



# CREDIT UNION INNOVATION READINESS:

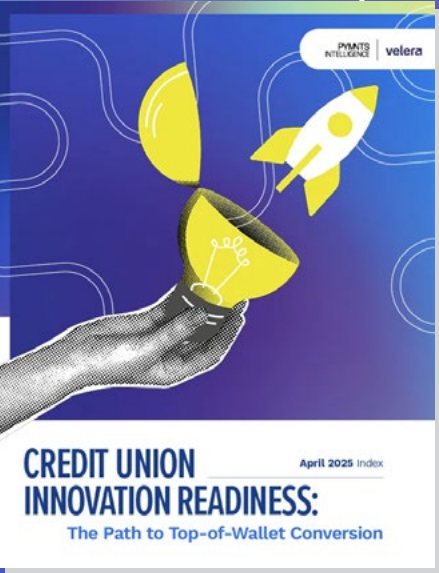
May 2025 Index

The Smallest Step It Up

# CREDIT UNION INNOVATION READINESS:

The Smallest  
Step It Up

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Credit Union Innovation Readiness Index: The Smallest Step It Up was produced in collaboration with Velera, and PYMNTS Intelligence is grateful for the company’s support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

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# WHAT'S **AT STAKE**

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**A**mong credit unions, innovation with financial products and services is no longer the domain of just the largest and most well-resourced institutions. A fundamental shift is underway, with even the smallest credit unions accelerating their digital transformation to meet members' evolving expectations. Once cautious followers of traditional banks, credit unions are beginning to take bold steps forward, with the share of those lagging on innovation plunging to 15% from 55% in the span of a single year. Within that shift, the largest institutions are easing off the gas, with dramatically fewer acting as early adopters. Still, the services and products that an individual credit union chooses to prioritize for innovation vary widely.

This innovation-forward transformation isn't just about catching up—it's about reshaping what leading-edge financial services look like across the entire credit union ecosystem. From widespread

Among the smallest credit unions, **the share falling behind on innovation plummeted to**

**15%**

from more than one in two over 12 months.

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adoption of real-time payments to tailored features such as chat support fueled by artificial intelligence and mobile wallets, the member-based financial institutions are working to meet evolving member expectations. The result is a more level playing field, where performance on strategic innovation is no longer strictly tied to asset size, and even the smallest players can gain an edge. The landscape is changing quickly, and for credit unions aiming to hold or gain ground in a fiercely competitive financial services landscape dominated by much larger banks, understanding these shifts is critical.

These are just some of the findings detailed in Credit Union Innovation Readiness Index: The Smallest Credit Unions Step It Up, a PYMNTS Intelligence and Velera collaboration. This edition examines credit unions' current product and feature offerings as well as their plans for future innovation, delving into what these institutions are doing to retain their current members and attract new ones. It draws on insights from a survey of 500 credit union executives conducted from October 11, 2024, to November 22, 2024.

**This is what we learned.**

Among credit unions with assets exceeding \$5 billion, there was a

**50%**

**increase in the share offering  
buy now, pay later products**  
in 12 months leading up to  
November 2024.

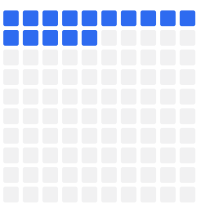
# KEY FINDINGS



01

## SMALL BUT MIGHTY

The smallest credit unions are no longer lagging on innovation and are starting to keep pace.



15%

of credit unions with less than \$500 million in assets are falling behind on

innovation, a 40 percentage point drop-off from a year ago.

## PRODUCTS PROGRESS

Credit unions of all sizes are increasing their product offerings to meet members' evolving expectations.

02



83%

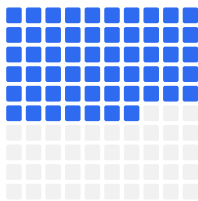
more credit unions with assets between \$500 million and \$1 billion

began offering real-time payments in the year leading up to November 2024 compared to the prior 12-month period.

03

## FEATURES FOR THE FUTURE

When it comes to innovating specific features, the smallest credit unions are looking to introduce or expand mobile payments while the largest are diving into member-facing AI and budgeting tools.



