

Elevating member experience | Accelerating digitization in credit unions for a Gen Z future

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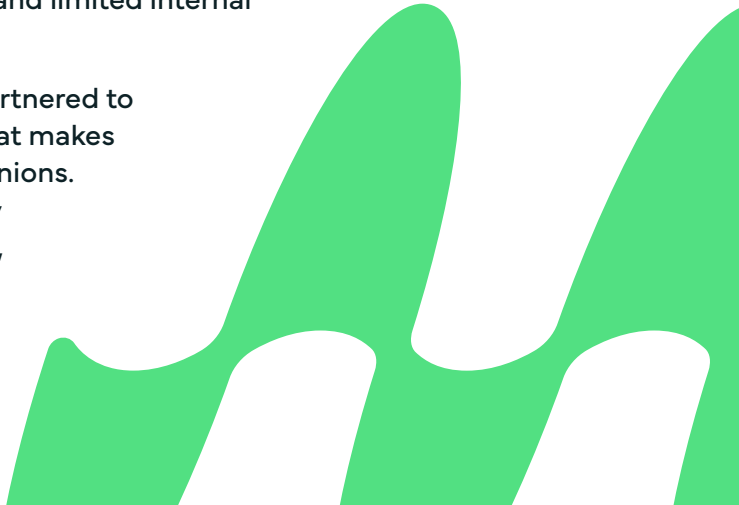
Executive Summary

Credit unions continue to demonstrate resilience and purpose, growing their assets under management while serving member segments often overlooked by traditional banks. They play a critical role in promoting financial inclusion and community well-being.

However, changing expectations, especially among Gen Z, are reshaping the competitive landscape, with digital convenience now a decisive factor in member choice. Fortunately, advances in disruptive technologies are creating practical opportunities for credit unions to modernize, digitize their businesses, and elevate their member experiences. Such innovations can help improve acquisition, strengthen retention, and ultimately extend the credit union mission to a new generation of members. However, the path to transformation is often complicated by constrained budgets and limited internal technology expertise.

This white paper explores how Temenos and Myridius have partnered to address these challenges, offering a streamlined approach that makes digital transformation more viable and achievable for credit unions.

Together, we outline how the right combination of technology and expertise can enable credit unions to remain competitive, deepen member engagement, and secure long-term growth in the digital era.



