

Report

State of credit unions

How credit unions stack up against other financial institutions



Executive summary

In this report, Experian® data scientists and analysts examine key consumer credit trends within the credit union space, focusing on auto loans, unsecured personal loans and unsecured credit cards.*

Let's take a deep dive into the state of credit unions and how they compare with fintech lenders and regional banks.

- Who are credit union members
- Delinquency levels by product type
- Origination volume by product type
- VantageScore® distribution
- Navigating 2025 and beyond

*This report was created using Experian data from January 2022 to October 2024.







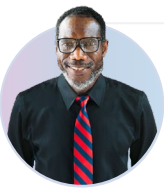

Note: The term "all lenders" in this report specifically refers to the four groups analyzed (smaller credit unions, larger credit unions, fintech lenders and regional banks). This report defines smaller credit unions as institutions with less than \$10 billion in assets and larger credit unions as those with more than \$10 billion in assets.

Who are credit union members?

Across auto and unsecured personal loans, Gen Y and Gen X represent most of credit union borrowers. Boomers lead in unsecured credit cards, followed by Gen Y. Gen Z, being younger and likely new to credit, accounts for a smaller portion of borrowers across all loan types, highlighting the importance and opportunity to engage this cohort.

Generational breakdown of credit union members by product type as of October 2024

NUMBER OF CONSUMERS

	 Auto loans	 Unsecured personal loans	 Unsecured credit cards
 Gen Z (1995-2010)	3,181,680	854,135	3,582,945
 Gen Y (1982-1994)	7,122,205	2,193,475	7,222,360
 Gen X (1965-1981)	7,272,709	2,052,715	6,875,431
 Boomer (1946-1964)	5,144,578	1,568,187	7,875,748
 Silent generation (1928-1945)	491,214	167,259	1,535,358

Delinquency levels by product type

Auto loans: Delinquency levels (30, 60 and 90-120 days past due (DPD) have increased gradually since mid 2022 for credit unions, likely driven by high inflation and interest rates. 30 DPD delinquencies were consistently the highest for both small and large institutions (up 12% and 6% YoY, respectively), highlighting early signs of financial stress among borrowers.

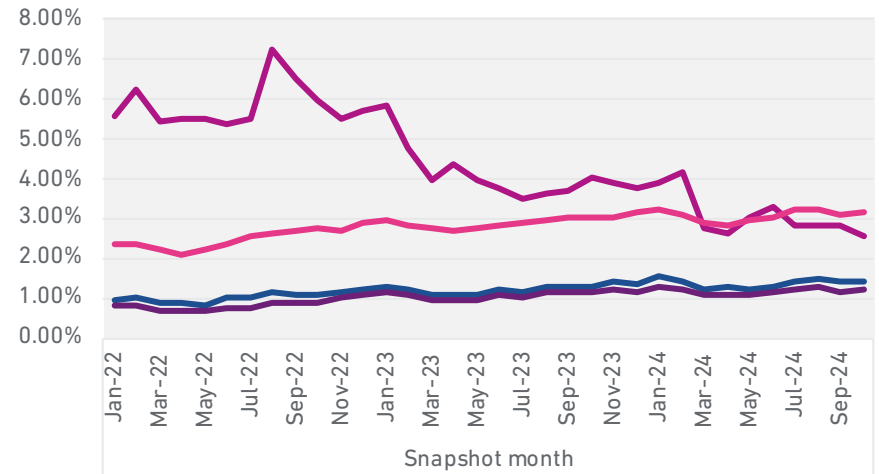
Fintech lenders have significantly higher delinquency rates for auto loans compared to credit unions. Though there was notable decline and stabilization in 30 and 60 DPD rates, 90-120 DPD rates appeared to pick back up. Regional banks maintained moderate delinquency rates but increased steadily toward the end of 2024.

