



2026 AICPA Conference on Credit Unions

Takeaways

October 2026

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Conference overview

The annual American Institute of Certified Public Accountants (AICPA) Conference on Credit Unions was held Sept. 14 through 16, 2026, at the Marriott Marquis in Washington, D.C. The event included remarks from industry leaders, regulators, standard-setters, economists, federal law enforcement, and other industry stakeholders on key accounting, regulatory, and other topics.

The conference covered a broad range of developments affecting credit unions, including supervision, accounting, capital, technology, and operations. Supervisory practices are being reconsidered and financial reporting requirements continue to evolve. A speaker from the National Credit Union Administration (NCUA) described efforts to make examinations more transparent and better connected to the material financial risks presented by each credit union. The Financial Accounting Standards Board (FASB) representatives discussed a wide-ranging agenda that includes hedge accounting, cash equivalents, digital assets, and the board's post-implementation review (PIR) of the current expected credit losses (CECL) standard.

Economic conditions provided important context for many of the discussions. Mark Zandi, chief economist at Moody's Analytics, and Douglas Duncan, founder of BizOutlook, each described an economy that continues to expand, although the sources of that growth have become less balanced. Investment associated with AI has helped support activity, while trade policy, immigration constraints, geopolitical conflict, persistent inflation, and higher long-term interest rates have created pressure elsewhere. Housing remains constrained by limited turnover, elevated mortgage rates, and a shortage of smaller, more affordable homes even as borrower credit performance remains generally stable.

Several sessions focused on how credit unions are adapting their balance sheets, operations, and risk management practices to current conditions. Sessions on the CECL standard, purchased seasoned loans, and balance sheet management repeatedly returned to the importance of sound data, coordinated workstreams, and documentation that clearly supports management's decisions.

Speakers discussed digital assets less as a speculative investment category and more as part of the developing infrastructure for payments, settlement, custody, and collateral. Implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act is occupying significant attention, but accounting and regulatory questions remain regarding stablecoins, tokenized deposits, reserve assets, and other blockchain-based instruments.

A number of sessions addressed AI, both as a stand-alone topic and as part of broader conversations about operations, controls, and the member experience. Institutions shared examples involving call transcription, document preparation, member account servicing, and other defined activities. Those discussions placed particular emphasis on human review, data quality, vendor oversight, and clear accountability. A session on cybersecurity reinforced a related operational concern: Credit unions might devote substantial resources to preventing system intrusions even though some of their largest losses arise from fraud, unauthorized transfers, and compromised communications.

The pages that follow summarize the principal matters discussed during the conference and identify considerations for management, boards, and audit or supervisory committees. The article concludes with questions that credit unions might find useful as they plan for year-end reporting, upcoming audits, and 2027 priorities.

The 2027 conference will officially combine the banking and credit union conferences and take place Sept. 13 through 15, 2027, online and on-site, at the Gaylord National Resort & Convention Center in National Harbor, Maryland.

We hope you find this summary useful.

Economic and industry outlook

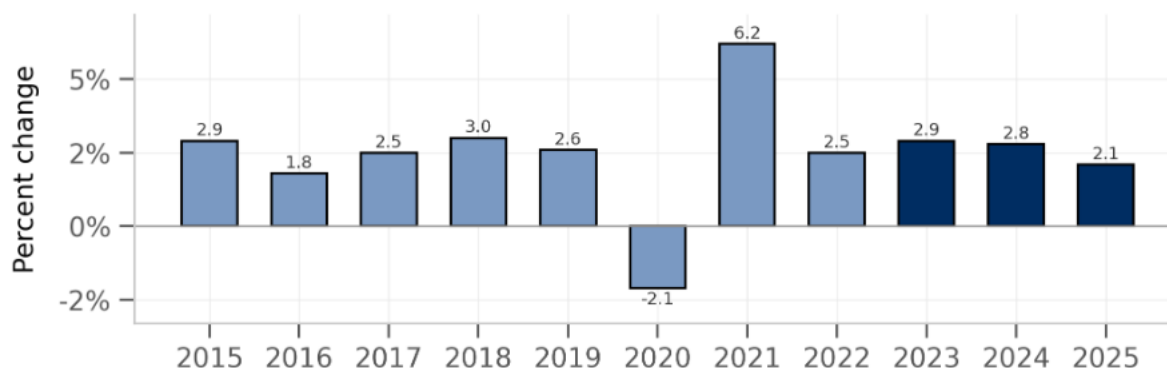
The economy and housing

Mark Zandi opened the conference with an assessment of growth, inflation, and interest rates, and Douglas Duncan followed with a session on the economy and the housing and mortgage markets. Both presented their own firm or personal views rather than consensus positions. Their assessments were broadly consistent: The economy is growing at roughly 2%, slower than headline conditions suggest and increasingly dependent on a single source of strength. AI investment is offsetting meaningful headwinds from trade policy, immigration restrictions, and geopolitical conflict. Long-term interest rates have risen sharply, inflation remains above the Federal Reserve's (Fed) target, and the housing market remains close to multidecade lows in transaction volume.

