



**Volunteer  
Leadership  
Institute - Hawaii**

# **OPERATIONALIZING A FINTECH MINDSET: CREDIT UNION CASE STUDIES**

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**Kris Kovacs**

*CEO & Founder, Constellation Digital Partners*

## **Learning Objectives**

1. Analyze successful case studies of credit unions that have integrated fintech solutions, identifying key success factors and common challenges.
2. Gain practical knowledge on the step-by-step process of implementing fintech technologies within a credit union.
3. Develop strategies for overcoming operational and cultural barriers to fintech adoption in credit unions.

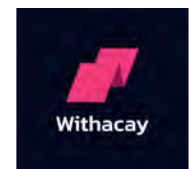
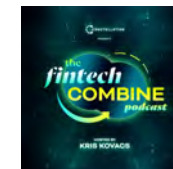
# Operationalizing the Fintech Mindset

**Kris Kovacs**  
President and CEO  
Constellation Digital Partners  
Winter 2025

# My Background



**Kris Kovacs, CIE**  
President and CEO  
kkovacs@constellation.coop  
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## Session Objectives

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# Bibliography

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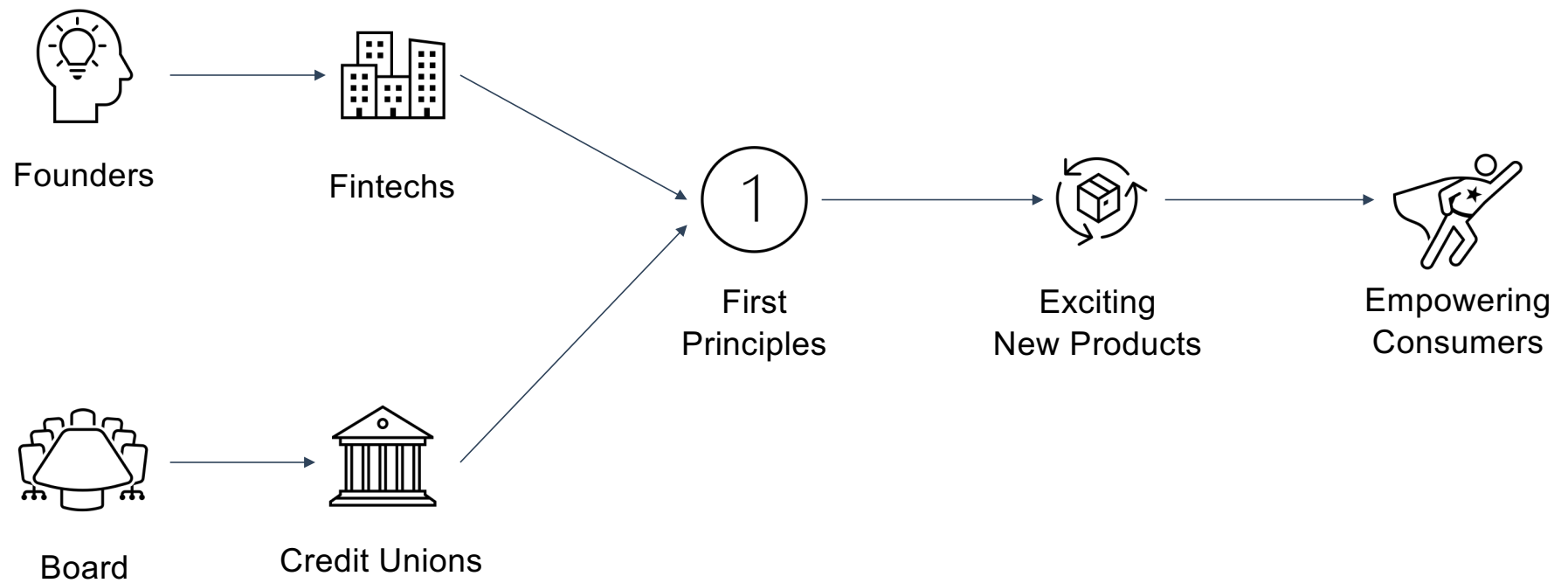
Certified Innovation Executive

