

HOW THE NEXT TWENTY YEARS WILL REDEFINE THE CREDIT UNION INDUSTRY

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Foreword: Credit Unions are facing a familiar dilemma. Hampered by a mature member base with diminishing needs for revenue generating products and services, hungry for younger members with expanding financial services needs, and unable to offer new hire and existing employees' demands for better benefits, many of today's small credit unions are surrendering to the temptation to merge.

In addition, keeping pace with significant technological advances and paradigm shifts in financial services, such as hyper-personification of artificial intelligence and decentralized financial institutions, will require significant capital allocation. Furthermore, those credit unions that continue to resist the temptation to consolidate are ill-prepared to benefit from the multi-trillion dollar "Great Wealth Transfer of 2025 – 2045."

Unless, of course, credit unions choose collaboration over merger.

The keys to independent success lie with third-party resources that exist within the Credit Union Ecosystem, a collaborative environment of Credit Unions, Credit Union Service Organizations (CUSOs), Credit Union Service Providers (CUSPs) and Credit Union fintechs. The time to upshift that ecosystem and maximize its effectiveness is now so that credit unions can capture their share of the upcoming multi-trillion dollar wealth transfer from older to younger generations. This paper focuses on the steps Credit Unions, Credit Union Service Organizations, Credit Union Service Providers and Credit Union fintechs must take now in order to prepare for what may be the most significant financial services disruption in history.

Key Takeaways:

- The financial services industry will change dramatically over the next 20 years. Will the credit union industry survive the Great Wealth Transfer with fewer credit unions, a top-heavy membership of baby boomers, and a desperate need for technology and delivery systems that appeal to Gen Z, millennial and Gen X members?
- The Credit Union Collaborative Support Ecosystem is a network of resources and partnerships that allows credit unions to work together to achieve growth, improve technology, and expand services without resorting to a merger. This collaborative approach aligns perfectly with the cooperative principles of the credit union industry.
- To avoid consolidation and survive in an increasingly competitive market, credit unions must collaborate extensively to bridge the generational gap, enhance technology, and maintain market dominance. By forming partnerships with CUSOs, CUSPs, fintechs, and other credit unions, they can leverage specialized expertise and resources to attract and serve digitally-fluent younger members.
- To maximize effectiveness, CUSOs, CUSPs and fintechs need to boost Credit Union awareness by aggressively Showcasing their value proposition to the Credit Union Industry as a whole.

PREPARE NOW FOR A MAJOR FINANCIAL SERVICES DISRUPTION

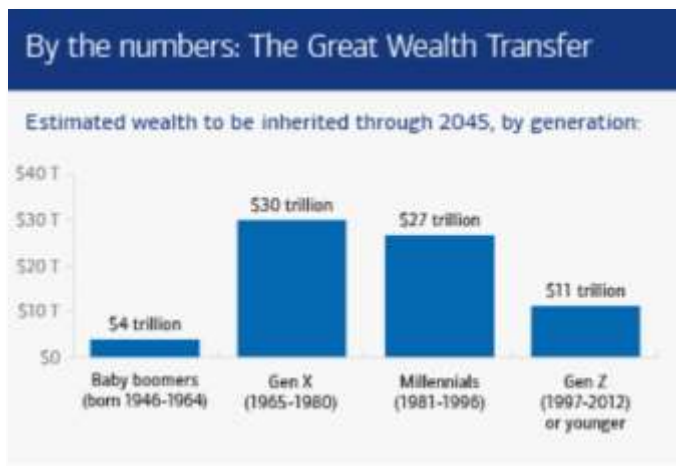
During the next twenty years, advances in AI and other technologies, Web3, decentralization, new forms of competition, the multi-million dollar intergenerational wealth transfer and changing consumer preferences will bring historic disruption to the credit union industry. For reasons explained below, current trends of aging membership, the inability to acquire and retain significant numbers of younger members, and the chronic reduction in the number of credit union charters, will handicap thousands of credit unions.

Credit unions cannot act alone to prepare for this evolutionary transformation; they must increase their reliance on each other and on third party resources. Complacency is not an option.

Credit Union Vulnerability

There are Two Reasons Why the Credit Union Industry Needs Younger Members and More – Not Fewer – Credit Unions. We don't need a crystal ball to identify two significant challenges to the future of credit unions that are already in motion. Unless credit unions act now to prepare, the combination of (1) the "greatest generational wealth transfer in history" and (2) the continued loss of small and mid-size credit unions due to mergers out of necessity for enhanced products and services, will render credit unions irrelevant by 2045.

