

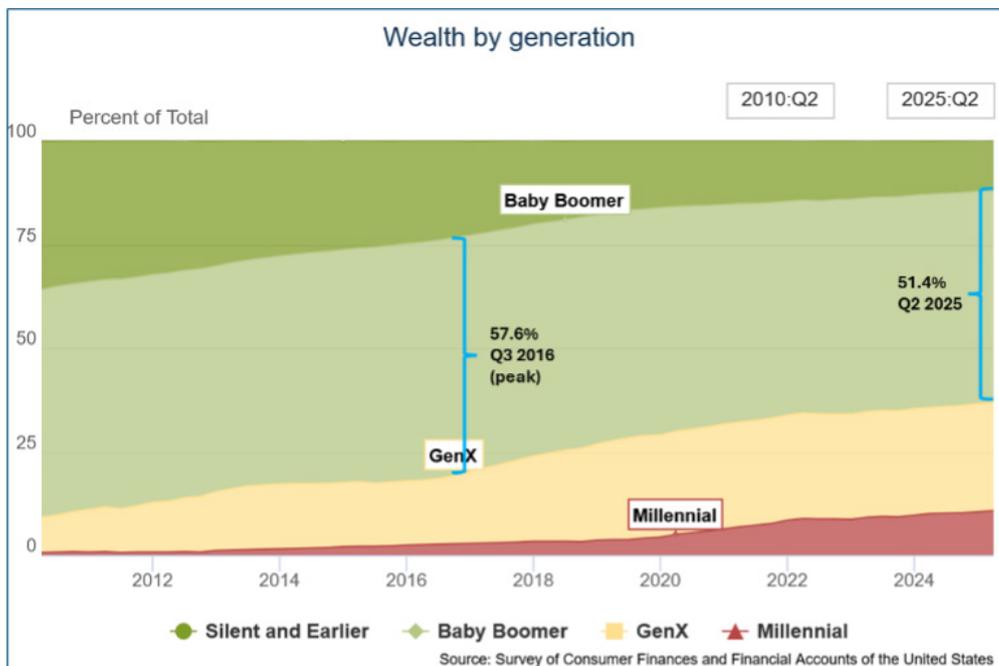
Reckoning with Generational Realignment

Are Today's Margin Tailwinds Masking Credit Unions' Struggle to Win Younger Members?

This paper examines the structural demographic and competitive forces reshaping credit union growth. It explores how the unwinding of Baby Boomer dominance, combined with weakening engagement among Millennials and Gen Z, is altering the foundations of deposits, lending, and long-term relevance. Drawing on industry data and comparative analysis, we highlight emerging risks, contrast credit union performance with digital financial platforms, and outline why engaging younger generations has become a strategic imperative rather than a future consideration.

The rise of the Baby Boomer generation has been the most consequential demographic force shaping U.S. markets and industries over the past twenty years. The next era for the broader economy—and for the credit union industry in particular—will be defined by a related but fundamentally different transition: the succession of the Baby Boomer generation and unwinding of its outsized role in national economic activity. This shift is no longer a distant inevitability; it is a near-term strategic reality that will reshape competition and relevance across financial services. The Baby Boomer generation comprises individuals born between 1946 and 1964, during the post-World War II surge in birth rates. For decades, Boomers represented the largest generational cohort in U.S. history, only narrowly surpassed by Millennials in 2019.¹ Their economic influence has been unprecedented. Even today, Baby Boomers account for more than 51 percent of total U.S. household wealth, down from a peak of approximately 58 percent in 2016 (Chart 1).² No other generation has approached this level of dominance over aggregate household wealth during the past fifteen years.

Chart 1



This demographic cornerstone of American economic activity is now beginning to unwind and the pace of change is accelerating. In 2025, the most senior Baby Boomers turned age 79, surpassing the average U.S. life expectancy of 78.5 years.³ The migration of Baby Boomer financial assets to younger beneficiaries will begin accelerating in the near term.

At the other end of the cohort, the most junior Baby Boomers will turn 62 in 2026, reaching the average retirement age in the U.S. according to a 2024 MassMutual study.⁴ By 2030, every Baby Boomer will be age 65 or older, placing the entire generation firmly within its prime retirement years. This convergence—simultaneous asset transfer at the top of the cohort and retirement-driven income transition at the bottom—marks a structural inflection point for the U.S. financial system. As a result, the prominence of Baby Boomers as net savers in the American economy is likely to diminish sharply during this period. Deposit growth attributable to this generation should slow materially, if not reverse.⁵ Compounding this dynamic, Baby Boomers report lower retirement readiness than prior generations, reflecting the decline of defined-benefit pensions and persistent savings shortfalls. Research indicates that only about half of the generation is on track to meet retirement goals, suggesting that existing Baby Boomer balances are increasingly likely to be drawn down at an accelerating pace as the Boomer cohort ages.⁶

As these trends take hold, banking will increasingly favor Millennials and Gen Z. Together, these younger cohorts now comprise the largest share of the U.S. population (Chart 2), and early indicators suggest stronger savings behavior than prior generations at comparable life stages. A recent Santander Bank study found that 58 percent of Gen Z and 54 percent of Millennials increased their savings since the start of 2025—outpacing Generation X (47 percent) and Baby Boomers (39 percent).⁷ Over time, these younger cohorts will define deposit growth, product demand, and competitive advantage across financial services.

¹ Pew Research Center. *Millennials overtake Baby Boomers as America's largest generation*. April 28, 2020.

² Board of Governors of the Federal Reserve System. *Distribution of Household Wealth in the U.S. since 1989*. September 19, 2025.

³ CDC/National Center for Health Statistics. *Life Expectancy: Data for the U.S.* June 5, 2025.

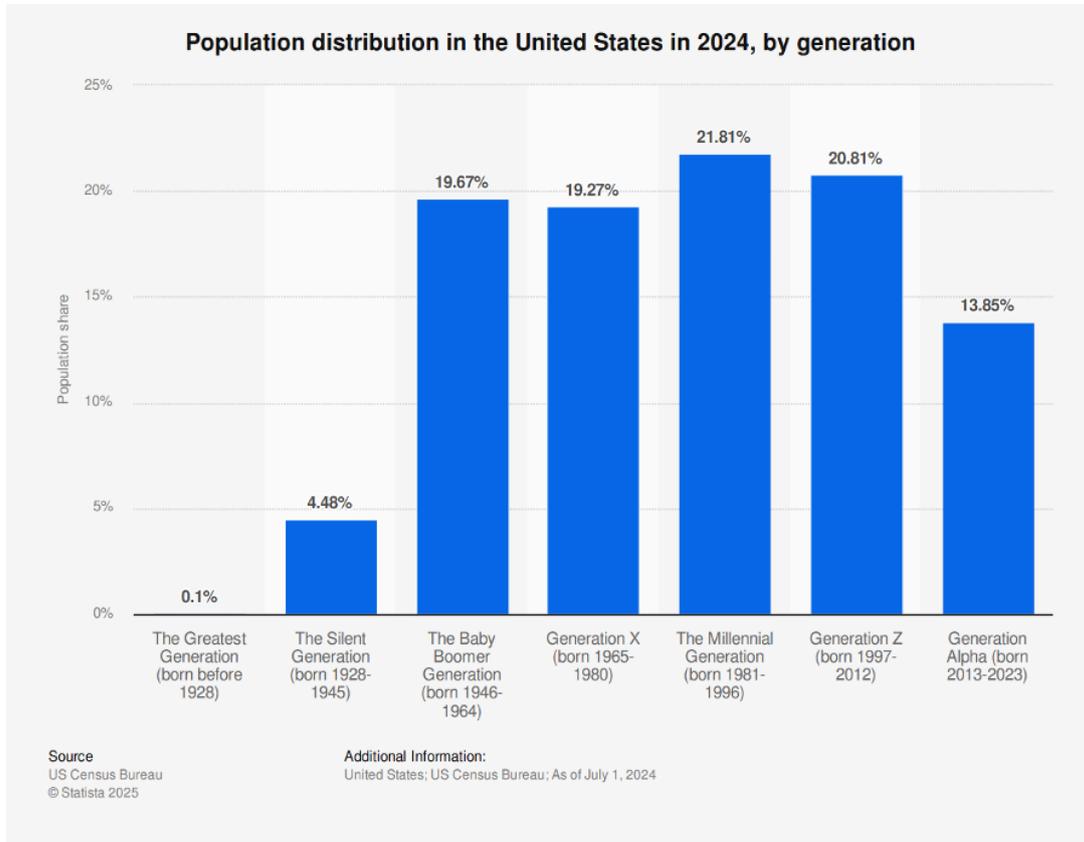
⁴ MassMutual/PBS Insights. *2024 MassMutual Retirement Happiness Study*. March 2024.

⁵ KBRA Financial Intelligence. *U.S. Banks Bear the Brunt of an Aging America*. July 24, 2025.