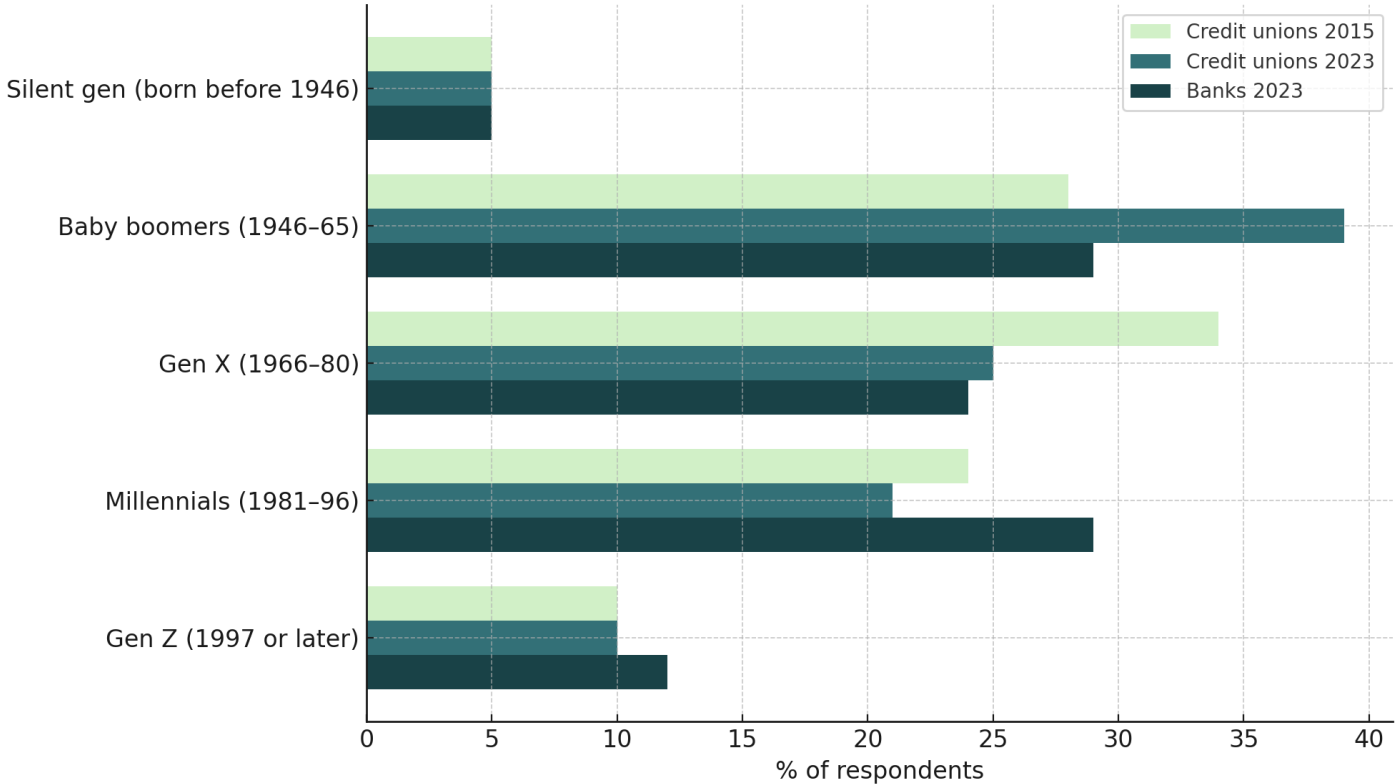
Despite their impact on US banking, credit unions face increasing pressure to adapt to a fiercely competitive and tech-focused landscape

Credit unions service over \$2.3T in assets today, with 434 credit unions in the \$1-10B asset range and 286 credit unions in the \$500M- \$1B range, together contributing almost 40% of the assets. Credit unions’ charter allows them to stand differentiated by offering a personalized, well-curated, almost white-glove member experience compared to traditional banks. Over the past few years, they have retained their market share, but their share of new account openings seems to be falling. Their combined scale and reach presents a compelling case for digital transformation to consistently service a large member base.

With the pace of digitization, both regional and large banks are gaining ground in offering a far improved omni-channel experience to their customers today. They are also able to invest more rapidly in technology to be able to offer hyper-personalization at scale to their customers.

However, the advent of AI can be a great leveler and improve competitiveness of Credit unions as it promises to serve a dual purpose- derive cost efficiencies, while also improving member engagement and retention.

Banked households, by generation and primary financial institution type



Note: Figures may not sum to 100%, because of rounding.

Banks are performing better with the younger generation than credit unions are

Source: McKinsey Consumer Financial Life Survey

Credit unions must effectively tailor their offerings to attract and serve diverse demographic segments

Top 5 preferences across generational segments

Younger generations (Gen Z and Millennials)

- Digital-first experience
- Personalization and convenience
- Security centric
- Socially conscious
- Flexible preferences

Older generations (Gen X and Boomers)

- Balanced digital and traditional
- Trust and stability
- Human interaction
- Branch convenience
- Conservative financial behavior

Industry analysts point to Credit unions losing out on enrolling younger generation due to less-than-optimal digital experiences, across onboarding, engagement and enablement.

Legacy technologies are a significant barrier, and in some cases, a complete impediment to efforts to improve the customer experience.

Larger banks are today spending 100 times the amount spent by a typical \$1B AUM credit union. And since budgets and skill availability are limited for a credit union, it is imperative for them to be smart about it.