CUES Strategic Innovation  
Institute (SII)

2 Year Program



## Previously at the VLI ...



## Characteristics of Founders versus CEOs

### Founders

- Visionary
- Risk Taker
- Passionate
- Adaptable



### CEOs

- Leader
- Strategic Thinker
- Decision Maker
- Accountable

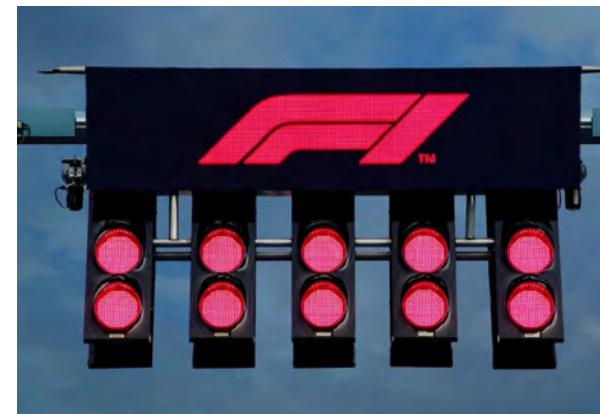
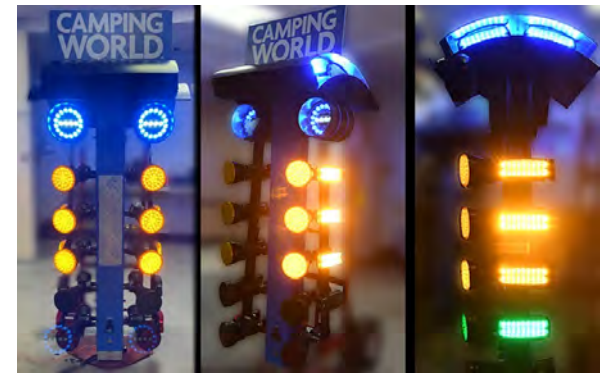


## Discussion Question

How can a credit union Board influence the mindset of the credit union to be more Founder like?

## Fintech Tactics

- First Principles Thinking
- Agile Product Development
- Rapid Prototyping and MVPs
- Prioritizing Technology Building Blocks instead of Single Use Systems



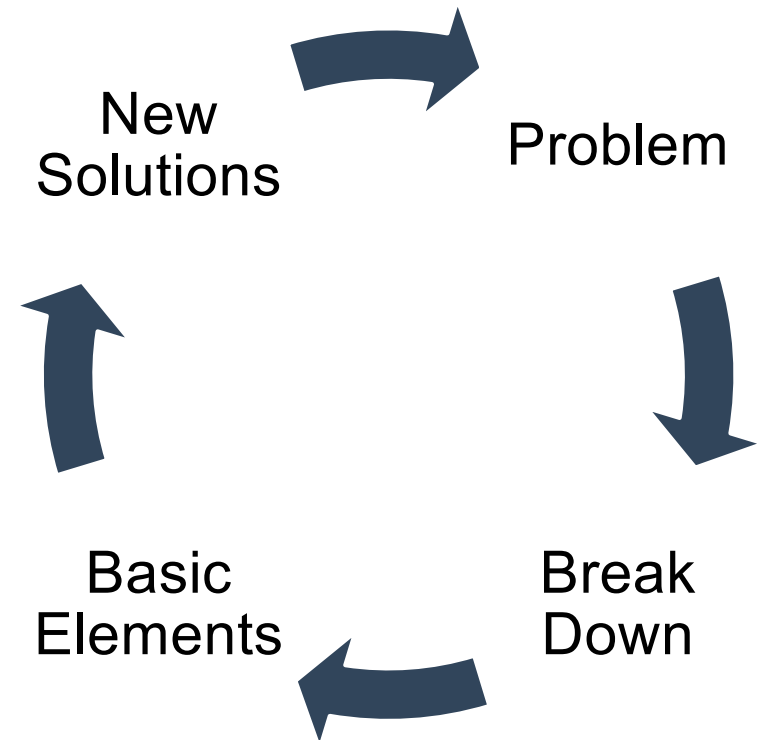
## Discussion Question

When has your credit union prioritized risk over speed, what were the results?

