

# The relationship between credit unions and fintechs is evolving

Article



**The trend:** Ninety percent of fintechs now view [credit unions](#) as collaborators rather than competitors, according to PYMNTS Intelligence's and Venera's latest [Credit Union Tracker report](#). And vice versa, credit unions are partnering with fintechs to improve their digital offerings.

**By the numbers:** The former rivals have developed a symbiotic relationship in a highly competitive banking environment.

- 66% of fintechs view credit unions as clients, while just 4.3% consider them competitors.
- Approximately 43% of fintechs offer products or services to credit unions.
- And credit unions are using fintech partnerships to tap into Gen Z's growing demand for self-service banking experiences—something 23% of these younger customers say they prioritize when choosing where to bank.

**The challenges:** While both sides can benefit from a successful partnership, there are some challenges credit unions must keep in mind before forging ahead.

- Partnerships with third-party providers require due diligence from the start, in addition to thorough oversight. Those struggling with bandwidth and budgetary issues may not have the resources to dedicate to these processes.
- Maintaining regulatory compliance and customer privacy can become more complex when there's another party involved.
- Development cycles and operational models don't always align, which can lead to outages or glitches in client-facing products.

**Our take:** As technology and talent gaps widen between big and small financial institutions (FIs), we predict some smaller FIs will either be forced to merge with other FIs and scale up quickly or find creative solutions that keep them competitive. These partnerships are one example of this necessary innovation.

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