1. **The "Greatest Generational Wealth Transfer in History" will not benefit credit union members.** The average U.S. life expectancy for 2025 is projected to be 79 years. For the following reasons we can therefore assume that during the next 20 years the vast majority of credit union members will transfer trillions of dollars of assets to non-credit union members.



The average credit union member in North America is 53 years old, which is significantly older than the median U.S. population age of 38.5 years. This aging member base poses a challenge for credit unions, as they are finding it difficult to attract and retain younger generations like Gen Z and millennials, who often prefer online banking and fintech solutions.¹

90% of credit union members DO NOT encourage their children to join their credit union. 60% of credit union members' children choose to bank at a different institution.² These "children" are and will be recipients of the "Greatest Generational Wealth Transfer" of somewhere between \$70 trillion to over \$100 trillion which will continue for the next 20 years.

¹ CUInsight, March 21, 2025

² Zest AI, October 20, 2023

2. **Credit union charters will continue to disappear, many for the wrong reasons.** The rapid disappearance of credit union charters is driven primarily by an accelerated rate of mergers and a near-halt in new charters being issued. This consolidation is overwhelmingly a trend of larger, more financially viable credit unions absorbing smaller, less-resourced peers.³

There are viable alternatives to merger within the credit union ecosystem. According to the NCUA, nearly 80% of recent voluntary credit union mergers were because the merged institution needed to expand its service offering to better serve members. Much of what many of those credit unions wanted to accomplish was or could have been available from CUSOs and CUSPs, thus eliminating the need to sacrifice a charter.

In addition, expanding services that appeal to and attract younger members would help reverse the aging membership trend. Increasing the number of Gen Z, Millennial and Gen X members will ensure that credit unions will capture a larger percentage of the trillion dollar generational wealth transfer.

Historically, credit union mergers were largely driven by financial distress. However, recent trends indicate a significant shift toward strategic motives aimed at strengthening service offerings and market position. Credit union mergers today are far more strategic than reactive. They aim to improve member service capabilities and enhance competitiveness in the financial marketplace.

The NCUA recommends that before credit unions consider a merger as a solution, they should “Conduct periodic membership polls to determine what additional products and services the credit union should consider offering, determine what technology changes are needed, and seek out a partner – in other words, another credit union, *credit union service organization*, or *third party* – to help provide additional services.”⁴

How are the “Greatest Generational Wealth Transfer in History” and high rate of credit union mergers a “one-two punch” for the movement? Think of it this way: Credit unions need younger members and more institutions. When baby boomers throw the football, the credit union industry must have multiple receivers downfield or banks, fintechs, and other players in the financial services industry will intercept trillions of dollars of transferring assets.

For most credit unions, merger should be the last resort. Consider the following from Filene Research Institute “Mergers are reshaping the credit union landscape – scaled operations, broader product offerings, market expansion, and new technology are just some of the drivers. But even with clear goals, the path is complex and the true value can take years to realize. That’s why our latest research brief, “Mergers: Why and What,” explores the most important question credit union leaders must ask before taking action: Why pursue a merger in the first place?... Credit union executives know that there are many potential benefits to exploring mergers. Ultimately, the decision to pursue inorganic growth through

THE TREND CONTINUES ...
2017-2021: 470 of 616 (76%) voluntary mergers were to offer “expanded services.”
2025 YTD through 2nd Qtr: 55 out of 80 (69%) mergers were to offer “expanded services.”
Many of the sought-after services are available via collaboration with CUSOs and CUSPs.

³ ceoadvisory.com, August 18, 2025

⁴ [Lessons Learned - Mergers | NCUA](#)

mergers is a strategic choice...It is almost impossible to successfully advance organic growth and a merger at the same time, because mergers come with huge opportunity costs like the redirection of resources towards due diligence, negotiation, and regulatory compliance. Even if all parties agree on the goals and strategy, the implementation of a merger will take years to reach full value...”⁵

The non-merger alternative: Within the credit union ecosystem are multiple resources that, when engaged, can provide a credit union with additional products and services that will enable expansion of reach to new members and markets and drive greater impact in the community. In addition, valuable new credit union technologies are continually being developed and introduced by CUSOs, CUSPs and fintechs.

