



Prelim. Analysis of Small Credit Union CEO Survey Data

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-DISCUSSION DRAFT-



**2025 Small Credit Union
Solutions Summit**

Introduction

We contacted 1500 small credit union CEOs at credit unions with asset size under \$250M. This report provides an in-depth analysis of the survey data collected from 117 small credit union CEO survey responders. The survey objective is to identify key concerns, strategic priorities, segment respondents into meaningful clusters, predict future trends, and assess potential risks.



Small Credit Union CEO Survey

1. What is the total asset size of your credit union?

- a. Under 25 million
- b. 25 million – 50 million
- c. 50 million – 100 million
- d. 100 million – 150 million
- e. 150 million – 250 million
- f. 250 million – 500 million

2. How many full-time equivalent employees do you have?

- a. 5 or fewer employees
- b. 6-15 employees
- c. 16-25 employees
- d. 26-50 employees
- e. Over 50 employees

3. Does your credit union have any of these designations?

- a. Lower income Designated (LID)
- b. Minority Depository Institution (MDI)
- c. Community Development Financial Institution (CDFI)
- d. None of the above

4. Using the concerns below, select the top 5 issues your credit union faces

Financial/Back Office	Regulatory/Compliance
<ul style="list-style-type: none"> Accounting & Reconciliations 	<ul style="list-style-type: none"> Compliance/Audit Support
<ul style="list-style-type: none"> Liquidity / Net Worth Ratio 	<ul style="list-style-type: none"> Regulatory Burden/Changes
<ul style="list-style-type: none"> Cybersecurity Concerns 	<ul style="list-style-type: none"> Loss or Reduction in Fee Income (ex: ODP, NSF)
Board Development	Staffing/Training
<ul style="list-style-type: none"> Board Recruitment 	<ul style="list-style-type: none"> Employee Recruitment
<ul style="list-style-type: none"> Board Retention 	<ul style="list-style-type: none"> Employee Retention
<ul style="list-style-type: none"> Board Succession Planning 	<ul style="list-style-type: none"> Employee Succession Planning
<ul style="list-style-type: none"> Board Training 	<ul style="list-style-type: none"> Staff Training
Technology Implementations	Market Pressures/Other Concerns
<ul style="list-style-type: none"> Overall Vendor Management 	<ul style="list-style-type: none"> Need to Improve Digital Marketing & Outreach
<ul style="list-style-type: none"> Core Banking Systems 	<ul style="list-style-type: none"> Need to Re-Brand/Update Overall Image
<ul style="list-style-type: none"> Digital Banking Solutions 	<ul style="list-style-type: none"> Competitive Product Offerings in the Market
<ul style="list-style-type: none"> Card & Payment Solutions 	<ul style="list-style-type: none"> Community Impact/Overall Relevance
<ul style="list-style-type: none"> Loan Origination Systems 	<ul style="list-style-type: none"> Aging Membership Base
<ul style="list-style-type: none"> Chatbots / Virtual Assistants 	<ul style="list-style-type: none"> Merger Pressure

5. Are there other issues that are pressing unidentified above? If yes, please list them here _____

What are your top 3 strategic priorities for the next 12 months?	
<ul style="list-style-type: none"> Financial/Back Office 	<ul style="list-style-type: none"> Staffing/Training
<ul style="list-style-type: none"> Regulatory/Compliance 	<ul style="list-style-type: none"> Technology Implementations
<ul style="list-style-type: none"> Board Development 	<ul style="list-style-type: none"> Marketing/Outreach

