July 2026 Playbook

Credit Union Innovation Readiness

Consumers Trust Credit Unions but Don't Always Reach for Their Cards

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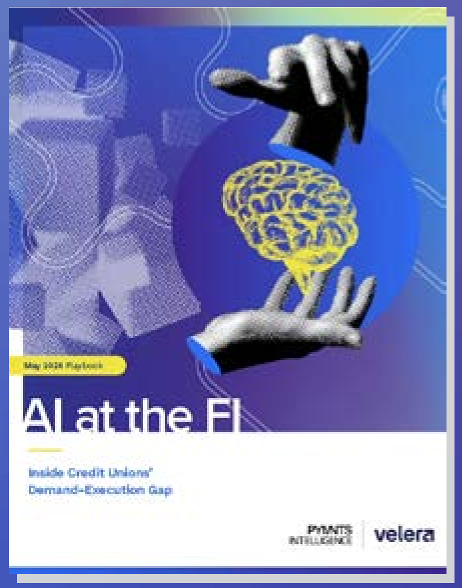

May 2026
AI at the FI:
Inside Credit Unions’
Demand-Execution Gap

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Credit Union Innovation Readiness: Consumers Trust Credit Unions but Don’t Always Reach for Their Cards 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

Most Americans have multiple credit cards in their wallets, but just one they consistently reach for first. That card, the one consumers reflexively use at the grocery store or online to renew their Netflix subscription, is their top-of-wallet card. For card issuers, top-of-wallet status means more spending on the card, deeper customer engagement and, as new PYMNTS Intelligence data shows, faster deposit growth.

As credit unions (CUs) vie with national banks for top-of-wallet placement for their own cards, they have one key advantage: trust. Six in 10 credit union members treat their credit union as the primary institution for all their financial transactions, well ahead of the 45% seen at digital banks and FinTechs, but far below the 78%–81% at national, regional and local banks. Consumer members report high satisfaction across the board, and small to mid-sized business (SMB) relationships with their credit unions are improving, providing a market opportunity to secure their top-of-wallet status.

But institutional trust in credit unions doesn't always translate to frequent card usage. When members are standing at the point of sale and deciding which card to pull out, credit union cards win less than half (48%) the time, compared to 69% for national bank cardholders. Members may have a strong relationship with their institution, but credit union cards aren't capturing those day-to-day spending decisions.

While members tend to use their credit union cards to pay recurring bills (rent, utilities, mobile phone bills), those payments are automated. The consumer can set it and forget it. The competition happens in discretionary purchases made case by case, where rewards programs drive card choice and credit unions aren't competing aggressively enough.

These are just some of the findings detailed in the latest edition of Credit Union Innovation Readiness: Consumers Trust Credit Unions but Don't Always Reach for Their Cards, a PYMNTS Intelligence and Velera collaboration. This edition examines how and why U.S. consumers and SMBs choose the cards they reach for, drawing on insights from a survey of 14,218 U.S. consumers conducted from February 1–28, 2026, and a parallel survey of 3,529 U.S. SMBs conducted from February 1–March 25, 2026.

This is what we learned.

Key Findings

01 First-Choice Pick

Six in 10 credit union members already treat the credit union as their primary institution for all their financial services needs.

Members who use a credit union as their primary financial institution report satisfaction rates of 87%, compared to 81% for non-primary credit union members.

02 Deposit Growth Tracks With Top-of-Wallet Growth

Credit union SMB deposit growth has accelerated since 2024, fueled by top-of-wallet members.

The share of SMB credit union members who say they are making more deposits climbed 13 percentage points to 40% between November 2024 and March 2026.

03 The Top-of-Wallet Gap

Credit unions trail behind national banks when it comes to top-of-wallet conversion rates.

48% of individuals who hold credit union cards put those cards at the top of their wallet, versus 69% at national banks.

04 Wins and Losses by Category

Credit union cards win the bills that members pay automatically every month but underperform in discretionary categories (travel, retail, electronics), where rewards programs drive card choice.

Credit union cardholders are 45% less likely than national bank cardholders to put their card on top for travel spending.

05 The Cash-Back Gap

Cash back offers could help credit unions win the loyalty of those with whom they haven't yet secured top-of-wallet status.

Cash back is the top card-choice factor for 44% of consumer credit union cardholders, compared to just 32% of those who already have their credit union card on top.

The Full Story

Credit unions have built strong relationships. The next step is becoming the card members reach for.

Six in 10 credit union members already treat the credit union as their primary financial institution.

Before credit unions can compete for top-of-wallet status, they need to attract members and become their first-choice institution. The membership-to-primary-account ratio (MPR) describes the share of account holders at a given institution who treat it as their primary financial institution (FI). This metric is key to an institution's success, and credit unions score well on it.

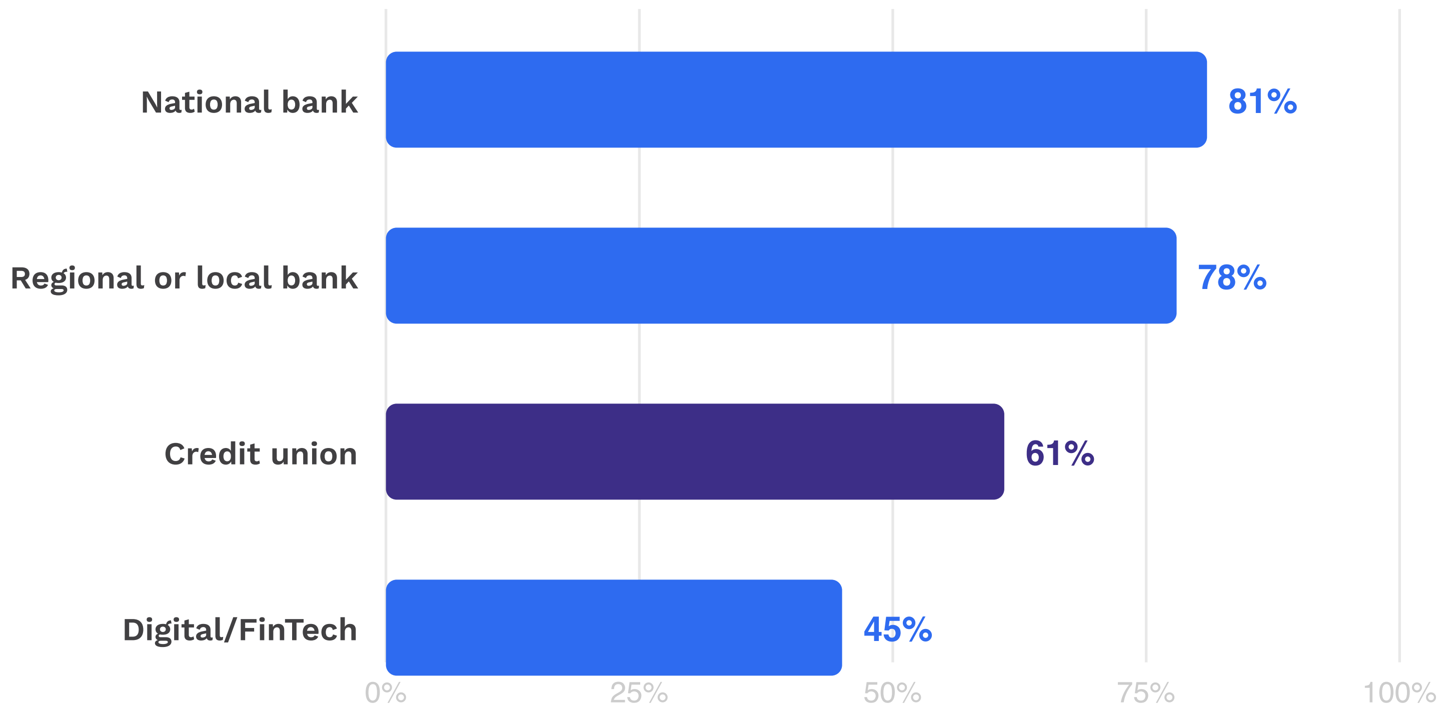
54%

of SMB members rank their credit union as their primary financial institution.

Among consumers, 61% of credit union account holders designate the credit union as their primary financial institution. That loyalty reflects years of relationship building that larger institutions have found more difficult to replicate. The share is considerably higher than the 45% captured by digital banks and FinTechs, though credit unions trail behind regional and national banks in this regard.