■ CREDIT UNIONS < \$10BILLION IN ASSETS ■ FINTECH LENDERS
■ CREDIT UNIONS > \$10BILLION IN ASSETS ■ REGIONAL BANKS

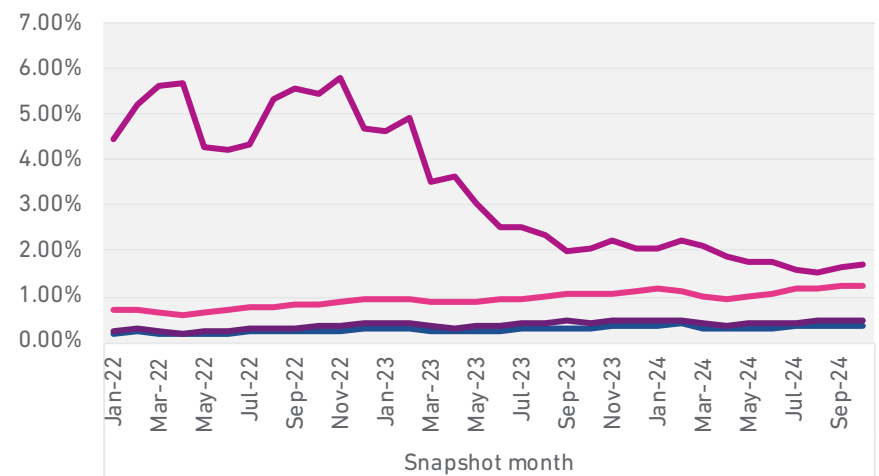


AUTO LOAN DELINQUENCY TRENDS:

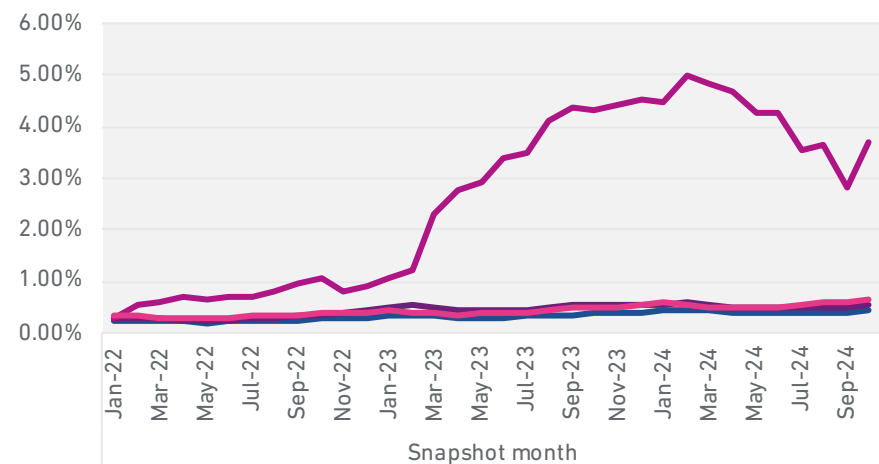
30 DPD rates - All lenders



60 DPD rates - All lenders



90-120 DPD rates - All lenders



Unsecured personal loans:

Over the last two years, delinquencies have risen across the board for unsecured personal loans. **Despite this, 30 DPD delinquencies among smaller credit unions have consistently remained lower than those of fintech lenders.** Larger credit unions experienced a sharp uptick in early 2023 but managed to level off in 2024.

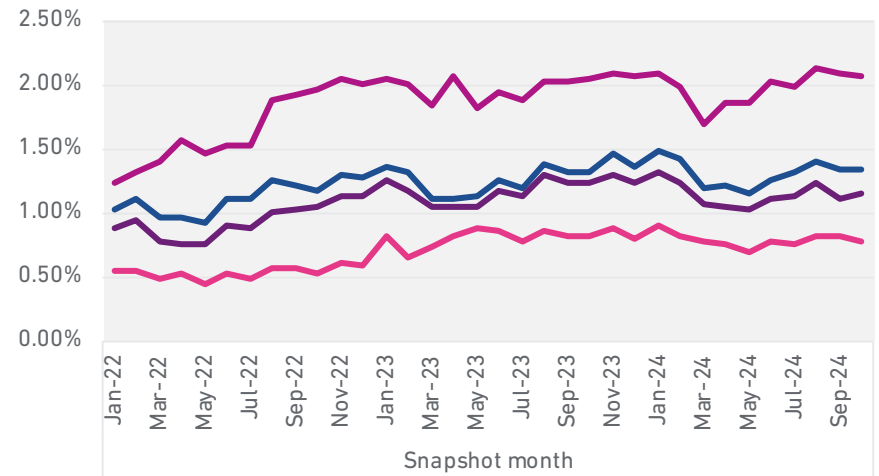
Following dips between February and March 2023, delinquencies for fintech lenders increased slightly but remained relatively stable toward the end of 2024. For regional banks, early-stage delinquencies plateaued between January to May (22% decrease) and have since stabilized after rising in August.