Many small and mid-size credit unions could avoid merger, strengthen their balance sheet and provide sought-after services to their individual and business members by collaborating with one or more CUSOs and/or CUSPs. Additionally, fintechs bring the accessibility and delivery systems that are craved by Gen Z, Millennial and Gen X consumers which Credit Unions need to offset an aged and aging membership.

Unfortunately, many, if not most credit unions don’t know which CUSOs, CUSPs or fintechs are capable of providing the specific services they need to remain independent and grow organically. **When you “can’t see the forest for the trees” it’s time to refocus on the credit union landscape and reinforce *the collaborative support ecosystem*.** Let’s take a closer look:

- **CUSOs**, it has often been said, are the backbone of the credit union industry. CUSOs leverage the cooperative spirit to help individual credit unions, especially smaller ones, compete with large financial institutions. As entities owned by one or more credit unions, CUSOs pool resources to achieve economies of scale, offer specialized services, and foster innovation. A summary of the NCUA permissible activities of CUSOs may be found on page 7 of this paper. Most CUSOs are members of the National Association of Credit Union Service

Organizations (NACUSO).

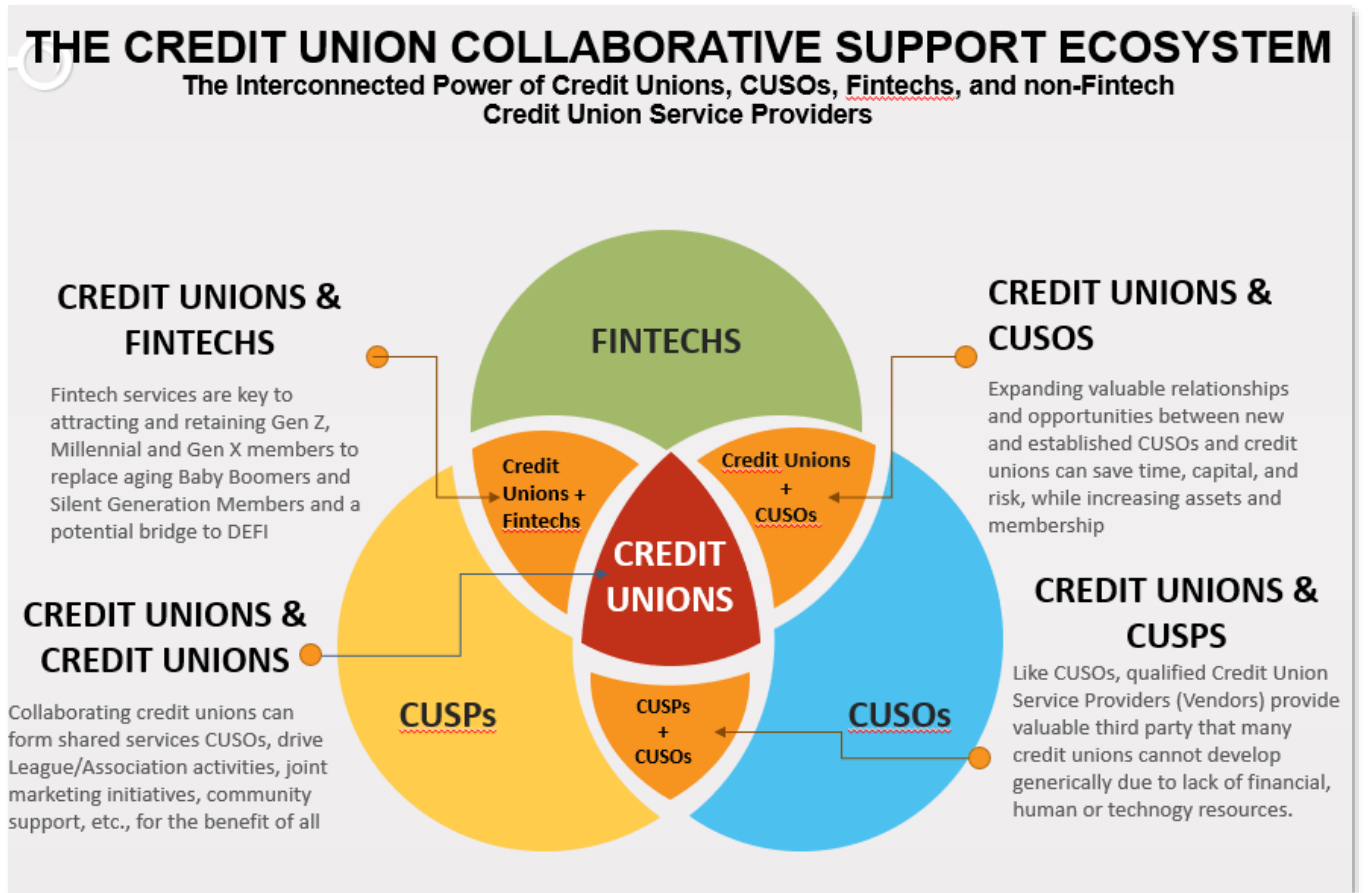
- **CUSPs** are non-CUSO independent businesses that are dedicated to providing valuable services to credit unions. Many prominent CUSPs offer the same benefits as CUSOs but do not have credit union owners or investments. Some CUSPs are members of NACUSO and all CUSPs are eligible to apply for membership.
- **Fintechs** bring greater financial inclusion, convenience, and efficiency to the financial services industry for both consumers and businesses. By leveraging technology, fintech companies offer innovative products that simplify processes, reduce costs, and serve traditionally underserved populations. Fintechs may be CUSOs or CUSPs.

