



# CREDIT UNION INNOVATION

PLAYBOOK

New Payment Flows Edition

The 2020 Credit Union Innovation Playbook series, a PYMNTS and PCSU collaboration, analyzes the evolution of the innovation trends in the financial ecosystem. The New Payment Flows Edition draws from a data sample of 3,908 consumers, 100 credit union leaders and 50 FinTech executives to examine which payment product innovations CUs and FinTechs plan to prioritize in the near future.

PYMNTS.com



APRIL 2020 ■



The logo features a dark blue square with a white geometric pattern of interconnected lines and triangles. To the right of the square, the words "CREDIT UNION" are stacked in a large, bold, lime green sans-serif font. Below "CREDIT UNION", the word "INNOVATION" is written in a smaller, lime green sans-serif font. To the right of "INNOVATION", the word "PLAYBOOK" is written in a white sans-serif font inside a dark blue rectangular box.

# CREDIT UNION INNOVATION

PLAYBOOK

The Credit Union Innovation Playbook was done in collaboration with PSCU, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

## TABLE OF CONTENTS

---

Introduction. ....	01
The cutting edge of new payment flows. ....	07
The member perspective . ....	11
The FinTech challenge . ....	15
Understanding the CU-FinTech innovation divide. ....	19
Delivering on the fundamentals . ....	25
Conclusion. ....	29
Methodology . ....	30

# INTRODUCTION

**R**ochester, New York-based ESL Federal Credit Union announced on March 18 that it would close its physical branches to help slow the spread of the COVID-19 virus.<sup>1</sup> The financial institution (FI) instead began offering banking services at drive-thru teller stations and allowing members to schedule special appointments to access safe deposits or make wire transfers.

ESL Federal was one of many credit unions (CUs) that rolled back their brick-and-mortar operations in mid-March. Bethpage Federal Credit Union — the largest cooperative in New York state —

temporarily shuttered six of its branches, for example, while Seattle, Washington-based Nordstrom Federal Credit Union announced it would remain closed through March 31.<sup>2</sup> The latter has yet to return to normal operations. Seattle Credit Union has meanwhile closed its Georgetown and downtown Seattle locations, but kept its drive-thru services fully operational.<sup>3</sup>

This pressure to enable access to digital banking services is undeniably stronger in the midst of the COVID-19 pandemic, with CU members across the country confined to their homes in compliance with stay-

at-home and quarantine directives, but it is nothing new. PYMNTS' research shows credit unions were investing in digital services even before the outbreak began, with 77 percent doing so in their mobile banking innovations and 71 percent doing so for data security during the past three years.<sup>4</sup>

Digital innovations have been key in CUs' past innovation plans, but which areas should they focus on now that the COVID-19 pandemic has transformed how they engage with their members?

The 2020 Credit Union Innovation Index, a PYMNTS and PSCU collaboration, surveyed 3,908 credit union members, 100 CU decision-makers and 50 FinTech executives to learn about the current state of the credit union innovation ecosystem. The Credit Union Innovation Playbook: New Payment Flows Edition delves deeper into these findings and examines the innovation areas CU members and decision-makers plan to prioritize going forward. Which innovations do credit union members value most, and are CUs prioritizing them? If not, how can they refine their innovation strategies to meet their members' needs?

<sup>1</sup> Author unknown. COVID-19 Coronavirus Responses & Updates. ESL Federal Credit Union. 2020. <https://www.esl.org/about-us/esl-in-the-news/esl-notifications/covid-19-coronavirus>. Accessed April 2020.

<sup>2</sup> Grossé, W. Bethpage Coronavirus updates. Bethpage Federal Credit Union. 2020. <https://www.bethpagefcu.com/more/bethpage-updates.aspx>. Accessed April 2020.

<sup>3</sup> Strozniak, P. Credit unions in states hardest hit by COVID-19 start closing branches. Credit Union Times. 2020. <https://www.cutimes.com/2020/03/18/credit-unions-in-states-hardest-hit-by-covid-19-start-closing-branches/>. Accessed April 2020.

<sup>4</sup> Credit Union Innovation Index. PYMNTS.com. 2020. <https://www.pymnts.com/study/credit-union-innovation-playbook-march-2020/>. Accessed April 2020.

## This is what we learned.

01

### Two-thirds of credit unions are prioritizing voice assistant innovations.

Peer-to-peer (P2P) and voice assistant payment capabilities are poised to become important areas of CU innovation in the near future, with 55 percent and 66 percent of credit union executives saying they are “very” or “extremely interested” in focusing on them, respectively. Our research shows 58.3 percent of large credit unions with more than \$5 billion in assets already offer P2P innovations and that 41.7 percent are “very” or “extremely interested” in them. Mid-sized CUs holding between \$500 million and \$5 billion in assets and small credit unions with under \$5 million in assets appear to be more interested in P2P payments than their larger counterparts, though. Fifty-two percent of mid-sized CUs and 63.2 percent of those classified as small are “very” or “extremely interested” in innovating P2P payments, for example, while only 38 percent and 26.3 percent, respectively, currently offer them.

