satisfaction.

App scores have a long tail, with 30% scoring 4.6 or lower. That leaves the remaining 70% clustering in a spike around the 4.7-4.9 mark. The average score is 3.21, which is slightly below the Apple App Store average of 3.35.\* The clustering of scores near the top could be attributed to the top vendors, since it would make sense for their scores to be consistent across brands.

### Hidden Calculators



Math is hard, so providing your users with calculators to help them model different financial scenarios saves them time and hassle. Unfortunately, more than half the sites we reviewed introduced a new hassle by making their calculators hard to find.

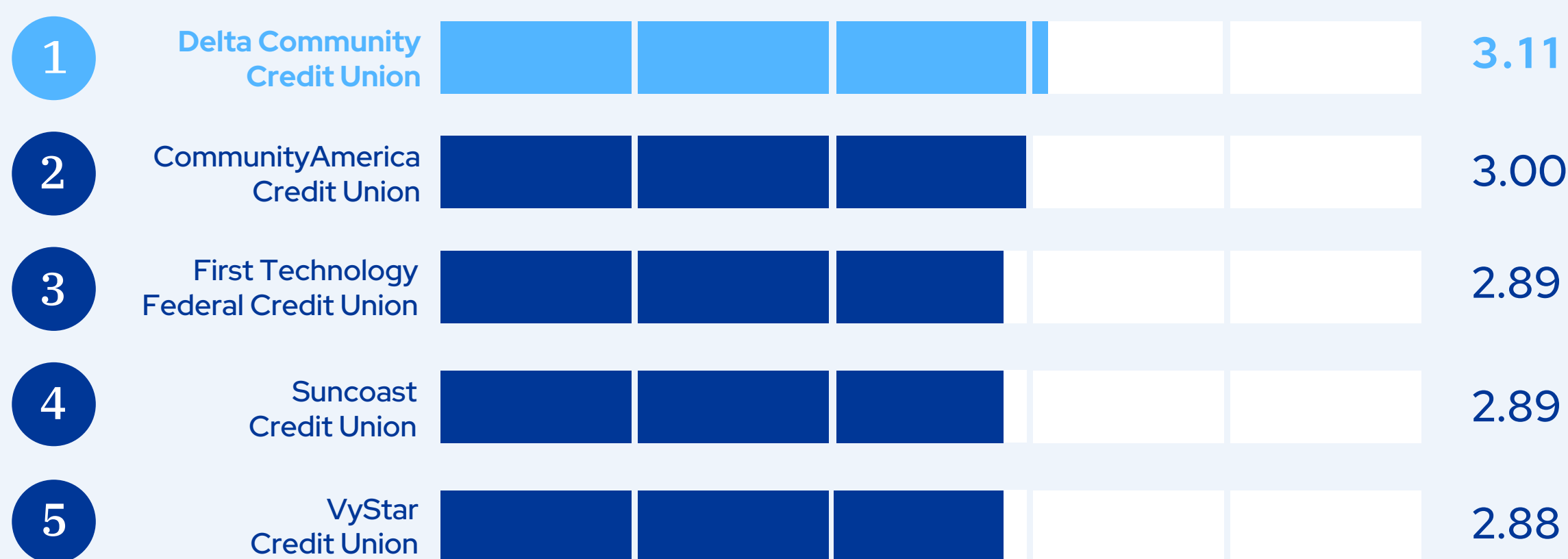
Only 16 sites included the calculators embedded directly in the product detail pages where they are most useful and relevant. Integrating them into these pages has the added benefit of keeping the user engaged on a higher converting page.



# Content

Content may be king on the internet, but credit unions still struggle to generate original content that attracts and engages.

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



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

Visitors don't go to financial sites because they want a loan or a checking account. What they really want is a new car, to pay for college, or any number of the other financial goals that a credit union can help them achieve. Despite that, only 7% of sites devote any space on their homepage to modules that explicitly address goal-based behavior, such as tools to help them choose the right product.

In contrast, over 80% of credit union homepages promote products, and over 70% of them promote their rates. The rest of the homepage is usually devoted to a mix of brand, educational, and community content that varies widely from site to site.

The lesson here is this: stop thinking like an employee of a CU and start thinking like a member who is trying to solve a problem.



## Content's Role in the User Journey

Once they arrive at a product page, each visitor may be at a different point in their journey. Some users are ready to convert, but others are still in the research phase; they want to learn more about the topic before making a decision. For that reason, product pages need to connect to related educational content – and vice versa.