⁶ Sara Benwell. *Only half of baby boomers are retirement ready, research shows*. Pensions Expert. August 5, 2025.

⁷ Santander Bank. *Gen Z Achieving Success in Saving. Showing Interest in CDs to Accelerate Growth, Santander Bank Survey Finds*. August 20, 2025.

Chart 2



Demand for credit will also shift decisively across generations. Credit demand among the oldest Americans naturally declines with age, while younger generations—entering their prime household formation and earning years—are driving the fastest growth in total debt balances.⁸ As Millennials and Gen Z become fully integrated into consumer financial markets, their borrowing activity is expanding in parallel with spending on housing, transportation, education, and household formation (Table 1).⁹

Table 1

Total Debt Balance by Age			
Generation	2024	2025	Change
Generation Z (18-28)	\$0.75T	\$0.99T	+32.0%
Millennials (29-44)	\$5.29T	\$5.67T	+7.2%
Generation X (45-60)	\$6.58T	\$6.69T	+1.7%
Baby boomers (61-79)	\$4.56T	\$4.46T	-2.2%
Silent Generation (80+)	\$0.54T	\$0.50T	-7.4%

Source: Experian data from June of each year, ages as of 2025

This generational rebalancing of credit demand represents another structural inflection point for financial institutions. Loan growth will increasingly depend on relevance, reach, and risk management capabilities aligned to younger borrowers rather than on legacy member segments aging out of active borrowing cycles.

Assessing Credit Unions' Position Relative to Trends

Taken together, these trends raise a fundamental question: are credit unions prepared for the demographic transition now reshaping the financial services landscape? Recent consumer research suggests that, in aggregate, they are not. McKinsey's 2023 Consumer Financial Life Survey (published June 2024) indicates that Baby Boomers now represent the largest share of credit union members, accounting for 39 percent in 2023—up sharply from 28 percent in 2015. Over the same period, Millennials' share of credit union membership declined from 24 percent to 21 percent. More notably, Gen Z has failed to increase its share of credit union membership at all since 2015, despite aging into full financial maturity and significantly expanding its participation in the banking system.¹⁰

These demographic headwinds are reinforced by deteriorating competitive performance in new account acquisition. According to McKinsey's survey, only about 10 percent of respondents who recently opened a deposit account did so with a credit union, down from 16 percent in 2015. This decline signals a weakening position in the primary battleground for future growth.¹¹

Perceptions of value among younger consumers further underscore the challenge. Among Gen Z members who use a credit union as their primary financial institution, only 49 percent believe their credit union offers "extremely good" value, compared with 60 percent of Gen Z customers at the largest banks. While older generations continue to view credit unions favorably relative to banks, this advantage is eroding among the cohorts that will define future balance sheets.¹²

Millennial sentiment reflects a similar pattern. The share of Millennials who view credit unions as offering extremely good value declined from 51 percent to 48 percent over the past decade. At the same time, perceptions of value at banks improved materially, rising by 15 percentage points for the largest banks and seven points for smaller institutions. This divergence suggests that as Millennials age, accumulate assets, and demand more sophisticated financial services and digital capabilities, credit unions are increasingly failing to meet their evolving expectations.¹³

Additional research reinforces these findings. A July 2024 survey conducted by Apiture in partnership with The Harris Poll shows materially lower engagement with credit unions among younger consumers. While 17 percent of respondents overall reported using a credit union as their primary financial institution, that figure falls to just 15 percent among Millennials and 11 percent among Generation Z.¹⁴

Retention risks among younger members further compound these challenges. A July 2025 PMNTS Intelligence survey of nearly 16,000 consumers found that Gen Z credit union members are significantly more likely than members overall to be considering a change in their primary financial institution. Specifically, 37 percent of Gen Z members reported that it is at least somewhat likely they will switch institutions within the next year—more than double the 15 percent reported across all credit union members.

⁸ KBRA Intelligence, *Supra* note 5.

⁹ Chris Horymski. *Average American Debt by Age, US State, Credit Score and Type in 2025*. Experian Research. November 17, 2025.

¹⁰ 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.

¹¹ *Id.*

¹² *Id.*

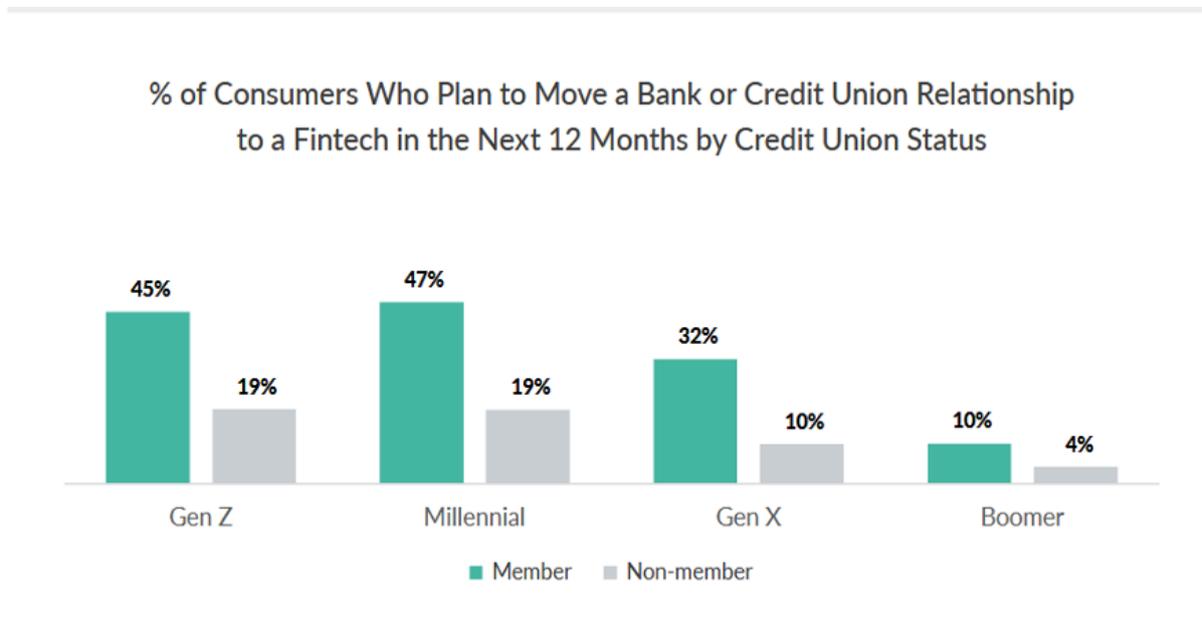
¹³ *Id.*

¹⁴ Apiture. *Attracting Gen Z and Millennials: Seven Essential Strategies for Community Banks and Credit Unions*. July 2024.

At the same time, only 42 percent of Gen Z members indicated they are certain they will remain with their current credit union, compared with 74 percent of members across all generations. This stark disparity highlights a critical vulnerability: even when credit unions succeed in acquiring younger members, they may struggle to retain them. Addressing this retention gap will be essential to sustaining long-term growth and relevance as demographic and competitive pressures mount.¹⁵

Competitive pressures from fintechs further intensify the demographic challenges facing credit unions. Research published by Cornerstone Advisors in 2025 (the “Cornerstone Study”) found that Millennial and Gen Z credit union members exhibit exceptionally high intent to switch primary financial institutions within the next 12 months—47 percent for Millennials and 45 percent for Gen Z. By contrast, only 10 percent of Baby Boomer members reported similar switching intent (Chart 3).¹⁶

Chart 3



Source: Cornerstone Advisors

Notably, the Cornerstone Study indicates that credit union members — particularly younger ones — are more likely than non-members to consider moving a banking relationship to a fintech provider. This suggests that fintechs are not merely competing for new entrants to the banking system; they are actively displacing traditional financial institutions among their existing customer bases.