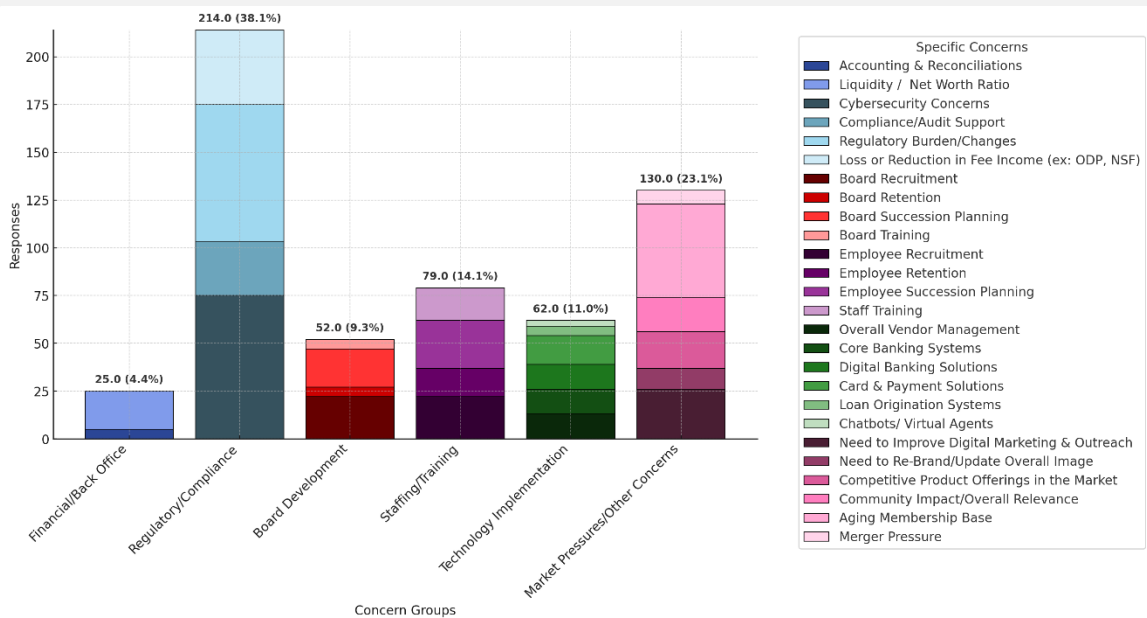
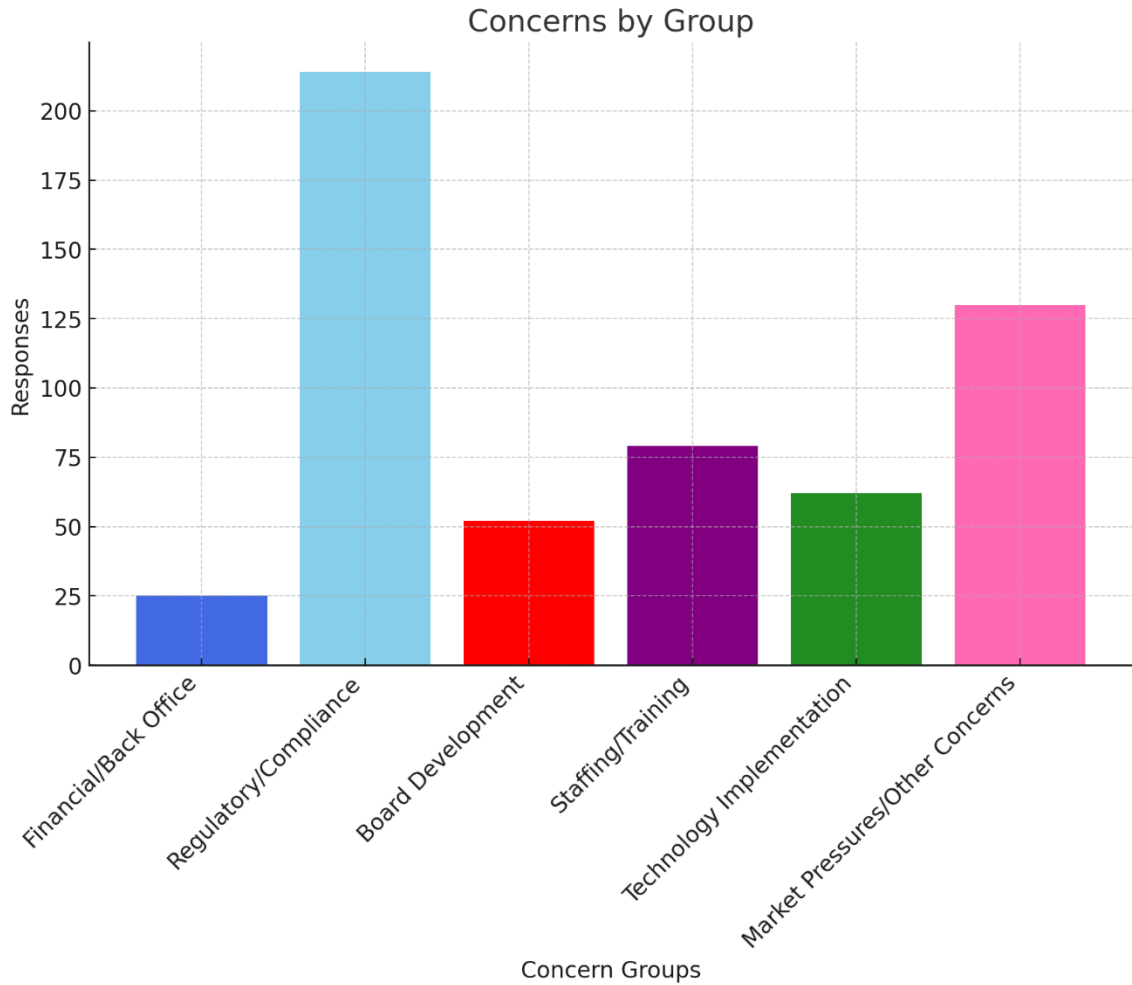
6. My credit union would like to have more information specifically on: _____