REINFORCING THE CREDIT UNION COLLABORATIVE SUPPORT ECOSYSTEM

The Credit Union Collaborative Support Ecosystem is comprised of credit unions (including their Leagues and Associations), Credit Union Service Organizations, Credit Union Service Providers, and fintechs. Based on the 6th Cooperative Principle “Cooperation among Cooperatives”, wholly-owned and multiple-credit union-owned CUSOs, as well as select non-CUSO service providers and fintechs, provide services that many smaller credit unions cannot organically develop and provide to their members. **An ecosystem’s health, stability, and productivity are not determined by the number of components it contains, but rather by the intricate network of relationships and interdependencies connecting its parts.** Credit

⁵ Filene Report #654, September 25, 2025

Unions, Credit Union Service Organizations (CUSOs) and Credit Union Service Providers (CUSPs) are like ships passing in the night. CUSOs and CUSPs have created unique solutions to multiple issues facing the Credit Union Industry. Dozens, hundreds, perhaps thousands of credit unions are looking for these solutions but may not know they exist.



The 6th Cooperative Principle, “Cooperation among Cooperatives”, has never been more important to the survival of the Credit Union Industry.

Collaboration among Credit Unions, CUSOs, CUSPs and credit union fintechs creates a unique and powerful financial services collaborative support ecosystem that, when properly leveraged, cannot be duplicated by other financial institutions. This unique collaborative business network of Credit Unions, CUSOs, CUSPs and credit union fintechs has the power to significantly enhance the relevance, sustainability, and competitive future of the Credit Union Industry.

Unleashing the power of the ecosystem by reinforcing connectivity between Credit Unions, CUSOs, CUSPs and fintechs will strengthen the foundation of credit union dominance. Dominance for a credit union isn't about crushing competitors but about becoming the primary and most trusted financial partner for members.

By embracing and employing a fully connected ecosystem, credit unions can leverage their natural advantages—strong member relationships and a community-focused mission—to stand out in the

crowded financial services landscape. This positions credit unions to compete effectively on innovation, convenience, and service, securing their future in the digital economy. CUSO, fintech and CUSP solutions for improved operating efficiency, new products and services, technology enhancements, attraction and retention of younger members, are already part of the credit union collaborative support ecosystem.

Awareness and communication between credit unions, CUSOs, CUSPs and fintechs is weak and must be improved before the power of the ecosystem can be realized for the benefit of all parties.