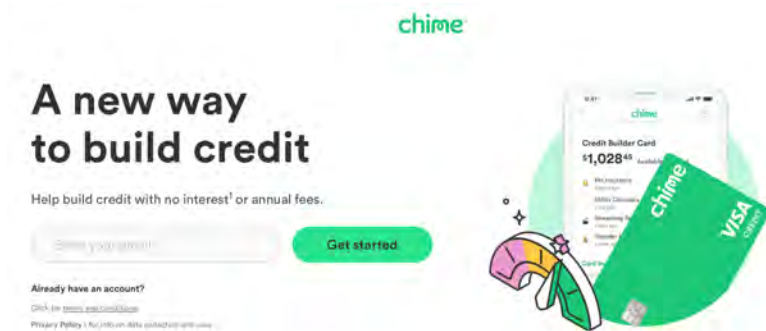
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## First Principles Thinking

- 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.



# First Principles on Display in Financial Services



## Case Study

**CFCU Community Credit Union** (Ithaca, NY)

Community Based Membership

\$1.4B in Assets

80,000 Members

### Challenge

How to create an engaging digital solution for the college age community to encourage member growth and retention despite our reliance on legacy core systems?



# Community Profile

## **Cornell University**

Ivy League school consistently ranked among the top universities in national and global rankings.

Diverse and inclusive student population of almost 26,000 students from all 50 U.S. states and over 120 countries.

Research intensive university with strong alumni engagement.



## Credit Union System Background

Credit union had signed the credit union “big deal” package with ██████ their core provider.

- Hosted Core (█████)
- Debit and Credit Processing
- Bill Pay
- Online and Mobile Banking
- And More

Implementation of all these systems at once was not easy and the credit union didn't want a repeat of the member impact they saw.





## How They Did It

Instead of waiting until the end of their contract or paying a fortune for integration of new services CFCU Community engaged Constellation to deliver a companion app called CFCU More.

Over the next 18 months, they released 20 new services to their members, via CFCU More.

Engage the Cornell School of Business (MBA Classes) on new service designs

When their Banking Contract was up, they added banking to the More app the members were already using.

High member engagement and digital user growth.



## Common Myths They Rejected

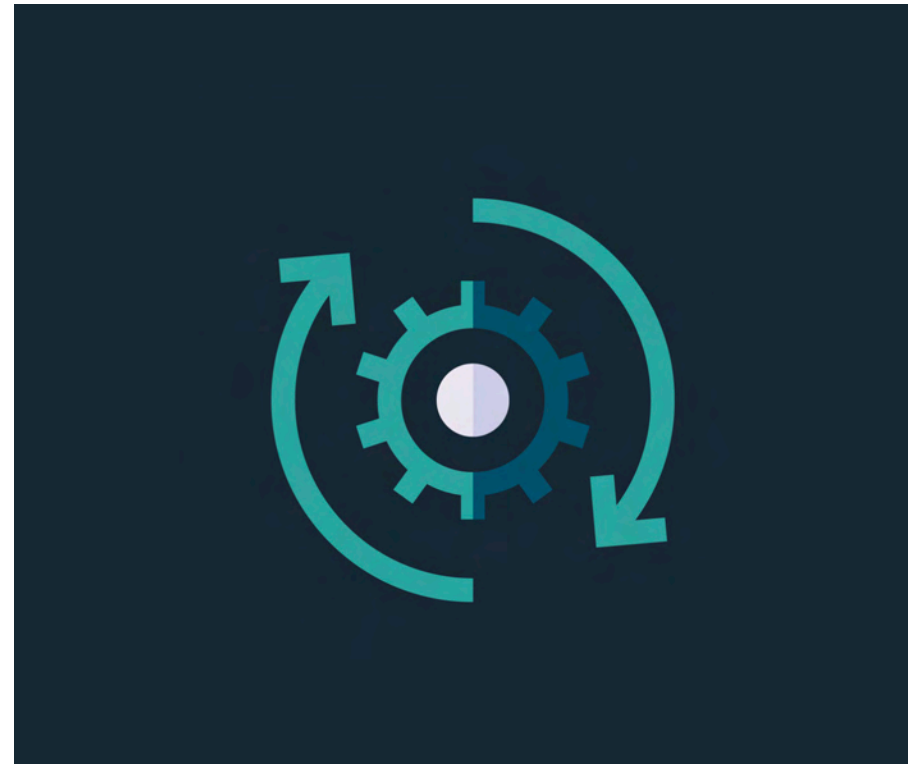
You have to wait until your contract is up to make progress on your digital goals.