Summary of Findings

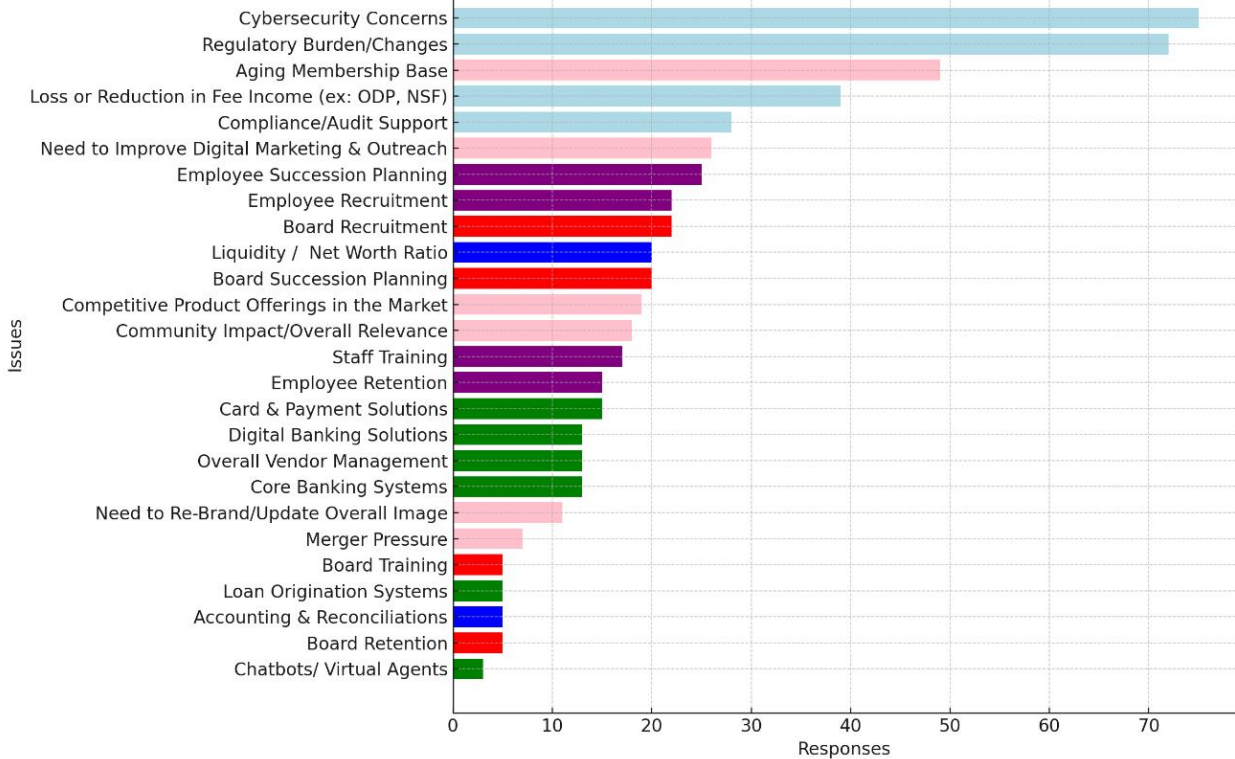
Key insights from the survey data include:

- ✓ Cybersecurity and regulatory burdens are the top concerns across institutions.
- ✓ Marketing and outreach remain the highest strategic priority.
- ✓ Three distinct clusters emerged, each with unique challenges and strategic goals.
- ✓ Future predictions suggest an increased focus on digital marketing, compliance automation, and workforce development.
- ✓ Major risks include cybersecurity threats, staffing shortages, regulatory changes, and revenue diversification challenges.