Adequate but narrowly based growth

Zandi described the Moody's Analytics July 2026 baseline that places real gross domestic product (GDP) growth, measured fourth quarter over fourth quarter, at 1.99% for 2025, 2.12% for 2026, and 1.90% for 2027. Duncan's measure of underlying domestic demand, real final sales to domestic purchasers, showed growth between 2% and 2.5%, which he characterized as reasonable given the supply, tariff, commodity, and conflict-related shocks the economy has absorbed.

Exhibit 1: Real gross domestic product, annual percent change, 2015 to 2025¹

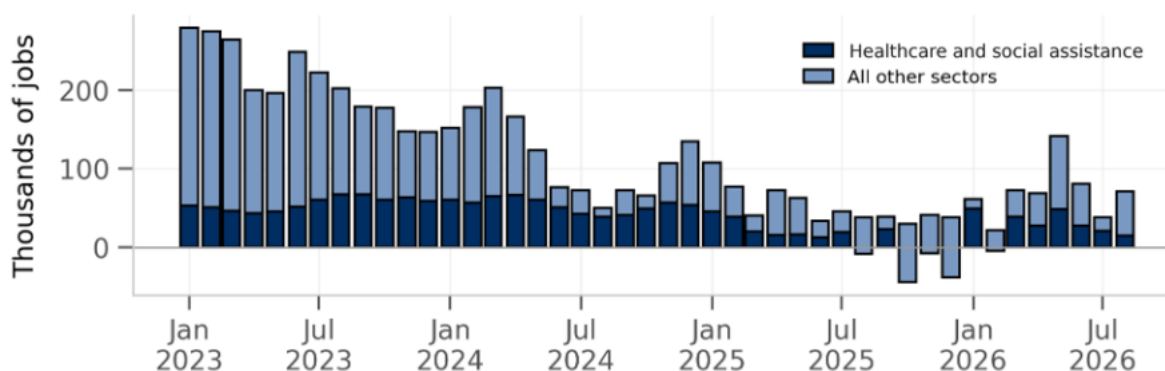


Source: Bureau of Economic Analysis via FRED (A191RL1A225NBEA)

The composition of the growth is the concern. Zandi reported average monthly job creation of approximately 50,000 over the past year, with roughly two-thirds of those positions in healthcare, describing a labor market in which employers are neither hiring nor laying off. While Duncan characterized the most recent payroll report as strong, with 162,000 payroll additions, he did indicate a similar concentration risk with 60,000 of those additions in eating and drinking establishments.

¹ Exhibits in this section were constructed by Crowe from publicly available data published by the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Federal Reserve, Freddie Mac, the Census Bureau, and the Department of Housing and Urban Development, in each case retrieved through the Federal Reserve Bank of St. Louis FRED database. No exhibit reproduces a data point produced by a proprietary methodology presented by any speaker. Forecast figures are attributed to the speaker or firm indicated.

Exhibit 2: Monthly change in nonfarm payrolls, three-month moving average, showing healthcare separately



Source: Bureau of Labor Statistics via FRED (PAYEMS, CES6562000101)

In the Moody's Analytics decomposition of GDP, deglobalization – encompassing tariffs, trade restrictions, and restrictive immigration policy – subtracted roughly 0.98 percentage point from growth in 2025 and an estimated 0.57 point in 2026, with overseas conflict subtracting an additional 0.31 point in 2026. AI contributed an estimated 0.52 point in 2025 and 0.60 point in 2026, through capital investment and through the effect of higher equity wealth on consumer spending.

“Without that half a point of growth, we would have been growing closer to 1.5%, and 1.5% would feel very uncomfortable because at that point, we wouldn’t be creating any jobs.”

– Mark Zandi, chief economist, Moody's Analytics

Long-term rates and the September policy change

The most significant market development discussed was the increase in long-term yields. Zandi reported that the 10-year Treasury yield stood below 4%, at approximately 3.90% to 3.95%, in late February 2026, and since has risen to close to 5%. He attributed the increase into three components: inflation expectations, which have a negligible impact and remain well anchored; expectations for real short-term rates, which account for roughly half the increase; and the term premium, which accounts for most of the remainder. His baseline called for a return to approximately 4.5% over the coming year, a forecast he described as carrying substantial uncertainty.