57%

more credit unions with assets exceeding \$5 billion

began offering AI-operated chat/customer support over the course of the year compared to the prior 12 months.

# THE FULL STORY

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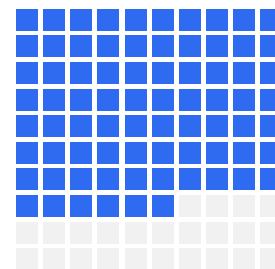
As the smallest players step up their focus on innovation, most credit unions, regardless of their size, are adding new digital products and features.

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The smallest credit unions have **ceased falling behind and started keeping pace.**

**T**he nation's more than 4,400 credit unions collectively hold \$2.3 trillion in assets. Average assets amount to just \$518 million, compared to the trillions of dollars controlled by each of the top commercial banks.<sup>1</sup> But with roughly 142 million members, credit unions have a strong member base in rural areas and small towns, particularly with Gen Z consumers (aged roughly 28 or younger) and small business.

76%



of credit unions with **less than \$500 million in assets are followers** when it comes to innovation.

To understand credit unions' approach to modernization, PYMNTS Intelligence identified three categories of innovation status: early launchers, followers and laggards. As the names imply, early launchers jump on new innovations before anybody else. Followers wait a while to get a sense of what is working before committing resources and time. Laggards wait much longer, holding off until a new product's efficacy is more fully proven elsewhere or in-house through testing, and its profitability is established.

What's revealing in the survey is that smaller credit unions are sharpening their innovation focus, while the largest players are pulling back. Among credit unions with less than \$500 million in assets, far fewer are lagging when it comes to innovation. While none of those were ahead of the curve in November 2023, the share of them becoming early adopters spiked to 8.5% over the course of 12 months.

Meanwhile, the largest credit unions (those with more than \$5 billion in assets) have begun taking a more measured approach. Their share of early launchers shrank by approximately three-quarters in one year, plummeting to 8.1% from 32%. On the other hand, while none were laggards a year prior, by November 2024, 2.0% were.