02

### Credit union members want P2P payment options.

CU members are generally less aware of options like voice assistants and point-of-sale (POS) credit than credit unions and FinTechs, but many would still be interested in using them if they were available. Our research shows just 15.4 percent of CU members would be “very” or “extremely interested” in using voice assistants, for example, while 24.4 percent say the same about POS credit options. The innovation in which consumers express the most interest — and which represents the largest area for growth — is P2P payments, with 29.9 percent of CU members noting they would be “very” or “extremely interested” in using them.

Age appears to play a role, too, with interest in P2P payments and POS credit highest among millennials. Our survey indicates 41.1 percent of credit union members in this bracket are “very” or “extremely interested” in P2P payment innovations, while 32.1 percent say the same about POS credit options. This compares to 32.5 percent and 26.6 percent of Generation X consumers who express the same level of interest in these two payment innovations, respectively.



## 03

**FinTechs are challenging credit unions by innovating new payment services.**

CUs are not the only institutions eyeing payment innovations. FinTechs have expressed interest in similar technologies and could pose a competitive threat, with 76 percent “very” or “extremely interested” in innovating new P2P payment options and 62 percent doing so for installment credit innovations. Their likelihood of interest in innovating their payment offerings varies according to their annual revenues, however, just as credit unions’ varies by asset holdings. Mid-sized and small FinTechs appear more interested in innovating new products, because most larger ones already offer them: PYMNTS’ research finds just 6.3 percent of large FinTechs generating \$100 million or more per year are “very” or “extremely interested” in innovating real-time payment options, as the remaining 93.7 percent already offer them. This compares to 42.9 percent of mid-sized FinTechs generating \$25 million to \$100 million per year and 60 percent of the smaller ones generating below \$25 million per year that express the same level of interest in innovating new products.

## 04

**FinTechs see credit unions as channels rather than challengers.**

CUs and FinTechs may have similar innovation priorities, but they tend to have very different target audiences in mind. Many FinTechs innovate products they believe they could monetize and sell to FIs, for example, with 75 percent of those interested in innovating installment credit products reporting doing so because they think FIs would like to use them. Another 47.2 percent believe they would be able to sell more of these innovations to FIs, while 50 percent cite an interest in selling directly to consumers.

This complex interplay between credit unions, their members and the FinTechs that could come between them is the foundation upon which the financial innovation ecosystem rests. If credit unions do not act on their members’ payment flow innovation demands, there is the potential for disintermediation to occur, with FinTechs bypassing the credit union channel to offer services directly to consumers. The following Playbook analyzes various parties’ interests in payment innovations and explores why consumers, CU executives and FinTech executives believe developing and supporting seamless payment experiences will become important innovation focuses over the next three years.

# THE CUTTING EDGE OF NEW PAYMENT FLOWS

Innovation can help FIs develop products to differentiate themselves from their competitors, but it can also be an operational imperative, depending on the type in question. Innovating real-time payment options is less about standing out for credit unions that do not already provide common digital payment services than about meeting basic requirements in a market in which such services are a necessity, for example.

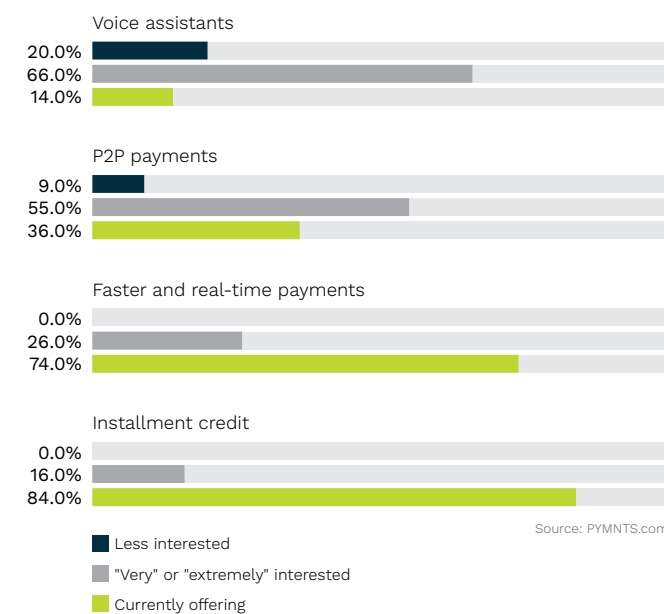
Other less-commonly offered services can help CUs stand out, and these digital offerings appear to generate the greatest innovation interest. Fifty-five percent of credit union executives say they would be “very” or “extremely interested” in developing P2P payment innovations, for example, while 66 percent expressed the same about those for voice assistants.

PYMNTS also sees significant but less widespread interest in developing faster and real-time payments and installment credit products, primarily because such services are widely available and there is less room for growth. Seventy-four percent and 84 percent of CUs offer real-time payments and installment credit options, respectively, but digital products such as P2P and voice assistant-enabled

**FIGURE 1:**

## **Credit unions' interest in innovating new payment flows**

Share of CU executives who express interest in select payment flow innovations



58.3%

OF LARGE CUS  
ARE "VERY" OR  
"EXTREMELY  
INTERESTED"  
IN **VOICE  
ASSISTANT  
INNOVATIONS.**

payments are comparatively rare, at 36 percent and 14 percent.