Responses by Concern Group



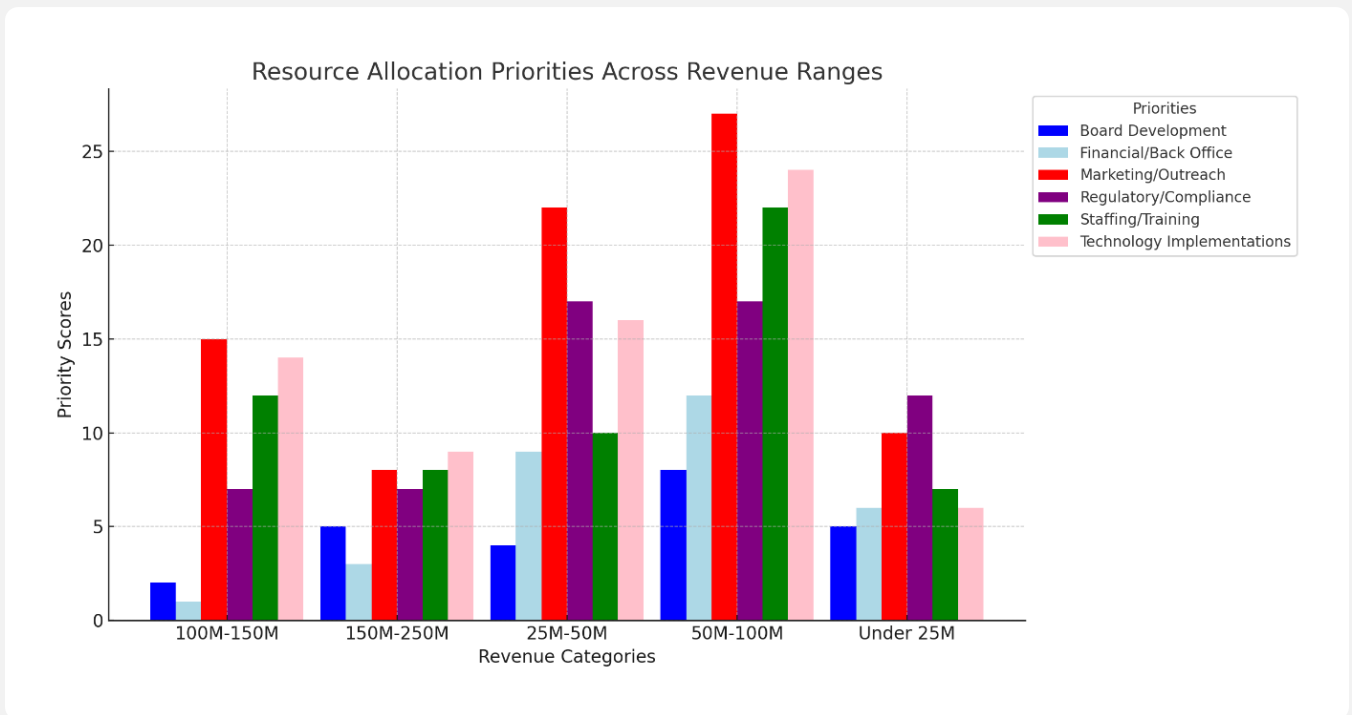
Key Organizational Concerns by Frequency of Responses (Color-Coded by Type)



The top concerns highlighted by respondents include

1. **Cybersecurity Concerns (75 mentions)** – The most pressing issue, underscoring the need for robust security measures.
2. **Regulatory Burden/Changes (72 mentions)** – Compliance remains a significant challenge due to evolving industry regulations.
3. **Aging Membership Base (49 mentions)** – A demographic issue that affects long-term financial sustainability.
4. **Loss or Reduction in Fee Income (39 mentions)** – Changes in financial policies are impacting revenue streams.
5. **Compliance/Audit Support (28 mentions)** – Organizations are struggling to maintain compliance and manage audits effectively.

