



**Volunteer
Leadership
Institute - Hawaii**

TRANSFORMING CREDIT UNIONS: ADOPTING A FINTECH MINDSET

Kris Kovacs

CEO & Founder, Constellation Digital Partners

Learning Objectives

1. Understand the core principles of a fintech mindset and how they can be applied to credit union operations.
2. Identify key fintech innovations that can enhance member services and operational efficiency within credit unions.
3. Develop a strategic roadmap for transitioning to a fintech-oriented business model.

Adopting a Fintech Mindset

Kris Kovacs

President and CEO

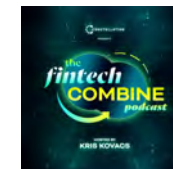
Constellation Digital Partners

Winter 2025

My Background



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Session Objectives

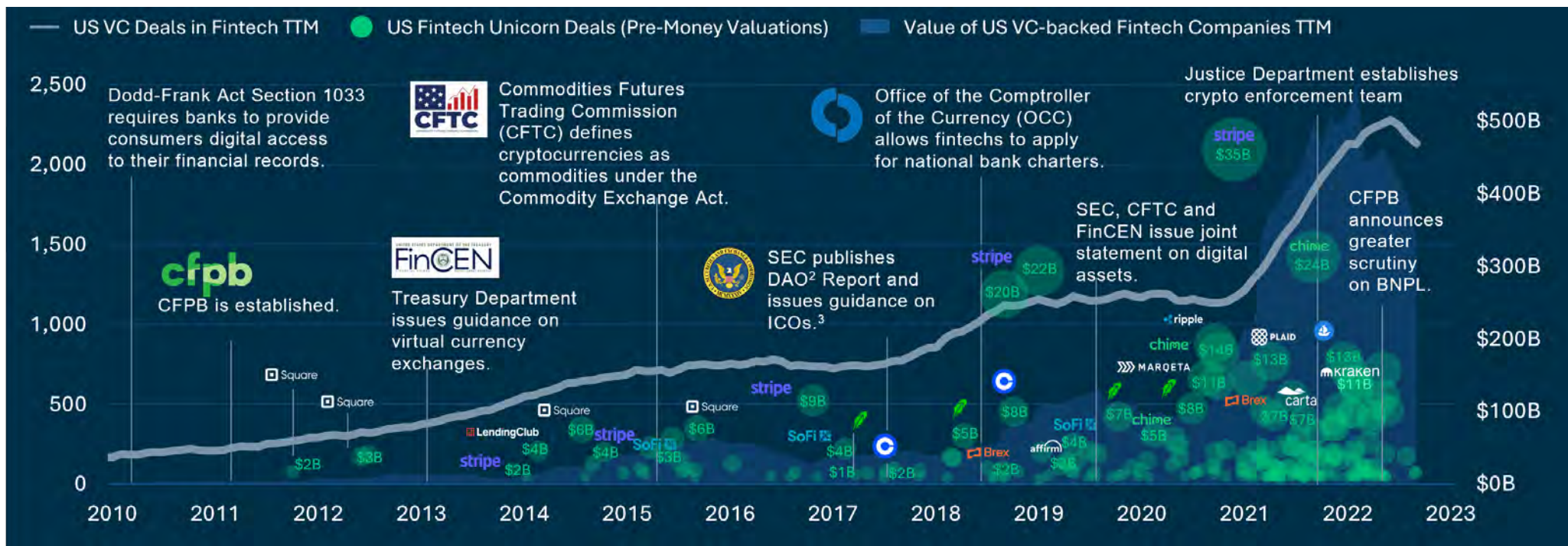
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Current Environment: Our Model is Under Siege

- All-out assault on non-interest income
- Whirlwind of technology changes
- New asymmetric financial services providers enter the market every day
- War for talent
- Crypto is back
- Aging credit union membership
- Blockchain
- Work from home
- Artificial Intelligence [has entered the chat]



The Rise of Fintech Companies Despite Regulatory Action



Source: State of Fintech Report 2022

Credit Union versus Fintech

Navy Federal Credit Union

Established: 1933 (92 Years Old)

Membership: 13.8M Members

Assets: \$177B

Focus: To improve the financial well-being of its members, military families, and the communities they serve.