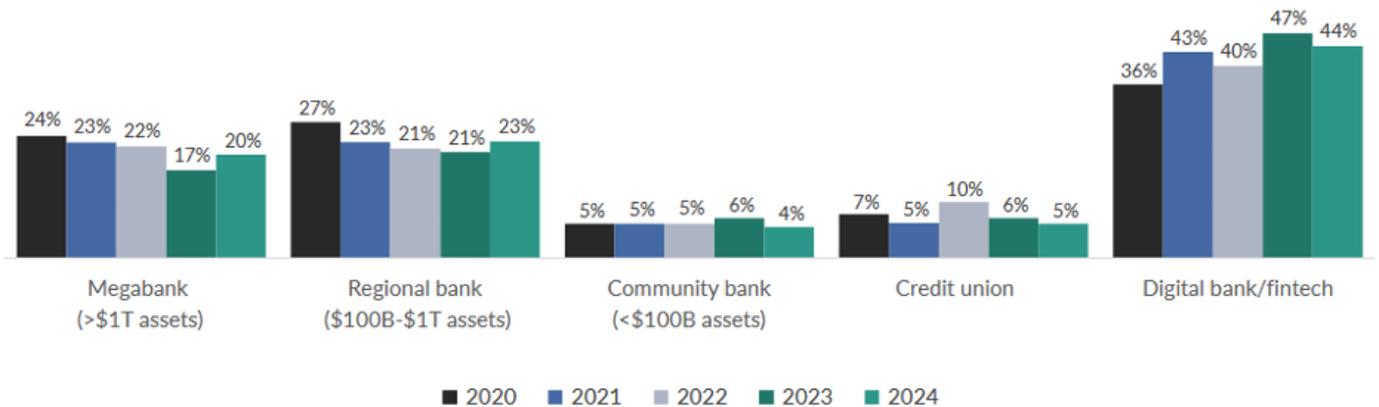
These behavioral trends are already reflected in market outcomes. Cornerstone’s research echoes earlier findings from McKinsey, showing that credit unions’ share of newly opened checking accounts continues to trend lower (Chart 4). While digital banks and fintechs have steadily expanded their share of new checking relationships over the past several years, credit unions have struggled to gain traction in the primary account relationships that anchor long-term deposit growth, lending opportunity, and lifetime member value.

¹⁵ PMNTS Intelligence. *Credit Union Innovation Readiness: The Real Story Behind Member Churn*. July 2025

¹⁶ Elizabeth Gujral, Ron Shevlin, Emily Osburn & Correll Davis. *Beyond the Paycheck Motel: Strategic Imperatives for Community Banking*. Cornerstone Advisors. December 2025.

Chart 4

Percentage of New Checking Accounts Opened by Type of Institution



Source: Cornerstone Advisors

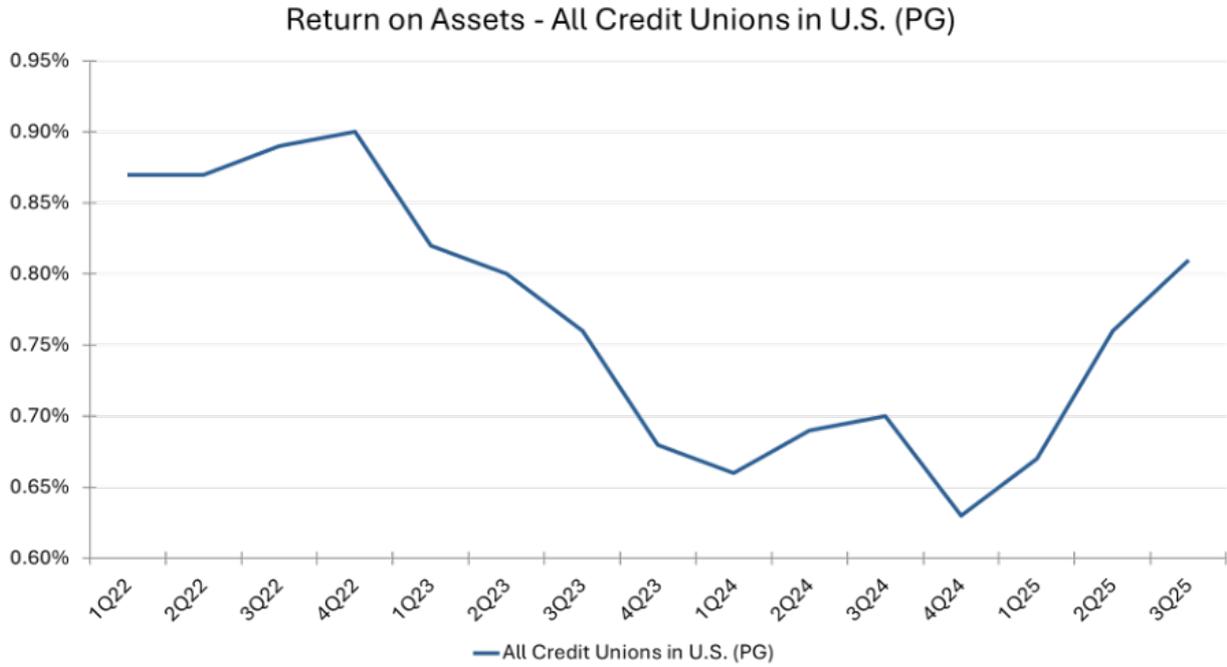
“For the first time in decades, credit union growth will be determined by generations that are underrepresented in their member base.”

Taken together, the survey data points to a growing engagement deficit with rising generations at precisely the moment they are entering their peak period of economic relevance. If these findings accurately reflect underlying member behavior, credit unions may face significant challenges sustaining growth and performance in the years ahead.

At present, these risks are partially obscured by a cyclical recovery in earnings. Credit union profitability improved in 2025 and is approaching levels last seen when the Federal Reserve began its rate-hiking cycle in March 2022 (Chart 5). This rebound, however, is largely attributable to the expansion of net interest margins rather than to underlying improvements in member engagement or franchise strength.

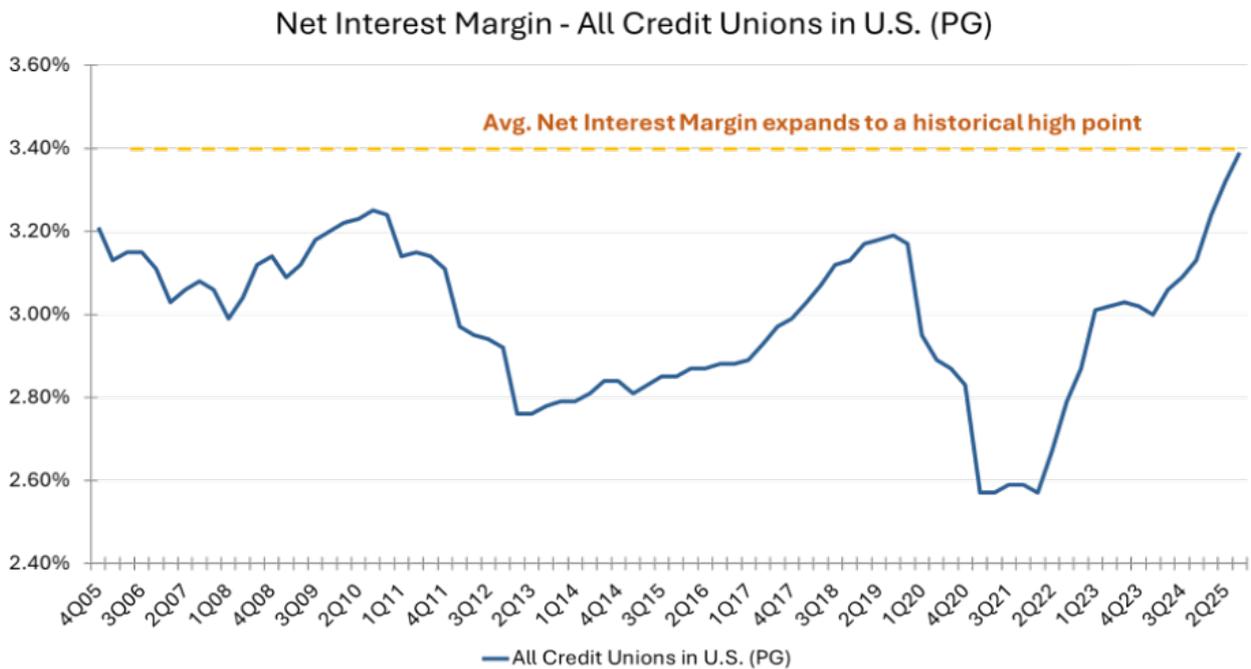
Data referenced in Charts 5 through 11 sourced from NCUA 5300 Call Report data; compilation and aggregation by Callahan & Associates.

Chart 5



Indeed, average net interest margins have expanded to a 20-year high (Chart 6), providing a temporary tailwind to earnings. While beneficial in the near term, margin-driven performance can mask deeper structural challenges—particularly those tied to member growth, product penetration, and long-term relationship depth.