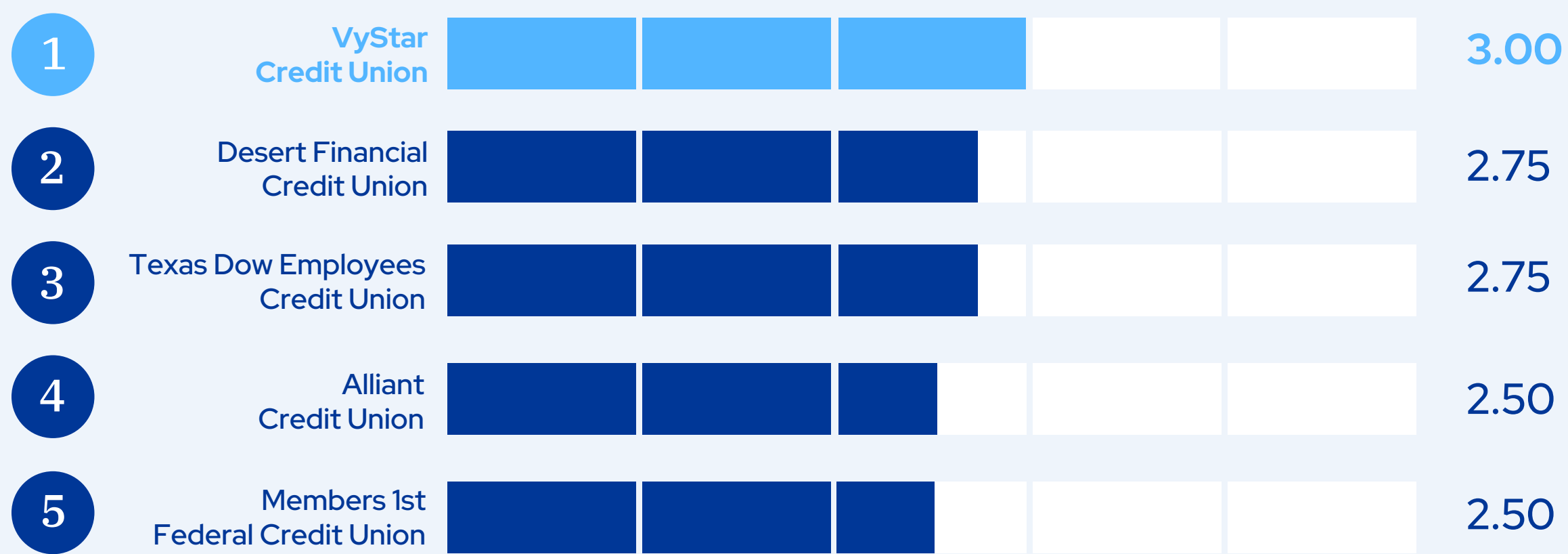
Although 80% of sites provide at least one link to educational content, it's often inconsistent. We found that not every product page linked to educational content. Even when it is on the product page, it's more likely that the link is generic rather than a recommendation for specific articles which are directly related to the product.

# Digital Marketing

Customer needs and expectations are always on the rise, and in today’s post-pandemic environment, the bar is even higher. CU members now desire consistency across all channels, and their experiences are being shaped by digital transactions with leading online retailers.

Many of the credit unions we rated were still lacking in key areas that would help to customize their member experiences. These CUs remain highly product-based rather than needs-oriented.

We see a need for a greater overall focus on member experience and more tailored offerings. CUs have an opportunity to show their members they understand them and where they are in each of their personal journeys.



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



### Cross-selling

**This year, we saw increased efforts cross-selling in their public digital experience.**

Out of the 100 sites we reviewed, 42 showed evidence of cross-selling. 15 of these rose to the top by presenting their customers with other product options and CTAs throughout the site, leading them to explore a variety of sections. But only a few Credit Unions told a truly holistic needs-based story for how their products can serve members.



### Personalization

**As a top growth trend, we understand many organizations are seeking out ways to personalize.**

We found only 21 of the 100 CUs we rated exhibit some level of personalization. Just 7 of these featured deeper, more enhanced personalization. We expect to see a continual increase in optimized data strategies which increase member engagement by tracking customer behavior and providing more real-time advice, offers, and rewards.

This category can be difficult to assess as some personalization activity may occur only within the online banking platform, but most CUs seem to present the same content across the site despite differences in the users' geolocations or recent product searches.