- Pick a leaf out of digital banks' playbook and go after specific sub-segments with a high touch approach. This needs tailored customer journeys to offer bespoke community/member experience
- Decide what to build and where to tap into the power of ecosystems and generate quicker ROI through Fintechs
- Quick success with specific business cases on user experience, reduced churn and higher enrollment to enable core system transformation which can be a costly multi-year program

Digital account opening and onboarding present an accelerated transformative opportunity

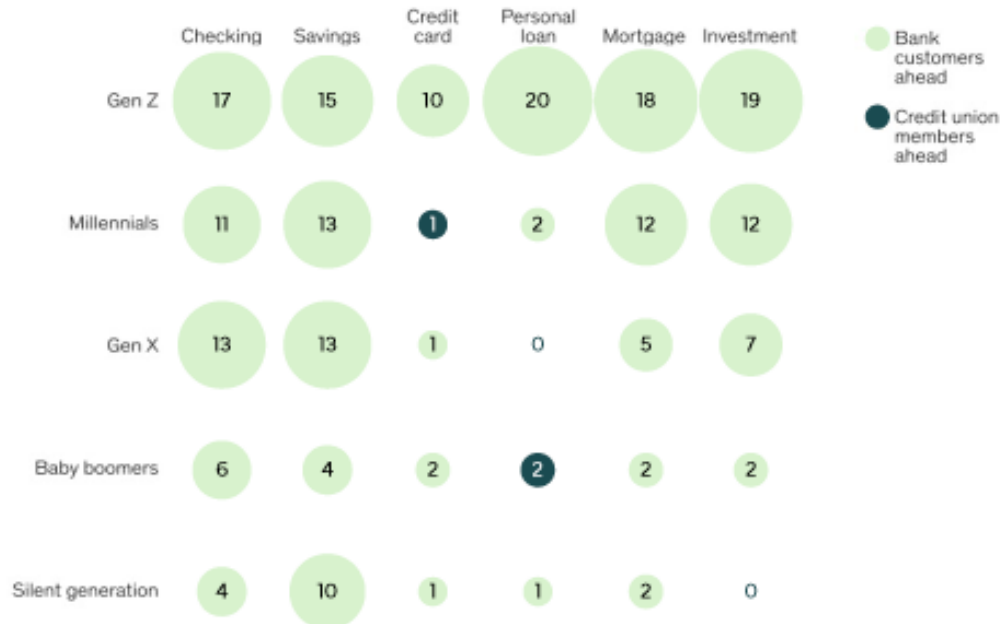
The digital account opening and onboarding use case represents an accelerated transformative opportunity for credit unions under \$10B in assets to enhance competitiveness, drive growth, and better serve their members. It is a cornerstone capability that directly addresses these modern business goals.

A digitally enabled credit union can offer the following use cases (and more) to the Gen Z members-

- Personalized digital banking experience
- Financial wellness and Financial health monitoring
- Instant payments and P2P transfers
- Automated Savings and Investment Tools
- Subscription and Expense Management
- Community engagement and Peer banking...

Beyond these use cases, digitization also opens the door to unlocking the power of Agentic AI.