Priorities Over the Next 12 Months

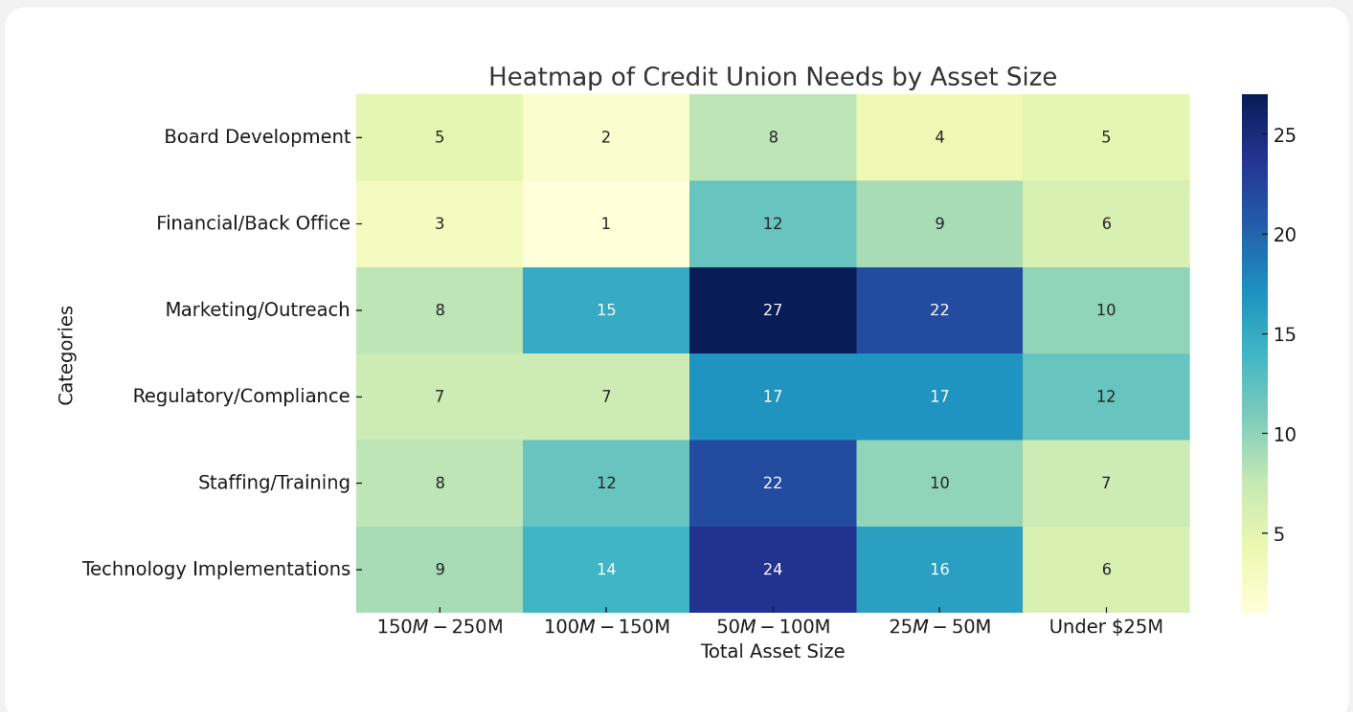


Organizations are prioritizing the following areas

- 1. Marketing/Outreach (82 mentions)** – The highest priority, likely in response to concerns over an aging membership base and market competition.
- 2. Technology Implementations (69 mentions)** – A key area of focus for digital transformation and operational efficiency.
- 3. Regulatory/Compliance (60 mentions)** – A response to ongoing regulatory challenges.
- 4. Staffing/Training (59 mentions)** – Addressing workforce gaps and skill development.
- 5. Financial/Back Office (31 mentions)** – Optimizing financial and operational processes remains a moderate priority.

Concerns by Asset Size

- **Smallest organizations (< \$25M - \$50M in assets) face**
 - Competitive product offerings.
 - Liquidity and net worth challenges.
 - Mergers and core banking system pressures.
- **Mid-sized organizations (\$100M - \$250M in assets) struggle with**
 - Cybersecurity threats.
 - Regulatory compliance.
 - Market competitiveness.





Concerns by Employee Count

- **Organizations with fewer than 5 employees** experience more operational struggles due to limited resources.
- **Larger organizations (over 50 employees)** face fewer concerns, likely due to better resource allocation and support systems.



Strategic Priorities by Asset Size

- **Smallest organizations (< \$25M in assets) focus on**
 - Marketing and outreach.
 - Compliance adherence.
 - Staffing and training initiatives.
- **Larger organizations (\$100M - \$250M in assets) prioritize**
 - Board development.
 - Financial and back-office functions.
 - Digital transformation efforts.



Strategic Priorities by Employee Count

- **Organizations with fewer than 5 employees prioritize**
 - Regulatory compliance.
 - Financial process improvements.
- **Organizations with 50+ employees have diversified priorities, with a focus on marketing and workforce training.**

Misalignment Between Concerns and Priorities



Cybersecurity and Regulatory Burdens are the top concerns, yet they do not appear as leading priorities in strategic planning.



