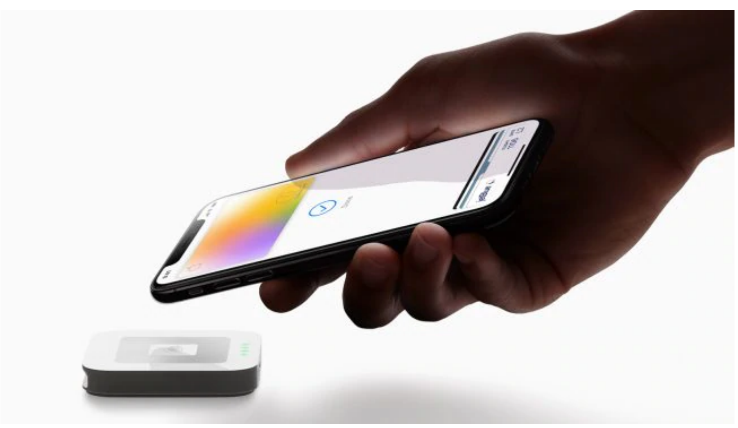
Credit Union Times

As Apple Enters the Financial Fray, Credit Unions Can Still Thrive

For the credit union industry to survive, it is critical to embrace the forces shaping today's market.

By **Kevin J. Healy** | March 29, 2019



Demo of an Apple Card payment. Photo: Apple, Inc.

When the announcement was made by Apple that the tech giant was partnering with both Goldman Sachs and Mastercard on the launch of a new mobile credit card, was anyone in the credit union world truly surprised?

While the integration of technology into the fabric of our lives continues at a breakneck pace, this latest development is just one more example of the financial services sector becoming more dynamically competitive.

On paper, the Apple Card's feature list is impressive – the tech giant has promised there will be "no late fees, no annual fees, no international fees and no over limit fees," and that the card will offer "lower interest rates" with no penalties for missing payments. The Cupertino, Calif.-based company plans on charging APR rates ranging from 13.24% to 24.24% depending on credit.

Despite the challenges these new approaches from unorthodox financial services competitors like Apple present, credit unions of all sizes still can thrive and grow with the right mix of strategic forethought.

At Sperry Associates Federal Credit Union, we serve our membership within the highly competitive New York metropolitan region. As such, we've taken to embracing the philosophy that both member service and compelling products can offset some of the advantages that larger competitors such as Apple have at their disposal.

The concept of member service still means something when it comes to banking, but the notion is further strengthened when paired with convenient, consumer-friendly products that make the lives of our members easier.

For credit unions, which collectively are traditionally conservative and cautious institutions, a bit of private-sector risk-taking can pay off in the long run. In order to expand our horizons, Sperry closely monitors both market dynamics and changing trends – as such, we have have been seeing more and more shifts to the digital realm, as well as the need for more niche lending products.

With Apple's latest announcement, credit unions across the country must realize that the bar has been raised, and it's up to us to adapt to a new, digital normal.

That's not to say that Apple has never been here before – often, splashy announcements don't make for successful products alone (remember the Apple Newton?). But, regardless of whether Apple's latest endeavor is a runaway success like the iPod, iPad or iPhone, the credit union industry as a whole must accept the fact that our traditional lending models will become increasingly strained as new, unorthodox players enter the increasingly crowded marketplace.

If for some reason Apple doesn't succeed, another new, unexpected player will. So it is critical that we are ready.

In the end, a thriving credit union always serves the needs of its membership.

As the definition of member service further evolves in today's changing marketplace, the integration of new technological services like the Apple Card will ensure the longevity of our industry in the years ahead.

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