



Future Proofing Credit Unions from the Digital Onslaught

Banking & Financial Services (BFS) – IT Services(ITS)

Market Report – February 2019: Complimentary Abstract / Table of Contents

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- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Overview and abbreviated summary of key messages

In this report, we analyze the challenges and key trends for the credit unions in the United States. This report also presents key takeaways on how credit unions can accelerate their digital transformation journey and visualize the future state of this industry. Technology & customer preferences are changing rapidly, and it is imperative that credit unions keep pace with this change.

Some of the findings in this report, among others, are:

Investment in digital channels

- Credit unions need to invest in digital channels to orchestrate better experiences and gain traction among members
- Advent of millennials and digital offerings from banks pose a stiff competition to credit unions

Legacy systems roadblock

- Legacy systems and limited IT budget are the roadblocks to go digital
- Major chunk of IT budget goes in maintenance of these legacy systems

Partner network

- Reimagine the ways of working by forming a partner network to pool resources among credit unions
- Run costs can be mutualized and savings could be utilized for improving member experience

This study offers a deep dive into credit unions market; below are four charts to illustrate the depth of the report

Drivers of change in the credit unions industry

Emergence of millennials

Key demographic for all credit unions due to their growing income and need for credit

High regulatory costs

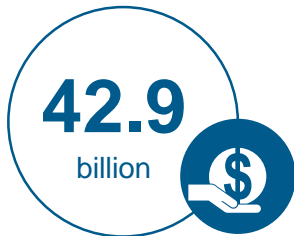
Increasing compliance and regulatory costs, coupled with lower interest rates, are squeezing the margins and putting pressure to cut costs

Legacy system – roadblock

Many credit unions are running on legacy core banking systems that are slow to respond to market needs and are expensive to maintain

The new context

Annual tech spend by Top 4 banks is five times that of all credit unions

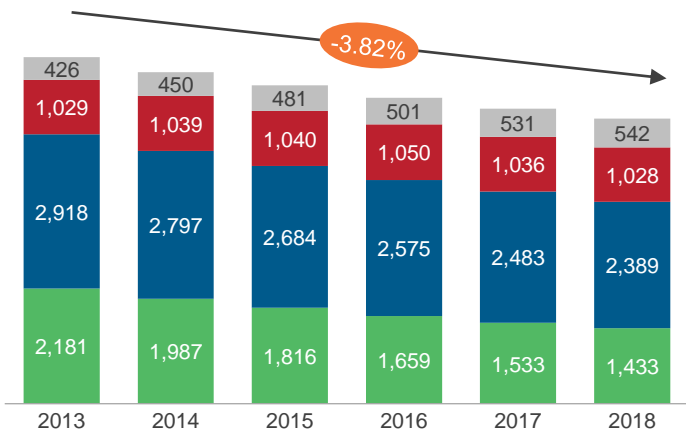


Technology spend

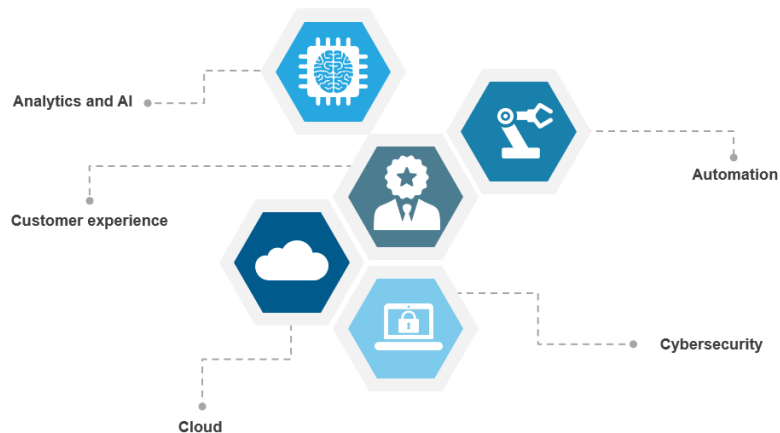


Credit unions

Annual decline in the number of credit unions in the United States



Emerging spend areas for credit unions to drive digital transformation



Research calendar – BFS IT Services

Published
 Planned
 Current release

Flagship reports

Release date

State of the Market – Banking IT	Q1 2019
State of the Market – Capital Markets IT	Q1 2019
Banking Report Card 2019 – IT Outsourcing Transaction Trends.....	Q2 2019
Capital Market Report Card 2019 – IT Outsourcing Transaction Trends	Q2 2019
Next-generation Infrastructure IT Services in BFS – PEAK Matrix™ Assessment 2019	Q2 2019
Enterprise IT Platform Services in BFS – PEAK Matrix™ Assessment 2019	Q2 2019
Banking IT Services Profiles Compendium	Q2 2019
Capital Markets IT Services Profiles Compendium	Q2 2019
Banking Application and Digital Services – PEAK Matrix™ Assessment 2019	Q3 2019
Capital Markets Application and Digital Services – PEAK Matrix™ Assessment 2019	Q3 2019
Risk and Compliance IT Services In BFS – PEAK Matrix™ Assessment	Q4 2019

Thematic reports

Future Proofing Credit Unions from the Digital Onslaught	February 2019
State of Blockchain Adoption in BFS	Q1 2019
Delivering Efficiency Gains for Service Delivery in Banking: Focus on DevOps	Q2 2019
BigTech Wars – Public Cloud in BFS	Q3 2019
BigTech Wars – Customer Experience Platforms in BFS	Q3 2019

Note: For a list of all of our published BFS IT Services reports, please refer to our [website page](#)

Additional research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

1. **Digital Effectiveness in Retail Banking | Focus on Banks in the United Kingdom and Europe: Identifying Digital Banking Leaders in the Open Banking Era** ([EGR-2018-31-R-2641](#)); 2018. In this research, we analyze the customer-facing digital investments for 20 European retail banks. These banks have been mapped on Everest Group's Digital Effectiveness Assessment model, which is a composite index of a range of distinct metrics related to each bank's capability maturity and the resultant business outcomes
2. **Handbook on Building SUPER Banking Experiences** ([EGR-2018-31-R-2849](#)); 2018. In this research, we study the experience-centric investments of 40 global banks. Banking is increasingly being embedded in customer activities since it is an enabler. The role of banks has been studied as they become lifestyle experience orchestrators. Banks are focusing on the power of the three E's – experience, efficiency, and ecosystem – to enable their transformation journey
3. **Guide to Building and Managing the Banking Innovation Ecosystem** ([EGR-2018-31-R-2842](#)); 2018. In this research, we have studied the ecosystem-centric investments made by 40 global banks over the last two years. The scope revolves around the reasons why banks are investing in the ecosystem, followed by the four key pillars of the banking ecosystem, and the prescription for success in orchestrating the ecosystem

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