HOW TO PREPARE NOW FOR DISRUPTION: A CALL TO ACTION

Complacency is not an option. The next 20 years will be transformative for the credit union industry and will require innovation, creativity and open and meaningful communication. Do not shelter in place, but seize the opportunity to grow and prosper by strengthening the Ecosystem. Here's what Credit Unions, CUSOs, fintechs and CUSPs can and should do now:

- **CREDIT UNIONS** – in particular, small and mid-size credit unions that want to expand services and grow revenue should explore the product and service opportunities offered the Collaborative Support Ecosystem. Popular services such as the following are offered by CUSOs, CUSPs and fintechs for asset and member growth, operating expense reduction, employee acquisition and retention, back office, and more:
 - Lending and Leasing Services: direct and indirect vehicle, consumer, small business, residential mortgage, commercial real estate, student loans, SBA, loan and portfolio purchase, sale, participation, auditing, loan review, etc. New consumer loan sources: direct/indirect vehicle, HELOC, POS, BNPL
 - Shared services, such as deposit and payments management, credit and debit card management, lending fulfillment and servicing, automation of manual tasks, redundancy reduction, fractional employees, vendor management, marketing, accounting and clerical services, compliance management, and more
 - Technology services: member relationship, digital, staff augmentation, automation
 - Executive retention, employee benefits, benefits prefunding, talent acquisition, succession planning
 - IT Management, workstation and server, systems monitoring and information, managed security, email management, network infrastructure, firewall, backup and business continuity, operations, intrusion management
 - Payroll processing and management reporting
 - Remote audit and accounting services
 - Treasury management- ACH, remote deposit capture, ATM, EFT, international transfer, credit card, debit card
 - Charitable giving, community support, charitable impact strategies
 - Capital acquisition and management, investments
 - Insurance and investment services,
 - This is a partial list only; or a complete list of services preapproved for CUSOs by the NCUA, see Rule 712.5

To locate a CUSO or third party CUSP, credit unions can use the following resources:

- The NCUA CUSO Registry at <https://ncua.gov/regulation-supervision/regulatory-reporting/cuso-registry>. The Registry lists CUSOs that have registered with the NCUA
- Contact the National Association of Credit Union Service Organizations (NACUSO) (<https://www.nacuso.org>). Many CUSOs, CUSPs and fintechs are members of NACUSO.
- Contact **CUinfluentialsm** (mike@cuinfluential.com)

To promote your wholly-owned or partially-owned CUSO: If your credit union is a CUSO owner, board member, or investor, contact **CUinfluentialsm** (<https://www.cuinfluential.com>) for answers to all your CUSO promotion questions, sample Showcase papers, and more. See more information about CU **CUinfluentialsm** below.

To create a new CUSO: If existing CUSOs don't provide the solutions you're seeking, then consider forming a wholly owned CUSO, or collaborate with peers to form a multiple credit union-owned CUSO that will provide the economies of scale in delivering specific or shared services to all owners. **Consider joining NACUSO** and participate in their annual Reimagine Conference and other NACUSO member-sponsored events. For more information about forming a CUSO or joining NACUSO, contact Brian Lauer, NACUSO General Counsel and partner with Messick, Lauer and Smith, PC., (610) 891-9000 or email blauer@cusolaw.com.

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➤ **CUSOs / FINTECHS / CUSPs:** Tell the Industry you are a viable part of the Collaborative Support Ecosystem. You must let potential credit union clients, partners or investors know who you are and what you offer. **CUinfluentialsm** can help you tell your story.

- Showcase your CUSO or CUSP to the Credit Union Industry with a credible third party credit union communications firm such as **CUinfluentialsm** (www.cuinfluential.com). Additional information about **CUinfluentialsm** Showcasing follows below.
- Share milestones and accomplishments and innovations with industry media such as The Credit Union Connection (www.thecreditunionconnection.com) , The CU Daily (www.thecudaily.com) , CUinsight (www.cuinsight.com), CUSO Magazine (www.cusomag.com), Credit Union Times (www.cutimes.com), and **CUinfluentialsm** (www.cuinfluential.com).
- CUSOs and CUSPs who are not NACUSO members should consider joining. Member benefits and additional information can be found at www.nacuso.org/membership.

- Fintechs should subscribe to and advertise with Finopotamus, the leading technology resource for North American credit unions of all sizes. (<https://www.finopotamus.com/contact>)

THE SHOWCASE SOLUTION

“It isn’t about who you know, it’s all about who knows you.”

It is one thing to have an informative, compelling website, yet it’s another thing to drive decision-makers to explore it. Credit unions won’t find CUSOs, CUSPs or fintechs if they don’t know where to look. Consider using an independent, well-respected and experienced third party to promote and **showcase** your CUSO, fintech or CUSP.