### Segmentation

**While the majority of CUs (91) identify some level of segmentation, we found that just 30% represent their defined segments very well within their website content.**

Of those using segmentation, 58% show two or more segments in their primary navigation. These segments are typically Personal, Business and Wealth Management).

Other sites use product types as the primary organization, indicating that they offer a product-focused experience rather than centering members and their specific needs. Several sites are hiding the punchline by not being clear who their target audience is, even making it difficult to find information on who is eligible to join.

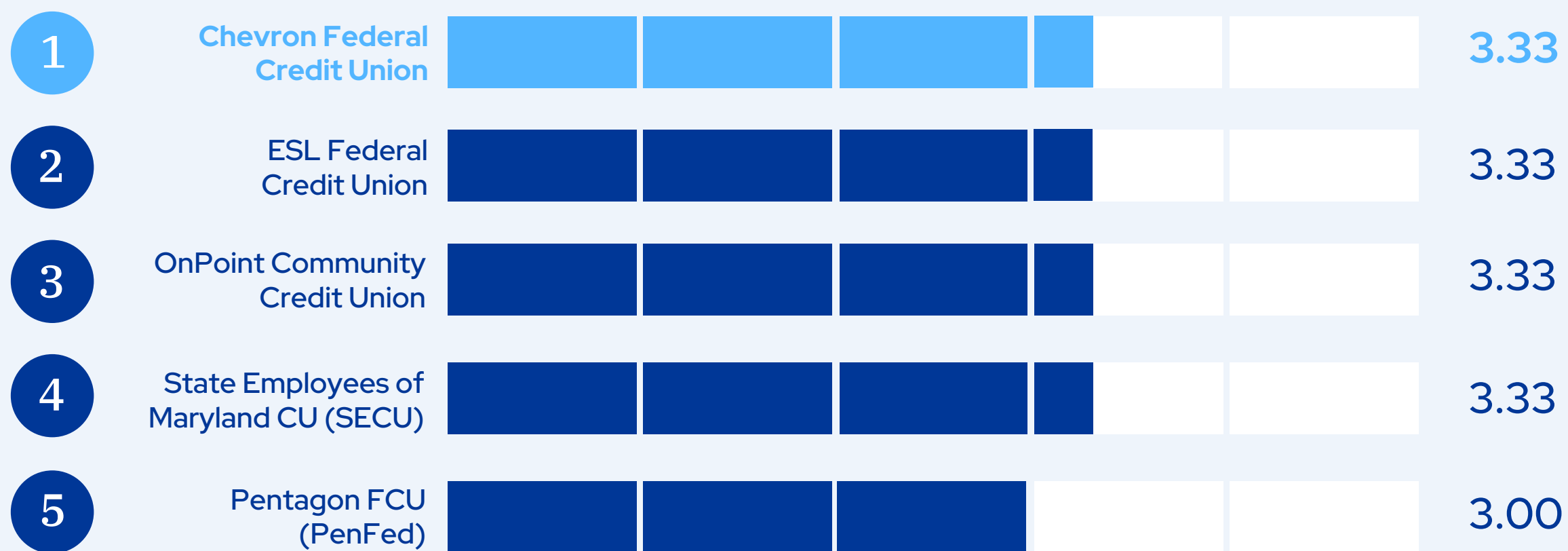
# Security & Privacy

Prospective members have concerns about their privacy – and rightly so.

The addition of this section is a direct response to the audience’s need for more easily accessible information on these subjects.

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



### Access to Information

Security and privacy content falls into two areas: what the credit union is doing to protect users' information and what the users can do to protect their own information.

While many credit unions make this information hard to find, others have created dedicated areas of the site often linked in the primary navigation or footer where this content is easily accessible.

When scoring this section, we saw that the accessibility of security and privacy information was a primary factor that set some CU sites above the rest when it came to providing a thorough and enjoyable digital experience.



### Consistent Messaging

Based on our interviews, we know that prospects have expressed concern that credit unions can't match the security protection big banks offer. While that perception is not always accurate, it's a hurdle that credit unions can overcome using prominent and consistent security messaging across the site.

Of the credit unions that did address security and privacy on their site, some took this a step further by integrating the concept of financial security into their brand messaging. Security and privacy topics can be touched on in homepage content, cross-linked from product pages, and referenced in FAQs.

Integrating this information across the site will build trust with all users holistically, while aiding those who are most concerned in finding the specific information they need.

03

# Industry Trends & Insights

# A Growing Industry

Emerging out of the Covid pandemic, the credit union industry as a whole shows signs of healthy growth, especially in lending. However, rising inflation could have an unknown impact in the second half of the year.