■ CREDIT UNIONS < \$10BILLION IN ASSETS
 ■ FINTECH LENDERS
■ CREDIT UNIONS > \$10BILLION IN ASSETS
 ■ REGIONAL BANKS

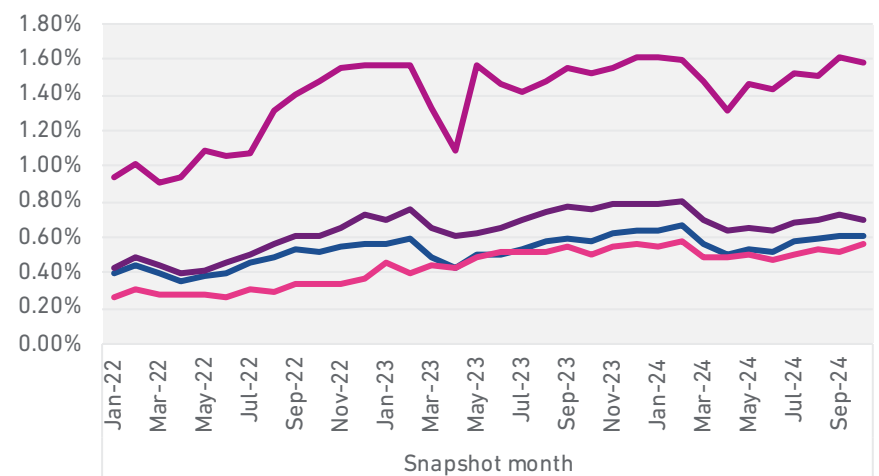


UNSECURED PERSONAL LOAN DELINQUENCY TRENDS:

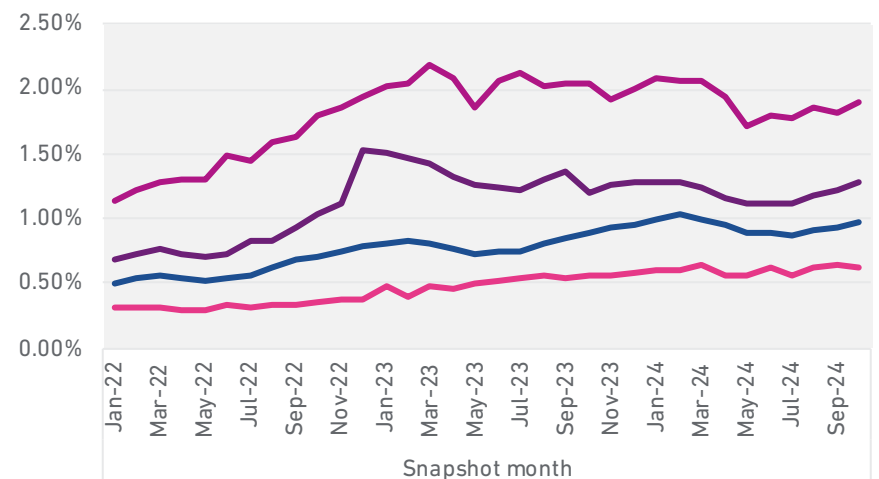
30 DPD rates - All lenders



60 DPD rates - All lenders



90-120 DPD rates - All lenders



Unsecured credit cards:

In terms of credit card delinquencies, credit unions saw a slight uptick in 30 and 90-120 DPD rates during the second half of 2024, though 60 DPD rates appeared to normalize.