Chart 6

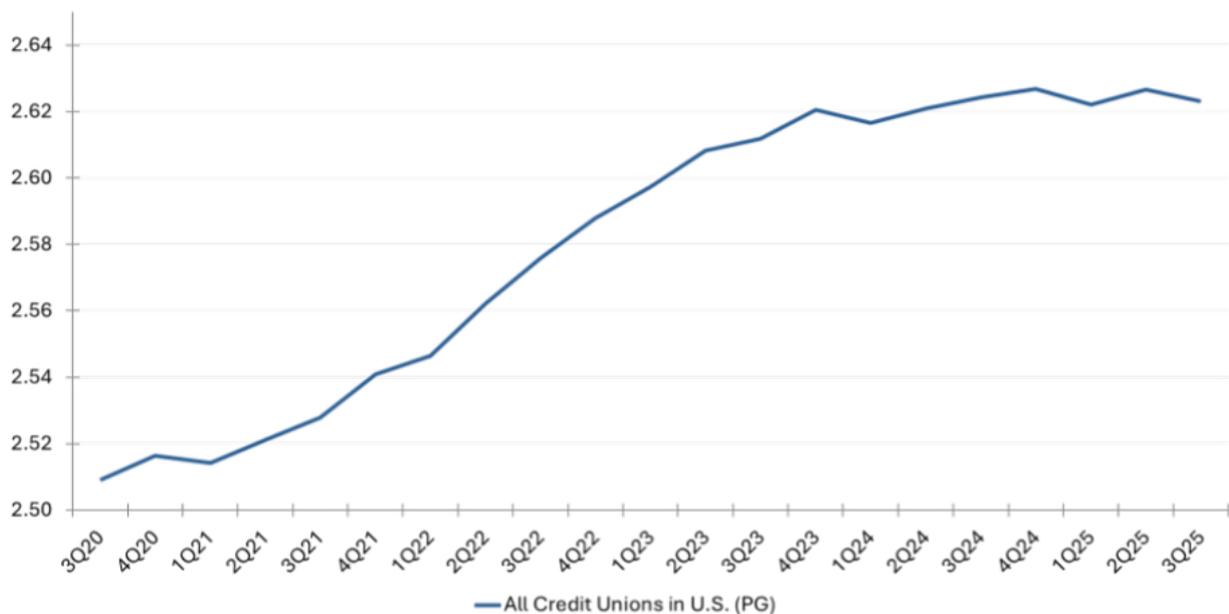


Early warning signs are already emerging. Operational data increasingly corroborates the engagement challenges identified in consumer surveys.

Despite years of steady progress, the average number of accounts per member has flattened since 2023, suggesting a slowdown in engagement momentum among existing members. In the context of weakening acquisition and retention among younger cohorts, this plateau raises concerns about the durability of recent earnings gains once margin conditions normalize.

Chart 7

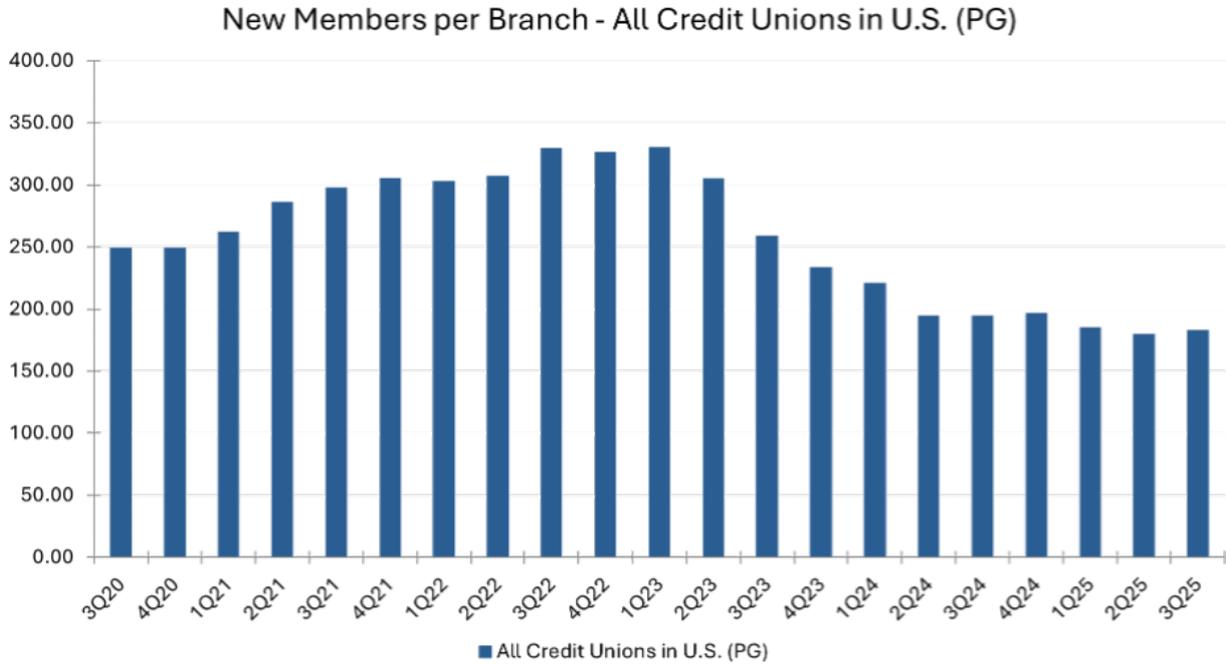
Accounts per Member - All Credit Unions in U.S. (PG)



New member acquisition, in particular, has deteriorated sharply. The average number of new members per branch declined from 330 in the first quarter of 2023 to just 180 by the second quarter of 2025—a drop of more than 45 percent in only nine quarters (Chart 8). This contraction reflects a meaningful slowdown in the industry’s ability to attract new relationships at scale.

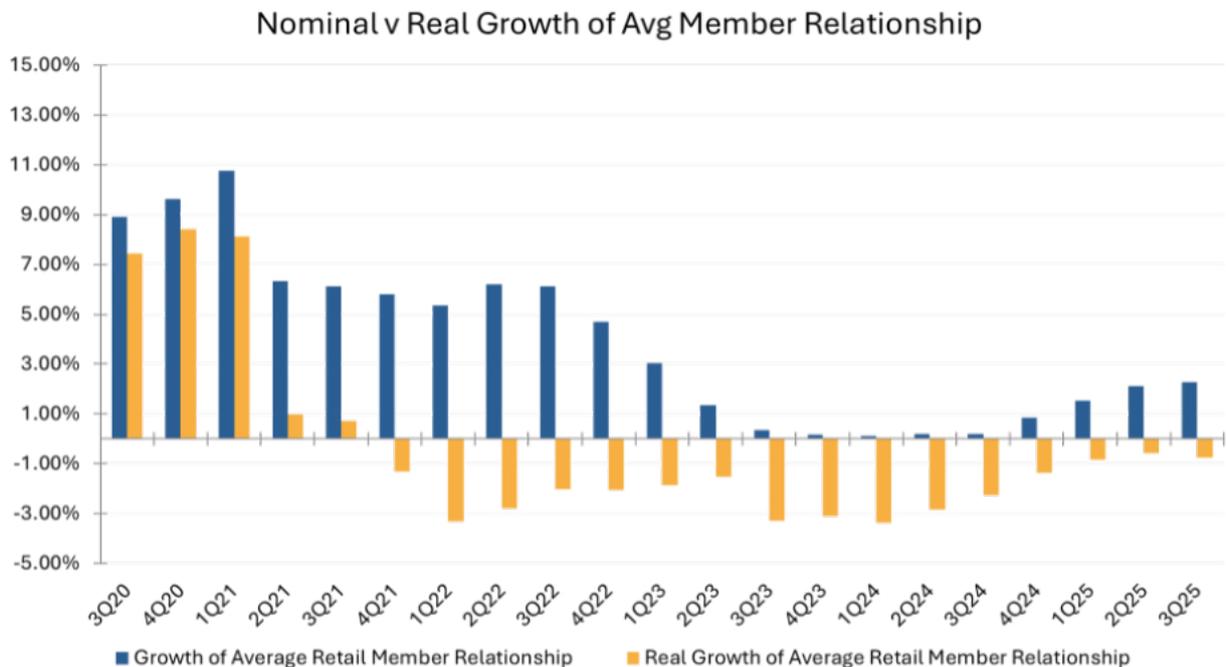
“Gen Z has not increased its share of credit union membership in nearly a decade.”