Figure 1:

Membership-to-primary-account ratio (MPR)
by financial institution type

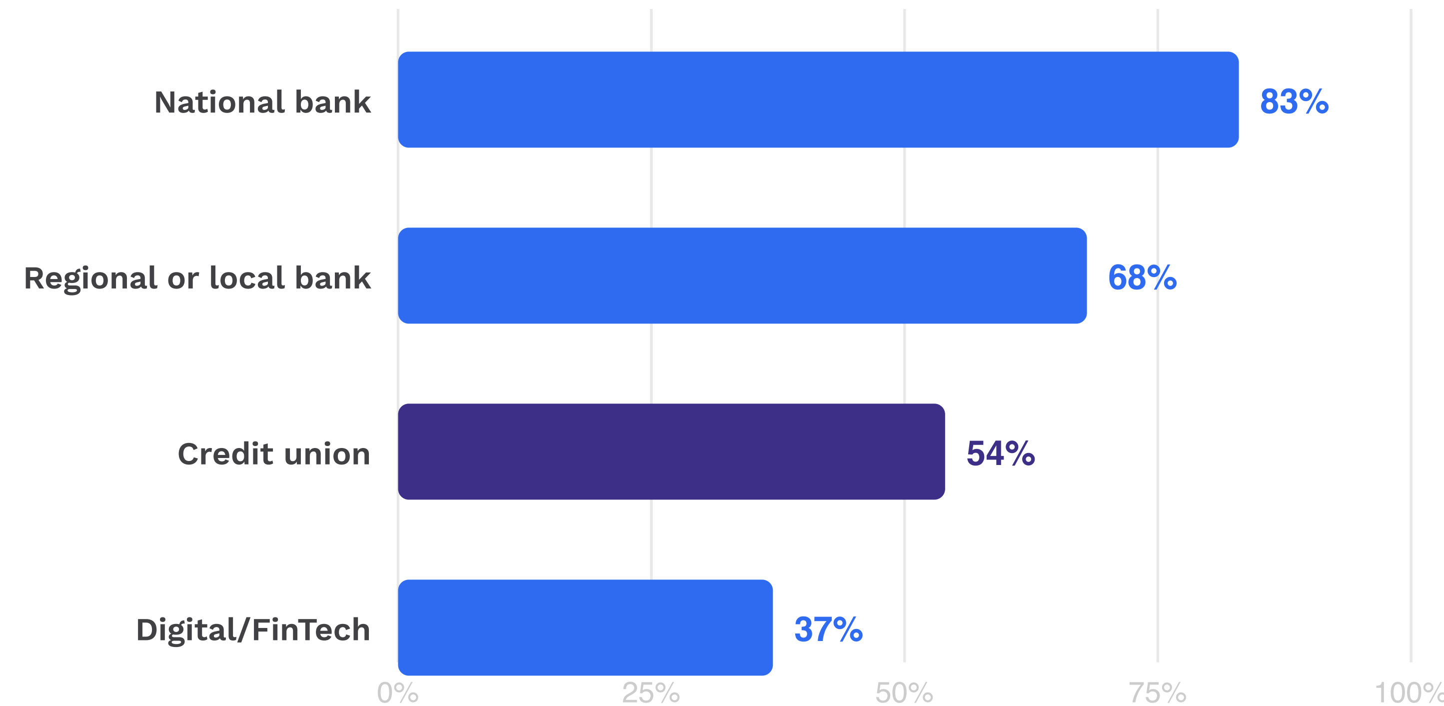


Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 14,218: Complete consumer responses, fielded Feb. 1–28, 2026

Similarly, the majority of SMB members rank their credit unions as their primary institution, and the share is on the rise. The MPR of SMBs that are credit union members rose to 54% in March 2026, up from 50% in November 2024.

Figure 2:

SMB membership-to-primary-account ratio (MPR)
by financial institution type



Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 3,529: Complete SMBs responses, fielded Feb. 1–Mar. 25, 2026

87%

of members who call a credit union their primary financial institution say they are very or extremely satisfied.

Credit union members are uniquely happy with their experience. Eighty-seven percent of individuals whose primary financial institution is a credit union say they are "very" or "extremely" satisfied with their primary institution, versus 81% of those at banks, whether traditional or digital. Additionally, 84% of consumers with credit union cards at the top of their wallets report high or very high satisfaction, compared to 80% for credit union cardholders whose top-of-wallet card is issued by a different institution.

Clearly, deeper engagement is linked with higher satisfaction. It seems that the primary-institution relationship is both a precondition for top-of-wallet conversion and a reward for it.

Figure 3:

Member satisfaction rates
by engagement level

87% — **CU Primary FI**
Very or extremely satisfied with their credit union as a primary financial institution

SATISFACTION RATE: 87%

84% — **CU Top-of-Wallet Converters**
Very or extremely satisfied vs. 80% of CU cardholders whose top-of-wallet is non-CU

SATISFACTION RATE: 84%

+7pp — **Primary vs. Non-Primary**
Higher satisfaction for primary CU members (87%) vs. non-primary CU members (81%)

SATISFACTION GAP: 87% / 81%

81% — **Non-Primary CU Consumers**
Still very or extremely satisfied—CU brand strength holds across the full member base

SATISFACTION RATE: 81%

Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 14,218: Complete consumer responses, fielded Feb. 1–28, 2026

Credit union SMB deposit growth has accelerated since 2024, and that increase is fueled by top-of-wallet members.

Another key measure of financial institutions' member relationships is deposit growth: Are members putting more money into their credit union accounts over time? SMBs, for their part, are. The share of SMB members reporting increased deposits in their primary account rose to 40% in March 2026 from 27% in November 2024. Consumer deposit growth has been more moderate across the same period, but the trajectory has also been positive.

Deposit growth varies considerably across membership segments. Among SMBs, businesses in large cities lead, with 50% reporting increased deposits over 16 months compared to their rural counterparts. Among consumers, Gen Z members report the highest deposit growth rate at 43%, with millennials at 30%. Older generations show more room for improvement.[1]

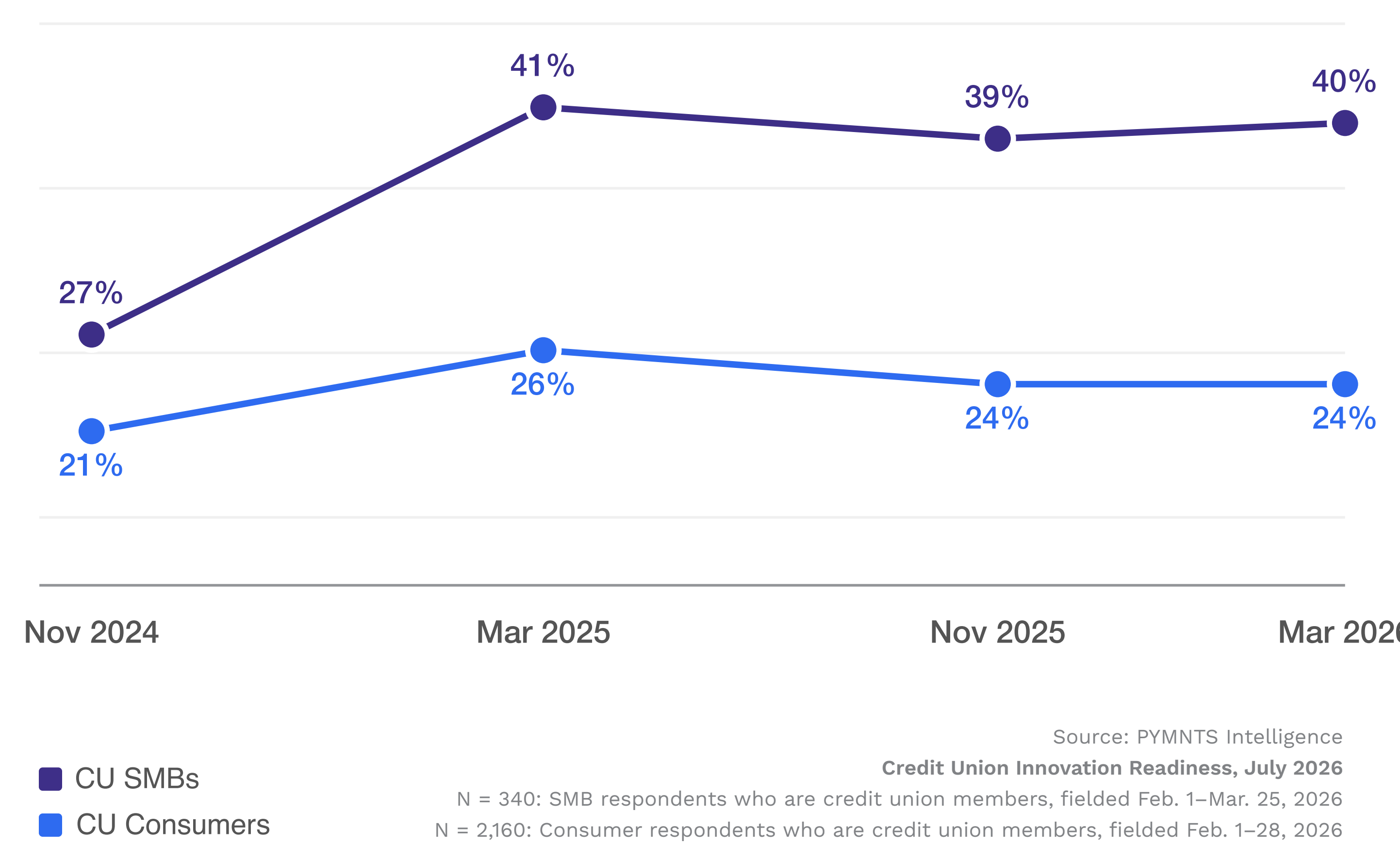
1 PYMNTS Intelligence uses the following birth dates and age ranges in 2026 for generational cohorts: baby boomers: born in 1964 or earlier and now aged 62 or older; Generation X: born between 1965 and 1980 and now aged 46–61; millennials: born between 1981 and 1996 and now aged 30–45; bridge millennials: born between 1980 and 1989 and now aged 31–37; and Generation Z: born in 1997 or later and now aged 29 or younger.