Delinquency rates for fintech lenders began to stabilize toward the end of 2024. Regional banks fell between credit unions and fintech lenders, showing a moderate increase in delinquencies.

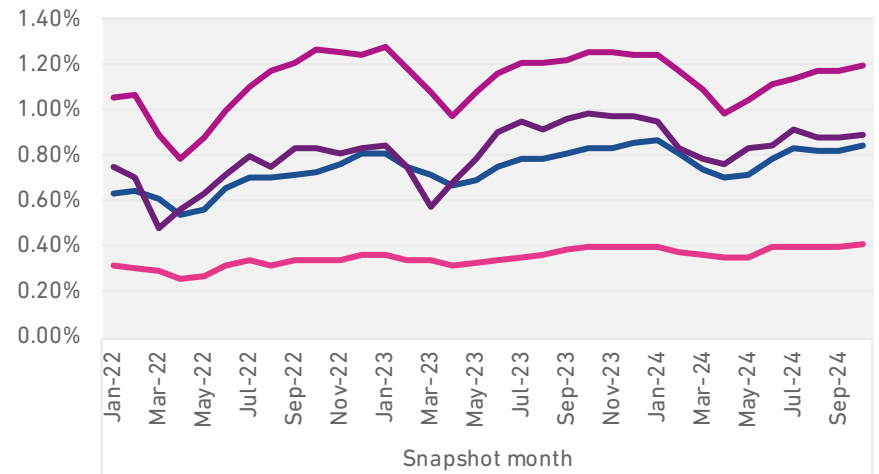
Market opportunity for credit unions

Across small and large credit unions, 30 DPD delinquencies for auto loans, unsecured personal loans and credit cards showed a steady upward trend, signaling the importance of early intervention. Credit unions should consider incorporating advanced analytics, which encompasses expanded datasets, predictive modeling and machine learning capabilities, into their portfolio management and collections strategies to proactively monitor and mitigate risk.

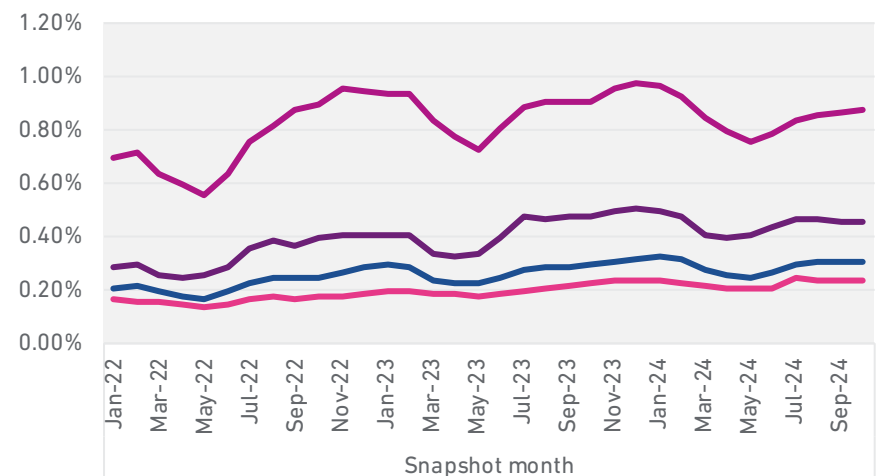


UNSECURED CREDIT CARD DELINQUENCY TRENDS:

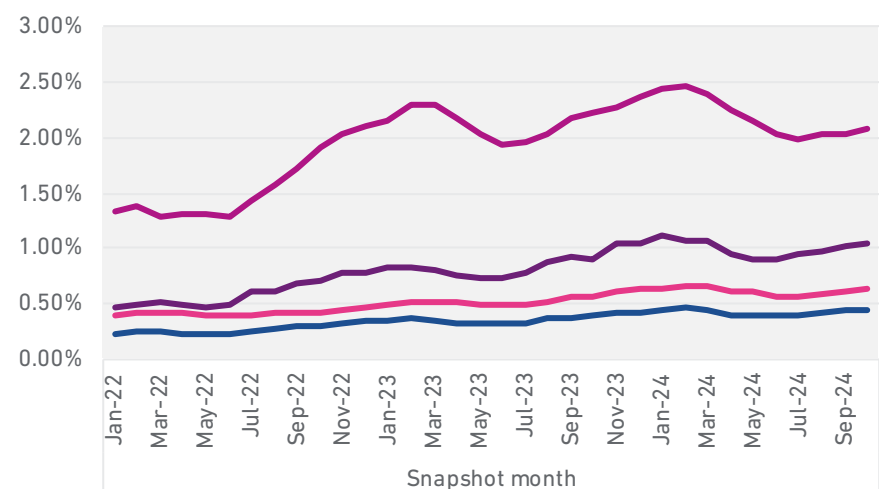
30 DPD rates - All lenders



60 DPD rates - All lenders



90-120 DPD rates - All lenders



Origination volume by product type

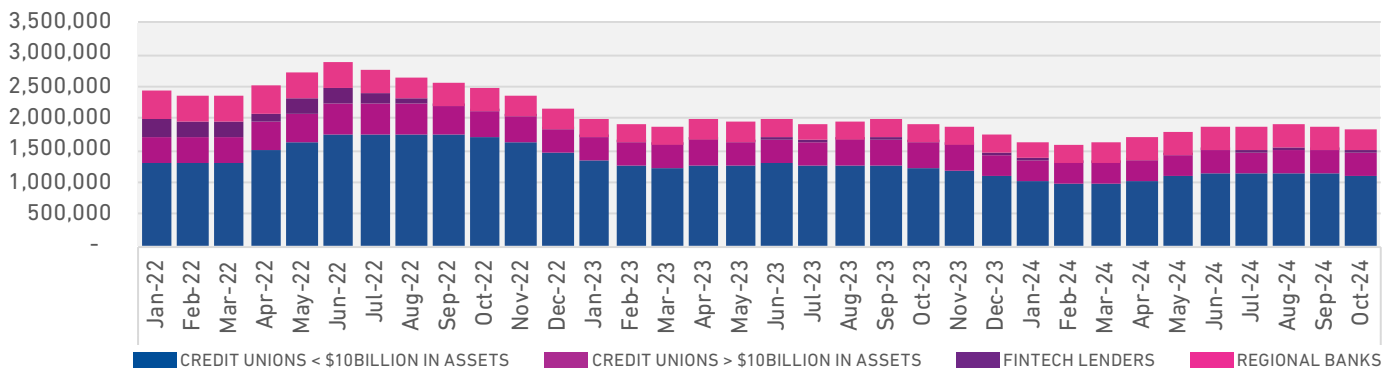


Auto loans: Smaller credit unions consistently maintained the largest share of auto loan originations compared to larger credit unions, fintech lenders and regional banks, with the highest peak in July 2022 (over \$1.7 billion). After experiencing a slight 5% dip between January and March 2024, they sustained steady loan activity throughout the year, reflecting strong member engagement.

Though contributing less to the overall market share, larger credit unions upheld stable origination volumes, with some momentum building in the second half of the year.

Following a sharp 96% decline spanning a seven-month period from July 2022 to February 2023, auto loan originations for fintech lenders have since picked up and stabilized. Meanwhile, regional banks demonstrated a gradual upward trajectory from February to June 2024 and has since leveled off.