Chart 8



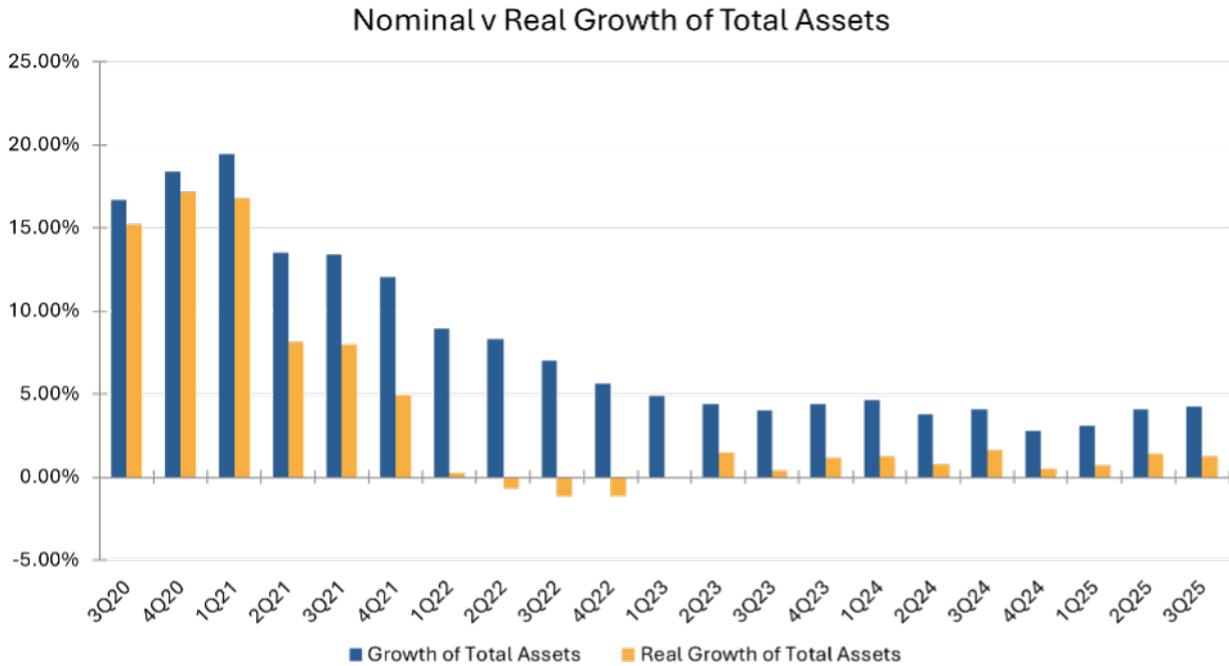
Weakening engagement is also evident in relationship economics. Twelve-month real growth in the average member relationship—measured net of inflation—has remained negative since 2021 (Chart 9). In practical terms, this indicates that nominal balance growth has failed to keep pace with rising costs, eroding the real economic value of member relationships over time.

Chart 9



The same pattern appears at the balance-sheet level. Real asset growth across credit unions has struggled to exceed 1.6 percent on a rolling twelve-month basis since 2021 (Chart 10).

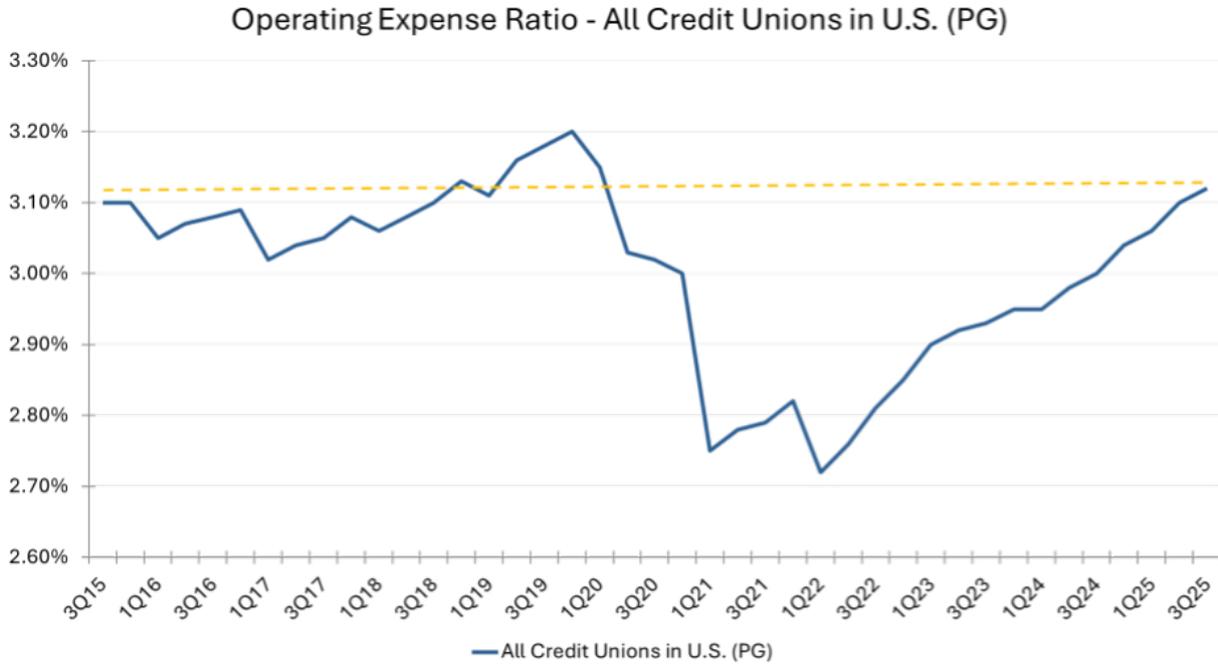
Chart 10



Constrained real growth has placed sustained pressure on operating efficiency. The industry's average operating expense ratio has surrendered nearly all of the efficiency gains achieved during the surge in asset growth throughout the COVID-19 pandemic (Chart 11). Despite broader adoption of efficiency-enhancing technologies, the industry is, on average, no more efficient today than it was a decade ago.

"Today's earnings recovery is being driven by margins, not by member engagement."

Chart 11



Taken together, these metrics point to the tangible consequences of the engagement deficit with Millennials and Gen Z highlighted by recent survey data. Importantly, the demographic wave associated with the succession of the Baby Boomer generation is still in its early stages. If current engagement gaps persist, these operational and financial pressures are likely to intensify as demographic headwinds accelerate, and margin tailwinds eventually subside.

Competing with a New Breed of Financial Institution for Millennials and Gen Z

In contrast to the engagement challenges facing much of the credit union industry, a growing cohort of financial institutions are demonstrating that sustained growth with Millennials and Gen Z is both possible and repeatable. These institutions have built their strategies explicitly around younger consumers, aligning products, digital experiences, and value propositions with evolving preferences and financial behaviors.

Four organizations merit particular attention: SoFi Bank, Robinhood, Wealthfront, and Coinbase. Each has deliberately targeted younger cohorts, expanded beyond narrow product offerings into broader financial ecosystems, and reported strong growth in publicly available financial disclosures. Together, they illustrate how financial institutions can capture relevance and engagement among the generations that will define the next phase of industry growth.

The sections that follow briefly profile each organization before comparing their growth trajectories with those of credit unions.

SoFi Bank

SoFi Bank is the banking subsidiary of SoFi Technologies, Inc., a publicly traded fintech company purpose-built to serve Millennials and Gen Z through a fully digital financial ecosystem. Founded in 2011 with an initial focus on student loan refinancing, SoFi has systematically expanded into personal loans, mortgages, deposit accounts, credit cards, insurance, investing, and cryptocurrencies — using lending as an entry point to build broader, long-term relationships.

A key inflection point came in 2019 with the launch of SoFi Invest, a digital investment platform offering commission-free stock and ETF trading, robo-advisory portfolios, fractional shares, and cryptocurrency investing within a single integrated experience. In 2022, SoFi further deepened its model by chartering SoFi Bank, a national, branchless bank that enables customers to access the company's full suite of financial products through a unified mobile and web platform.¹⁷

SoFi has continued to position itself at the intersection of banking, investing, and emerging financial infrastructure. In December 2025, it became the first national bank to issue a fully reserved U.S. dollar stablecoin, SoFiUSD — underscoring its emphasis on innovation, digital-native delivery, and relevance to younger consumers.¹⁸

Robinhood

Robinhood Markets, Inc. (“Robinhood”) is a U.S. fintech and financial services company founded in 2013 and best known for its zero-commission trading app for stocks, ETFs, options, crypto, and other alternative assets. The company takes its name from the English legend of Robin Hood, the outlaw who stole from the rich to give to the poor. This branding signals Robinhood rebellion against traditional investing firms in accordance with its stated mission to “democratize finance for all” by lowering barriers to early investing and providing retail investors access to opportunities typically limited to institutional investors and high net worth clients of traditional wealth managers.¹⁹

This positioning proved highly effective in popularizing early-life investing among younger consumers and establishing Robinhood as a primary financial touchpoint well before traditional banks and credit unions typically engage these cohorts. More recently, Robinhood has begun evolving from a pure brokerage platform into a broader financial services hub. Through its “Gold Subscription” offering, the company has expanded into adjacent banking products, including credit cards, mortgages, and high-yield savings accounts, while reinforcing customer loyalty through a subscription-based model.²⁰

Robinhood is preparing to launch a dedicated digital banking platform, branded “Robinhood Banking,” further extending its role in customers’ day-to-day financial lives. Unlike SoFi, Robinhood has not chartered a bank; instead, it operates through partnerships with regulated banking institutions, including Coastal Community Bank,²¹ and fintech lending firms such as Sage Home Loans Corporation.²² The company also strengthened its consumer credit capabilities through the acquisition of fintech credit card platform X1, Inc. in 2023.²³

¹⁷ The SoFi Story. <https://www.sofi.com/our-story/>

¹⁸ *SoFi Launches Fully Reserved Stablecoin to Power Financial Infrastructure for Banks, Fintechs, and Enterprise Partners*. December 18, 2025.

¹⁹ Rob Peters. *Robinhood Shakes Up IPOs*. Intelligize. May 27, 2021.