CUs’ likelihood of offering select payment flows appears to vary by size, however. Those that hold more than \$5 billion in assets are the most likely to already provide real-time payments and installment credit services, for example. Our research shows 91.7 percent and 100 percent of large credit unions provide these products, respectively, compared to the 52.6 percent and 84.2 percent of small CUs that do the same.

Large CUs are the most likely to already offer products that enable access to real-time payments and installment credit options, as well as to be interested in developing P2P payment services and voice assistants — that is, if they do not already offer them. Our research shows 41.7 percent of large CUs provide voice assistant services, and 58.3 percent offer P2P payment options, compared to 16 percent and 38 percent of mid-sized CUs, respectively.

Credit unions must therefore take these offerings’ commonality into account when designing and implementing their three-year innovation plans. Real-time

payment and installment credit options are so common that CUs must provide them to be competitive in the current market. Products such as P2P payments and voice assistants are less common, however, and providing them could help credit unions stand out from their competition.

TABLE 1:  
**Credit unions’ interest in innovating new payment flows**  
Share of CU executives who express interest in select payment flow innovations, by assets

INTEREST LEVELS	SIZE OF ASSETS		
	Less than \$500M	\$500M–\$5B	More than \$5B
VOICE ASSISTANTS			
• Less interested	26.3%	20.0%	0.0%
• "Very" or "extremely" interested	71.1%	64.0%	58.3%
• Currently offering	2.6%	16.0%	41.7%
P2P PAYMENTS			
• Less interested	10.5%	10.0%	0.0%
• "Very" or "extremely" interested	63.2%	52.0%	41.7%
• Currently offering	26.3%	38.0%	58.3%
FASTER AND REAL-TIME PAYMENTS			
• Less interested	0.0%	0.0%	0.0%
• "Very" or "extremely" interested	47.4%	14.0%	8.3%
• Currently offering	52.6%	86.0%	91.7%
INSTALLMENT CREDIT			
• Less interested	0.0%	0.0%	0.0%
• "Very" or "extremely" interested	15.8%	20.0%	0.0%
• Currently offering	84.2%	80.0%	100.0%

Source: PYMNTS.com



# THE MEMBER PERSPECTIVE

Credit union members are not as enthusiastic as CU decision-makers about technologies such as P2P payments, installment credit services and voice assistants, but many still express interest in using them. Our research shows 29.9 percent of credit union members would be “very” or “extremely” interested in using P2P payment services if their CUs offered them, for example, that 24.4 percent would say the same about POS credit products and 15.4 percent express similar levels of interest in using voice assistants.

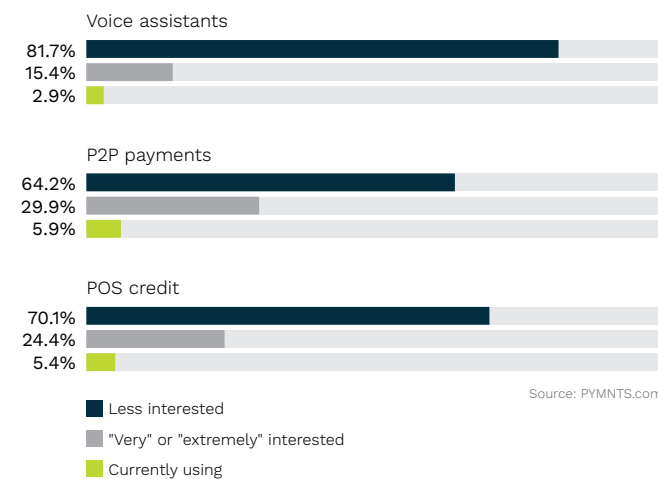
Credit union members from different generational backgrounds express different levels of interest in using these new payment products and services, too, and interest appears to be highest among younger generations. Millennials are the most likely to report being “very” or “extremely” interested in using P2P payment services and POS credit products, for example, while Generation Z consumers are the most likely to say the same about voice assistants.

Our research indicates 41.1 percent of millennials would be “very” or “extremely” interested in using P2P payment products if they were available, and that another

**FIGURE 2:**

**Credit union members' interest in innovating new payment flows**

Share who express interest in select payment flow innovations










9.7 percent already use them. Bridge millennials — consumers in the 32-to-41 age range — are the second-most likely to use or be interested in using P2P payments, at 8.3 percent and 39.4 percent, respectively. This compares to the 21.7 percent of baby boomers and seniors interested in P2P payments and 4.3 percent already using them.

Gen Z consumers stand out as the most likely to be interested in using voice assistants, though they are not those who currently use them the most. Our research shows 24.7 percent are “very” or “extremely interested” and that 5.4 percent already use voice assistants, compared to 6.4 percent of bridge millennials — the most likely to be using them — who already do.