Credit unions should only have one mobile application

The credit union has to wait on their providers roadmap for new services.

You have to have a big development team to be agile on digital.

Conversions are disruptive by nature.



## Discussion Question

What are the common myths holding back your credit union?

How would a founder approach solving for that issue?

## Fintech Implementation at Your Credit Union

1. Identify the problem you are trying to solve.
2. Find a partner/provider who can help you solve that problem.
3. Separate the processes for contracting for the service and investing in the CUSO/Fintech provider.
4. Management sets expectation for change.
5. Engage employees and members in the testing phase.
6. Gather feedback and make improvements, build on success.
7. Release in phased approach



## BONUS: Fintech/CUSO Investment at Your Credit Union

- CUSO Investment is NOT required to use a new fintech service, but you should consider it.
- Fintech value is based on their revenue, not the dollars invested in the company.
- Using a fintech (providing revenue) increases the value of the fintech by a multiple of that revenue.
- Make the investment before your revenue is paid to the fintech/CUSO to benefit from the additional value your business creates.
- Don't make CUSO investments to get discounts, you end up hurting yourself.



## Previous Session Question

But Kris, I'm the most forward thinking of my fellow Board members how do I get them on board to thinking like a Founder?

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# Fictional Credit Union Board



Frank  
Chairman



Ellen  
Vice-Chair



Victor  
Secretary



Eugene  
Treasurer



Peter  
Supervisory  
Committee



## Rank Where You Think They Are



Victor  
Secretary



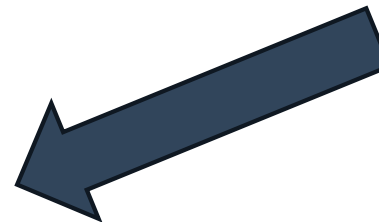
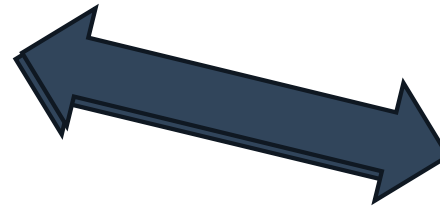
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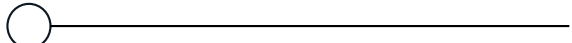
## Previous Session Question

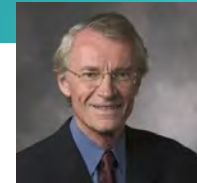
Kris, how do we structure the kind of change you are advocating when the credit union team already has so many obligations?