²⁰ Jason Stauffer. *Robinhood Gold Card announced — Earn 3% cash back everywhere*. CNBC Select. February 28, 2025.

²¹ Julie Muhn. *Robinhood's New Private Banking Offering is Missing One Key Element*. Finovate. March 27, 2025.

²² *Robinhood and Sage Home Loans Team Up to Democratize Access to Homeownership*. November 3, 2025.

²³ *Robinhood Signs Agreement to Acquire X1*. June 22, 2023.



Wealthfront

Founded in 2008, Wealthfront is a digital financial services platform designed explicitly around the financial lives of Millennials and Gen Z. The company offers cash management accounts, low-cost lending, and automated investing across ETFs, stocks, and bonds, complemented by financial planning tools tailored to early- and mid-career households. Notably, Wealthfront recently reported that the median age of new clients joining the platform last year was just 23 to 24, highlighting its success in capturing relationships at the very start of financial maturity.²⁴

Wealthfront's cash account combines features traditionally associated with high-yield savings and everyday transaction accounts, positioning it as a primary financial hub without the need for a traditional bank charter. Similar to Robinhood, Wealthfront operates through a sweep model that distributes deposits across more than two dozen FDIC-insured partner banks and offers a debit card issued by Green Dot Bank.²⁵

The company's marketing and product design focus on lifecycle milestones and aspirations of young professional households, including career progression, investing, homeownership and early retirement aspirations.²⁶ In the fourth quarter of 2025, Wealthfront expanded further into this lifecycle strategy by launching a low-cost mortgage offering aimed at aspiring first-time homebuyers already active on its platform.²⁷

Coinbase

Coinbase, one of the largest U.S.-based cryptocurrency platforms, has articulated an ambition to evolve from a digital asset exchange into a broader financial services ecosystem. Historically focused on enabling consumers to buy, sell, and custody cryptocurrencies, Coinbase is pursuing what it has described as an "Everything Exchange"—a unified platform intended to support traditional investment assets such as equities, commodities, and prediction markets alongside digital assets.²⁸

Central to this strategy is the integration of stablecoins, particularly USD Coin (USDC), as everyday payment and settlement instruments. Coinbase offers rewards on stablecoin balances and is positioning these balances to function similarly to traditional transaction accounts. This approach has gained momentum amid evolving regulatory clarity, including developments such as the GENIUS Act, which has helped reinforce the role of regulated stablecoins in mainstream financial activity.²⁹

In 2025, Coinbase significantly expanded its consumer reach through high-profile partnerships. Collaborations with Shopify now enable USDC payments at checkout for millions of e-commerce merchants,³⁰ while a partnership with American Express resulted in the launch of the Coinbase One Card.³¹ The card offers Bitcoin rewards and allows balances to be serviced using cryptocurrencies held on the Coinbase platform, including stablecoins. Together, these initiatives position Coinbase as a credible alternative for payments, investing, and everyday financial activity—particularly for digitally native consumers.

²⁴ Prakhar Srivastava. *Fintech Wealthfront valued at \$2.63 billion in Nasdaq debut*. Reuters. December 12, 2025.

²⁵ Hal Bundrick. *Wealthfront is rolling out a mortgage program with low costs and rates*. Yahoo! Finance. November 19, 2025.

²⁶ See *How Claire and Prakash Bought Their First Home* and *A Recipe for Retiring by 40*. YouTube. November 2025

²⁷ Jeff Kauflin. *Fintech Wealthfront To Offer Lower-Rate Home Mortgages*. Forbes. November 19, 2025.

²⁸ Scarlett D. *Coinbase Sets 2026 Roadmap to Evolve Into a Global 'Everything App'*. CoinNews. January 2, 2026

²⁹ Id.

³⁰ Rosalia Mazza. *Shopify Partners With Coinbase and Stripe to Bring USDC Payments to Everyday Commerce*. FinTech Weekly. June 13, 2025

³¹ *New Coinbase One Card to Launch on the American Express Network*. American Express Newsroom. June 12, 2025

The New Breed of Financial Institution

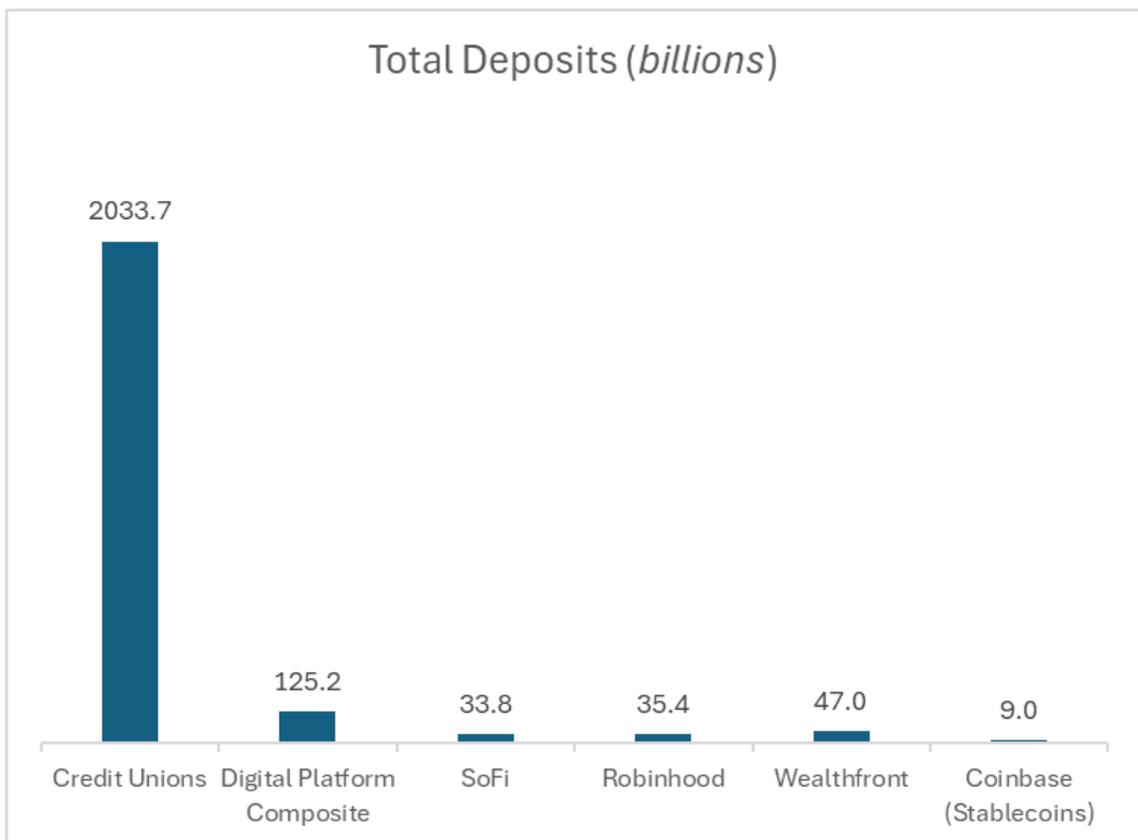
Taken together, these platforms illustrate several distinct models for delivering banking and financial services to younger consumers. SoFi combines a mobile-first experience with the regulatory framework of a traditional bank charter. Robinhood and Wealthfront extend banking functionality through partnerships with regulated banks and lending providers, allowing them to offer deposit and credit products without operating banks themselves. Coinbase represents a newer model altogether, leveraging blockchain infrastructure and stablecoins to replicate core banking functions outside the traditional banking system.

Despite their differences, these platforms converge around a common strategy: the integration of banking, payments, lending, and investing into a unified financial ecosystem designed to become the primary destination for deposits, transactions, and wallet share among digitally native consumers.

For now, the competitive threat posed by these platforms may appear modest. Although the companies behind them have existed for more than a decade in some cases, their most aggressive expansions into banking-oriented services are relatively recent. Collectively, total bank deposits and deposit equivalents—including stablecoins—across these platforms amount to approximately \$125 billion, representing just over 6 percent of total credit union deposits (Chart 12).