TABLE 2:  
Credit union members’ interest in innovating new payment options  
Share who express interest in select payment flow innovations, by generation

INTEREST LEVELS					
	Generation Z 23 or younger	Millennials 24 to 39	Bridge millennials 32 to 41	Generation X 40 to 55	Baby boomers/seniors 56 or older
VOICE ASSISTANTS					
• Less interested	69.9%	73.3%	74.0%	80.3%	88.5%
• "Very" or "extremely" interested	24.7%	20.5%	19.6%	17.1%	10.4%
• Currently using	5.4%	6.2%	6.4%	2.6%	1.0%
P2P PAYMENTS					
• Less interested	58.9%	49.2%	52.3%	62.0%	74.1%
• "Very" or "extremely" interested	35.7%	41.1%	39.4%	32.5%	21.7%
• Currently using	5.3%	9.7%	8.3%	5.5%	4.3%
POS CREDIT					
• Less interested	65.6%	59.8%	64.1%	67.0%	78.1%
• "Very" or "extremely" interested	32.1%	32.1%	28.3%	26.6%	18.0%
• Currently using	2.3%	8.0%	7.7%	6.4%	3.9%

Source: PYMNTS.com

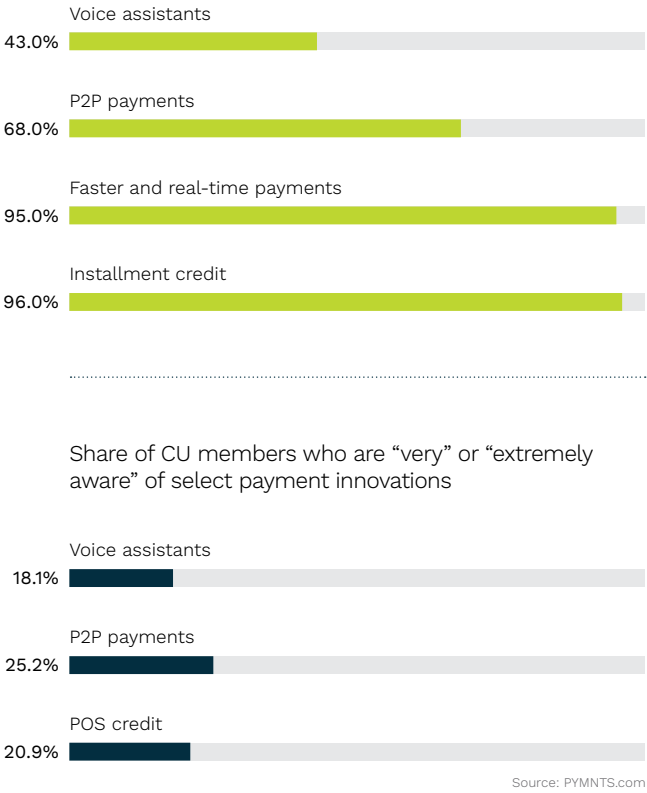
That younger consumers are more likely to express interest in new payment products indicates broader, industrywide potential for credit unions to expand their memberships by providing those options. The demand for P2P payments, voice assistants and other payment flows is likely to grow as younger members come of age and establish themselves

financially, meaning CUs would do well to focus on these innovations to attract and secure such relationships, which could last a lifetime.

Developing new innovations is only half the battle, however. Educating members about available technologies and how using them could enhance their banking experiences is equally important, as credit union members are generally not aware of the benefits innovations can bring. This is reflected in their interest levels, with 68 percent of CU decision-makers saying they are aware of P2P payments, but only 25.2 percent of members saying the same. This suggests the latter’s interest in using innovations like P2P payments and voice assistants could increase as they learn more about the products.

A successful CU innovation strategy necessitates a two-pronged approach that focuses on innovating technologies and services that align with members’ priorities, as well as member outreach and education programs. This can help ensure members are knowledgeable of the types of technologies their CUs can deploy to enhance their banking experiences.

FIGURE 3:  
How credit union members’ awareness compares to that of CU decision-makers  
Share of CU executives who are “very” or “extremely aware” of select payment innovations



