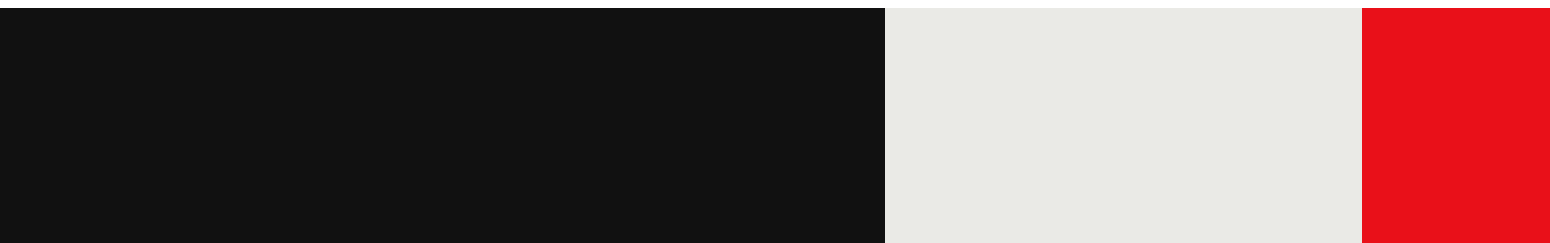



Credit unions should anticipate attrition without better technology

Article



The data: Customer satisfaction among credit union members in the US declined more than 2 percentage points last year to 86.3%, [per](#) a report by PYMNTS and PSCU. The share of those satisfied with their digital and online bank rose from 82.8% to 84.8%.

When asked what the most important reason was for being satisfied with their primary financial institution (FI), a greater share of non-credit-union members listed factors like

convenience, ease of use, and transaction speed. Credit union members were more likely to cite their **trust in the FI** or **cheaper fees**.

Trendspotting: Credit unions have traditionally retained higher customer satisfaction ratings than other FIs, including neobanks. But as the broader banking landscape changes, that may not be the case for much longer.

- The pandemic supercharged digital banking adoption and led to wide-ranging changes that have **shifted the expectations members have** for their credit unions. Customers now want personal finance management tools and greater data security when banking digitally.
- The **rise of challenger banks** puts pressure on credit unions to innovate and keep members happy to avoid attrition.

The big takeaway: Improving customer experience is the **top objective for 81% of credit unions**, according to a survey from Cornerstone Advisors. Amid an upheaval in the personal banking industry, here's what credit unions can do to stay ahead of the curve and boost customer satisfaction.

- Some credit unions can benefit from the hypersegmentation of digital banking by **targeting underserved groups**. For example, a group of credit unions launched Bank Dora in September, a digital-only cooperative focused on underbanked customers in the US aiming to cut racial and economic gaps.
- **Launching and improving digital services** like mobile banking, digital wallets, and BNPL options is essential for FIs. The most innovative credit unions can use these services to build on their trusted reputations and attract new customers. San Jose-headquartered First Technology Federal Credit Union has a history of digital pioneering: It was one of the first FIs to offer interactive voice response technology and online banking services in the US.
- Credit unions can **deepen customer relationships** to maintain the strong trust that members have in them by rolling out more personalized products and services—like how FIs have used text messaging to improve communication with customers.

US Credit Unions' Deployment of Emerging Technologies, 2018-2022

% of respondents

	2018	2019	2020	2021	2022
APIs	-	-	53%	53%	61%
Cloud computing	-	-	47%	51%	57%
Robotic process automation (RPA)	2%	1%	9%	18%	22%
Chatbots	0%	3%	6%	18%	22%
Machine learning	2%	3%	9%	10%	13%

Note: credit unions deployed technology going into 2018 to 2022

Source: Cornerstone Advisors, "What's Going On in Banking 2022," Jan 25, 2022

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