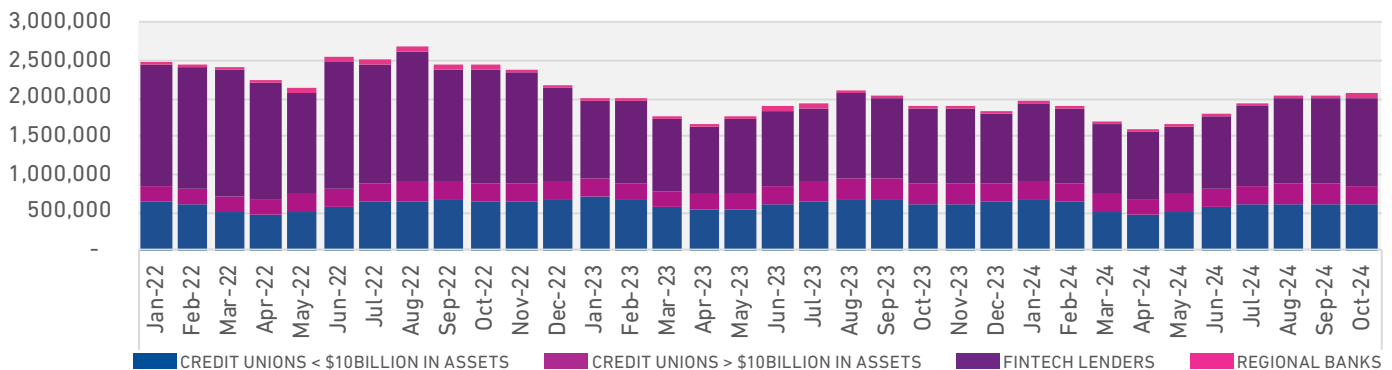
MONTHLY AUTO LOAN ORIGINATION VOLUME



Unsecured personal loans: Originations for unsecured personal loans fell subtly year-over-year (YoY) for most lenders in 2024. **Smaller credit unions exhibited stable loan origination activity**, with a slight 5% decline YoY. Origination volumes for larger credit unions also remained relatively level, with minor month-over-month (MoM) fluctuations.

Fintech lenders held the largest share of unsecured personal loan originations. After a decline at the end of 2022 into early 2023, volumes began to level out and grow throughout 2024. Regional banks revealed a modest and steady trend, with minimal variations over the course of the year.

MONTHLY UNSECURED PERSONAL LOAN ORIGINATION VOLUME

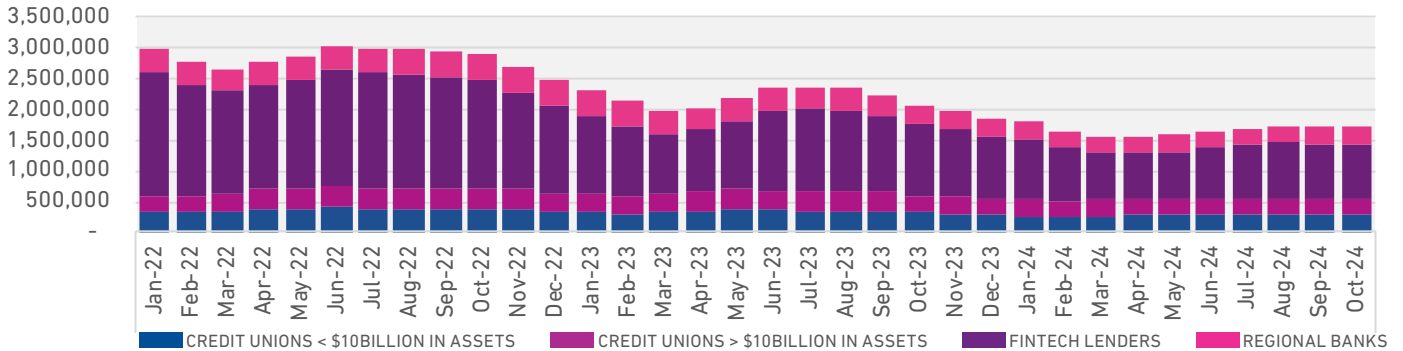




Unsecured credit cards: All lenders experienced a decline in origination volume for unsecured credit cards YoY, with minor fluctuations throughout. **For credit unions specifically, smaller institutions saw a 7% decrease, while larger institutions saw a 5% decrease.**

Like unsecured personal loans, fintech lenders had the highest unsecured credit card origination volumes compared to other groups, though they experienced a 26% decline YoY. Regional banks maintained smaller but consistent amounts, with a 3% decrease YoY.

