TEASER VERSION

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RESEARCH SERIES

The Next Gen Transformation

A Road Map for Engaging Gen Z and Millennial Members

Prepared for executive leadership and strategic planning

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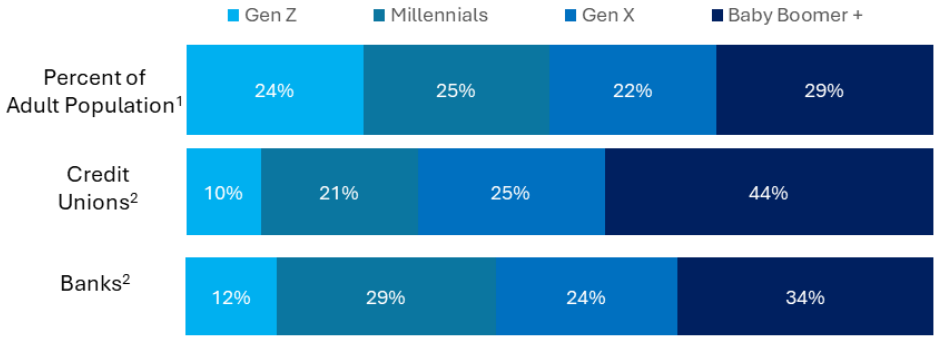
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The Next Gen Transformation: A Road Map for Engaging the Gen Z and Millennials

This proprietary research report builds upon our whitepaper, *The Succession Economy: Demographics, Disruption, and the Competitive Reset Facing Credit Unions*. While the whitepaper identifies clear signals of structural underperformance across the credit union industry, particularly in engaging Gen Z and Millennials amid intensifying competition from digital financial platforms, this report moves beyond diagnosis. It is designed for leaders seeking deeper insight into *why* these gaps persist and *how* they can be addressed through targeted strategic and product decisions.

Credit unions face a significant strategic dilemma driven by a growing relevance gap with Gen Z and Millennials. This gap is translating into declining market share in primary financial institution relationships with younger cohorts, an outcome with direct implications for future deposit growth and lifetime member value. Survey data indicates that credit union penetration among Gen Z and Millennials lags materially behind each cohort's share of the total U.S. population, underscoring a structural rather than cyclical challenge.

Banked households by generation and primary financial institution type



[1] US Census Bureau: National Population by Characteristics: 2020-2025
[2] McKinsey Consumer Financial Life Survey 2023

Despite clear signs of structural underperformance with Gen Z and Millennials, meaningful opportunity remains. Survey data consistently shows that younger consumers are significantly more open to switching primary financial institutions than older cohorts. A recent Harris Poll study commissioned by Apiture found that nearly half of Gen Z and Millennial respondents (47 percent) would consider switching to a credit union. The same study reported that 28 percent of Gen Z respondents would consider leaving a large bank in favor of a community bank or credit union based on ethical alignment and perceived values.[1]

McKinsey & Company has identified similar advantages that credit unions could leverage to strengthen engagement with younger generations. McKinsey's *Consumer Financial Life Survey* found that Gen Z and Millennial respondents were 17 and 15 percentage points more likely, respectively, than older generations to report switching their primary financial institution because it "supports my community." Among Gen Z

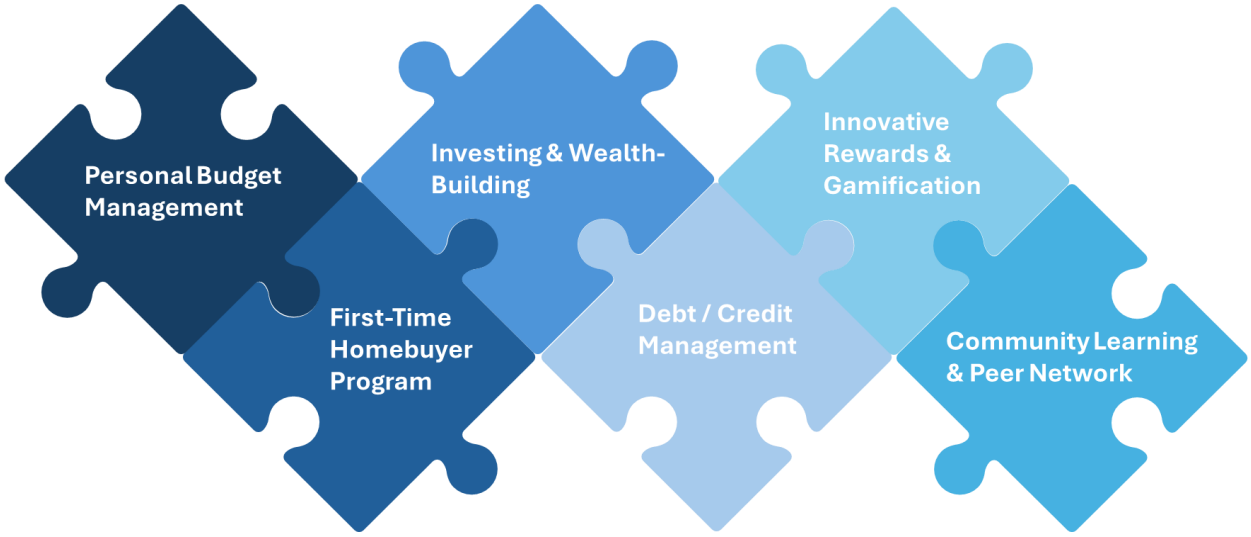
[1] Apiture. *Attracting Gen Z and Millennials: Seven Essential Strategies for Community Banks and Credit Unions*. July 2024.

respondents in particular, customer service, better interest rates, and community support ranked among the top drivers of switching behavior, areas where credit unions traditionally perform well. [2]

However, for the credit union "difference" to translate into sustained growth, these values-based advantages must be paired with competitive product capabilities and contemporary engagement models. Closing the relevance gap requires delivering financial solutions that directly address the economic realities of younger households, supported by communication strategies that convey understanding, empathy, and credibility in ways that resonate with their lived financial experiences.