<sup>1</sup> <https://ncua.gov/files/annual-reports/annual-report-2024.pdf>

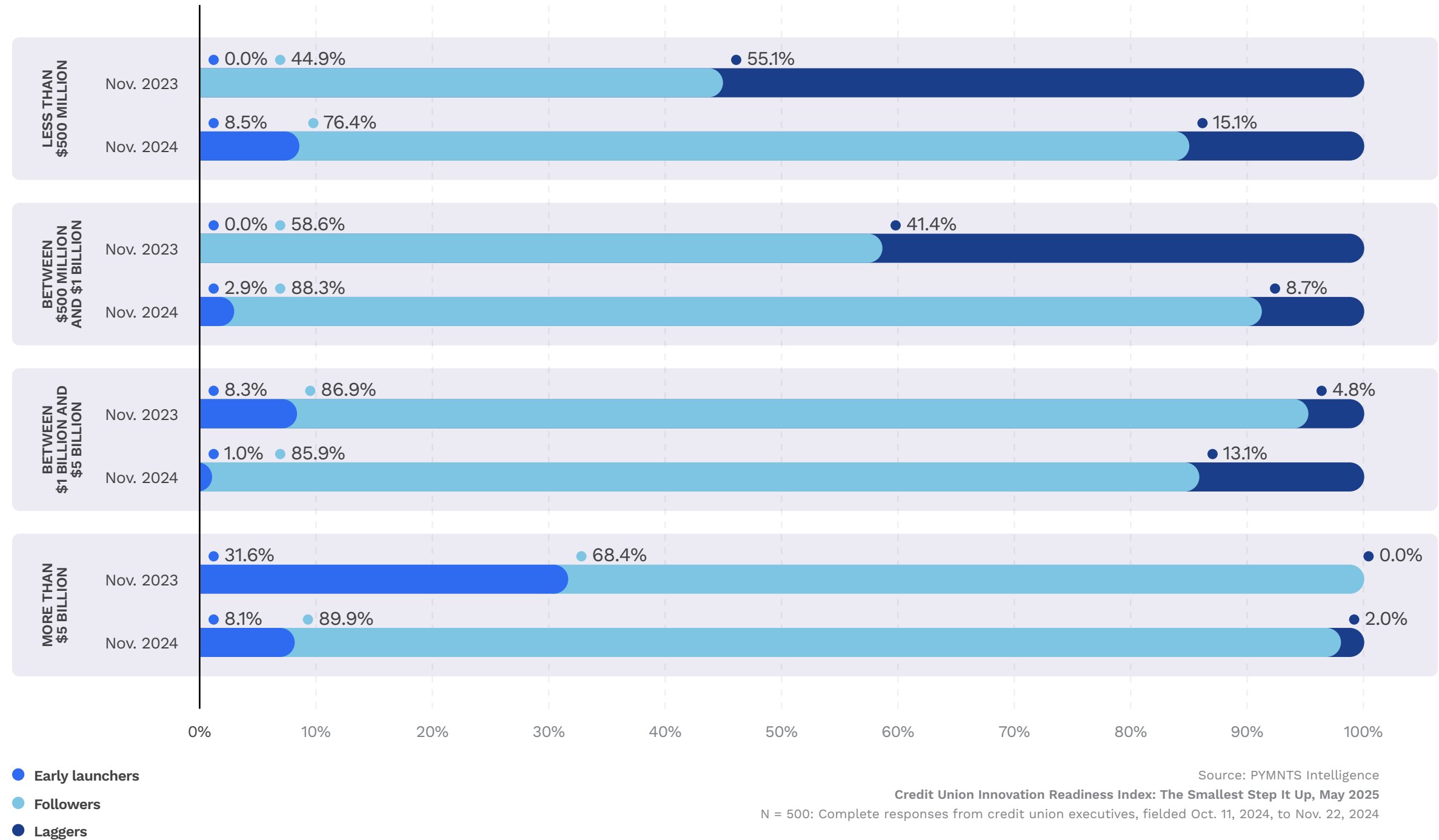
# 8.1%

of credit unions  
**with more than \$5 billion in assets are early launchers**  
 when it comes to innovation, a 24 percentage point dropoff from a year prior.