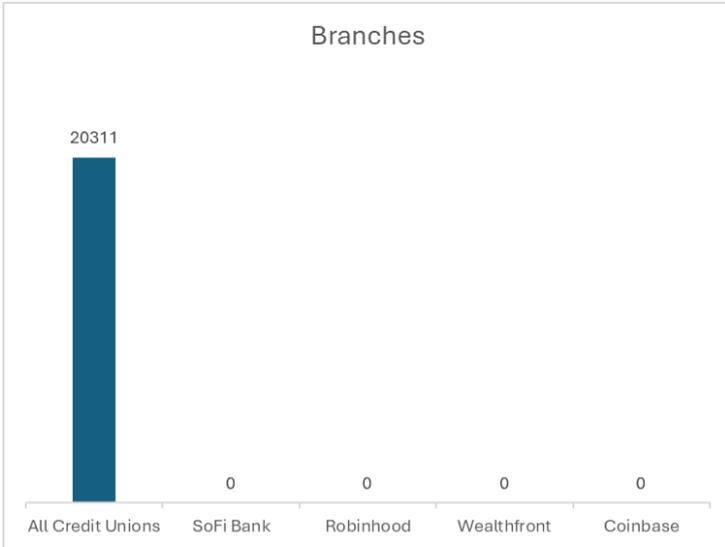
Data referenced in Chart 12 through 17 sourced by Olden Lane from the NCUA Quarterly Data Summary Report (Q3 2025), the Q3 2025 FDIC Call Report of SoFi Bank, the 10-Q quarterly report of SoFi Technologies, Inc. dated November 6, 2025, the 10-Q quarterly report of Robinhood Markets, Inc. dated November 6, 2025, the 10-Q quarterly report of Coinbase Global, Inc. dated October 30, 2025, and the 10-Q quarterly report of Wealthfront Corporation dated January 23, 2026.

Chart 12



In addition, these institutions operate without a single physical branch, remaining largely absent from the local communities where credit unions have historically concentrated their presence (Chart 13).

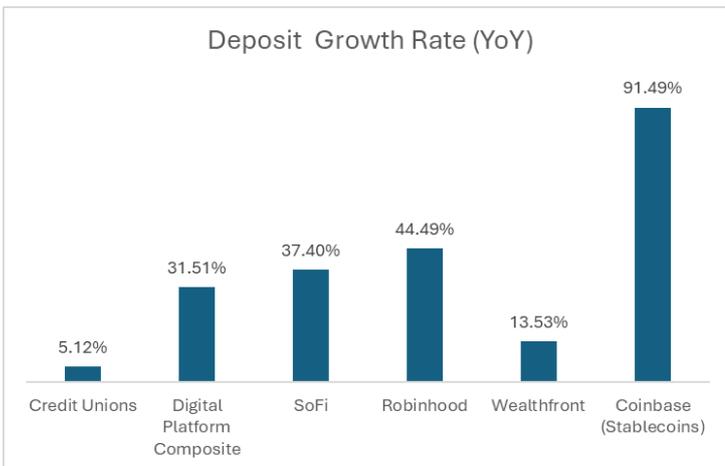
Chart 13



Yet this apparent scale disadvantage risks obscuring a more consequential reality. These platforms are acquiring younger consumers early, engaging them deeply, and expanding wallet share digitally—without the cost structure or geographic constraints that define traditional branch-based institutions. As demographic momentum shifts and financial behaviors continue to migrate toward integrated digital ecosystems, the most recent data suggests that the competitive pressure from these platforms may be far more important than it first appears.

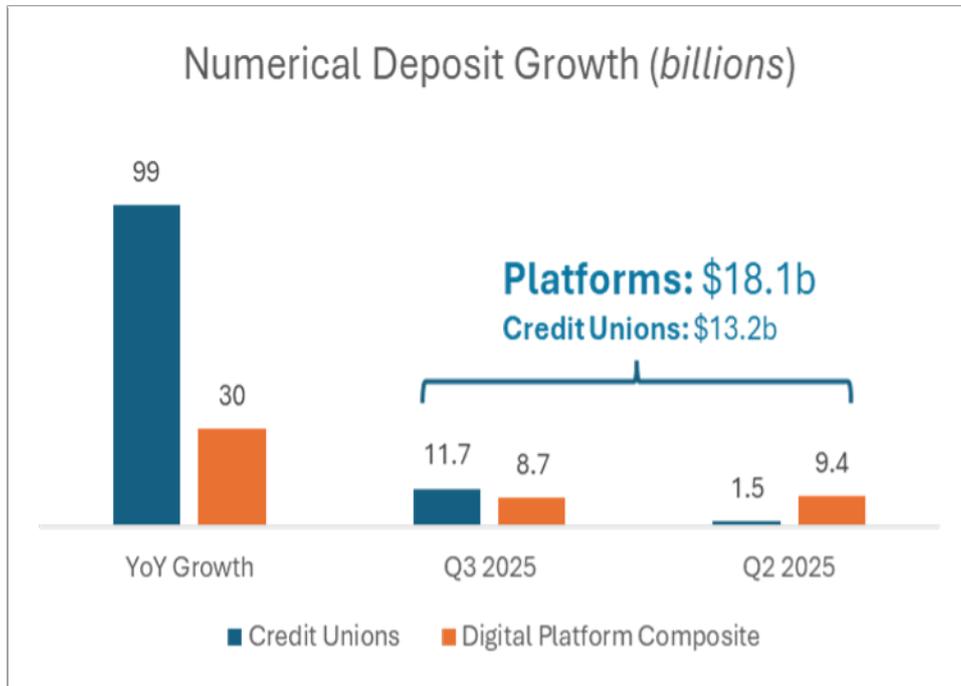
Despite their smaller absolute deposit base, the growth momentum of these digital financial platforms is increasingly translating into a disproportionate share of net new deposits relative to credit unions. While credit unions continue to hold a much larger portion of industry deposits, year-over-year deposit growth among these digital platforms far exceeds that of credit unions across every comparable measure (Chart 14).

Chart 14



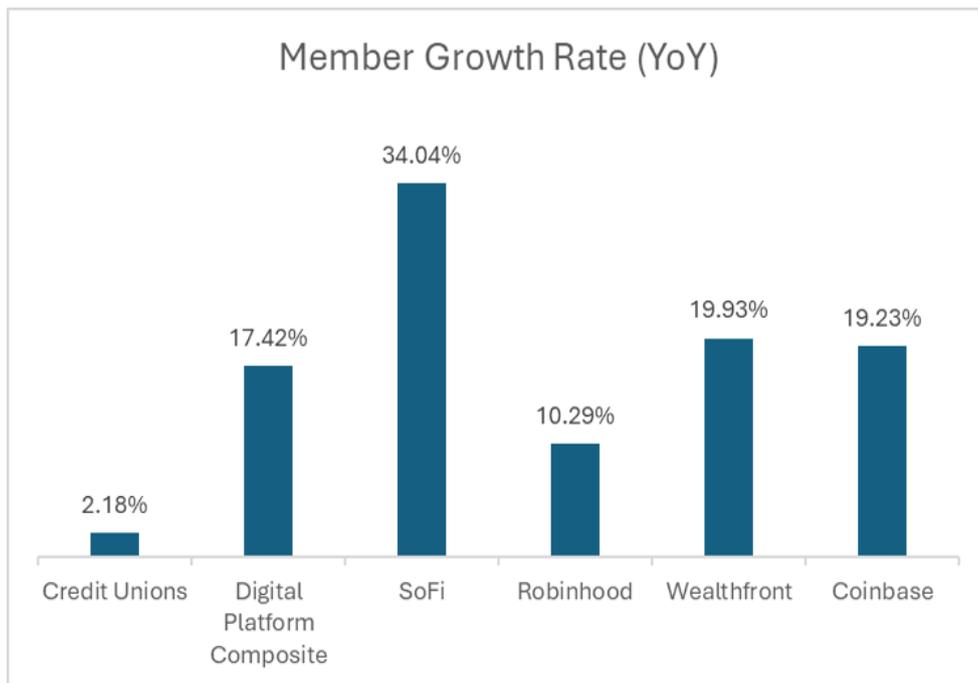
This growth differential is already visible in absolute terms. As of the twelve months ending in the third quarter of 2025, the four digital platforms analyzed accounted for approximately 23 percent of total net new deposits gathered by credit unions and the platforms combined (Chart 15). Notably, this share is accelerating. Over the two most recent reported quarters, the digital platforms collectively raised \$4.9 billion more in net new deposits than the entire credit union industry.

Chart 15



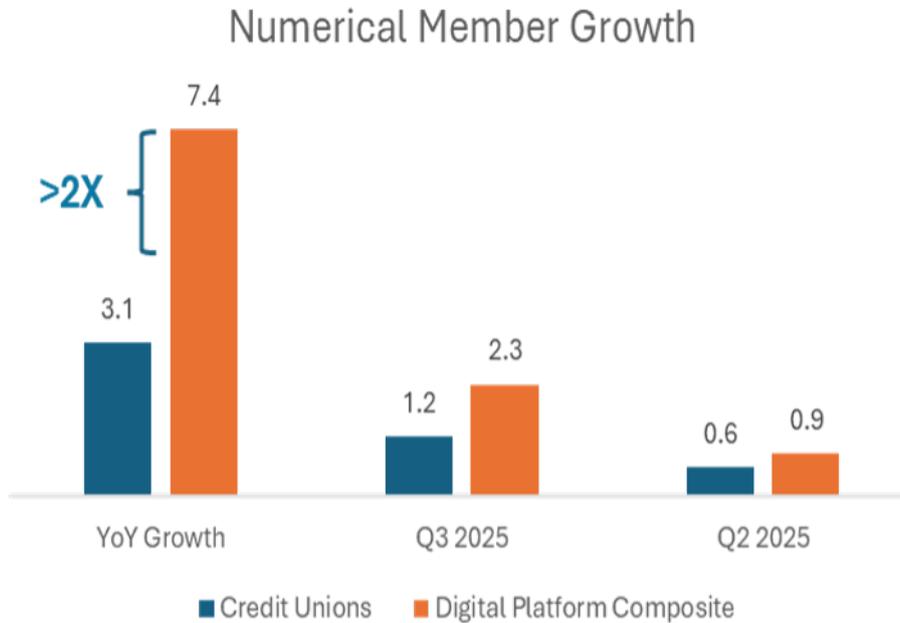
Customer acquisition trends further amplify this divergence. Digital platforms are adding new customers at a rate many times faster than average member growth at credit unions (Chart 16).