50%

of SMB credit union members in large cities reported increased deposits over the past 16 months.

Figure 4:

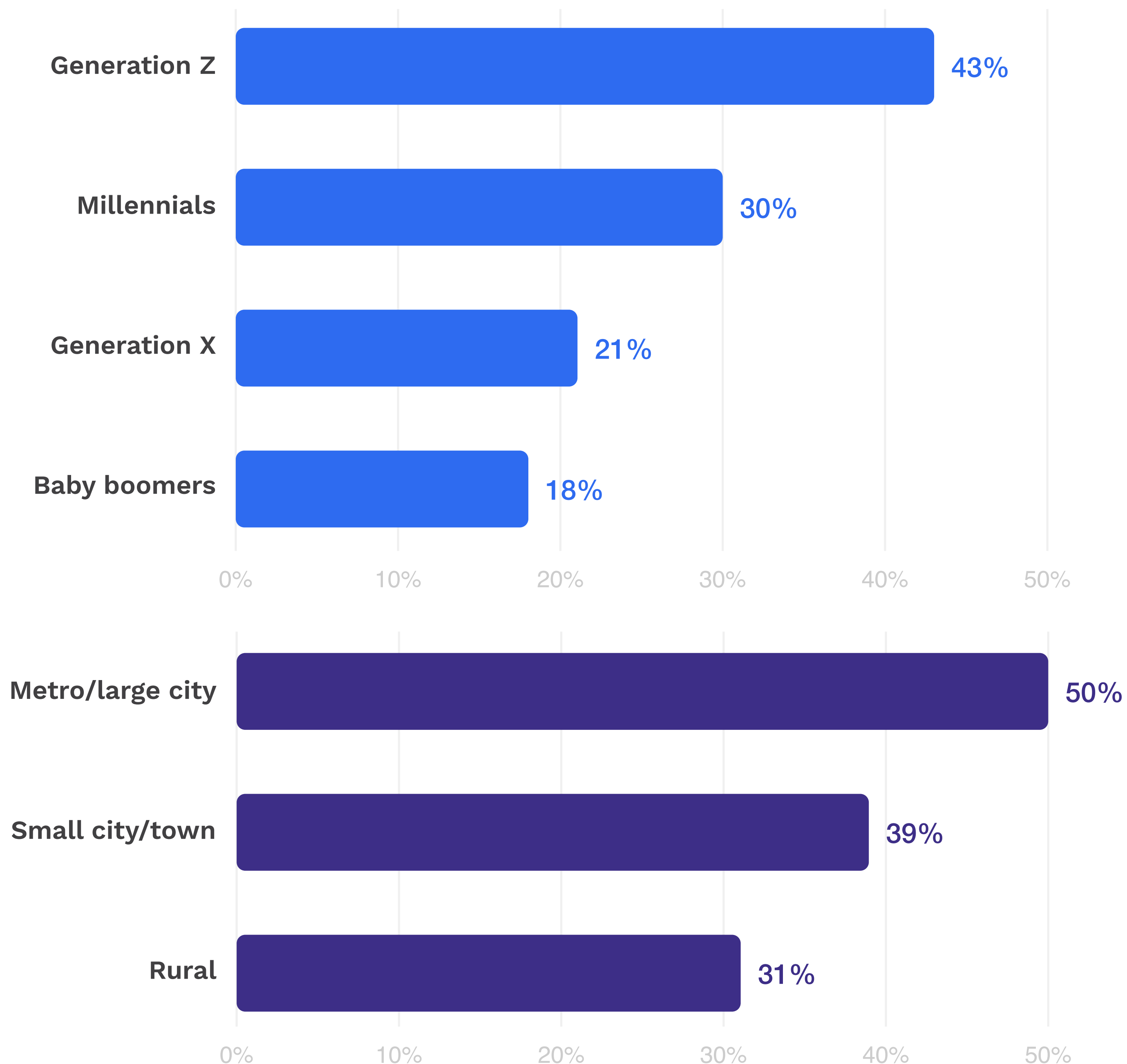
Share of credit union members reporting increased deposits in primary account
by survey date



Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 340: SMB respondents who are credit union members, fielded Feb. 1–Mar. 25, 2026
N = 2,160: Consumer respondents who are credit union members, fielded Feb. 1–28, 2026

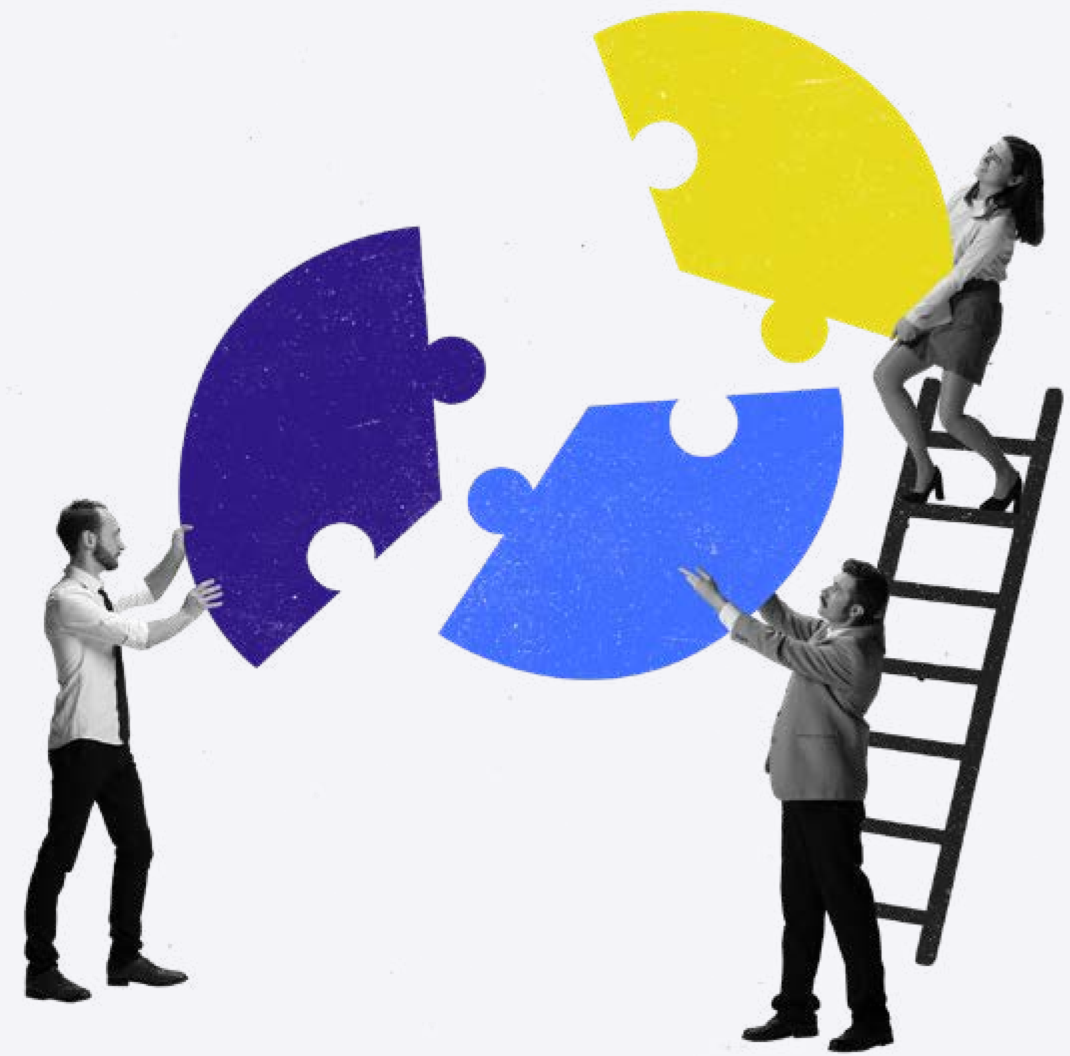
Figure 5:

Share of credit union members reporting increased deposits
by segment (March 2026)



Consumers by generation
SMBs by location

Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 340: SMB respondents who are credit union members, fielded Feb. 1–Mar. 25, 2026
N = 2,160: Consumer respondents who are credit union members, fielded Feb. 1–28, 2026