Chime

Launched: 2014 (11 Years Old)

Membership: 22.3M Members

Value: \$25B

Focus: Alternative to traditional banking to serve less affluent communities and people living paycheck to paycheck.



Unlocking the Fintech Mindset

Fintech Mentality – Starts with the Founder



Tonya Van Court
GoalSetter



Omar Jordan
Coviance



Ben Malena
AlgoPear

Founder's Mentality

- “I have a compelling vision for how this should be done.”
- “Who says something can't be done a certain way?”
- “I'll quickly change direction if that is what the facts on the ground necessitate that I do”

Founder's Mentality

- “I have a compelling vision for how this should be done.”
 - Technology-first approach driven by an emphasis on user experience.
- “Who says something can't be done a certain way?”
 - First Principles Thinking
- “I'll quickly change direction if that is what the facts on the ground necessitate that I do”
 - Agile product development and iterations

Technology-First Approach on User Experience

- Technology is a clean slate, opportunity to use the very best services from the very beginning
 - Cloud Services, API Driven, every layer was optimized for the experience
- Users likely haven't seen or used a solution similar to theirs, so they need to be intuitively designed, relentlessly focused on user experience.
 - Steve Jobs, Mark Zuckerberg, unapologetically drove the design of their early applications rejecting thousands of recommended changes.
 - No was the most important word.
- Use is carefully studied and designs scrutinized, to develop the best solution for the identified problem
 - Focused on target customer profile.
 - Did not try to make everyone happy.
 - Goal is an MVP (Minimally Viable Product)

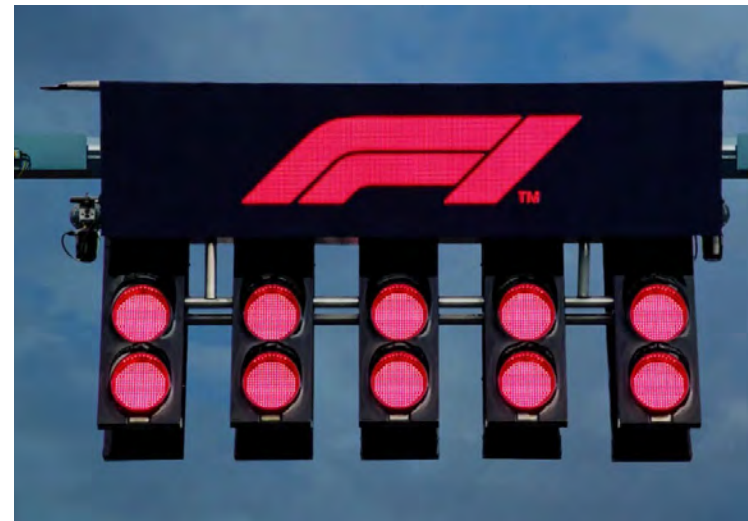
Fintech MVPs vs How FIs Do IT

Drag Racing



Go on Green!