Source: PYMNTS.com

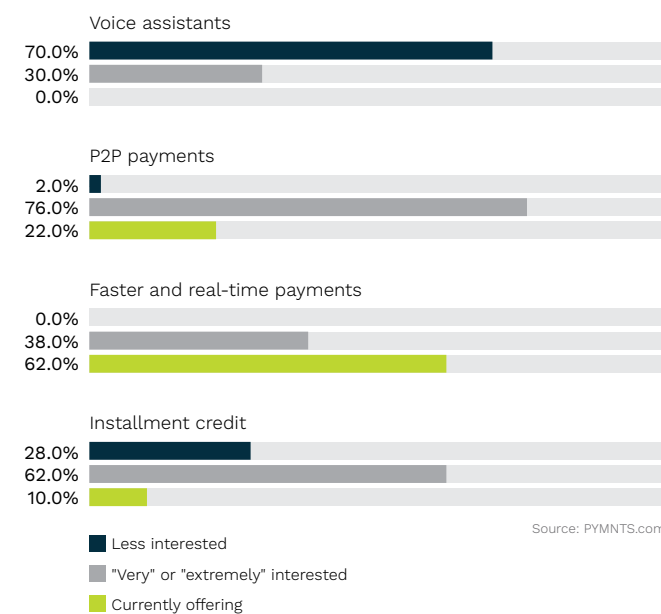
# THE FINTECH CHALLENGE

Credit unions are not the only institutions interested in new payment innovations. FinTechs are also looking to develop many of the same technologies CUs would like to, including P2P payments, installment credit products and voice assistants. Thirty-eight percent of surveyed FinTech executives are “very” or “extremely interested” in developing faster and real-time payment innovations, for example, and 76 percent say the same about P2P payment innovations. FinTechs are therefore poised to present a considerable challenge to credit unions, as many of the latter’s members might be tempted to switch because of the former’s innovations.

Many FinTechs already offer the same or similar services and can still pose a competitive threat, even if they choose not to follow through on their innovation plans. Sixty-two percent offer real-time payment services, for example — and such options could still challenge credit unions, as 26 percent of the latter currently lack such services. CUs’ dominance appears to be more firmly established when it comes to voice assistants, however. FinTech executives are far less likely than credit union decision-makers to say they would like to

**FIGURE 4:**

**FinTechs’ interest in innovating new payment flows**  
Share of FinTech executives who express interest in select payment flow innovations





85.7%

OF MID-SIZED FINTECHS ARE  
"VERY" OR "EXTREMELY INTERESTED" IN  
INSTALLMENT CREDIT INNOVATIONS.

focus on developing such innovations in the near future, with just 30 percent of the former “very” or “extremely interested” in those that leverage voice assistants compared to 66 percent of the latter.

Not all FinTechs are in positions to compete with CUs, however. Large FinTechs are the most likely to offer innovations that many credit unions would like to use to gain competitive edges, but this interest is far less common among small FinTechs. Our research shows 93.8 percent of the former already offer real-time payments, for example, and that 37.5 percent offer P2P payment services. This compares to 40 percent and 10 percent of small FinTechs, respectively.

TABLE 3:

**FinTechs’ interest in innovating new payment flows**  
Share of FinTech executives who express interest in select payment flow innovations, by size

INTEREST LEVELS	SIZE OF ASSETS		
	Less than \$25M	\$25M-\$100M	More than \$100M
VOICE ASSISTANTS			
• Less interested	85.0%	78.6%	43.8%
• "Very" or "extremely" interested	15.0%	21.4%	56.3%
• Currently offering	0.0%	0.0%	0.0%
P2P PAYMENTS			
• Less interested	5.0%	0.0%	0.0%
• "Very" or "extremely" interested	85.0%	78.6%	62.5%
• Currently offering	10.0%	21.4%	37.5%
FASTER AND REAL-TIME PAYMENTS			
• Less interested	0.0%	0.0%	0.0%
• "Very" or "extremely" interested	60.0%	42.9%	6.3%
• Currently offering	40.0%	57.1%	93.8%
INSTALLMENT CREDIT			
• Less interested	55.0%	7.1%	12.5%
• "Very" or "extremely" interested	40.0%	85.7%	68.8%
• Currently offering	5.0%	7.1%	18.8%

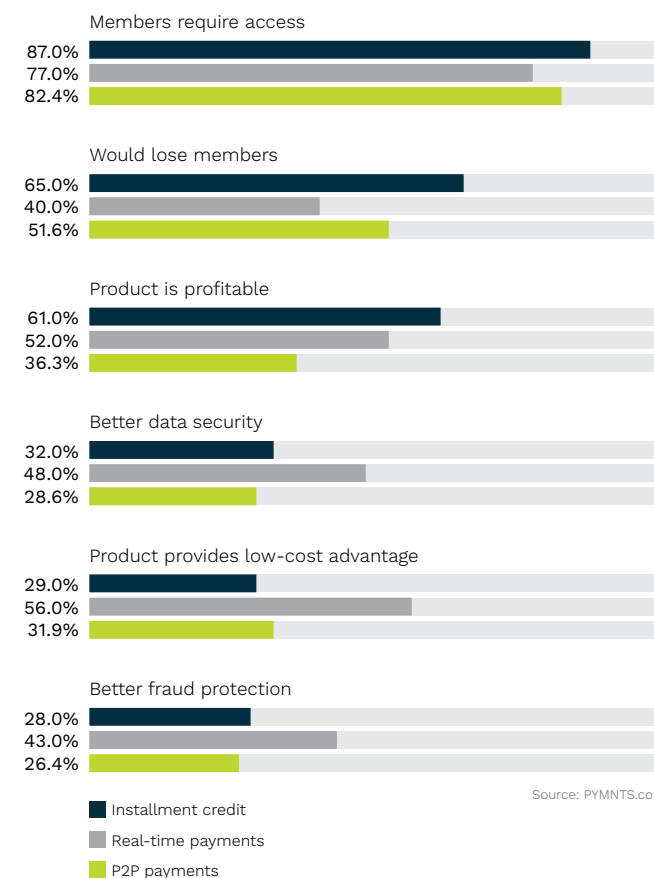
Source: PYMNTS.com

# UNDERSTANDING THE CU-FINTECH INNOVATION DIVIDE

**FIGURE 5:**

**What drives credit unions' interest in innovating new technologies**

Share of CUs that cite select reasons for being interested in different payment flow innovations



While FinTechs and credit unions may share an interest in innovating similar technologies and can therefore potentially be competitors, they do not always innovate for the same reasons. CU innovation appears to be driven by credit union decision-makers' desires to meet members' demands and expectations, for example, while FinTech executives tend to innovate products they believe they can sell to FIs rather than end users.