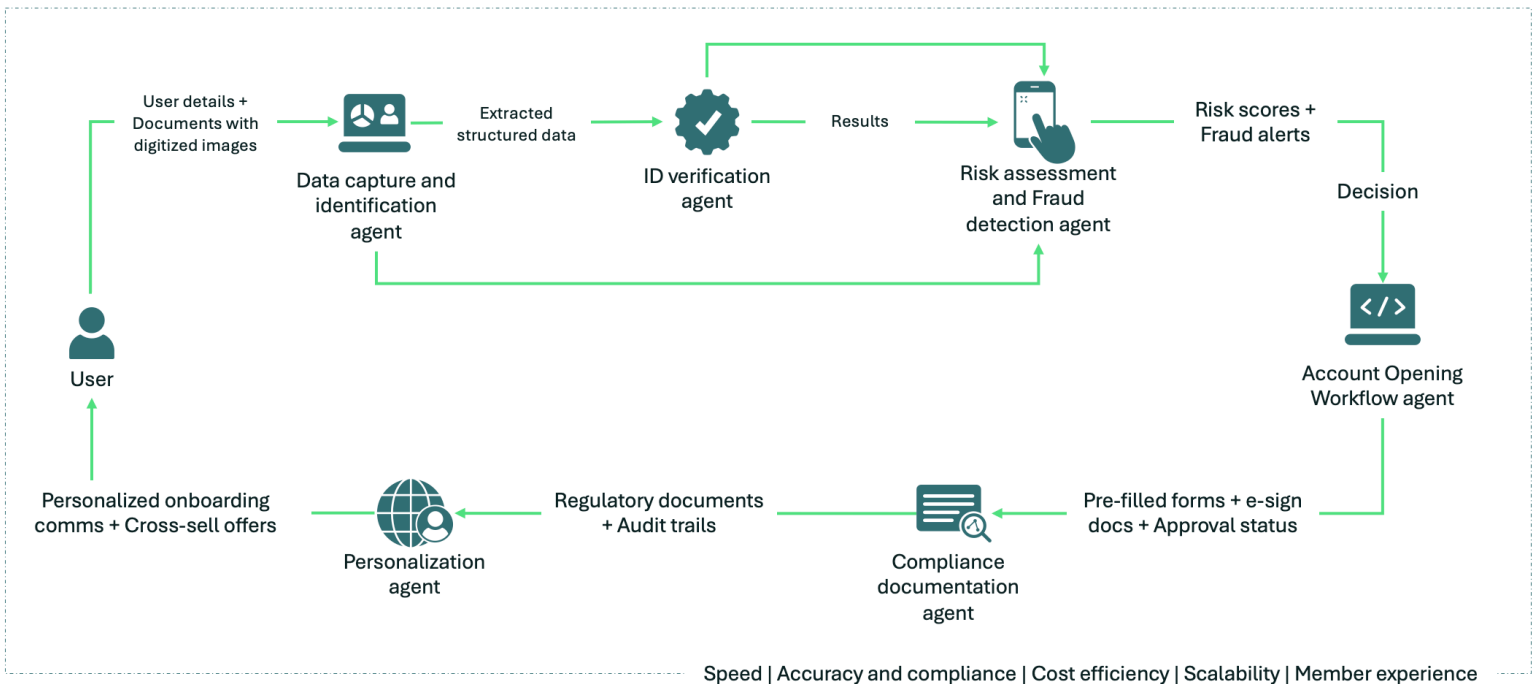
Preference for using digital channels,¹ percentage-point difference