## Discussion Question

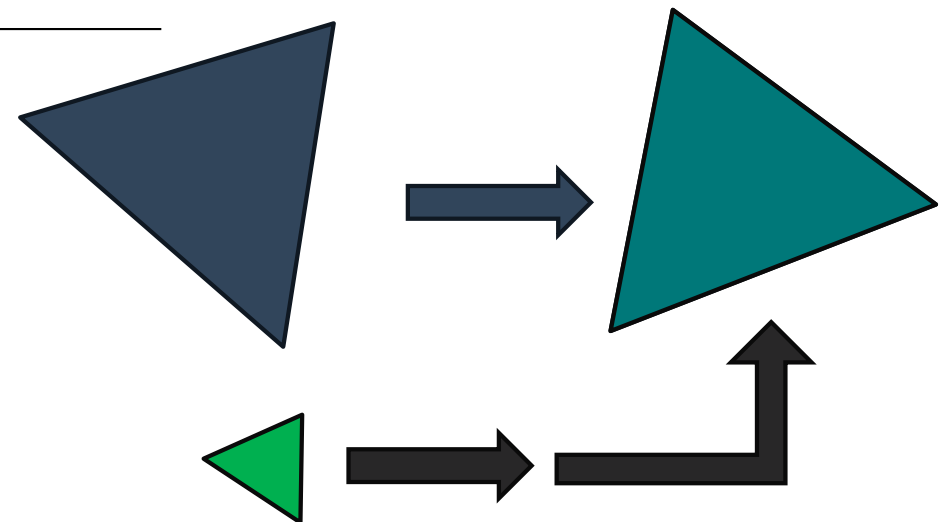
What are three things you can do to help your credit union adopt a founder's mindset?

# 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



## Last Tip: Delete the Process Instead of Optimizing It



Questions?

## Let's Connect



**Kris Kovacs, CIE**  
President and CEO  
kkovacs@constellation.coop  
919-280-1107  
X: @ManagementBytes

Constellation.coop



Thank You!



# Bonus Material

## 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**

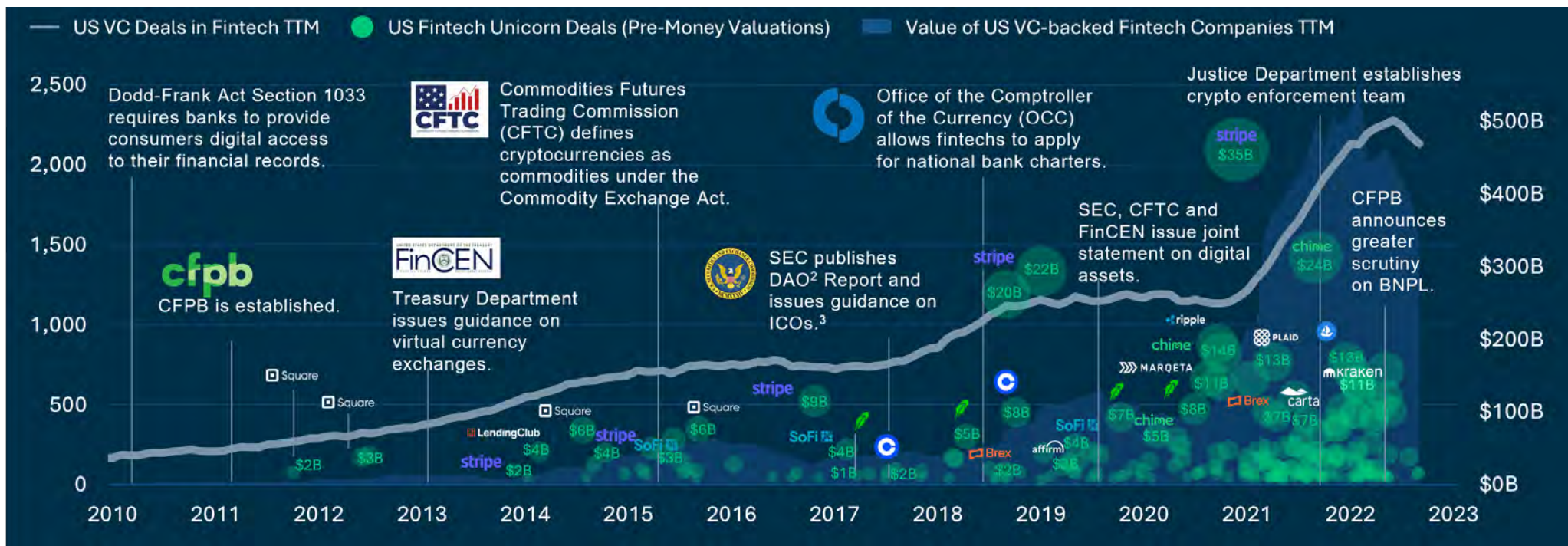
Launched: 2014 (11 Years Old)