Marketing and Outreach is the most prioritized area, despite it not ranking as a critical concern.



Organizations may need to realign their priorities to better address operational risks and regulatory challenges.

Most Frequent Concern-Priority Associations



Technology Implementations & Marketing/Outreach (51 mentions) frequently appear together.



Regulatory Burden/Changes & Marketing/Outreach (49 mentions) is another strong association.



Cybersecurity Concerns & Marketing/Outreach (48 mentions) suggests institutions balancing security with engagement.



Cybersecurity Concerns & Technology Implementations (47 mentions) highlights the need for secure tech adoption.



Regulatory Burden/Changes & Technology Implementations (44 mentions) shows compliance concerns driving tech investments.

High-Level Takeaways



Smaller credit unions (fewer employees, lower asset size) tend to prioritize Regulatory Compliance and Financial/Back Office improvements.



Larger credit unions (more employees, higher asset size) focus heavily on Marketing/Outreach and Staffing/Training.



Board Development is a consistent priority across different asset sizes, but it's particularly strong in mid-sized institutions.



Cybersecurity, Regulatory Burden, and Employee Recruitment appear frequently as concerns across all segments.



Cluster Analysis

Organize the cluster analysis into distinct sections for each cluster. Provide a brief overview of each cluster's top concerns, strategic priorities, and recommendations.

- ✓ **Cluster 1 (97 credit unions):** This is the largest group, indicating a common set of concerns and priorities among most institutions.
- ✓ **Cluster 2 (11 credit unions):** A smaller subset with distinct concerns and strategic focuses.
- ✓ **Cluster 3 (9 credit unions):** The smallest cluster, likely representing unique or outlier responses.





Cluster 1: Mainstream Credit Unions

(97 respondents)

- **Top Concerns:** Cybersecurity, Regulatory Burden, Aging Membership Base.
- **Strategic Priorities:** Marketing/Outreach, Technology Implementations.
- This suggests that the majority of institutions face regulatory and security challenges.
- **Recommendations:** Invest in security, compliance automation, and omnichannel marketing.



Cluster 2: Regulatory & Stability Focused

(11 respondents)

- **Top Concerns:** Compliance, Staffing, and Financial Sustainability.
- **Strategic Priorities:** Regulatory Compliance, Staffing/Training.
- **Recommendations:** Strengthen workforce planning, automate financial operations, and gradually embrace technology.



Cluster 3: Outliers

(9 respondents)

- **Top Concerns:** Leadership succession, branding, fee income loss.
- **Strategic Priorities:** Financial/Back Office, Marketing/Outreach.
- **Recommendations:** Rebranding efforts, leadership transition planning, and revenue diversification.

Predicted Future Trends

- Marketing & Outreach will continue to dominate priorities, expected to increase
- Compliance and Regulatory Burden will remain a critical concern, with increased automation.
- Staffing & Training will see heightened focus due to recruitment challenges.



Cybersecurity Concerns

- **Count:** 75
- **Future Prediction:** 82.5
- **Implication:** This indicates a growing concern about cybersecurity in the future. The high count suggests that it's already a significant issue, and the forecasted increase suggests that the focus on protecting data, systems, and networks from cyber threats will intensify.



Loss or Reduction in Fee Income (ex: ODP, NSF)

- **Count:** 39
- **Future Prediction:** 42.9
- **Implication:** This refers to concerns about financial institutions losing or reducing fee-based income, such as fees from overdraft protection (ODP) or non-sufficient funds (NSF). The high future prediction indicates that this could become an increasingly pressing issue, possibly due to changing regulations or customer behavior.



Regulatory Burden/Changes

- **Count:** 72
- **Future Prediction:** 79.2
- **Implication:** The regulatory environment, especially in sectors like banking or finance, is expected to become even more burdensome. The rising future prediction suggests more complex or stringent regulations on the horizon, requiring companies to adjust to stay compliant.



Need to Improve Digital Marketing & Outreach

- **Count:** 26
- **Future Prediction:** 28.6
- **Implication:** This shows the growing need for organizations to enhance their digital marketing strategies and outreach efforts. The increasing future prediction likely reflects a broader trend of digital transformation in marketing, where businesses must increasingly rely on digital channels to reach and engage customers.



Employee Succession Planning

- **Count:** 25
- **Future Prediction:** 27.5
- **Implication:** Planning for the future leadership of an organization is becoming more critical. With many industries facing skill gaps and turnover, this prediction indicates that businesses will increasingly focus on identifying and developing future leaders to maintain stability and continuity.