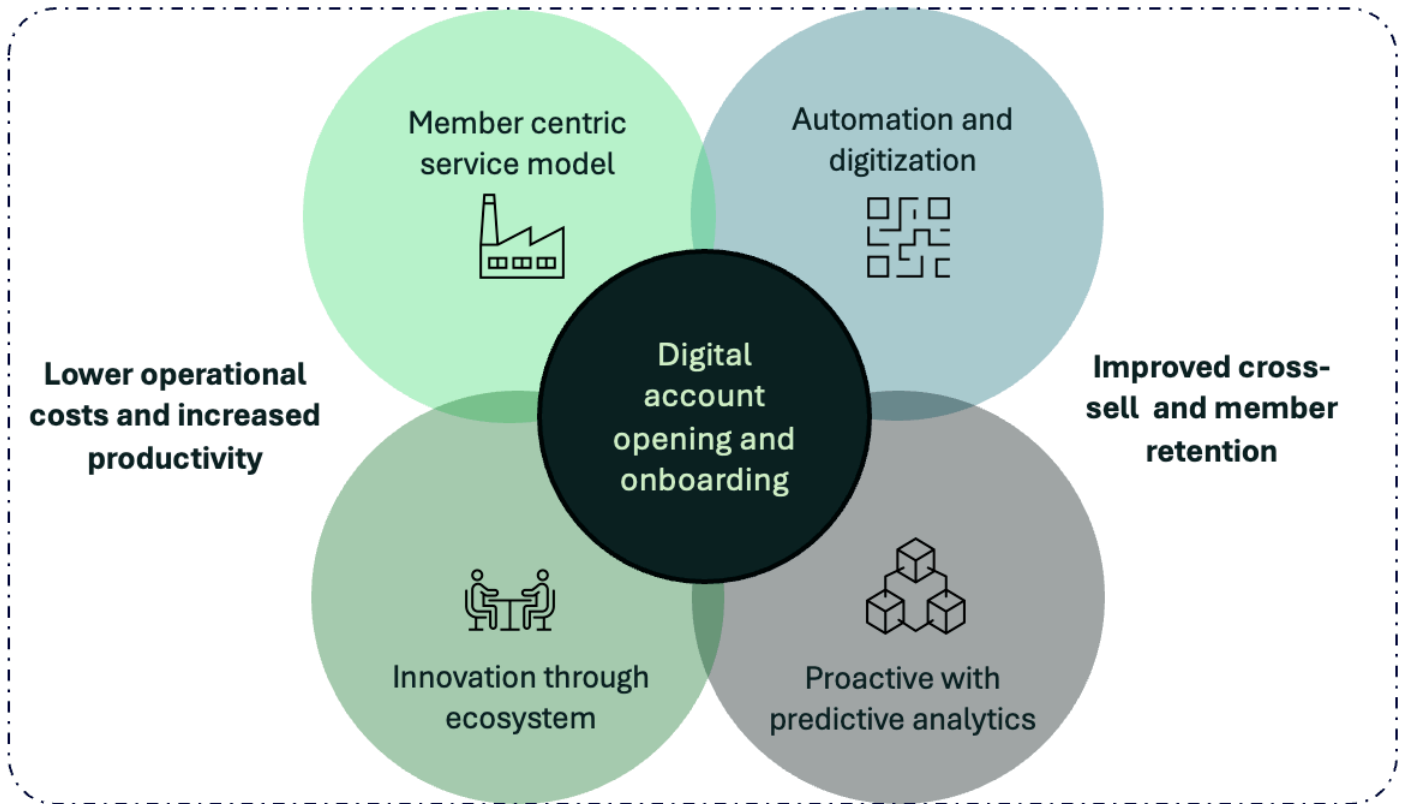
Difference in percentage points between the share of bank customers and the share of credit union members who prefer using digital channels for sales. Source: Finalta by McKinsey; McKinsey Retail Banking Consumer Survey 2023 (n=1,460)

Even among younger generations, credit union members are less inclined than bank customers to open accounts digitally. This reluctance often stems from the shortcomings of existing digital infrastructure, highlighting the need for a thorough review and enhancement of these platforms.

Agentic AI infusion can significantly enhance and streamline the digital account opening and onboarding process for credit unions



Furthermore, with Digital account opening and onboarding in place, downstream IT processes will be more efficient



Contact center operations

Volume reduction + AI chatbots/virtual assistants + Omnichannel integration



Collections and loan servicing

Faster loan processing + Automated notifications + Member 360 profiles



Back-office & compliance

Automated KYC/AML checks + Unified data systems without duplication and errors



Product cross sell and marketing

Data driven targeting + Programmatic marketing

Critical considerations for a Digital account opening and onboarding program

- **Rapid time to market benefits**
Platform to enable building digital customer acquisition initiatives in months, not years, reducing IT burden and providing the agility for continuous improvements. This also includes ready integrations with typical 3rd party platforms.
- **Outstanding customer experience promise**
Able to deliver seamless omnichannel experiences that reduce abandonment rates and shorten onboarding cycles. The architecture needs to support both digital-first and hybrid experiences, allowing CUs to maintain their personalized service approach while offering modern convenience.
- **Integration and scalability**
Works as a core-independent architecture with any back-office system, eliminating the need for costly infrastructure changes. This helps maximize existing technology investments and limited resources.
- **Analytics and optimization**
The platform needs to offer built-in analytics for every transaction, enabling credit unions to identify friction points and continuously optimize the member experience. This data-driven approach supports the continuous improvement mindset essential for competitive differentiation.