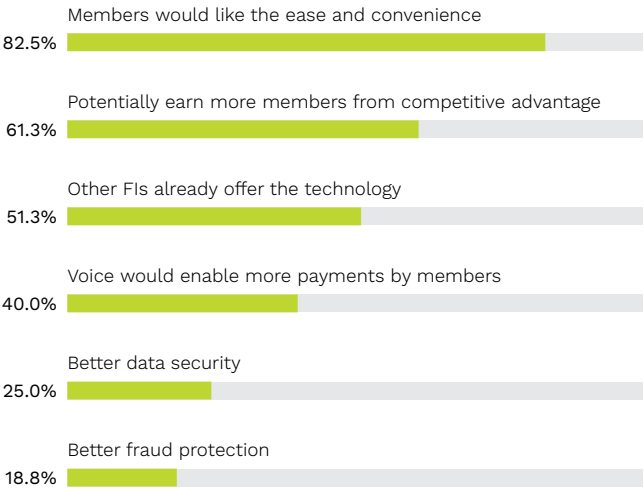
Meeting members' demands is the most common motivation CU decision-makers give for wanting to innovate the products they do. Eighty-seven percent of those who would like to focus on installment credit innovations report being interested because they believe their members want access to them. This same reason is cited by 77 percent of credit union decision-makers who would like to focus on real-time payment innovations and 82.4 percent who would like to focus on P2P payment innovations.

The second-most common reason surveyed CU decision-makers give for wanting to innovate such products also pertains to fostering their member relationships: 65 percent of those who would



**FIGURE 6:**  
**What drives credit unions’ interest in innovating voice assistant technologies**

Share of CUs that cite select reasons for being interested in voice assistant innovations



Source: PYMNTS.com

like to focus on installment credit innovations fear they would lose members if they did not, as do 40 percent who are interested in real-time payment innovations and 51.6 percent who are interested in P2P payment innovations.

CUs have similar motivations for wanting to innovate voice assistant-enabled products and services. The most common reasons they give for wanting to focus on the former is that they believe their members would like the ease and convenience voice assistants can provide (cited by 82.5 percent of interested decision-makers), and that doing so will give their credit unions competitive advantages and attract new members (61.3 percent).

FinTech executives are more likely to report interest in innovating these technologies because FIs would like to use them, rather than because they believe end users would like to do so. This is their most common reason for wanting to innovate new real-time payment services (cited by 80 percent), P2P payment options (73.5 percent) and installment credit products (75 percent), and is also the second-most common reason they give for interest in voice assistant

**TABLE 4:**  
**What drives FinTechs’ interest in innovating new technologies**

Share that cite select reasons for interest in different payment flow innovations, by size

REASONS	SIZE OF ASSETS		
	Less than \$25M	\$25M–\$100M	More than \$100M
VOICE ASSISTANTS			
• FIs want to use the technology	66.7%	33.3%	55.6%
• Selling to more FIs	0.0%	0.0%	22.2%
• Selling directly to customers	0.0%	0.0%	44.4%
• Would lose customers otherwise	66.7%	100%	44.4%
P2P PAYMENTS			
• FIs want to use the technology	73.7%	78.6%	68.8%
• Selling to more FIs	47.4%	50.0%	37.5%
• Selling directly to customers	47.4%	57.1%	62.5%
• Would lose customers otherwise	47.4%	35.7%	50.0%
FASTER AND REAL-TIME PAYMENTS			
• FIs want to use the technology	80.0%	78.6%	81.3%
• Selling to more FIs	60.0%	57.1%	62.5%
• Selling directly to customers	40.0%	50.0%	62.5%
• Would lose customers otherwise	35.0%	35.7%	18.8%
INSTALLMENT CREDIT			
• FIs want to use the technology	88.9%	84.6%	57.1%
• Selling to more FIs	66.7%	46.2%	35.7%
• Selling directly to customers	33.3%	46.2%	64.3%
• Would lose customers otherwise	55.6%	38.5%	71.4%

Source: PYMNTS.com

**TABLE 5:**  
**What drives FinTechs’ interest in innovating new technologies**  
Share that cite select reasons for being interested in different payment flow innovations

REASONS	TECHNOLOGIES			
	Voice assistants	P2P payments	Faster and real-time payments	Installment credit
FIs want to use the technology	53.3%	73.5%	80.0%	75.0%
Selling to more FIs	13.3%	44.9%	60.0%	47.2%
Selling directly to customers	26.7%	55.1%	50.0%	50.0%
Would lose customers otherwise	60.0%	44.9%	30.0%	55.6%

Source: PYMNTS.com

innovations: 53.3 percent would like to focus on such areas to monetize them by selling access to FIs.