FIGURE 1

### Who leads and who follows?

Credit unions' innovation launch strategy, by asset size



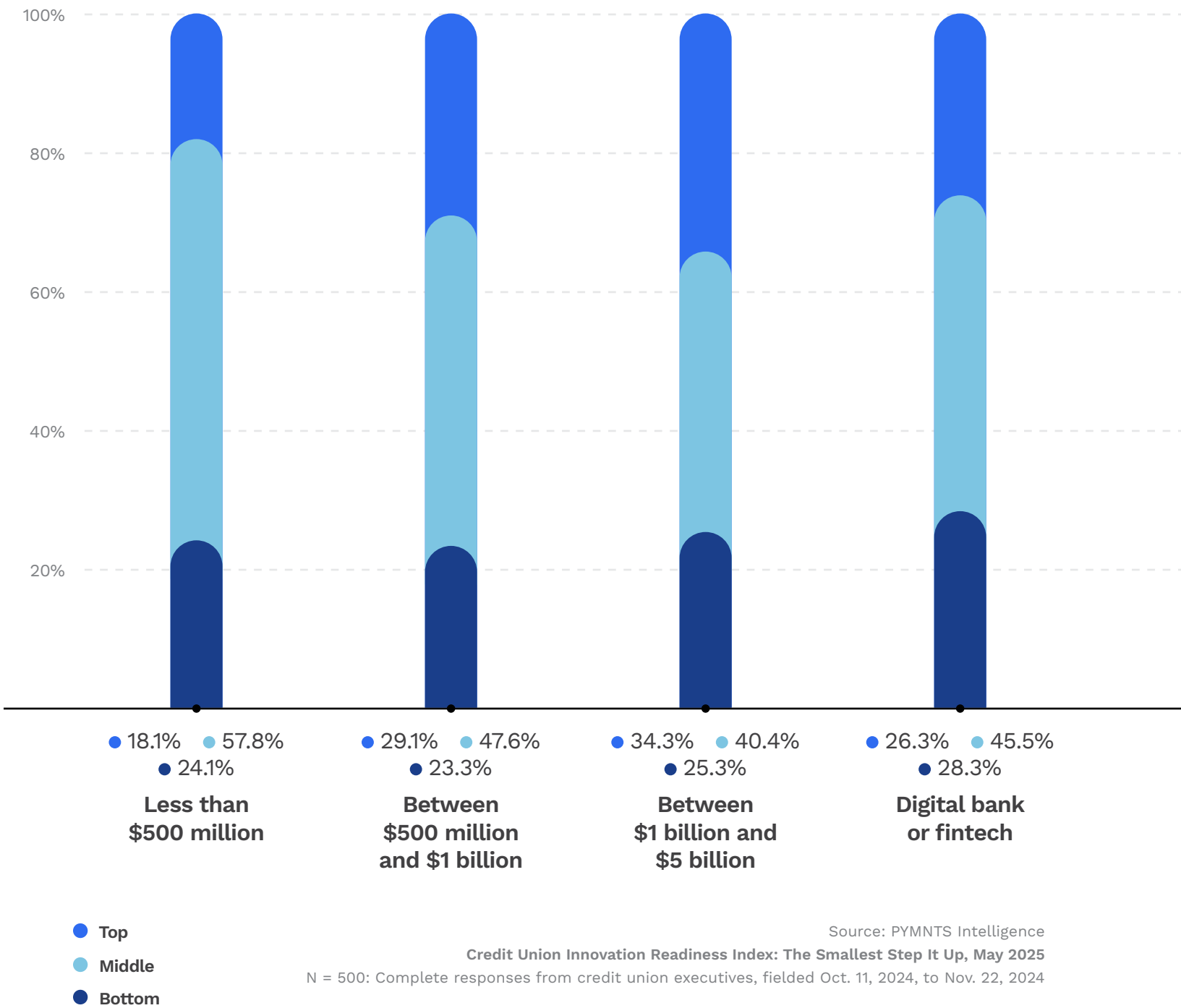
Source: PYMNTS Intelligence

Credit Union Innovation Readiness Index: The Smallest Step It Up, May 2025

N = 500: Complete responses from credit union executives, fielded Oct. 11, 2024, to Nov. 22, 2024

When it comes to performing well on strategic innovation, the smallest credit unions tend to hover around the center of the pack, with 58% middle performers in terms of providing and planning to offer what their members want—the highest share among all asset size groups. While the small fry have the lowest proportion of top performers (18%), they also boast the second-smallest share of bottom performers (24%). This relatively low figure suggests that, with the right approach to innovation, even smaller credit unions can effectively leverage their resources to align their products and features with member needs.

**FIGURE 2**  
**Small credit unions keep pace**  
Credit unions’ innovation readiness performance tier, by asset size



Credit unions of all sizes are increasing their product offerings to meet members' evolving expectations.

# 18%

of credit unions with **less than \$500 million in assets are top performers** in terms of offering and planning to provide the innovation their members want.

**A**mong credit unions of all asset sizes, the most common addition to the product portfolio between November 2023 and November 2024 was real-time payments. Among firms with less than \$500 million in assets, the share offering that option rose 71%. Among those with between \$500 million and \$1 billion, it skyrocketed 83%. For those with between \$1 billion and \$5 billion as well as those with more than \$5 billion, it jumped 75%.

The need for speed extends to same-day Automated Clearing House (ACH) transactions as well, with both the smallest and largest credit unions widely adding this service.

**FIGURE 3**  
**Credit unions add real-time payments and payment cards for young adults**  
Increase in top five products credit unions have added in percent since Nov. 2023, by asset size



Beyond these two products, credit unions’ innovation priorities are different depending on their size. The smallest institutions have prioritized the addition of contactless debit and credit cards (+61% and +58%, respectively) and student loans (+28%). The largest credit unions, meanwhile, have most commonly added buy now, pay later (+50%), regular ACH (+34%) and young adult and teen debit cards (+23%).

Across asset sizes, these innovations signal an emphasis on faster digital payments and meeting the needs of younger consumers.