## Signs of Credit Union Health

- Total loans outstanding in federally insured credit unions increased \$194 billion, or 16.2%, over the year ending in the second quarter of 2022, to \$1.39 trillion, according to NCUA's latest financial performance data. This represents the largest year over year growth in outstanding loans over at least two decades.
- Credit union loan balances also rose in all major categories, compared with the second quarter of 2021.
- Credit union shares and deposits rose by \$139.7 billion, or 8.1%, over the year to \$1.85 trillion in the second quarter of 2022. Regular shares increased \$62.3 billion, or 9.9%, to \$689.0 billion. Other deposits increased \$37.1 billion, or 5.0%, to \$782.5 billion, led by money market accounts, which grew \$52.2 billion, or 13.9%, over the year.
- The credit union system's net worth increased by \$21.6 billion, or 10.8%, over the year to \$222.7 billion.

16.2%

LOANS OUTSTANDING  
(YEAR TO YEAR GROWTH)

8.1%

SHARES AND DEPOSITS  
(YEAR TO YEAR GROWTH)

10.8%

NET WORTH  
(YEAR TO YEAR GROWTH)

Source: Credit Union Analysis, NCUA, September 7, 2022



# Member Satisfaction

Credit unions pride themselves on their high scores for member satisfaction, but regional banks are catching up. CUs need to offer their members the digital services they expect in order to keep their members happy and engaged.

## 5 Features to Retain Your Members

There are five types of digital services members value and desire the most, and if not offered by their CU, they would consider switching:

1. Remote deposit capture (38%)
2. Digital cards that can be issued directly to their digital wallet (38%)
3. P2P payments (35%)
4. Digital wallets (36%)
5. Cardless cash withdrawals (35%)

Assigning credit unions one of four labels identifying their level of digital innovation: 74% of “early launchers,” 81% of “quick followers,” 72% of “followers” and 65% of “laggards” are innovating in mobile banking.

74% of early launchers, 53% of quick followers, 72% of followers, and 65% of laggards are innovating with mobile wallets. And, early launchers are 17% more likely than other credit unions to innovate with buy now, pay later (BNPL) options, 20% more likely to innovate with personal loans, and 54% more likely to innovate with planning and budgeting tools.

**Source:** Credit Union Innovation: Responding to Member Demands for Digital Financial Services, February 2022, PYMTS.com and PSCU

## Trust is Key to Satisfaction

Top reasons why members are satisfied with their credit union.

**Trust:** The percentage of survey respondents who said they’re satisfied with their credit union due to trust increased from 28.7% in 2018, to 31.8% in 2020 and 38.8% in 2021.