FinTechs would sell their products directly to end users if given the chance. Fifty percent of surveyed FinTech executives who would like to focus on installment credit and real-time payment innovations report believing they could bypass FIs and sell directly to consumers. This was cited by 55.1 percent that would be interested in innovating P2P payment options, and pits FinTechs and credit unions in direct competition for consumers’ attention.

Large FinTechs pose the greatest competitive threat here. These firms are far more likely than their small or mid-sized

counterparts to want to sell new products or services to end users, and are taking active measures to sell to financial customers as well as CU members. Our survey shows 62.5 percent of executives at large FinTechs interested in developing real-time payment innovations are interested because they believe they can sell such products directly to financial consumers. The same can be said for the 64.3 percent who would like to focus on installment credit innovations and 62.5 percent who would prefer to focus on P2P payment innovations. Mid-sized FinTech executives interested in these innovation areas are not far behind, with 50 percent, 46.2 percent and 57.1 percent citing the same desires, respectively.

**55.1%**

OF FINTECHS  
LOOKING TO  
INNOVATE  
P2P PAYMENTS  
CITE THEIR DESIRE  
**TO SELL DIRECTLY  
TO CONSUMERS**  
AS A REASON,

COMPARED TO **73.5 PERCENT**  
WHO CITE FIs' INTEREST IN USING THEM.





# DELIVERING ON THE FUNDAMENTALS

## 80.6%

OF CU MEMBERS  
EXPRESSING  
INTEREST IN  
P2P PAYMENTS  
CITE  
**CONVENIENCE  
AND EASE  
OF USE** AS  
THEIR REASONS.

**D**eveloping new products and services can be an effective way for credit unions to keep their current members happy and attract new ones, but only if those solutions fulfill current and potential members' demands. Maintaining an edge on FinTechs will require that CUs track how their members stand to benefit from different innovations rather than innovating for the sake of innovation. There is also the potential for CUs to reach out to FinTechs as partners in innovation, rather than competitors.

So, what do members actually want from the various products and services their credit unions would like to innovate? Their answer is always the same, as convenience is top-of-mind for all consumers when it comes to innovation — regardless of where they bank and which products are being innovated. Our research shows 80.6 percent of CU members and 76.4 percent of non-CU members who are interested in P2P payment innovations cite convenience and ease of use as their reasons. Their next-most commonly cited reason — better fraud protection — is a distant second, cited by just 34.8 percent and 35.5 percent, respectively.

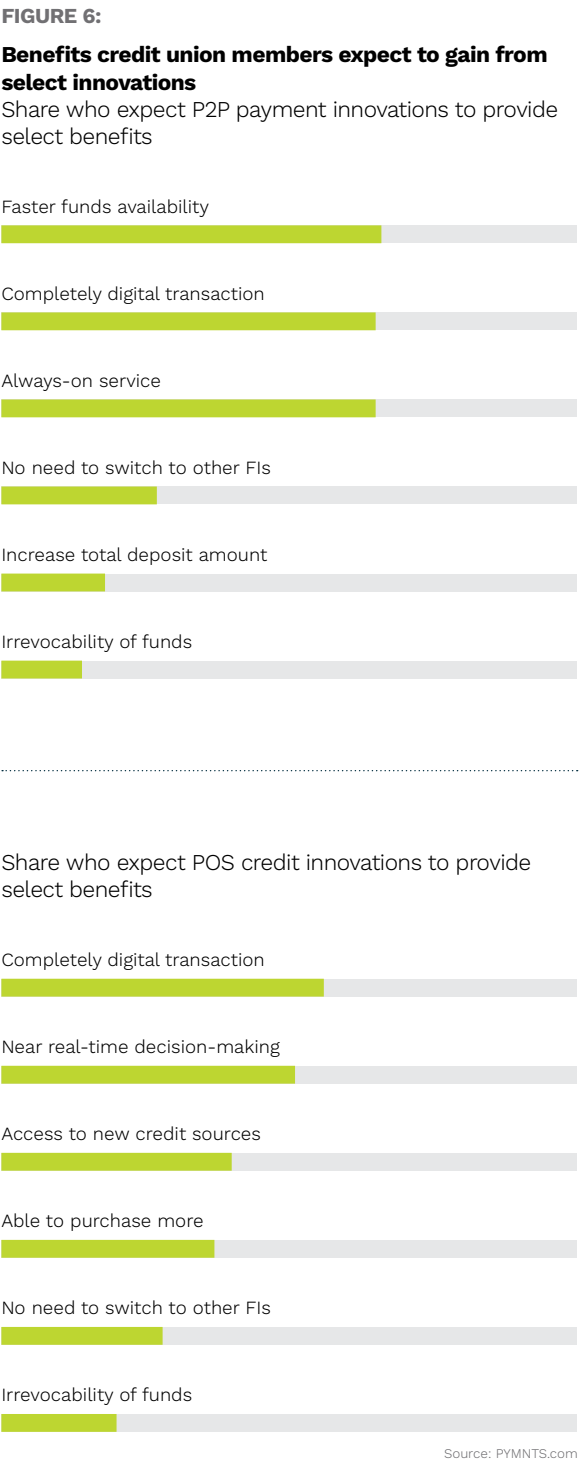
We see a similar pattern in consumers’ interest in POS credit and voice assistant innovations, with 71 percent of CU members and 67 percent of non-CU members who would be “very” or “extremely interested” in using POS credit products saying