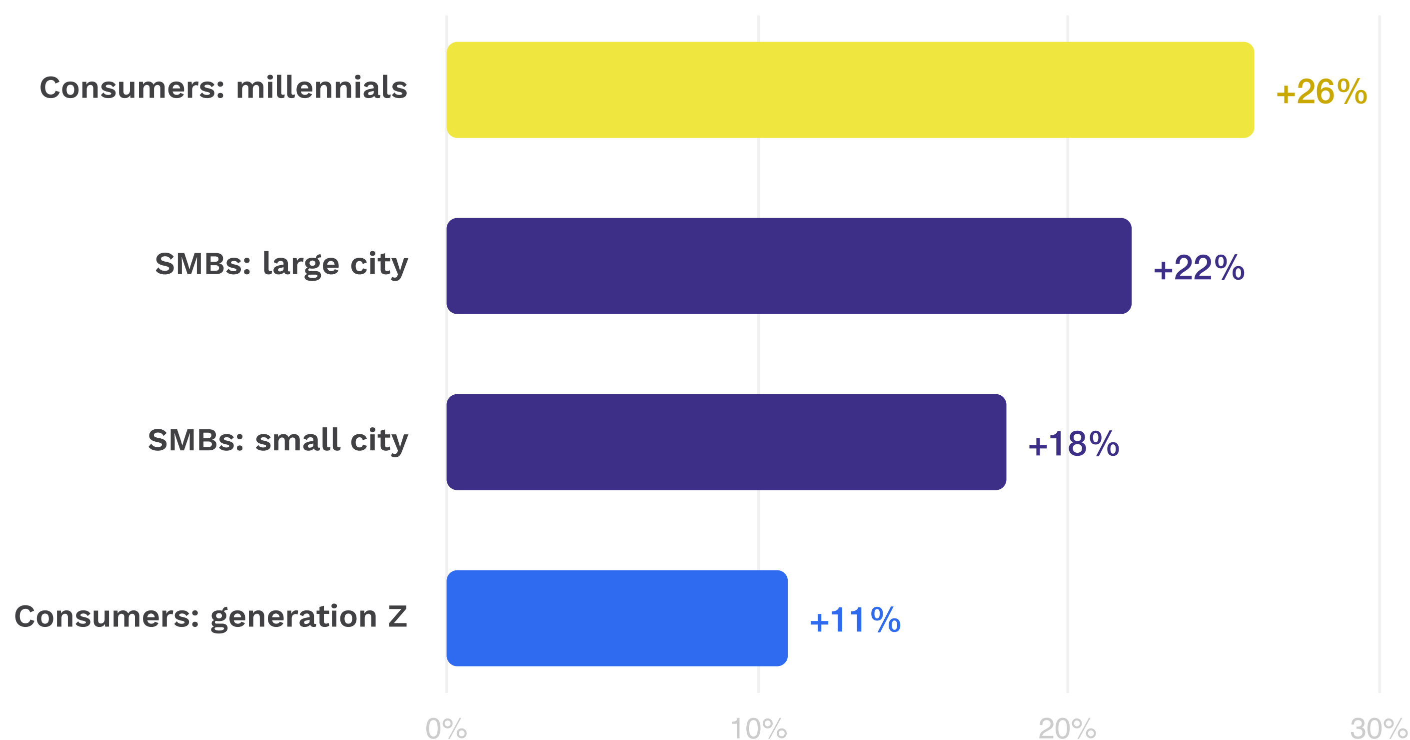
43%

of Gen Z credit union members reported increased deposits as of March 2026.

Top-of-wallet conversion is clearly linked with deposit growth. The members who showed the greatest increase in deposit growth since 2024 are disproportionately those who choose their credit union card first. Consumer members with top-of-wallet status increased deposit growth by 30% since 2024. SMB top-of-wallet members did so by 28%. No other consumer or SMB segment came close to those gains. Millennials showed the next-strongest consumer gain at 26%, and large-city SMBs followed at 22%.

Figure 6:

Percentage change in share reporting increased deposits
November 2024 to March 2026



Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 340: SMB respondents who are credit union members, fielded Feb. 1–Mar. 25, 2026
N = 2,160: Consumer respondents who are credit union members, fielded Feb. 1–28, 2026

Members who reach for their credit union card in everyday transactions are reinforcing the habit of treating the credit union as their primary financial home, and that habit appears to drive more frequent deposits. It seems that converting members to top-of-wallet status can be key to not only driving card usage but also growing deposits.

+28% **The share of credit union SMB converters** reporting increased deposits grew to 41%.

+30% **The share of credit union consumer converters** reporting increased deposits grew to 31%.

Credit unions trail national banks when it comes to top-of-wallet conversion rates.

The card-ownership-to-top-of-wallet ratio (COTWR) measures the share of cardholders at a given institution whose top-of-wallet card comes from that institution. This conversion rate determines whether having a card in a member's wallet translates into that card being used. For credit unions, the consumer COTWR is 48%. National banks achieve a considerably higher rate, at 69%. That 21-percentage-point gap indicates that credit unions may be missing out on some key opportunities to boost engagement.

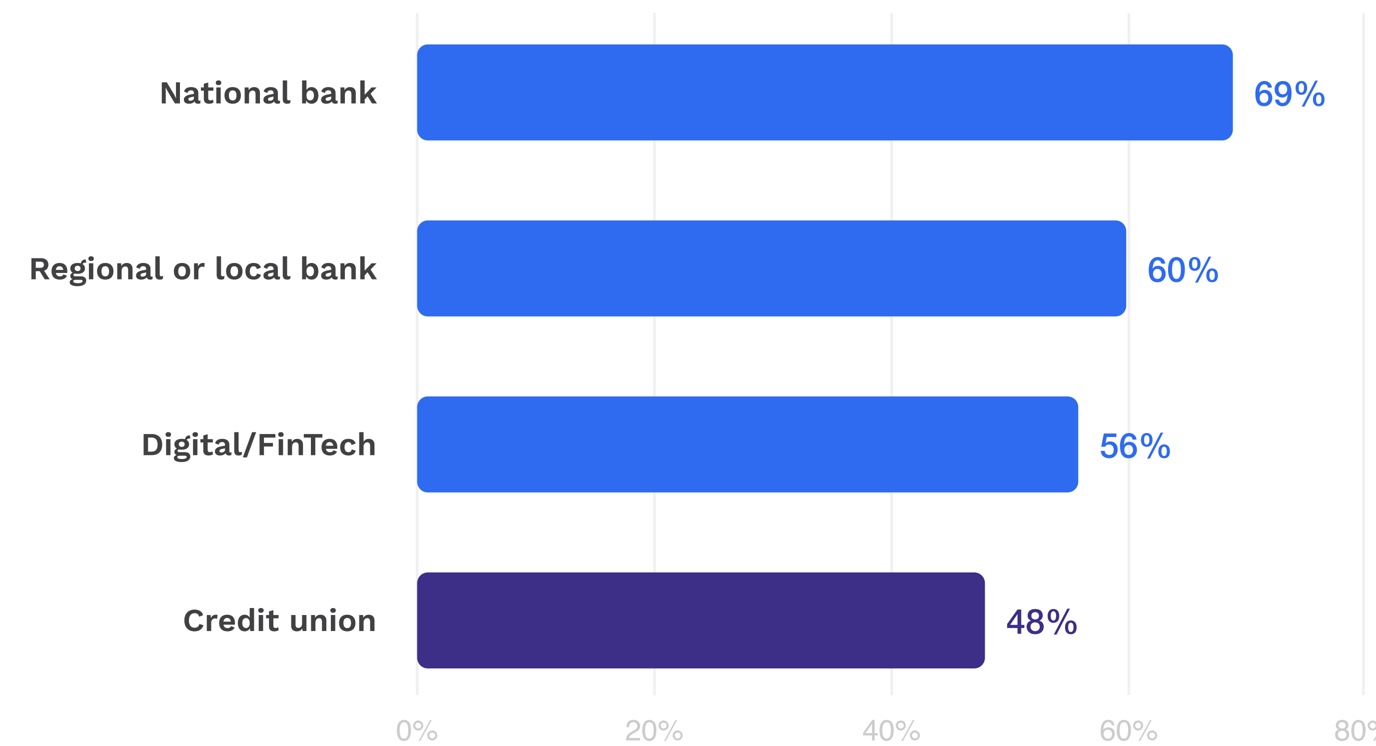
48%

of credit union cardholders make their credit union card top of wallet, compared to 69% at national banks.

Among SMBs, the gap is even wider. SMB credit union cardholders convert to top-of-wallet at a 49% rate, versus 75% for national banks, 57% for regional banks and 53% for FinTechs. For both consumer and business members, credit unions rank lowest in top-of-wallet conversion across all institution types measured.