Source: PYMNTS Intelligence  
Credit Union Innovation Readiness Index: The Smallest Step It Up, May 2025  
N = 500: Complete responses from credit union executives, fielded Oct. 11, 2024, to Nov. 22, 2024

When it comes to innovating specific features, the smallest credit unions are looking to mobile payments, while the largest are seeking to offer member-facing AI and budgeting tools.

# ROADMAP TO

# 2030

# 40%

more credit unions **with assets between \$500 million and \$1 billion are now offering AI-operated chat customer support** compared to November 2023

**F**or all but the largest credit unions, open banking was the most-added feature over the 12-month period. For the smallest ones, the next most common innovation was mobile wallets, with 36% more offering the payment method. Additionally, 31% more provided mobile credit card apps.

Among the largest players, conversely, the feature that saw the greatest uptick in availability was planning/budgeting tools, with a 72% increase in the share offering these. Cross-border/multi-currency offerings were also a key focus of innovation, with nearly two-thirds more offering such capabilities.

Additionally, the largest credit unions demonstrated a strong focus on artificial intelligence (AI) innovation. The share of credit unions with assets exceeding \$5 billion that offer AI-operated chat/customer support ballooned by 57%.

These disparate priorities could be due in part to the largest credit unions having already innovated their mobile payment offerings, leaving them free to focus on other ways to serve their members.

FIGURE 4

Smaller credit unions add open banking features, while larger players add AI tools

Top five features that credit unions have added over 12 months through Nov. 2024, by asset size



Source: PYMNTS Intelligence

Credit Union Innovation Readiness Index: The Smallest Step It Up, May 2025

N = 500: Complete responses from credit union executives, fielded Oct. 11, 2024, to Nov. 22, 2024

# ACTIONABLE INSIGHTS

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## 01

The smallest credit unions have ceased to lag on innovation and started keeping pace, showing that limited size doesn't mean limited potential. Their shift toward earlier adoption reflects a growing confidence in innovating products and services to meet member needs more effectively. For credit unions across the board, the takeaway is clear: Success doesn't hinge on being the biggest, but on making timely, strategic moves that align technology goals with member expectations.

## 02

Credit unions of all sizes are leaning into product and service expansion, and the message is clear: Staying competitive means staying current with technology and member expectations. With real-time payments leading the charge across every asset tier, speed and convenience have become non-negotiable. Meanwhile, tailored offerings including youth-focused credit and debit cards and student loans show a growing focus on the needs of future members. To remain competitive, credit unions must prioritize agility and center the needs of their members of tomorrow.

## 03

Innovation priorities vary widely by credit union size—and those differences offer a hint to the best path forward. Smaller credit unions are doubling down on mobile wallets and card apps to meet members where they already are: on their phones. Meanwhile, the largest institutions are leveraging their scale to roll out AI-powered support and financial planning tools. Credit unions' technology investment strategies should consider both their current capabilities and members' habits, needs and digital maturity.

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# CREDIT UNION INNOVATION READINESS:

## The Smallest Step It Up

May 2025 Index

## METHODOLOGY

**C**redit Union Innovation Readiness Index: The Smallest Step It Up, a PYMNTS Intelligence and Velera collaboration, is based on a survey of 500 credit union executives conducted from Oct. 11, 2024, to Nov. 22, 2024. The playbook examines credit unions' current product and feature offerings as well as their plans for future innovation, delving into what these financial institutions are doing to retain current members and attract new ones.

# ABOUT

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## PYMNTS INTELLIGENCE

[PYMNTS Intelligence](#) is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

## velera

Velera, formerly PSCU/Co-op Solutions, is the nation's premier payments credit union service organization (CUSO) and an integrated financial technology solutions provider. With over four decades of industry experience and a commitment to service excellence and innovation, the company serves more than 4,000 financial institutions throughout North America, operating with velocity to help its clients keep pace with the rapid momentum of change and fuel growth in the new era of financial services. Velera leverages its expertise and resources on behalf of credit unions and their members, offering an end-to-end product portfolio that includes payment processing, fraud and risk management, data and analytics, digital banking, instant payments, strategic consulting, collections, ATM and POS networks, shared branching and 24/7/365 member support via its contact centers. For more information, visit [velera.com](https://velera.com).

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