they think such products would be convenient and easy to use, for example. This compares to just 35.7 percent and 43.7 percent who report the second-most commonly cited reason — improved fraud protection — respectively.

**TABLE 6:**  
**Why consumers are interested in different payment flow innovations**  
Share who cite select reasons for interest in each technology

TECHNOLOGY	REASON	RESPONDENTS		
		Average	CU users	Other FI users
VOICE ASSISTANTS	• Easier and more convenient	55.9%	58.9%	53.9%
	• Better data security	38.3%	33.8%	41.4%
	• Enables more transactions	34.9%	29.3%	38.9%
	• Better fraud protection	35.6%	33.2%	37.2%
	• Less expensive	28.5%	25.7%	30.4%
	• Other	2.2%	3.6%	1.2%
P2P PAYMENTS	• Easier and more convenient	78.3%	80.6%	76.4%
	• Better fraud protection	35.2%	34.8%	35.5%
	• Better data security	32.9%	31.1%	34.4%
	• Less expensive	27.4%	24.9%	29.5%
	• Other	1.2%	1.6%	1.0%
POS CREDIT	• Easier and more convenient	68.8%	71.0%	67.0%
	• Better fraud protection	40.0%	35.7%	43.7%
	• Better data security	37.4%	33.0%	41.1%
	• Less expensive	31.7%	31.0%	32.3%
	• Other	1.0%	1.0%	1.0%

Source: PYMNTS.com



This desire for convenience is reflected in the benefits credit union members expect to gain from various innovations. Our research found that 65.8 percent of those interested in using P2P payments cite faster funds availability, 65.4 percent cite the ability to make payments digitally and 64.7 percent say they are interested because P2P payment services are available 24/7 year-round.

Credit union members express interest in POS credit innovations for similar reasons, with 55.7 percent and 50.7 percent citing their ability to complete transactions digitally and make real-time decisions, respectively. POS credit innovations also provide them the added benefit of having a new source of credit, which is cited by 40.4 percent of CU members who would like to use POS credit products if they were available.

These numbers underscore the importance of making sure credit unions develop new products and features their members will find convenient, easy to use and readily available, as well as provide a roadmap for those looking for new ways to innovate going forward.





# CONCLUSION

**P**ayment innovations like P2P payments, POS credit options and voice assistants are all poised to become important credit union focuses over the next three years. Interest in each is largely being driven by the belief that investing in such areas can help keep CUs' current members satisfied while attracting new ones. They also represent opportunities for innovative credit unions to gain a competitive advantage over the looming threat posed by large FinTechs.

Seizing this opportunity will require CUs to innovate these new products and services with their members' priorities in mind. In concrete terms, this means ensuring that these technologies are convenient and easy to use, and that they are built with strong data security systems while keeping their costs low. Providing new products and services that do not meet these criteria could leave members wanting — or worse, heading to alternative financial solutions providers.

## METHODOLOGY

**T**he 2020 Credit Union Innovation Playbook Series, a PYMNTS and PSCU collaboration, examines survey data collected from 4,058 respondents to gauge the state of innovation in the financial ecosystem. We surveyed respondents from three sub-samples — 3,908 U.S. consumers, 100 decision-makers at various U.S. CUs and 50 FinTech executives — about their FIs' recent and upcoming innovation plans, their awareness of various financial and payment product innovations and their interest in taking on their own innovation efforts. The New Payment Flows Edition details the payment products and services on which credit unions will focus their innovation strategies in the next three years.

# ABOUT

DISCLAIMER ■

**PYMNTS.com** [PYMNTS.com](#) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



PSCU, the nation’s premier payments CUSO, supports the success of over 900 Owner credit unions representing more than 2 billion transactions annually. Committed to service excellence and focused on innovation, PSCU’s payment processing, risk management, data and analytics, loyalty programs, digital banking, marketing, strategic consulting and mobile platforms help deliver possibilities and seamless member experiences. Comprehensive, 24/7/365 member support is provided by contact centers located throughout the United States. The origin of PSCU’s model is collaboration and scale, and the company has leveraged its influence on behalf of credit unions and their members for more than 40 years. Today, PSCU provides an end-to-end, competitive advantage that enables credit unions to securely grow and meet evolving consumer demands. For more information, visit [pscu.com](#).

The Credit Union Innovation Playbook may be updated periodically. While reasonable efforts are made to keep the content accurate and up-to-date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

---

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at [feedback@pymnts.com](mailto:feedback@pymnts.com).