Figure 7:

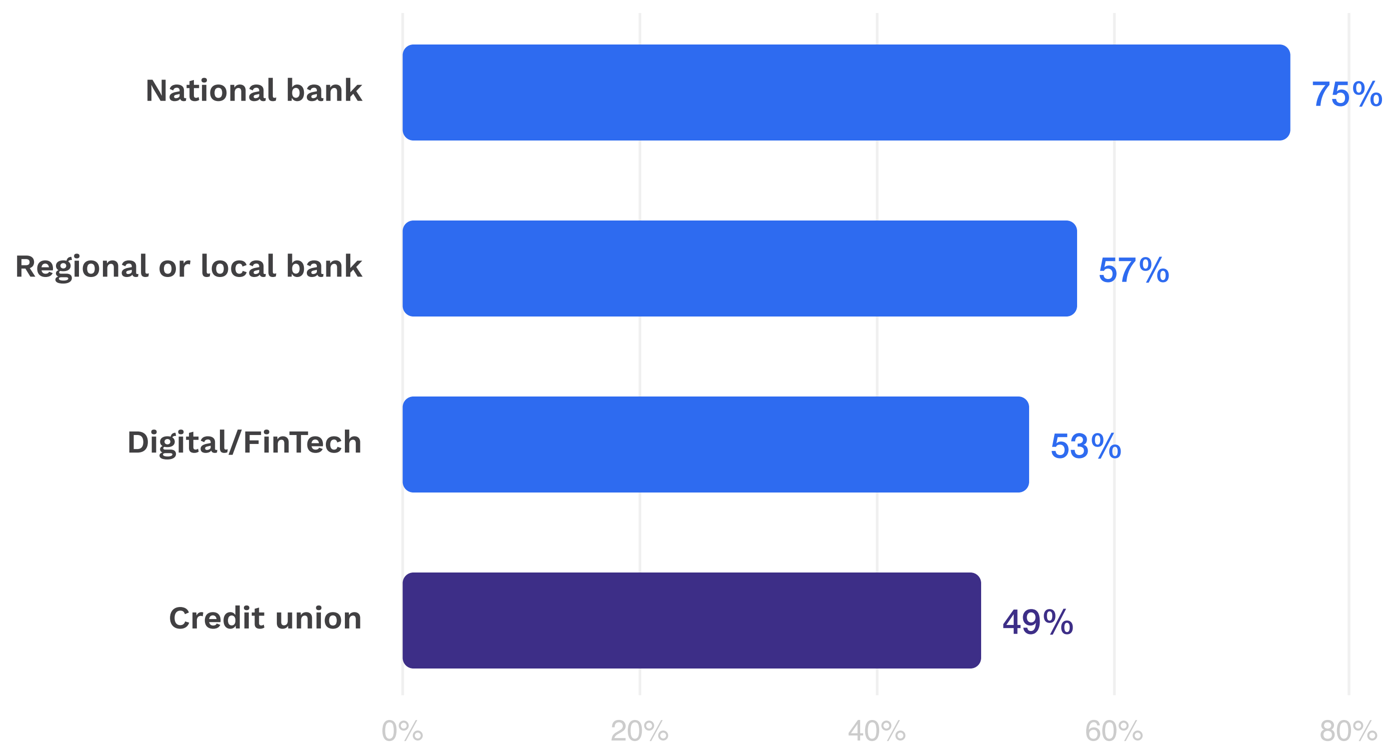
Card-ownership-to-top-of-wallet ratio (COTWR) for consumers
by financial institution type



Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 14,218: Complete consumer responses, fielded Feb. 1–28, 2026

Figure 8:

Card-ownership-to-top-of-wallet ratio (COTWR) for SMBs
by financial institution type



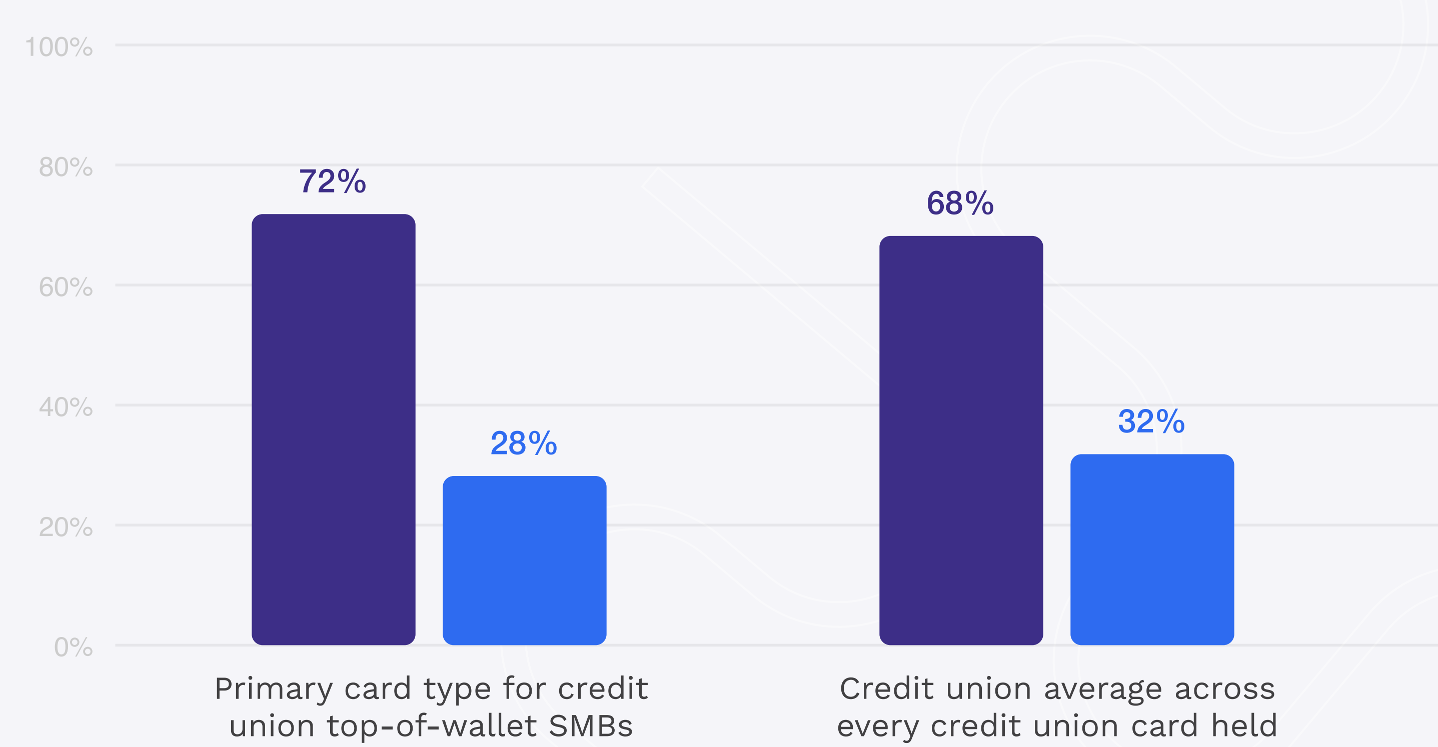
Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 3,529: Complete SMBs responses, fielded Feb. 1–Mar. 25, 2026

For SMBs, there may be a product-fit gap. Of SMBs who have their credit union card at the top of their wallet, 72% are using a business card rather than a personal card. That compares to 68% across all SMBs holding a credit union card. The difference suggests that purpose-built business cards—with features such as higher credit limits, expense tracking and clear separation of personal and business spending—may be better positioned to win top-of-wallet status.

For business owners, consumer cards are not aligned with how they spend. To secure top-of-wallet status, credit unions need to provide people with tools that meet their needs.

Figure 9:

Credit union business card usage
Top-of-wallet SMBs vs. all credit union SMB cardholders



Personal/consumer card
Business card

Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 252: SMBs whose credit union cards are top of wallet
N = 390: All SMBs owning credit union cards, fielded Feb. 1–Mar. 25, 2026

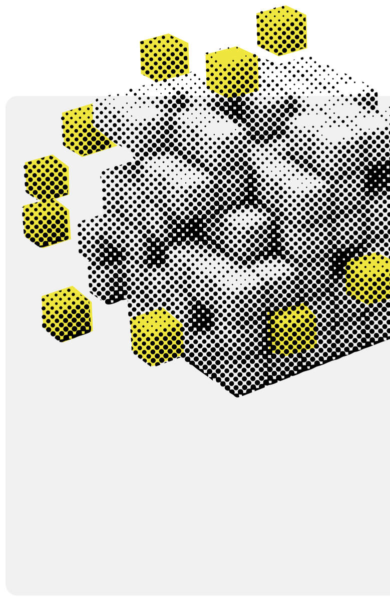
Credit union cards win the bills members pay automatically every month but underperform in discretionary categories (travel, retail, electronics), where rewards programs drive card choice.