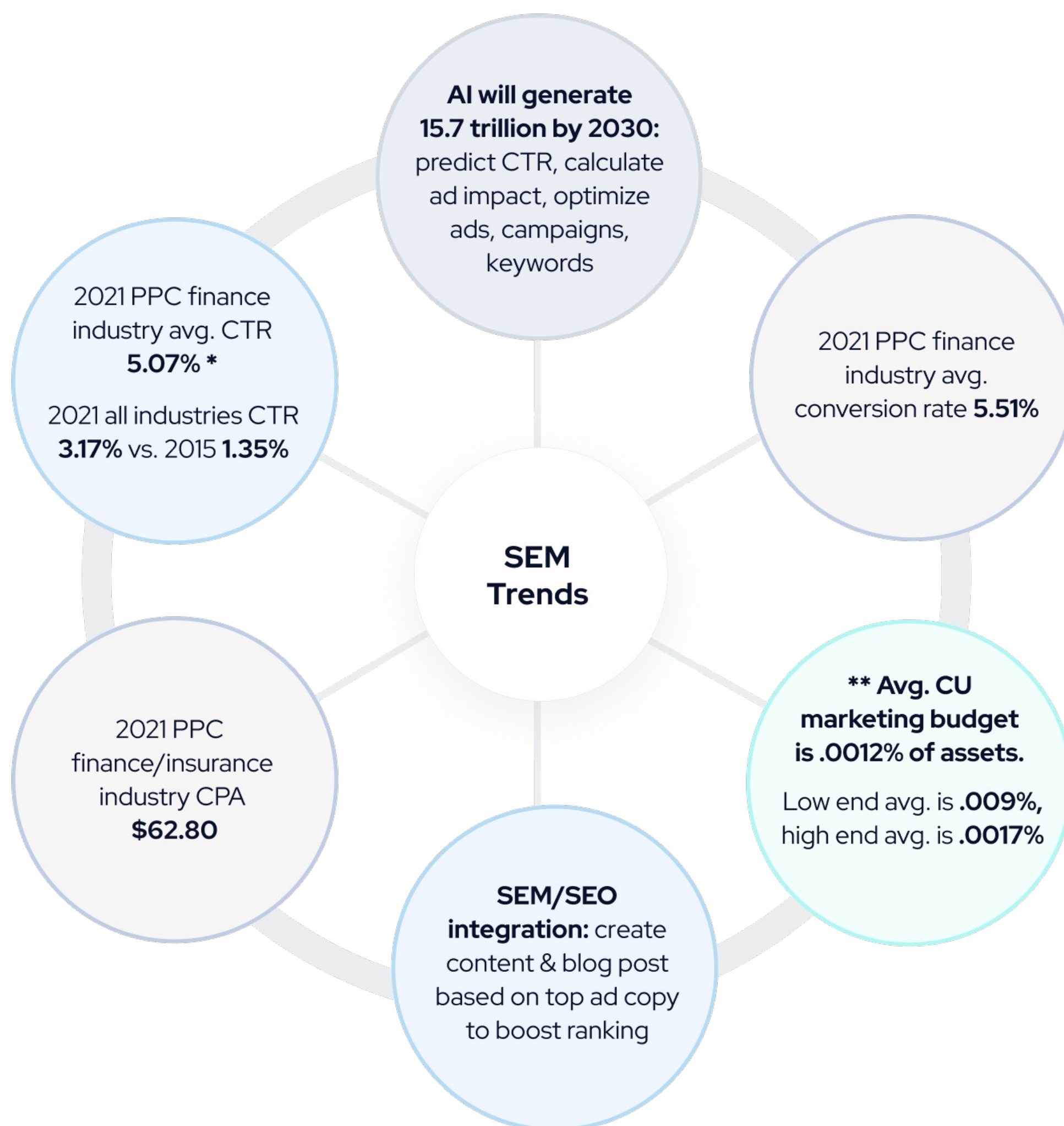
**Lower fees:** 21% of members said they were satisfied with their credit union for this reason, an uptick from 19.6% in 2019 and 20.4% in 2020.

**Data security:** This was also a growing member satisfaction factor, with 6.3% naming it as the top reason for their satisfaction in 2021, compared to 6.1% in 2020 and 3.3% in 2019.

**Source:** Credit Union Innovation: Responding to Member Demands for Digital Financial Services, February 2022, PYMTS.com and PSCU

# SEM Trends

For the last 15 years, the financial sector has been one of the top 5 industries spending budget on digital advertising. In the first half of 2022, growth-focused credit unions saw digital advertising account for 10%-20% of all product applications across the organization (19%-38% of digital applications). This makes digital advertising one of the top sources for growth in the credit union industry.



\* LOCALIQ  
\*\* Financial Brand

# SEM Trends

While digital advertising is critical to the growth and success of a credit union, it can be a challenging area to optimize. Many credit unions do not yet know the true performance of digital advertising spend because of challenges in reporting in areas such as application completes, application approvals, opens/funds, and member lifetime value. Full funnel reporting enables credit unions and agencies to optimize their advertising spend at a scalable cost of acquisition across various products.

In the digital era, when a consumer looks for financial products on search engines, they have thousands of institutions to choose from. Digital advertising enables CUs to target the ideal members on the channel of their choice in niche categories where banks do not compete.

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

Credit Union	Est. Monthly Paid Search \$	Assets	Members	Paid Search \$/Assets
Navy Federal CU	\$800,000	\$159,682,336,118	11,766,515	0.0005%
Pentagon FCU (PenFed)	\$1,020,000	\$36,688,895,984	2,846,166	0.0028%
Boeing Employees' CU (BECU)	\$175,000	\$29,522,116,000	1,370,231	0.0006%
SchoolsFirst FCU	\$55,000	\$28,067,397,295	1,230,359	0.0002%
Mountain America CU	\$75,000	\$14,721,826,180	1,082,235	0.0005%
Golden 1 CU	\$95,000	\$18,483,937,000	1,073,395	0.0005%
Suncoast CU	\$85,000	\$15,771,294,684	1,056,574	0.0005%
Digital FCU (DCU)	\$650,000	\$10,694,163,904	1,018,682	0.0061%
VyStar CU	\$160,000	\$13,028,981,214	829,287	0.0012%
Security Service FCU	\$120,000	\$12,483,908,563	794,156	0.0010%

# Privacy

## Privacy-Enhancing Computation

Privacy-enhancing computation (PEC) secures the processing of personal data in untrusted environments – which is increasingly critical due to evolving privacy and data protection laws, as well as growing consumer concerns. It uses a variety of privacy-protection techniques to allow value to be extracted from data while still meeting compliance requirements.