MONTHLY UNSECURED CREDIT CARD ORIGINATION VOLUME



Market opportunity for credit unions

Credit unions, especially smaller institutions, have gained significant traction in auto loan originations. This suggests that members are increasingly turning to credit unions for competitive rates and personalized services. To maintain momentum, credit unions may want to further enhance their marketing and retention strategies, such as automating the lending process to drive greater efficiency or leveraging data-rich insights to create highly targeted offers.

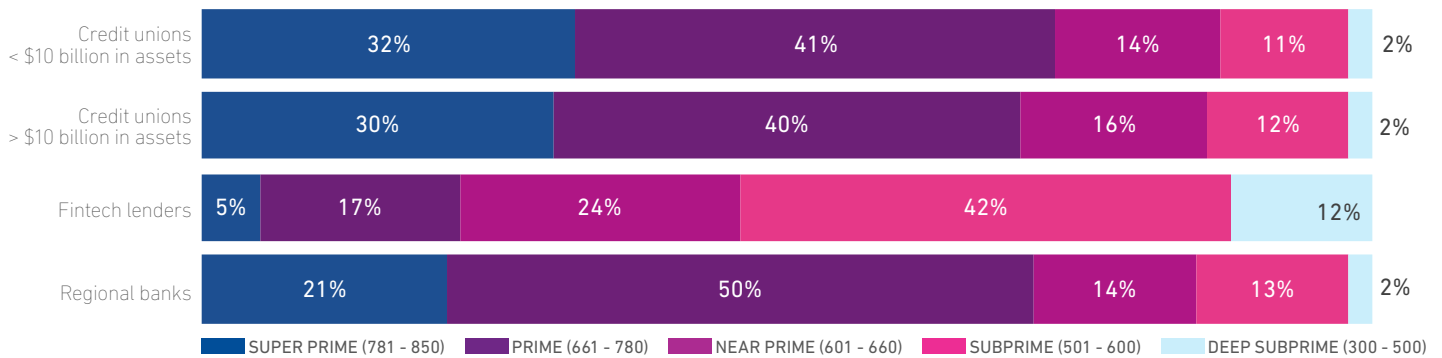
Unsecured personal loan and credit card originations remain relatively level for credit unions, but there's opportunity for growth. They may want to consider leveling up their underwriting strategies to attract more borrowers in these spaces. For example, using alternative credit data in addition to traditional credit data can help credit unions identify creditworthy consumers who may be overlooked by other lenders.