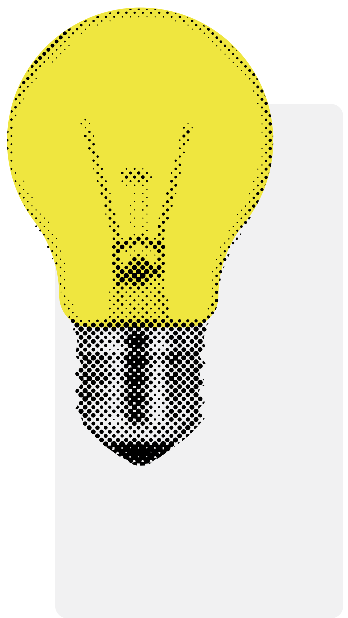
There are purchases that are habitual and often automated (rent, utilities, mobile phone bills) and others that are active decisions made in the moment (booking a flight, choosing a restaurant, ordering online). Credit unions win in the first group and lose in the second.

23%

of credit union cardholders use their credit union card for rent and mortgage payments, compared to 16% for national bank cardholders.

Among consumers, credit union cards lead national bank cards in every recurring essential category. For instance, for rent and mortgage, 23% of credit union cardholders pay using their credit union card, while only 16% of national bank cardholders pay with their national bank card, a 44% relative advantage. The same trend goes for utility bills (37% vs. 34%, a 9% advantage), mobile and home internet (35% vs. 33%, a 6% advantage), groceries (58% vs. 57%, a 2% advantage), and basic healthcare (18% vs. 16%, a 13% advantage).

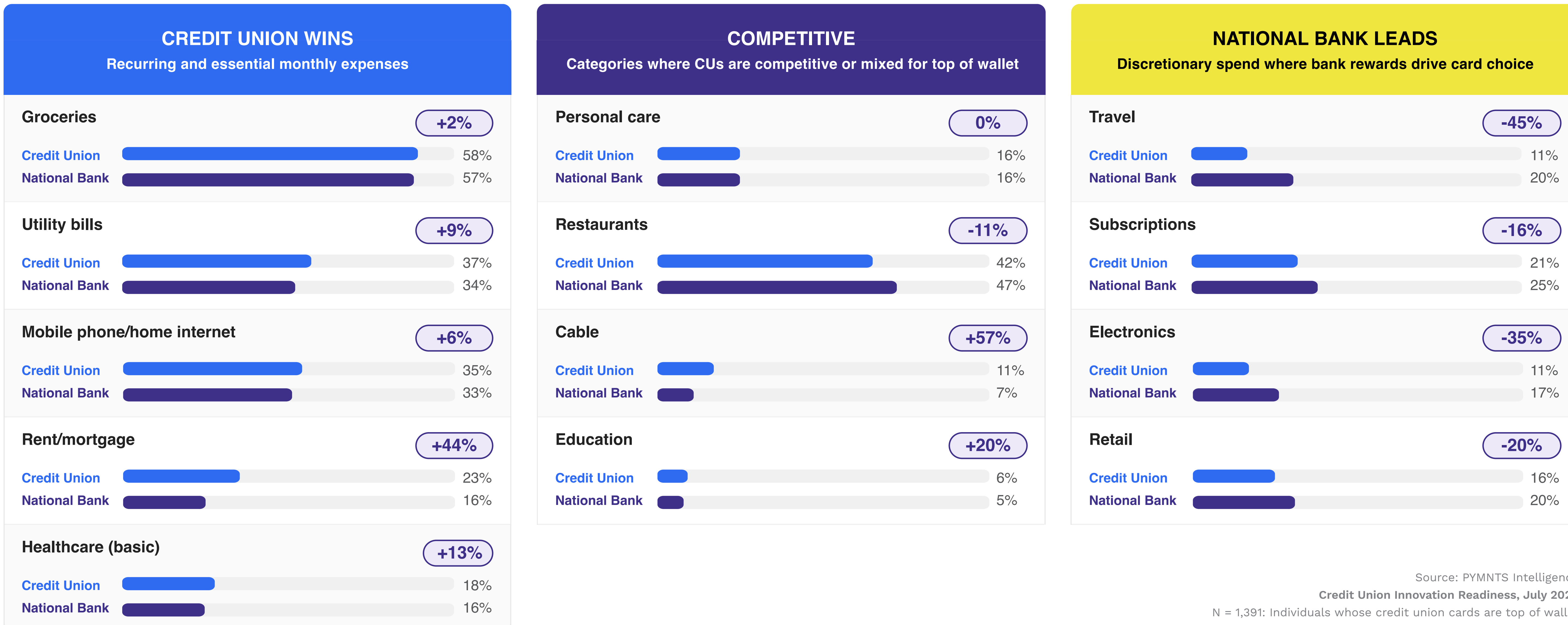




The picture is different for discretionary and in-the-moment purchases. Credit union cardholders are 45% less likely than national bank cardholders to use their card for travel (11% vs. 20%), 35% less likely for electronics (11% vs. 17%), 20% less likely for retail (16% vs. 20%), 16% less likely for subscription services (21% vs. 25%), and 11% less likely for restaurants (42% vs. 47%). These are the categories where members make active, considered choices about which card to pull out, and rewards programs can be the deciding factor.

Figure 10:

Difference in consumer top-of-wallet share
by purchase category, credit union vs. national bank



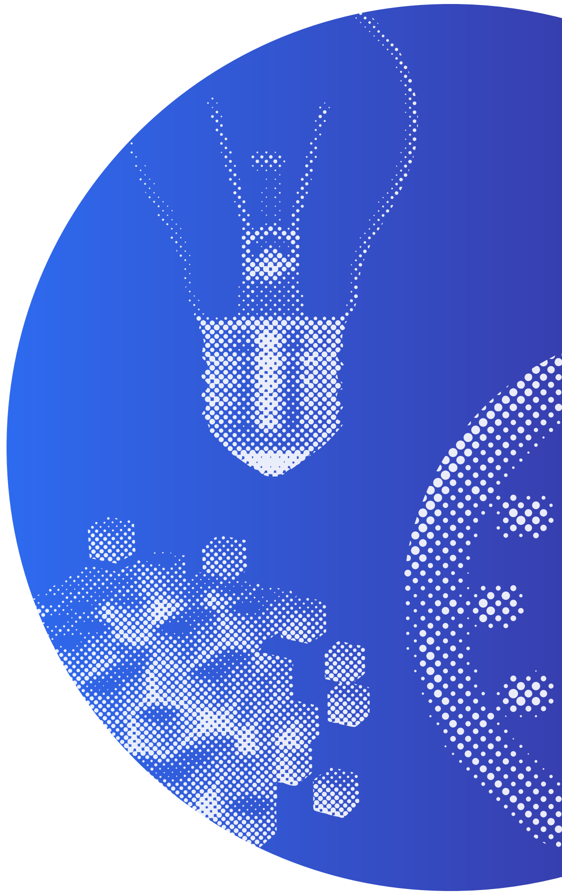
Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 1,391: Individuals whose credit union cards are top of wallet
N = 5,005: Individuals whose national bank cards are top of wallet, fielded Feb. 1–28, 2026

Notably, credit unions' leads for habitual purchases widen in specific segments: The rent and mortgage advantage is strongest among lower-income members (under $50,000 in annual income), the utility bills lead is widest among members with lower primary account balances, and the mobile and internet edge is greatest in rural locations. These are the members most anchored to the credit union across multiple dimensions, and their behavior suggests the credit union card is already their default across essential spending.

SMBs show similar preferences. Credit union SMB cards lead national bank cards in construction and contracting (20% vs. 16%, a 25% advantage) and renovation or space expansion (11% vs. 9%, a 22% advantage). These are trades and facility-related business categories where local-institution trust tends to matter most. The credit union lead is strongest among smaller businesses, with the construction advantage widest for firms with under $250,000 in annual revenue and the renovation advantage widest in rural and small-town locations.

20%

of credit union SMB cardholders use their credit union card for construction and contracting, compared to 16% for national bank cardholders.



By contrast, national bank cards lead SMBs in the higher-volume everyday business categories: inventory purchases (49% for credit union SMBs vs. 54% for national bank SMBs, a 9% gap), basic operating costs (49% vs. 54%, also a 9% gap), marketing and promotion (34% vs. 41%, a 17% gap), and non-inventory product purchases (35% vs. 39%, a 10% gap). Granted, most of these gaps are in single digits, unlike the large consumer gaps. With the right features on offer, credit union cards have the potential to compete effectively across most of these categories for both SMBs and consumers.

Figure 11:

SMB top-of-wallet share by business expense category
Credit union vs. national bank

CREDIT UNION WINS
Categories where credit union SMB cards lead

		Credit Union	National Bank
Construction / contracting	+25%	20%	16%
Renovation / space expansion	+22%	11%	9%

COMPETITIVE
Categories where the wallet is competitive

		Credit Union	National Bank
New equipment / upgrades	-3%	38%	39%
Repairs / facility maintenance	+3%	31%	30%
Permanent staff wages	-5%	21%	22%
Research and development	+7%	15%	14%
Temporary staff / contractors	0%	12%	12%

NATIONAL BANK LEADS
Categories where national bank SMB cards win

		Credit Union	National Bank
Marketing and promotion	-17%	34%	41%
Inventory purchases	-9%	49%	54%
Basic operating costs	-9%	49%	54%
Non-inventory products	-10%	35%	39%
Trucking and transportation	-15%	17%	20%
Education or training	-19%	13%	16%

Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 252: SMBs whose credit union cards are top of wallet
N = 1,693: SMBs whose national bank cards are top of wallet, fielded Feb. 1–Mar. 25, 2026

Cash-back offers could help credit unions win the loyalty of those with whom they have yet to secure top-of-wallet status.