Addressing this challenge requires more than baseline digital banking competence or functional mobile applications. Credit unions must establish a breadth of digital services and capabilities that directly align with the financial propensities of Gen Z and Millennials, positioning the institution as a credible financial partner across the full financial lifecycle. Anything less increasingly risks disqualifying a credit union from meaningful engagement with younger consumers who are gravitating toward comprehensive digital financial ecosystems offered by megabanks, fintechs, and neobanks.

To compete effectively with the digital platforms attracting large numbers of Gen Z and Millennial consumers, credit unions must intentionally stitch together a fabric of offerings and engagement strategies designed with younger generations in mind. Many of the most relevant capabilities already exist within the broader financial ecosystem, yet adoption across credit unions has been uneven and rarely implemented in cohesive combination.



Based on our research, a compelling next-generation value proposition combines several core capability areas that, together, reposition the credit union as a long-term financial partner rather than a transactional provider. These include:

- *Financial Management Tools:* Bundling deposit products with practical personal financial management capabilities, including budgeting, cash-flow visibility, digital financial planning, and debt management.
- *Homeownership Support:* Targeted tools, education, and programs designed to support housing readiness, affordability planning, and first-time homeownership aspirations.

[2] Jeff Brown, Suhas Gudhe, Darius Imregun, Michael Kirchner, Peter Noteboom, Pradip Patiath, and Atanas Stoyanov. *Six imperatives for Credit Unions to Secure Their Future*. McKinsey & Company. June 2024.

- *Investment Options:* Expanded investment capabilities that encourage early participation through self-directed investing, robo-advisory options, micro investing, and selective access to alternative assets such as cryptocurrencies, real estate, and precious metals.
- *Rewards and Behavioral Engagement:* Innovative rewards structures and elements of gamified finance that reinforce positive financial behaviors, deepen engagement, and strengthen member loyalty.
- *Estate Planning and Settlement:* Digital tools and guided support that help Baby Boomers and their beneficiaries navigate estate planning and settlement, positioning the credit union as a trusted financial partner and central destination for managing the process.

Even a well-designed suite of offerings, however, will fall short if it is not effectively communicated. Reaching younger generations requires not only the right message, but visibility in the digital channels where financial discovery and decision-making now occur. McKinsey research shows that 65 percent of adult Gen Z consumers and 57 percent of Millennials rely on social media, blogs, and websites when evaluating goods and services, compared with just 36 percent of Baby Boomers, who continue to favor personal networks and traditional media.[3]

To compete in this environment, credit unions must engage actively and authentically across digital channels, differentiating themselves amid a crowded landscape of influencers and platforms. Effective messaging should communicate parity with leading digital financial platforms while clearly articulating the elements that distinguish the credit union model like member ownership, cooperative finance, and community impact. Done well, this approach can begin to recreate a sense of community and belonging in digital spaces, echoing the role branches once played in fostering daily member interaction.

We undertook the research that culminates in this report based on a conviction that credit unions have a unique and enduring value proposition for younger generations as trusted financial partners and anchors of community. In our view, that vision is fully attainable, but it will not be realized without meaningful transformation across the industry. Achieving it will require disciplined study, deliberate action, and the strategic use of partnerships to accelerate capability development. The study begins on the pages that follow.

[3] *Id.*

Inside the Report...

The full report moves beyond identifying the Gen Z and Millennial relevance gap and translates that challenge into a practical growth agenda for credit unions. It examines the financial behaviors, product expectations, and digital engagement patterns reshaping younger consumers' relationships with financial institutions—and outlines how credit unions can respond with a more compelling next-generation value proposition.

Across the pages that follow, readers will find a detailed review of the capabilities credit unions must consider to remain relevant as younger members build financial lives in a digital-first marketplace. The report explores opportunities to embed budgeting and financial planning tools directly into digital banking, connect everyday banking with investing and wealth-building, help members manage and consolidate debt, support first-time homeownership readiness, recreate community through digital learning and peer networks, modernize rewards programs, and retain relationships through estate planning and settlement as intergenerational wealth transfers accelerate.

The report also includes competitive analysis, market examples, implementation considerations, and potential partner models that can help credit unions move from aspiration to execution. Rather than treating Gen Z and Millennials as a marketing segment alone, the study frames them as the foundation of future deposit growth, loan demand, wealth relationships, and long-term franchise value.

For credit union leaders, this is not simply a report about younger consumers. It is a strategic playbook for rebuilding relevance, strengthening primary financial institution relationships, and positioning the credit union model for the next era of member growth.

A table of contents included above provides a preview of the breadth of topics covered in the full report.

To inquire about purchasing the full report and accompanying executive deck, please contact your most familiar Olden Lane contact, or reach us at info@oldenlane.com.

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Elaine joined Olden Lane in February 2024 and supports the firm's capital raising and merger and acquisition advisory practices. She plays a central role in the firm's fintech work and in its integration of technology and artificial intelligence to improve client outcomes and internal efficiency.

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Prior to helping found Olden Lane in 2016, Dan practiced law in the financial sector. He earned his J.D. magna cum laude from Seton Hall University School of Law and his B.A. cum laude from the University of Maryland, and holds Series 3, 7, and 63 licenses.