Gartner predicts that by 2025, 60% of large organizations will use one or more privacy-enhancing computation techniques in analytics, business intelligence or cloud computing. Within financial services, data has an inherent role in any analytics, computing, and data monetization efforts. The adoption of PEC is on the rise in use cases like fraud analysis, intelligence operations, data sharing, and anti-money-laundering.

*“Credit unions can achieve higher engagement with members through digital by addressing their persistent #1 concern: a sense of identity safety and empowerment. This is also a great strategy for beating big or neo-banks.”*



**Jim Van Dyke**  
Senior Vice President, Innovation  
Sontiq

Source - Gartner Inc., May 24, 2022

# Transformation in Banking Technology

Over the next 2–3 years, we expect banks and investment firms to see continued growth in technological advancements and spending. Needs for enhanced privacy, security, and advances in predictive AI will drive interest and budgets as financial institutions strive to keep current and evolve their services.

## A Global Shift

Since the beginning of 2020 the cross-generational shift to digital channels has been driving a demand for seamless fulfilment and instant gratification. The Capgemini World Payments Report survey found that before the pandemic, only 24% of the respondents had e-commerce accounting for more than half of their monthly spending. During the pandemic, this share increased to 47% of respondents and has stayed at 46% since.

In the past year, customers interacted with U.S. Bank digitally nine times more than in-person, 50% of JP Morgan's new checking and savings accounts were opened digitally (up 10% year-over-year), and Bank of America's virtual financial assistant user base grew 67% to more than 17 million people.

## Advancements in Tech

Gartner Inc. reports "banks and investment firms will spend \$623 billion on technology products and services in 2022," with the fastest growing category being software "forecast[ed] to increase by 11.5% to \$149 billion."

- Banks will apply generative AI in growth areas such as fraud detection, trading prediction and risk factor modeling.
- Autonomic systems exist in a basic form as robo advisors, but more advanced forms will emerge.
- 60% of large organizations will use one or more privacy-enhancing computation techniques by 2025.

### Sources:

U.S. Bancorp, Annual Report, 2020. <https://ir.usbank.com/static-files/1cf113e9-8427-4870-801c-e67cae8ee67f>

JP Morgan, Earnings Transcript, Q1 2021. <https://www.fool.com/earnings/call-transcripts/2021/04/14/jpmorgan-chase-jpm-q1-2021-earnings-call-transcrip/>

Press Release: "70% of Bank of America Clients Engaging Digitally for More of Their Financial Needs," 1 February 2021.

<https://newsroom.bankofamerica.com/content/newsroom/press-releases/2021/02/70--of-bank-of-america-clients-engaging-digitally-for-more-of-th.html>

# Artificial Intelligence

AI has the potential to enable credit unions of all sizes to automate all financial services and transactions on the digital channel, including the loan approval process, live support, security and fraud detection, and content personalization. Automation will unlock marketing and IT resources to focus more on innovation and growth.

## Generative AI

The key strength of AI is that it allows companies to analyze large blocks of data and make genuinely informed decisions.

Gartner predicts that 20% of all test data for consumer-facing use cases will be synthetically generated by 2025. Generative AI learns a digital representation of artifacts from data and generates innovative new creations that are similar to the original but do not repeat it.

In banking and investment services, application of generative adversarial networks (GANs) and natural language generation (NLG) can be found in most scenarios for fraud detection, trading prediction, synthetic data generation and risk factor modeling. It has potential to take personalization to new heights.

## Autonomic Systems

Autonomic systems are self-managed physical or software systems that learn from their environments and dynamically modify their own algorithms in real-time to optimize their behavior in complex ecosystems. They create an agile set of technology capabilities that support new requirements and situations, optimize performance, and defend against attacks without human intervention.

Source - Gartner Inc., May 24, 2022

AI

“~~Software~~ is eating the world.”

Marc Andreessen, 2011

# Personalization

Historically, credit unions have provided better support and service than bank competitors in branches and contact centers. As the member relationship moves mostly or completely online, leading CUs are finding ways to bring their unique service recipes onto the digital channel. Personalization enables credit unions to provide more relevant experiences and better service on the member's channel of preference.