Membership: 22.3M Members

Value: \$25B

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

# The Rise of Fintech Companies Despite Regulatory Action

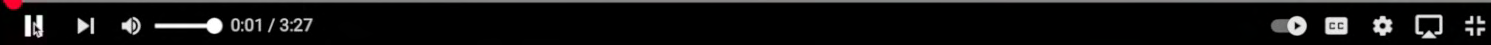


Source: State of Fintech Report 2022

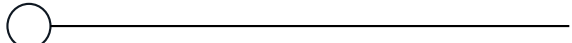
Starship | Fifth Flight Test



Pause (k)

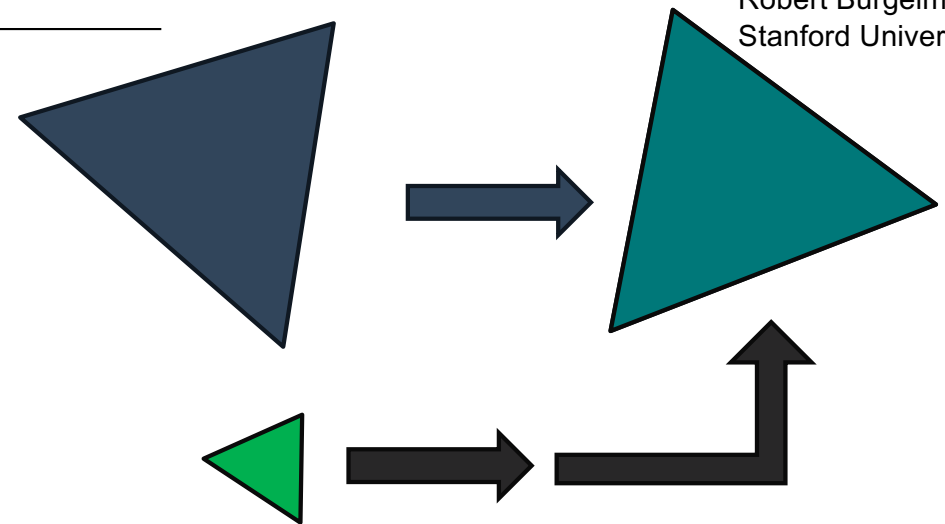
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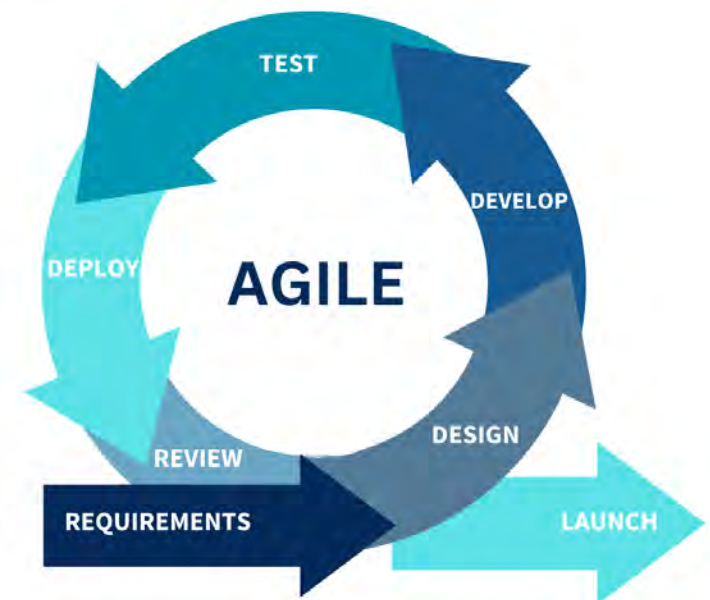


### CEOs

- Leader
- Strategic Thinker
- Decision Maker
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## 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