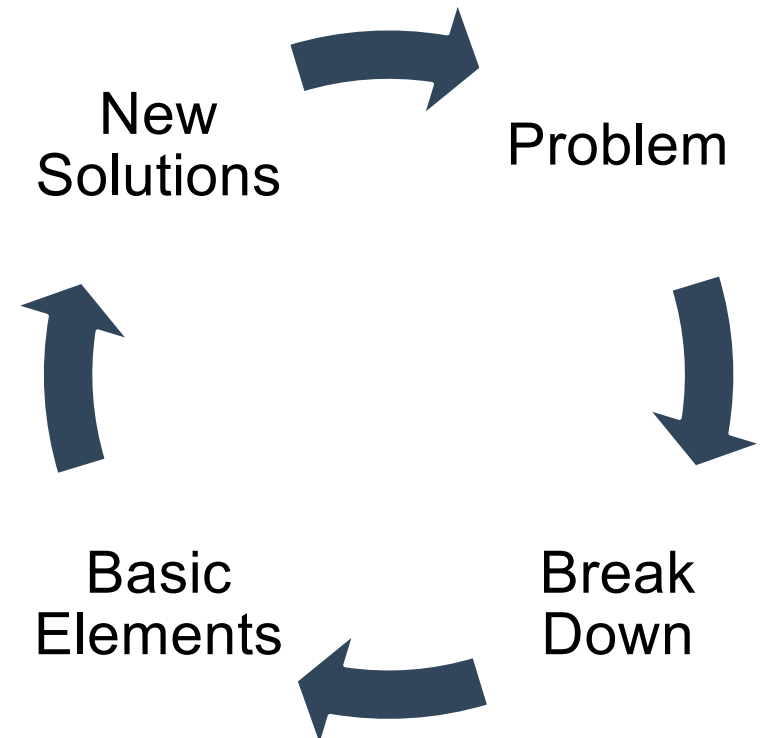
F1 Racing



Go once all Reds (Stops) are gone.

First Principles Thinking

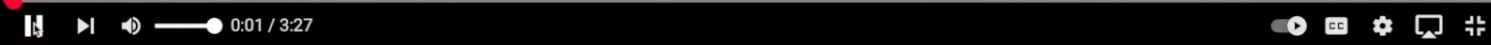
- Eliminates Assumptions: Focus on what is fundamentally true.
- Encourages Innovation: Rebuild the problem from the group up.
- Applies widely: From technology to strategy development in finance.



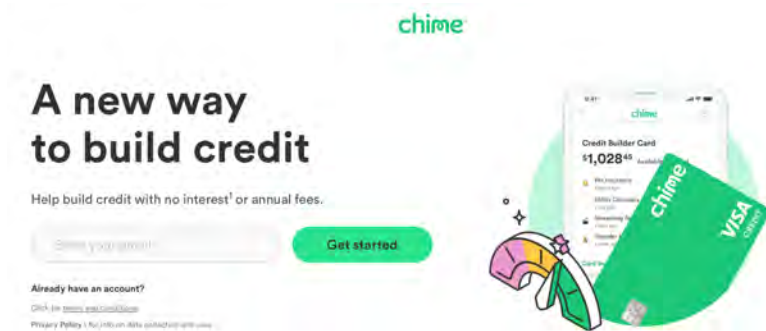
Starship | Fifth Flight Test



Pause (k)

0:01 / 3:27 

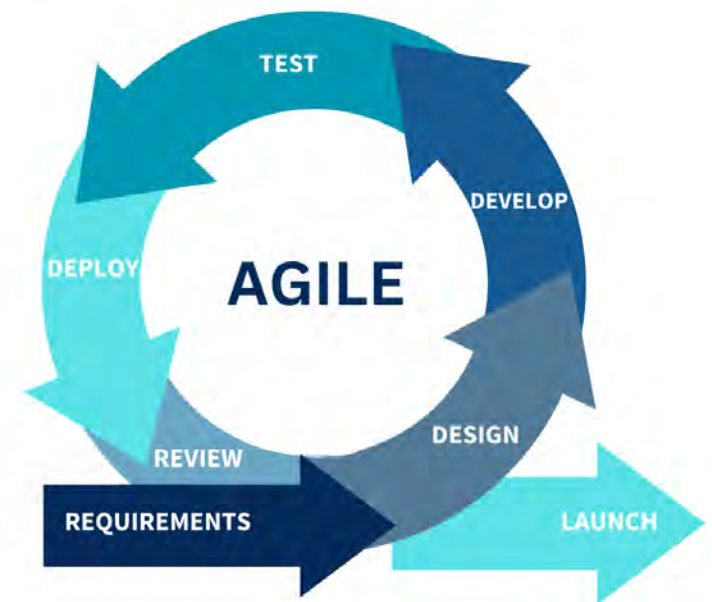
First Principles on Display in Financial Services



Sometimes your strength, is your weakness.