Competitive Product Offerings in the Market

- **Count:** 19
- **Future Prediction:** 20.9
- **Implication:** Competition among products in the market will continue to intensify, suggesting a future where organizations must innovate and differentiate their products and services more effectively to stay competitive.



Compliance/Audit Support

- **Count:** 28
- **Future Prediction:** 30.8
- **Implication:** As regulations become more complex, there will be a heightened need for compliance and audit support. This future prediction suggests that organizations will need to invest more in ensuring they are meeting all legal and regulatory requirements.



Employee Recruitment

- **Count:** 22
- **Future Prediction:** 24.2
- **Implication:** Recruiting the right talent will continue to be a growing challenge. The rise in future predictions suggests that businesses will place even greater emphasis on recruitment strategies, especially as the labor market becomes more competitive and remote work options expand.

Identified Risk Factors

Summarize the risks faced by each cluster in a clear and concise manner.



Cluster 1: Cybersecurity threats, regulatory complexity, and aging membership.



Cluster 2: Staffing shortages, financial stability, and compliance strain.



Cluster 3: Fee income loss, branding challenges, and recruitment difficulties.



Prelim. Conclusions & Recommendations

To remain competitive and resilient, credit unions must embrace a balanced approach between regulatory compliance, technological advancements, and customer engagement. Strategic investments in cybersecurity, digital transformation, and workforce development will be crucial in navigating future challenges.

Correlation between Concerns



Cybersecurity Concerns Are a Dominant Issue

- The most frequently mentioned challenge (32 occurrences) is cybersecurity concerns tied to regulatory burden/changes.
- Cybersecurity also appears alongside other key issues like an aging membership base, digital marketing, compliance, and community impact.
- This indicates that cybersecurity is not an isolated problem—it is interconnected with broader business and regulatory challenges.



Regulatory Burden & Compliance Challenges Are Major Stressors

- The second most frequent theme is regulatory burden and compliance concerns (highlighted in multiple combinations, including fee reductions, audit support, and cybersecurity).
- Compliance is an ongoing challenge, affecting multiple operational areas, which suggests organizations are struggling to adapt to fast-changing regulations while maintaining financial stability.



Aging Membership Base Is a Recurring Concern

- Appearing multiple times, this issue suggests that organizations are struggling to attract younger members/customers, possibly due to outdated engagement methods or digital gaps.
- This aligns with the mention of "Need to Improve Digital Marketing & Outreach" (14 occurrences). It implies that organizations must modernize how they attract and retain customers through digital transformation.