A case in point – Frictionless Onboarding with TJM and Prove

For a <\$5B AUM financial institution, Myridius used the Temenos Journey Manager (TJM) platform on AWS and a suite of fintech services including Prove, the global leader in digital identity verification and authentication, to build a Digital Onboarding and Account Opening Experience. Prove's mobile verification and prefill capabilities were integrated with TJM to enable secure, real-time identity checks and reduce fraud, creating a unified, multi-product onboarding journey supported by optimized workflows, information architecture, and interface design.

- **2-minute account opening with 63% completion for personal accounts**
- **The average time to open a new business account was reduced from 2 weeks to just 22 minutes**

Seeing repeatability, Myridius has invested in building a validation and verification adapter with Prove to integrate seamlessly with TJM. With this and along with several other similar pre-built integrations and our proprietary plugins/component kits, we are accelerating implementation cycles today by 30-40% while delivering predictable business outcomes like mentioned above.

Approach and implementation pathways

A Credit union can go with a tiered implementation approach based on their own digitization journey context. For example, if starting afresh, it is best to begin with high-impact, low-risk implementations such as basic checking account opening, then expand to savings products, certificates, and eventually commercial accounts. This approach minimizes disruption while building internal confidence and expertise.

Based on our extensive experience with multiple credit unions, we are seeing your peer group choosing from among the following tiered solution options or a combination of the same.

1. Foundational

Core digital account opening for checking, savings, and basic deposit products with automated identity verification, e-signatures, and instant funding capabilities

2. Growth

Enhanced cross-selling capabilities, multi-product enrollment, business account opening, and advanced analytics

3. Enterprise

Full commercial lending integration, syndication support, advanced risk management, and comprehensive member journey optimization



Implementation Success Factors

- **Integration with Existing Systems**
Ensure seamless integration with core banking systems, CRM platforms, and other member-facing technologies. Important to have an open API architecture to support integration with best-in-class technologies
- **Continuous Optimization**
Leverage pre-built analytics to continuously analyze and improve the member journey. Regular A/B testing, conversion rate optimization, and friction point identification should be standard practices
- **Compliance and Risk Management**
Implement robust KYC, AML, and fraud prevention measures from day 1
- **Regulatory Adaptation**
Credit unions face evolving regulatory requirements, particularly around data privacy (GDPR compliance), operational resilience (DORA), etc. There is need to be mindful of the product development and deployment cycles and back-up options.

Critical Factors

1. **Right vendor-partner**
Right partner can bring along the apt cohort of ecosystem partners suitable in CU context along with pre-built integrations to reduce typical integration complexities
2. **Cost predictability**
Important to do a thorough feature planning at the start and stick to OOTB features as much as possible as expensive customizations can quickly escalate project costs and increase timelines
3. **Cultural and organizational resistance**
Strong management commitment reduces employee resistance to digital transformation. Also, important to budget for change management complexity and skill development needs

Credits



Manan Gauba

Manan is SVP of Industry Partnerships and Solutions at Myridius, leading the charter on repeatable, pre-integrated solutions crafted with partners, and catering to clients across industry verticals. Before joining Myridius, he led Strategy and Partnerships for Cognizant's BFS unit.

Over his 20-plus year career, Manan has held senior leadership positions across strategy and operations, marketing, client management, sales, and HR at global 2000 firms and startups across the banking, healthcare, logistics and media industries.



Chris Howell

Chris is a Vice President of Business Solutions Group in Temenos; with over 20 years of experience in technology focused on consumer engagement, Chris specializes in onboarding and origination at Temenos and helps banks and credit unions grow through customer acquisition.

Chris has worked with several startups – including Avoka Technologies, a customer experience platform acquired by Temenos that helps FI's create differentiated onboarding journeys.

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