Product Development and Agile Methodology?

- Way of organizing work that originated in software development
- Focuses on an iterative and incremental approach to work
- Emphasizing flexibility, continuous feedback, and adaptation
- Success is member satisfaction via continuous delivery, adjustment of requirements, and sustainable development
- Particularly useful in rapidly changing sectors, where customer needs and technology evolve continuously



Agile Product Development Methodology

- Allows more frequent reassessment of plans
- Enables more timely adaptation of strategy
- Provides critical learning reps in early phases of implementation and use.
- Supports responding to dynamic nature of Financial Services marketplace
- Involve stakeholders; including members throughout the process
- Leads to better alignment with member needs
- Higher member satisfaction



Technology Tools and Solutions

- Advanced open digital banking platforms (UX integration services) ○
- API Integration Platforms
- Data Analytics Platforms
- Cloud Computing



Case Study: Coastal and the Personal Teller Machine



Directors Strategic Roadmap

- Advocate the adoption of a fintech mindset at a strategic level
- Provide governance and oversight on fintech initiatives to ensure they align with the credit union's mission
- Help formulate policies that encourage innovation while managing risks
- Ensure resources are defined and allocated
- Promote continuous learning about fintech trends
- Monitor fintech impacts to the credit union's risk profile
- Encourage the use of new services to enhance member engagement
- Leverage your personal networks to engage potential partners and members

Directors Strategic Roadmap

Join us for

**Operationalizing the Fintech
Mindset**

Friday Afternoon!!



Questions?

Let's Connect



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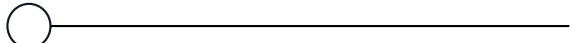
@ManagementBytes

Constellation.coop

Thank You!

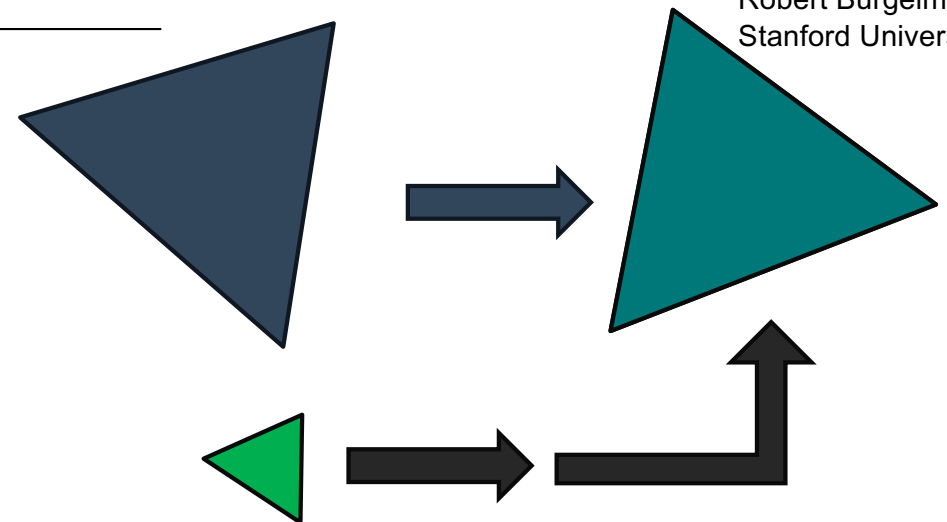
Bonus Material

Practical Steps to Transition

- Incremental implementation
- Begin with pilot projects 
- Align technology and business goals
- Training and development – teach leaders what it means to be an agile organization and train them as Scrum Masters and Product Owners
- Update leadership and team structures to support agile processes (cross-functional)
- Organize around the product not HR hierarchies



Robert Burgelman
Stanford University



Scan to Setup Call With Kris
Happy to Walk You Through



Characteristics of Founders versus CEOs?

Founders

- Visionary
- Risk Taker
- Passionate
- Adaptable



CEOs

- Leader
- Strategic Thinker
- Decision Maker
- Accountable