Understanding the top-of-wallet gap requires knowing what motivates both those who are already converted and those who are still defaulting to other cards.

44%

of credit union cardholders cite rewards as their top reason for choosing a card.

Among consumers who reach for their credit union card first, 17% say that contactless payments drive their choice, and an equal share cite the ability to track spending across cards, while 15% are motivated by the quality of the customer service. For these members, convenience and service matter more than rewards.

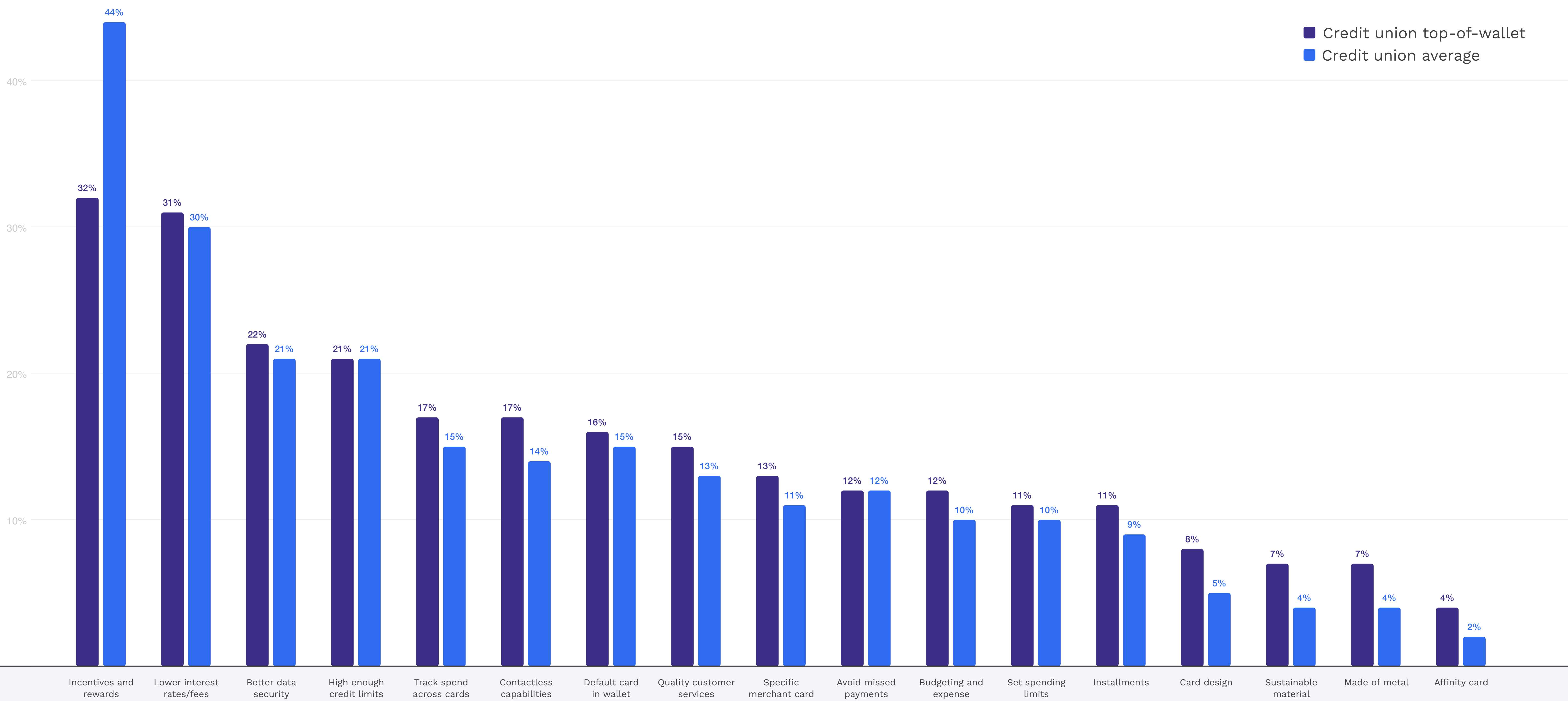
Among credit union members overall who have any payment card, rewards are the standout factor, driving usage for 44%. Only 32% of those who reach for their credit union card first say the same. Credit unions are missing an opportunity with consumers who value cash back above all else.

Figure 12:

Consumer card-choice factors

Credit union members with at least one payment card vs. credit union members with their credit union card at the top of their wallet

Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 1,792: Individual credit union members with at least one card, fielded Feb. 1–28, 2026



Among SMBs, lower rates and fees lead the list of card-choice factors for both members who have their credit union cards at the top of their wallets and those who do not, each at 41%. Similarly, having high enough credit limits motivates usage for both groups, with approximately one in three citing this as a factor. These are the baseline requirements that any card must meet to be able to compete.

Beyond those two main necessities, top-of-wallet members and the average card-holding member tend to differ. SMBs with their credit union cards at the top of their wallets place greater emphasis on data security (24% vs. 21%), contactless payments (16% vs. 12%) and quality customer service (17% vs. 14%). Card-holding SMB members overall, by contrast, weight cash back more heavily (31% vs. 25%) and place substantially greater emphasis on budgeting tools (24% vs. 17%).

The interest in budgeting tools suggests that the SMBs that haven't made their credit union card their primary choice are looking for expense management functionality that helps them track, categorize and control business spending. This demand suggests opportunities for product development beyond simply raising rewards rates.

41%

of SMB credit union cardholders cite lower rates and fees as their top card-choice factor.

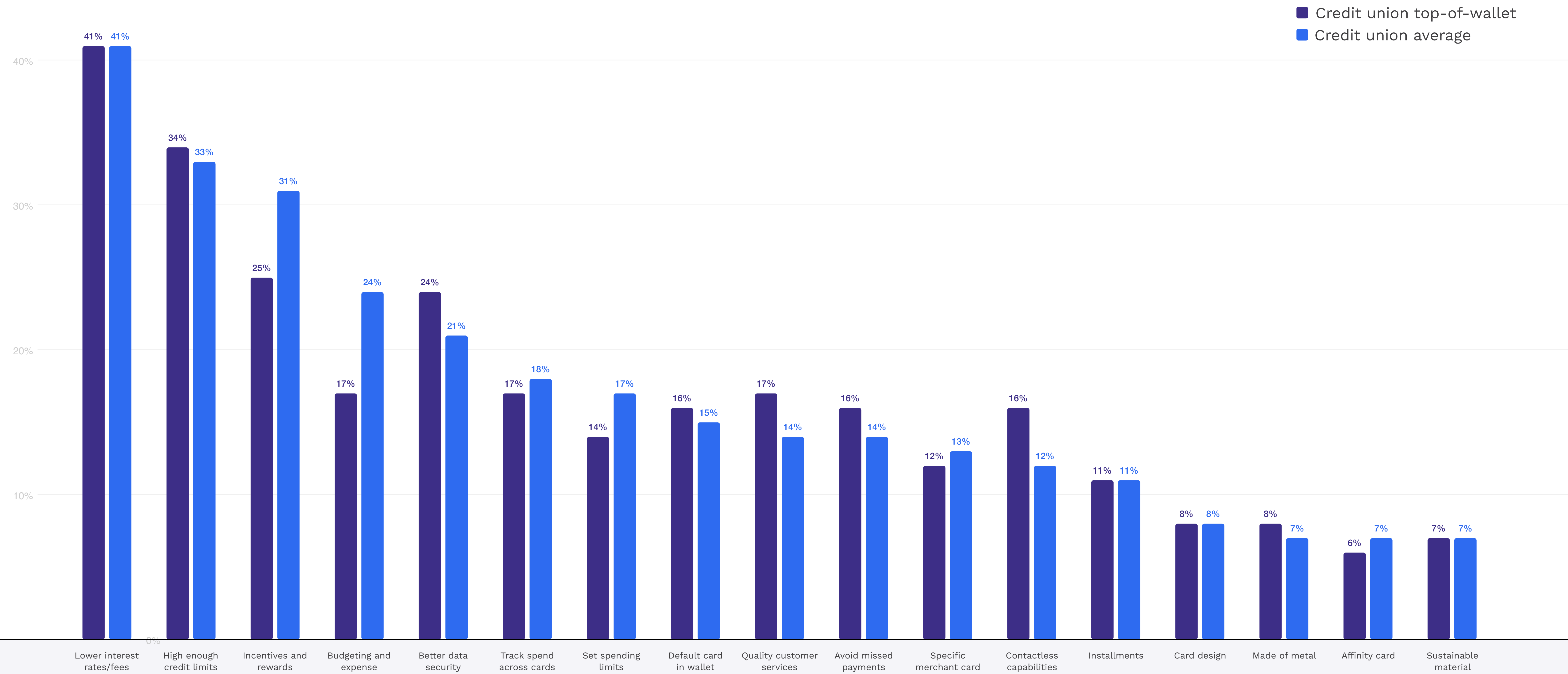
Small credit unions have a unique opportunity: Those that fall under the Durbin Amendment exemption, which applies to institutions with less than $10 billion in assets, are not subject to the interchange fee cap that constrains large banks. They retain more revenue per transaction, which could give them the financial capacity to fund more competitive rewards programs. That capacity could be deployed to boost conversion.