## Member Service

Personalization empowers credit unions to offer the highest levels of service to members and prospects on the digital channel. There are multiple techniques that leading credit unions are utilizing. Below are several examples:

- Predictive Support is being used to anticipate member support needs based on products, member journey points, and a member's unique attributes (i.e., geo). With these predictions, the authenticated areas and public site are personalized based on the most likely support needs a member will have on current and upcoming visits.
- Journey Orchestration plots out a member's various journeys (e.g., onboarding) and personalizes the digital channel around the next steps in each journey.
- Community Involvement uses geo-personalization to show a member or prospect community events, sponsorships, volunteering opportunities, etc. that are relevant to the individual visitor.

## Growth

Prospects and members that have personalized digital experiences complete product applications at a rate 200%-400% higher than those without personalized experiences. While digital personalization started in areas such as member email campaigns and digital banking banners, the industry is beginning to offer personalized product information at every step of the digital journey.

## New Geographies and Expansion

As credit unions expand into new geographies and services, they also face new challenges. For a typical CU, ~79% of online conversions happen within 15 miles of a branch. Geo-based personalization enables credit unions offer localized experiences to prospects and members in all areas within and outside of the charter area.

For examples of Credit Unions that have implemented the types of support above, please contact [hello@finalytics.ai](mailto:hello@finalytics.ai)

# The Future of Finance is Embedded

Non-financial businesses are offering embedded finance services that make things easier for your members at the point of sale – but make the playing field even more competitive for you. One of the most popular of these services is Buy Now Pay Later (BNPL).

## Consumers expect to be able to move their money in real time, and outside of traditional banking hours and methods.

- Popular embedded finance options include payments, lending, and insurance.
- BNPL growth in the US is now expected to match or surpass that of parts of Europe, with an anticipated compound annual growth rate (CAGR) of 20.7% from 2021 to 2028.
- Currently, Amazon, Apple, Facebook and Google all offer consumer payment options, including credit cards and point-of-sale (POS) consumer-financing.

## Real Time Payments (RTP)

- In the U.S., over 130 financial institutions were in the process of implementing RTPs, a five-fold increase from September 2019.

*“The rising popularity of BNPL also creates another risk for banks – losing access to millennial and Gen Z consumers attracted to this alternative form of financing.”*

