

### *Enabling Innovation with the Help of Core Systems*

It is critical for credit unions for all sizes to stay up to date with technology and new products and services. Of course this can be difficult for smaller CUs, but they must make the effort to stay as current as possible. Not every piece of technology is expensive, for example virtually all mobile banking providers offer biometrics for log-in, and this is an ease of use option that should always be offered. There must be an ongoing commitment from the CU to make things easier with online channels because members are increasingly using these channels over branch visits.

Member loss is a big problem for many CUs and to remain viable they must offer full featured digital channels, coupled with their traditional great face to face service. Without a doubt, the branch remains very relevant for members from all demographics. However, everyone has a cell phone so it is quickly becoming the primary means of interacting with the credit union. Mobile is especially critical for lower income people and younger members, but even older members are overcoming their security fears of mobile banking. In many ways you can thank COVID for this shift to mobile, and it shows no sign of slowing down. The result has been a big uptake in mobile-first strategies for many CUs, but again, this is not a mobile-only push because the online/branch/phone channels have not been replaced by mobile, just enhanced.

One area where CUs must strive to innovate is with payments. When it comes to moving money, members want it all: fast, easy and secure. Zelle is ramping up quickly, but unfortunately it can be too pricey for many CUs. Fortunately, many core system vendors are picking up the pace of adding faster – and more affordable – money movement options. CUSOs are also stepping up to help with new payment options, along with generally making it easier for CUs to innovate and collaborate in ways that save time and money. Plus, the Federal Reserve with their FedNow Service, which should be coming online next year, should help CUs offer instant payments without hurting their operating budgets.

Larger CUs often rely on third party vendors to roll out innovative products and services. They have the resources to vet and work with these smaller FinTechs. Smaller CUs on the other hand often must rely on integrated packages from their core system vendor. While there is always room for improvement, many core system vendors are upping their games on both fronts: better integrations with third parties for larger CUs, and more robust modules for smaller CUs.

The bottom line is that all credit unions must be as proactive as their budgets will allow with adding innovative technology that helps keep them competitive. At 4PJ Consulting, we have helped over 400 credit unions from \$1MM to over \$1B in assets over the years to understand these industry trends and scenarios that could impact CUs going forward, while simultaneously helping them to maximize their resources to avoid wasting time and money on projects that are not strategic.



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**Howard Bufe** has over 40 years of financial services experience. He has served as consultant, strategist, strategic planning facilitator, trainer, ALM (Asset/Liability Management) Analyst and League Representative for the Cornerstone Credit Union League for over 16 years (2002-2018). He has served as a faculty member of the Southwest CUNA Management School. In addition to his credit union experience, Howard has served as assistant controller of a \$350MM Savings and Loan, accountant with a \$3B Savings and Loan and 13 years with the Office of Thrift Supervision as financial analyst and trainer.