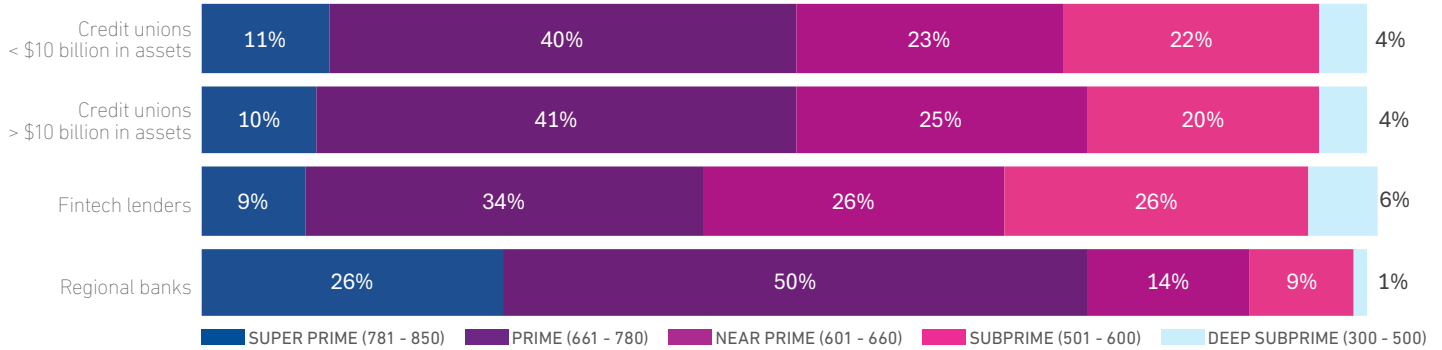
VantageScore® distribution



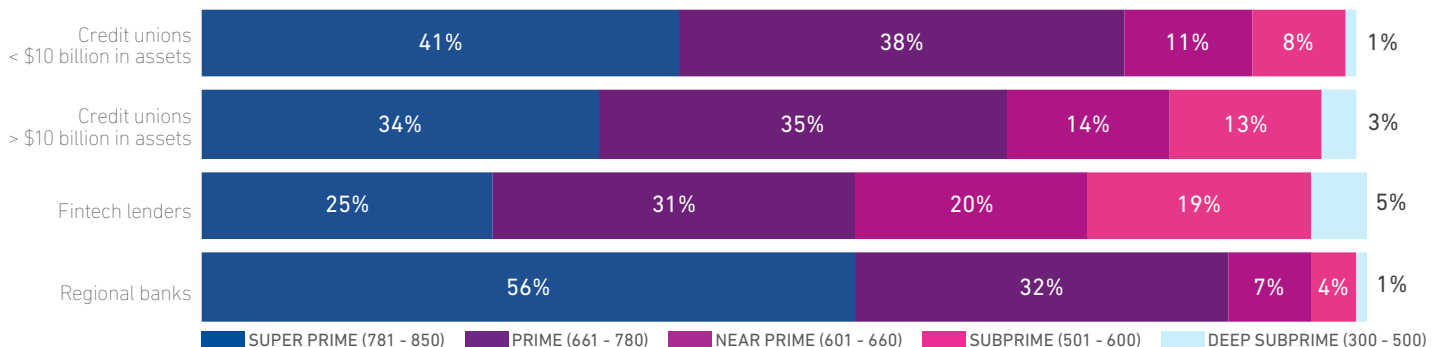
Auto loans: Both credit unions and regional banks maintained a noticeable proportion of super prime and prime borrowers, indicating a more conservative approach to lending. Fintech lenders, on the other hand, appeared to demonstrate greater concentration in higher-risk tiers, with 54% of the average fintech's auto lending portfolio being made up of subprime and deep subprime borrowers.



Unsecured personal loans: When it comes to unsecured personal loans, all lenders exhibited a greater concentration in prime, near prime and subprime borrowers.



Unsecured credit cards: In terms of unsecured credit cards, **credit unions demonstrated a continued focus on lower-risk members.** On average, 74% of a credit union's unsecured credit card portfolio was made up of super prime and prime credit tiers. Fintech lenders showed a significant share of subprime and deep subprime borrowers compared to other lenders. Like credit unions, regional banks focused more on super prime and prime segments.



Navigating 2025 and beyond

As credit unions navigate 2025, leveraging the right data and solutions will be pivotal in driving sustainable growth and reducing portfolio risk.

Experian offers multidimensional data and analytics to help credit unions of all sizes drive membership growth, strengthen existing relationships and manage risk effectively.



Comprehensive data sources

Supercharge your marketing and portfolio management strategies with fresh and accurate data. Gaining a holistic view of prospective and existing members enables you to craft personalized offers, identify accounts showing early signs of payment stress and adjust limits and terms as needed.



Advanced analytics and machine learning

By leveraging powerful, predictive analytics and machine learning models, you can uncover patterns in member behaviors and better anticipate potential risk.



Accelerated decisioning

Streamline operations and enhance member experiences with automation. From loan decisioning to digital lending, automation empowers you to serve members quickly and efficiently.



Credit education

67% of Gen Z consumers are looking for a trusted source of personal finance information.¹ Build profitable, long-lasting relationships with this cohort now by empowering them with comprehensive credit education resources and tools.



Fraud management

Recognize legitimate members and mitigate fraud with robust identity protection and fraud prevention solutions, from behavioral biometrics to advanced analytics.

To learn more about how Experian can help transform and grow your credit union, [visit experian.com/credit-unions](https://www.experian.com/credit-unions) or click below to speak with an Experian representative.

TALK TO AN EXPERT

¹Experian survey, 2023.



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