**Patricia Partelow**  
EY Managing Director  
EY Financial Services Consulting

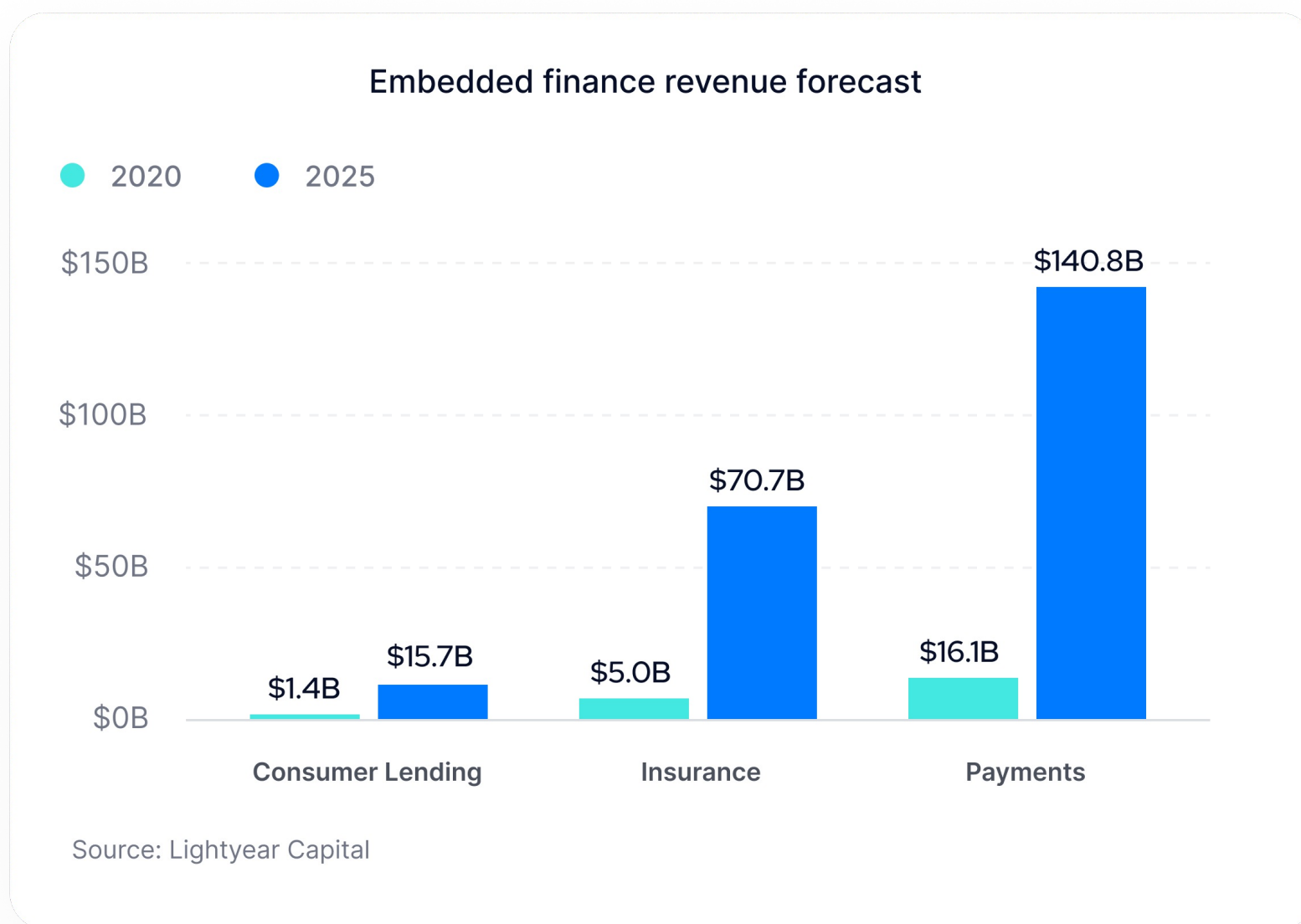
Source: Grand View Research, 2021

Source: 7th annual FIS global RTP trends report



# The Future of Finance is Embedded

Embedded finance is a huge opportunity not just for fintech companies and businesses, but also for consumers. It gives consumers options to increase convenience and savings, like zero-interest point-of-sale loans or rewards for using a brand’s e-commerce app.



Data shows that consumers are willing to adopt embedded financial services if it benefits them to do so. 46% of millennials say they would be interested in opening a checking account with Amazon, and more than 30% would be willing to do the same with companies like Starbucks, Uber, Facebook, or Google. Convenience is one of the main reasons consumers are willing to adopt embedded finance.

**Source:** Plaid + Accenture's Embedded Finance Report

## Top 4 Reasons US Consumers use BNPL Services

39.4%

TO AVOID PAYING CREDIT CARD INTEREST

38.4%

TO MAKE PURCHASES THAT OTHERWISE WOULDN'T FIT IN MY BUDGET

24.7%

TO BORROW MONEY WITHOUT A CREDIT CHECK

16.3%

I DON'T LIKE TO USE CREDIT CARDS

**Source:** Insider Intelligence

# 04 The Future

# The Future in Real-Time

Banking is transforming into a digital-first market at an exponential rate. Leading Credit Unions are turning the corner into the future, embracing the fact that digital experiences encompass more than just online banking. New technology has increased interactions that are beyond transactional, enabling relational digital experiences between financial institutions and users at a much larger scale.

This year, the winners have made major improvements in how they engage with members and prospective members before they log in. Over the last several years, this was a frontier previously left to the megabanks and FinTechs. Now CUs are making competitive inroads to connect their brands with high-performing digital experiences. A strong digital user experience has become a requirement of all businesses, no longer only relegated to the most innovative organizations.

Leading CUs are doing hard work to define how and why they intend to be relevant to the member. The next chapter for CUs hinges on connecting the digital experience with the branch and call center experience, making member services truly omnichannel and on-brand. The keys to the kingdom remain in the data. The winners will become black belts at converting data into insights and seamlessly guiding members in their unique financial journeys.

In the race to meet increasing member expectations for streamlined digital experiences, time to market is critical. Every successful CU puts their members at the very center of everything they do, regardless of the channel. They've done so since they began, making the CU's adoption of advanced digital services just another notch on the belt.



*“Real-time digital member engagement will continue to be a key focus for financial organizations in 2023.”*

**CRAIG McLAUGHLIN**  
CEO, FinaLytics.ai

Craig's expertise in Digital Banking and Digital Business Strategy has earned him a reputation as a hands-on leader in digital experience design.

# 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](mailto:hello@finalytics.ai)

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