

***CREDIT UNION MEMBER RESEARCH CONFIRMS:***

***PAYMENTS IS THE PATH TO PRIMARY FINANCIAL RELATIONSHIPS***

***CU Payments Outlook from CO-OP Financial Services Indicates Successful Payments Experiences Delivered by Credit Unions Spark Active, Engaged Member Relationships***

***For Release on June 9, 2021:***

**RANCHO CUCAMONGA**, Calif. – New research conducted by EY and commissioned by CO-OP Financial Services finds that 88 percent of credit union members are now digitally engaged with their financial services providers. However, those providers are not necessarily credit unions and banks.

The *CU Payments Outlook* shows instead that the pandemic dramatically accelerated a years-long trend towards the fragmenting of consumers’ primary financial relationships (PFR). The study of 3,000 credit union members and prospects found fintechs to be the greatest cause of consumers’ willingness to bank with multiple providers.

The study outlining opportunities for credit union growth is now available to all credit union leaders at no charge via *CU Payments Outlook*, a CO-OP white paper accessible at [www.co-opfs.org/CU-PaymentsOutlook](http://www.co-opfs.org/CU-PaymentsOutlook).

“There is a great opportunity for credit unions to build on their trust and gain more member engagement and growth through a strategic focus on payments,” said Todd Clark, President/CEO for CO-OP. “That is why CO-OP is investing heavily in an advanced digital ecosystem that helps credit unions bring elegant, personalized payments solutions to market quickly in alignment with post-pandemic expectations.”

The fast-advancing service model from fintech competitors means credit unions have to revisit their experience and loyalty strategies to ensure they are on-par with modern consumer demands. The research indicates payments, reimagined and reenergized for today, are the mechanism to achieve this necessary evolution. That’s because payments products like contactless, P2P and mobile wallets are at the heart of transactional relationships, driving multiple engagements every day.In fact, payments represent 80 percent of a consumer’s interaction with their financial provider.

“Nearly 9 in 10 credit union members are now completely comfortable meeting their financial needs via digital channels, and notably, with non-traditional providers,” said Nikhil Lele, Financial Services Digital & Customer Growth Leader, EY Americas. “A lot of this is due to COVID-era insistence on remote, contactless and friction-free financial services. Consumers saw how quickly businesses can pivot to digital when they’re motivated. The resulting expectation for rapid, on-demand innovation is here to stay.”

The survey data supports the strategic concept that payments is the path to primacy. These insights and many more are explored further in the *CU Payments Outlook*:

* Among current credit union members, just 34 percent have contactless payments with their credit union, while 45 percent have it with a fintech provider.
* Thirty-one percent of members use P2P payments with their credit union, while 44 percent use P2P payments from a fintech provider.
* Just 29 percent of members use their credit union’s mobile wallet as compared with 43 percent that use a fintech’s wallet service.

“Being intentional about payments strategy calls for credit unions to consider the *lifestyle* of a member or prospective member, and that is a significant mindset shift,” said Samantha Paxson, Chief Experience Officer for CO-OP. “For decades, financial institutions – from major banks to small cooperatives – have been focused on the key milestones along a person’s life. While being there for *life stage* moments like buying a house is still important, it is no longer enough to cement PFR. Credit unions can gain significant market share of both members and prospects by investing in and offering *lifestyle* banking products, payments chief among them.”

Data-backed action steps recommended in the white paper are collated into three overarching strategies:

1. **Lifestyle Enablement:** By adjusting product mixes to offer desirable lifestyle banking features, such as seamless digital payments coupled with personalized rewards, credit unions can retain, capture and recapture PFR across a broad swath of current and prospective members.
2. **Pathway to Relationship Primacy:** Whereas credit unions are in a strong position in deposit/savings (ranked #1 for loans, savings and checking in the survey), fintechs have achieved the top slot in transactional relationships. The pathway to primacy for credit unions will require accelerating investment in digital capabilities, while being intentional about bridging the gap between digital and non-digital channels.
3. **Digital Ecosystem Acceleration:** Members should not be expected to have to leave their credit union’s ecosystem to meet their financial needs. To maintain PFR status, credit unions must move closer to becoming the hub of their members’ entire financial lives.

Access the *CU Payments Outlook* at no charge at [www.co-opfs.org/CU-PaymentsOutlook](http://www.co-opfs.org/CU-PaymentsOutlook).

**About CO-OP Financial Services**

CO-OP Financial Services is a payments and financial technology company whose mission is ensuring the success of the credit union movement. CO-OP payments solutions, engagement services and strategic counsel help credit unions optimize member experiences to consistently provide seamless, personalized multi-channel offerings, while delivering secure, sophisticated fraud mitigation service. For more information, visit www.coop.org.

**Contact:**

Bill Prichard, APR, Director, Public Relations

CO-OP Financial Services

(909) 532-9416

[Bill.Prichard@coop.org](mailto:Bill.Prichard@coop.org)

-####-