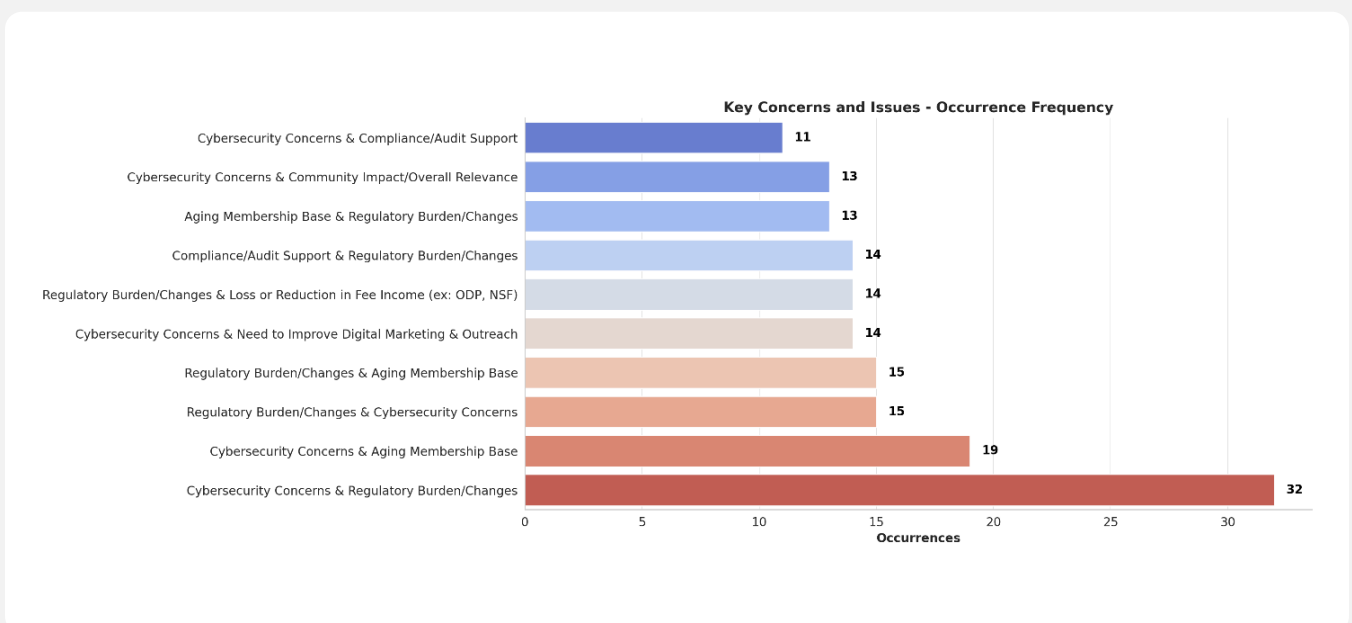


Revenue Pressures Exist Alongside Regulatory Constraints

"Regulatory Burden & Loss or Reduction in Fee Income (ex: ODP, NSF)" suggests that financial sustainability is at risk due to compliance costs or fee restrictions.

Raw Data Counts

1. Cybersecurity Concerns & Regulatory Burden/Changes - 32 occurrences
2. Cybersecurity Concerns & Aging Membership Base - 19 occurrences
3. Regulatory Burden/Changes & Cybersecurity Concerns - 15 occurrences
4. Regulatory Burden/Changes & Aging Membership Base - 15 occurrences
5. Cybersecurity Concerns & Need to Improve Digital Marketing & Outreach - 14 occurrences
6. Regulatory Burden/Changes & Loss or Reduction in Fee Income (ex: ODP, NSF) - 14 occurrences
7. Compliance/Audit Support & Regulatory Burden/Changes - 14 occurrences
8. Aging Membership Base & Regulatory Burden/Changes - 13 occurrences
9. Cybersecurity Concerns & Community Impact/Overall Relevance - 13 occurrences
10. Cybersecurity Concerns & Compliance/Audit Support - 11 occurrences



Summary of Findings



Top Concerns

- **Cybersecurity Threats (75 mentions)** – The most pressing issue, underscoring the need for stronger security measures.
- **Regulatory Burden/Changes (72 mentions)** – Compliance remains a significant challenge due to evolving regulations.
- **Aging Membership Base (49 mentions)** – A demographic issue impacting long-term sustainability.
- **Loss or Reduction in Fee Income (39 mentions)** – Regulatory changes affecting revenue streams.
- **Compliance/Audit Support (28 mentions)** – Difficulty maintaining compliance and managing audits.



Strategic Priorities

- **Marketing/Outreach (82 mentions)** – The highest priority, likely addressing competition and aging demographics.
- **Technology Implementations (69 mentions)** – Focus on digital transformation and operational efficiency.
- **Regulatory/Compliance (60 mentions)** – A necessary response to ongoing regulatory challenges.
- **Staffing/Training (59 mentions)** – Workforce development to address labor shortages.
- **Financial/Back Office Optimization (31 mentions)** – Streamlining operations for efficiency.



Segmentation by Asset Size

- **Smallest organizations (<\$25M - \$50M in assets)**
 - Struggle with liquidity, net worth challenges, and competitive product offerings.
 - Face pressures from mergers and core banking system constraints.
 - Prioritize Marketing, Compliance, and Staffing/Training.
- **Mid-sized organizations (\$100M - \$250M in assets):**
 - Key concerns include cybersecurity threats, regulatory compliance, and market competitiveness.
 - Prioritize Board Development, Financial/Back Office functions, and Digital Transformation.



Segmentation by Employee Count

- **Organizations with fewer than 5 employees**
 - Face significant operational challenges due to limited resources.
 - Prioritize Regulatory Compliance and Financial Process Improvements.
- **Organizations with 50+ employees**
 - Face fewer operational concerns due to better resource allocation.
 - Prioritize Marketing/Outreach and Workforce Training.



Key Misalignments

- Cybersecurity and Regulatory Burdens are top concerns but are not the highest priorities in strategic planning.
- Marketing and Outreach is the most prioritized initiative, despite not ranking as a critical concern.
- Organizations may need to realign their priorities to better address operational risks and regulatory challenges.



Conclusion

Credit unions need to balance compliance, technological advancement, and customer engagement to ensure long-term sustainability. Investments in cybersecurity, regulatory adaptation, and workforce development will be crucial in addressing future challenges.



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