Chart 16



In the twelve months ending in Q3 2025, digital platforms added more than twice as many net new relationships than all credit unions, despite operating without physical branches (Chart 17).

Chart 17



Importantly, these newly acquired customers are likely younger, earlier in their financial lifecycles, and positioned to deliver significantly higher lifetime value over time. As a result, the competitive impact of digital platforms is not linear. Rather, it will compound in the years ahead.

It is also important to note that the four digital platforms examined above do not represent the full universe of competitors operating under this model. They are highlighted primarily because their status as banks or publicly traded companies allows for sufficient public disclosure to support the comparisons presented in this analysis. A broader set of digital financial platforms—including OnePay, Acorns, Betterment, and Cash App—also offer checking accounts, high-yield savings, and self-directed or automated investing, often alongside cryptocurrency capabilities.

Some of these platforms extend even further into consumer finance. OnePay, backed by Walmart, integrates credit cards, buy-now-pay-later options, and credit-builder products within a rewards ecosystem tightly linked to Walmart’s checkout experience. While these firms do not publicly report data at the same level of detail, there is little doubt that they contribute meaningfully to deposit flows and command an outsized share of engagement among Millennials and Gen Z.

Collectively, these platforms represent a new breed of financial institution gaining momentum with younger consumers. Their appeal extends well beyond seamless digital delivery. These organizations focus deliberately on Millennials and Gen Z, design around their financial needs and aspirations, and deliver integrated ecosystems that combine spending, saving, investing, borrowing, and rewards into a cohesive experience.

For credit unions, this moment represents both a risk and an opportunity. Institutions that adapt their strategies to engage younger generations with comparable intentionality can remain relevant and competitive. Those that do not face the prospect of accelerating member attrition, slowing growth, and a potentially dramatic erosion of relevance as demographic and competitive pressures intensify.

Forming a Road Map for Millennial and Gen Z Engagement

Much of the commentary in the credit union trade press emphasizes investment in advanced digital banking technology, modern mobile applications, and incremental feature enhancements. These actions are necessary, but they are no longer sufficient. Too often, this discussion stops short of examining the distinct financial realities facing Millennials and Gen Z and how those realities differ meaningfully from those of prior generations.

Recent findings from J.D. Power indicate that mobile and online banking experiences across financial institutions have largely converged, with only marginal differences for most consumers.³² In this environment, digital banking capability has become a prerequisite for participation rather than a source of durable competitive advantage. As a result, a credible growth strategy cannot stop at “going digital.” It must be grounded in a deeper understanding of what younger members need from financial products and banking relationships.

Millennials and Gen Z are building their financial lives under significantly tighter economic conditions than earlier cohorts. Rising costs for housing, transportation, and essential services continue to outpace wage growth in many markets, leaving younger households with less financial flexibility and greater sensitivity to shocks. Credit burdens are also increasing. Credit card balances have reached record levels, and delinquency rates have been climbing steadily from pandemic-era lows—trends that disproportionately affect younger borrowers with limited savings buffers.³³

“Institutions that adapt with focus and urgency can remain relevant for the next generation.”

At the same time, student loan repayment has resumed for millions of borrowers, many of whom are re-entering repayment at higher interest rates and under greater budget strain than when loans were first deferred. Together, these conditions shape not only how younger consumers use financial products, but what they expect from the institutions that serve them.

The borrowing needs of younger adults increasingly center on simplification and control. Many Millennials and Gen Z households carry a combination of student loans, credit card balances, and personal debt—often at relatively high interest rates and spread across multiple providers. This fragmentation creates a repayment experience marked by complexity, friction, and elevated cost. The rapid growth of buy-now-pay-later lending further complicates debt management. Solutions that consolidate obligations, align repayment schedules with income cycles, and reduce overall interest burden resonate strongly with younger consumers—particularly when delivered with transparency, flexibility, and digital ease.

³² J.D. Power. *Bank and Credit Card Apps and Websites Struggle to Stand Out, J.D. Power Finds*. May 29, 2025.

³³ Federal Reserve Bank of New York. *Household Debt and Credit Report*. May 2025.



At the same time, younger generations remain highly engaged and increasingly proactive in managing their finances and investing savings. A recent Charles Schwab survey found that Gen Z began saving and investing at an average age of 19, compared with 25 for Millennials and considerably later for Generation X and Baby Boomers.³⁴ This early engagement is reinforced by disciplined day-to-day behaviors. Many young adults track spending closely, adjust budgets quickly in response to rising prices, and demonstrate a pragmatic approach shaped by economic uncertainty.

Income patterns further differentiate these cohorts. A growing share of Millennials and Gen Z supplement primary employment with freelance work, creative projects, or platform-based gig income. While this introduces additional cash-flow complexity, it also creates demand for financial tools that adapt dynamically to fluctuating income, irregular pay cycles, and evolving financial goals. The combination of early engagement, structured budgeting, and non-traditional income streams underscores the need for financial services that are real-time, flexible, and oriented toward progress rather than static balances.

Financial decision-making is also increasingly social. Ideas, strategies, and product recommendations circulate rapidly through social platforms, private messaging groups, and creator-led communities, where information is shared and validated in real time. For credit unions, this shift presents both a challenge and an opportunity: to meet younger members where financial learning already occurs while delivering credible, trustworthy content that resonates.

In short, Millennials and Generation Z are not seeking one-size-fits-all solutions. They want financial tools that align with their behaviors, reflect their priorities, and adapt as their lives become more complex. They are looking for a financial partner that feels personal, responsive, and relevant. The strategic question for credit unions is not whether to personalize banking, but which elements of personalization matter most to younger members and how to deliver them in ways that build trust, relevance, and long-term value.

For Readers Interested in a Deeper Dive

At Olden Lane, we have dedicated several months to researching these issues and engaging extensively across the fintech ecosystem to identify and evaluate solutions that can help credit unions present a compelling value proposition to Millennials and Gen Z and compete more effectively with the digital platforms attracting them.

Our proprietary research report, *The Next Gen Transformation: A Road Map for Engaging the Gen Z and Millennial Generations*, builds on the themes introduced in this paper. The report examines the financial behaviors and propensities of younger generations, identifies market gaps and strategic opportunities, and provides a comparative analysis of financial applications emerging as potential competitors and partners. Most importantly, it translates insight into action through a decision-oriented playbook, including implementation considerations and partner landscape mapping across key capability areas.

Each purchase of the research report includes the option of a complimentary in-person presentation introducing its core findings, strategic implications, and practical applications for credit union leadership teams.

Readers interested in the proprietary portion of this research series are encouraged to contact one of the authors to discuss next steps.

³⁴ Charles Schwab, *Modern Wealth Survey 2024*, June 2024.

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Dan is a Partner at Olden Lane, where his advice and counsel are sought by many of the country's leading credit unions. Dan brings deep experience across banking, capital markets, and regulatory matters. He plays a central role in Olden Lane's work in the subordinated debt market and merger and acquisition transactions, advising credit unions on complex strategic initiatives that shape long term growth and competitive positioning.

In addition to his capital markets practice, Dan leads several of Olden Lane's innovation initiatives, supporting clients' modernization efforts through selective fintech partnerships and strategic technology integration.

As a senior Millennial, Dan brings both institutional expertise and generational perspective to issues involving Gen Z and Millennial financial behavior, digital adoption, and competitive disruption. His work frequently focuses on translating demographic and technological shifts into actionable strategies for executive leadership teams.

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



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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 Olden Lane's work across the fintech ecosystem and in advancing the firm's integration of technology and artificial intelligence to improve client outcomes and internal process efficiency.

As a member of the Gen Z cohort examined throughout this report, Elaine brings both analytical rigor and generational insight to the firm's research on emerging financial behaviors, digital engagement, and technology adoption. Her perspective helps bridge the gap between institutional strategy and the financial realities of younger consumers.

Elaine earned her M.S. in Management Science and Engineering from Columbia University and holds a B.A. in Economics with a minor in Mathematics from New York University. She previously interned in venture capital and asset management roles and holds Series 7 and 63 licenses.



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