The CUinfluentialsm Showcase strategy combines the power of a comprehensive and educational whitepaper with the promotional support of an established industry publishing house, social media and direct email. Here are the steps:

- CUinfluentialsm creates a comprehensive white paper that *showcases* how the CUSO, CUSP or fintech benefits credit unions and credit union members.
- Once the CUSO/CUSP approves the content of the final draft, the paper is published in *Credit Union Business News* with a circulation of 25,000 credit union decision makers.
- The CUSO/CUSP/fintech posts the published Showcase paper on its website with a “gate” which requires the entering credit union name and user email to download the entire document, providing an initial marketing lead.
- CUinfluentialsm launches an aggressive promotional campaign which includes social media (i.e., LinkedIn posts/articles) and direct email blasts with an embedded link to the CUSO, CUSP, or fintech website to download the white paper. This creates additional direct leads for the CUSO’s, CUSP’s or fintech’s marketing team.
- At no charge, CUinfluentialsm lists the CUSO/CUSP/Fintech in **COLLABORATION CENTRAL** highlighting the unique value the provider brings to credit unions. (www.cuinfluential.com/collaboration-central.)

SUMMARY

The next 20 years will bring anticipated and unanticipated challenges to the credit union industry. A rapidly-aging retired and soon-to-be retired member base, a lack of tech-savvy, revenue-generating younger members, the ongoing – and in any cases - the arguably unnecessary consolidation of credit union charters, will combine to divert trillions of dollars of intergenerational wealth transfers to banks, non-credit union fintechs and new players in the financial services industry that may not yet exist.

All of these problems can be prevented – or at the very least, mitigated – by collaborating with CUSOs, CUSPs, and credit union fintechs that bring creativity, innovation, technology, and playing-field-leveling products and services to America’s credit unions. The problem is visibility and the solution is promotion. Credit union owners, directors and investors of CUSOs, CUSO managers, CUSP owners, fintech presidents – MAKE NOISE! Now is the time to tell your story. Join NACUSO and network with credit unions, CUSOs and CUSPs. Set up your virtual booth in the CU Store virtual exhibit hall with the CU Daily. Showcase your

CUSO, CUSP or fintech with **CUinfluentialsm** and Collaboration Central. Engage with Finopotamus. Share your milestones with media giants such as The Credit Union Connection, CUinsight, Credit Union Business eMagazine, The CUDaily, CUTimes. Make yourself heard. *Remember, it isn't about who you know, it's all about Who Knows You!*

About **CUinfluentialsm**

CUinfluentialsm is a strategic communications firm dedicated to enhancing the strength of the Credit Union Industry by promoting collaboration between Credit Unions, Credit Union Service Organizations, Credit Union Service Providers, and Credit Union fintechs. **CUinfluentialsm** creates, publishes and promotes Showcase papers (whitepapers) that connect credit union decision makers with the rest of the Credit Union Collaborative Support Ecosystem.

Founder Mike Hales is a former community bank president and chair of the California Bankers Association Sales and Marketing Committee. After a productive banking career, Mike joined the Credit Union Industry in 2003 with Counter Intelligence Associates and its successor, The Rochdale Group, where he helped create and launch 16 wholly-owned and multiple credit union-owned CUSOs. He joined the board of NACUSO in 2005 where he served as chair of the Governance Committee, the Business Services Committee and the Member Acquisition Committee until retiring from the Board in 2023 to launch **CUinfluentialsm**.

Mike is a graduate of Lincoln University School of Law in San Francisco. He completed the *ABA School of Bank Marketing Management and Strategic Planning* at the University of Georgia, and the NACUSO/Pepperdine University one-year program *Designing and Implementing Collaboration and Business Networks*. He is the author of "*The Handbook of Consumer Banking Law*" © Prentice-Hall, and "*The Language of Banking*" © MacFarland & Co., as well as multiple white papers and media articles.

"Michael's talent for crafting concise yet impactful content is matched only by his deep expertise in the credit union industry, which shines through in every interaction. After just one meeting, he quickly understood our unique value proposition and produced a compelling paper that highlighted our benefits without losing sight of the features enabled by our approach. Within days, we had a draft in hand, and once approved, Michael successfully secured publication in a respected credit union industry outlet. Working with Michael is not only productive – it's a genuine pleasure." – Tony Streeter, SVP of Strategic Growth, Credit Union Benefit.

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The Credit Union Industry's Premier CUSO and Service Provider Showcase
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