Figure 13:

SMB card-choice factors

SMB credit union members with at least one payment card vs. credit union members with their credit union card at the top of their wallet

Source: PYMNTS Intelligence
Credit Union Innovation Readiness, July 2026
N = 292: SMB credit union members with at least one card, fielded Feb. 1–Mar. 25, 2026

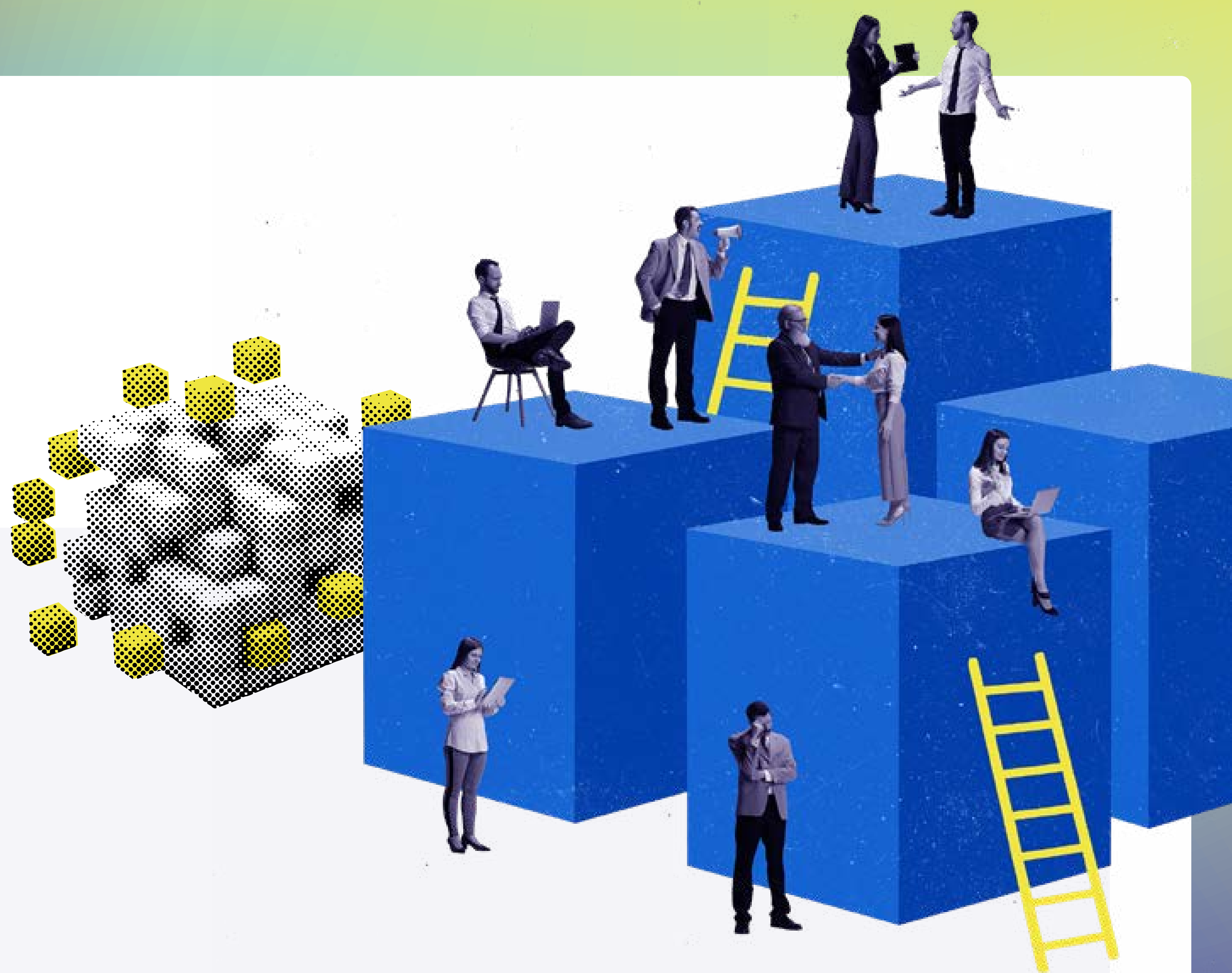


Conclusion

Credit unions have the trust, the relationship and even the economic opportunity to compete aggressively for top-of-wallet status. To capture that opportunity, they need to sweeten the deal for card users.

Credit unions have built strong primary relationships with 61% of their consumer members and 54% of their SMB members. Satisfaction levels are high across the board. Deposit growth is accelerating among the most engaged segments. The SMB relationship is strengthening over time. Much is working in credit unions' favor.

Yet credit union cards are not the card members reach for when they book a flight or go shopping. In those moments, the ones that build daily spending habits and solidify into top-of-wallet status, rewards programs are often the deciding factor. In that area, credit unions are falling behind. The members credit unions have yet to convert are not asking for a better branch or faster service—they are asking for cash back.



Credit unions with a Durbin exemption have the interchange revenue to fund competitive rewards without sacrificing margin. The top-of-wallet members they have already won demonstrate that once a member converts, the relationship deepens: Deposits grow faster, satisfaction rises, and credit union cards rise to the top of wallets. For SMBs, it's about providing purpose-built business cards and adding budgeting tools and expense management features.

Members already feel a connection to their credit unions. Now, those credit unions just need to close the top-of-wallet gap.

Credit Union Innovation

Readiness

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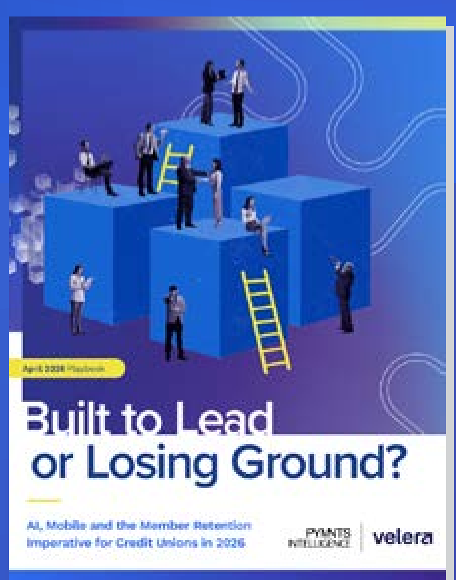

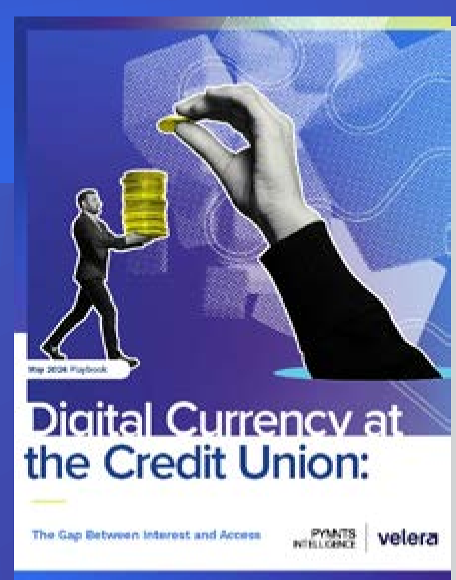

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Methodology

This latest edition of Credit Union Innovation Readiness: Consumers Trust Credit Unions but Don't Always Reach for Their Cards, created in collaboration with Velera, is based on a survey of 14,218 U.S. consumers fielded from February 1–28, 2026, and a parallel survey of 3,529 U.S. SMBs fielded from February 1–March 25, 2026. The report examines how U.S. consumers and SMBs choose and use cards across financial institution types, with particular focus on top-of-wallet conversion among credit union account holders. Both samples were collected via an online panel and balanced on age, gender, income, region and ethnicity for consumers, and on equivalent firmographic variables for SMBs.

Where noted, findings are compared to prior surveys conducted in November 2024, March 2025 and November 2025. Two foundational metrics are used throughout: the membership-to-primary-account ratio (MPR), which measures the share of account holders at a given institution who treat it as their primary FI, and the card-ownership-to-top-of-wallet ratio (COTWR), which measures the share of cardholders whose top-of-wallet card belongs to that institution.

ABOUT

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 includes leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues defining the future of the digital transformation of the global economy. This multilingual 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.

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Velera 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.

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