Exhibit 3: 10-year Treasury constant maturity yield, daily, 2026



Source: U.S. Treasury via FRED (DGS10)

On Sept. 16, 2026, the final day of the conference, the Federal Open Market Committee (FOMC) raised the target range for the federal funds rate by a quarter point to 3.75% to 4.00%, the first increase since July 2023, on a unanimous 12 to 0 vote. The committee stated that economic activity is expanding at a solid pace, that domestic spending has been resilient, that job gains have kept pace with the workforce, and that inflation remains elevated, adding that the action would support a timelier return to its 2% goal.

Exhibit 4: Effective federal funds rate, 2015 to present



Source: Federal Reserve H.15 via FRED (DFF); Sept. 17, 2026, value from FRBNY

More consequential than the quarter point was the signal accompanying it. The [Summary of Economic Projections](#) showed a median expectation of one additional quarter-point increase before year-end, with 16 of 18 participants projecting a further increase and Fed board Chair Kevin Warsh declining to submit a projection. The median longer-run federal funds rate estimate rose, indicating that participants now view the neutral rate as higher than previously assessed, and participants do not expect inflation to return to the 2% objective until later in the decade.

Conference observation: Every forecast presented at the conference was prepared before the FOMC acted. A higher assessed neutral rate implies that less of the increase in long-term yields will reverse, which strengthens the case for a persistently wide term premium and weakens the baseline expectation that the 10-year yield returns to approximately 4.5%.

Crowe takeaway: Management teams should refresh rate-sensitive assumptions rather than carrying the conference baselines forward. Asset-liability modeling, allowance scenario selection, and 2027 budgeting should reflect the possibility of an additional increase and a higher neutral rate. Credit unions carrying unrealized securities losses should evaluate the capital and liquidity implications of yields remaining near current levels, and consumer portfolio monitoring should be segmented by income band, since aggregate delinquency trends might mask deterioration concentrated among lower-income borrowers.

U.S. fiscal position

Zandi identified federal debt as a central medium-term risk. Federal debt held by the public now approximates 100% of GDP, and Congressional Budget Office projections under current law reach approximately 125% within 10 years and approximately 170% within 30 years. He cited a deficit of approximately 6% of GDP and a primary deficit, which excludes interest, of approximately 3% of GDP, describing the latter as particularly concerning in a full-employment economy, and said that across 36 years as a professional economist he has not previously seen all three measures signaling the same concern simultaneously. Both speakers referenced near-term fiscal deadlines including the Social Security trust fund shortfall, which Zandi placed in 2032.

“I think there is no ... way other than a spike in interest rates, a financial event, or a crisis to generate the political will that’s necessary to make the changes that we’re going to need to make.”

– Mark Zandi, chief economist, Moody’s Analytics

Housing: Low turnover, constrained supply, stable credit

Duncan described a housing market defined by the rate lock-in effect. Roughly two-thirds of borrowers carry rates below 5%, while approximately 20% hold rates at 6% or above, and that segment represents most of the refinancing sensitivity in the market. He attributed the wide spread between the 10-year Treasury and the 30-year fixed mortgage rate – approximately 230 basis points (bps) against a more typical level near 170 bps – in part to a premium investors demand against that refinancing risk.

Exhibit 5: 30-year fixed mortgage rate and 10-year Treasury yield, with the spread beneath



The consequence is historically low transaction volume. Duncan reported existing home turnover of approximately 3.6%, near a multidecade low and the fourth consecutive year at that level, and existing home sales of approximately 4 million annually, comparable to 1995 despite a population roughly 90 million larger. Inventory stands at approximately 4.5 months, and he cautioned that the ratio has risen more because the pace of sales has slowed than because supply has increased, meaning the market could become supply constrained quickly if rates decline. He also identified structural constraints on entry-level supply: Thirty years ago, the average starter home measured approximately 1,400 square feet, while last year only approximately 7% of new construction was that size or smaller.

Credit quality remains sound. Duncan reported a serious delinquency rate, defined as past due 90 days or more, of approximately 2% nationally, close to the level attributable to ordinary life events, while noting wide geographic variation, with Mississippi and Louisiana between approximately 6% and 7%. He considers a repeat of the 2007 to 2008 experience unlikely given the equity position of existing borrowers and their incentive to preserve below-market financing. His published outlook, reflecting his firm view as of August 2026, projects no recession in 2026 with slower growth in 2027, unemployment ending 2026 at 4.3% and 2027 at 4.5%, inflation ending 2026 at 3.1% and 2027 at 2.2%, home sales flat in 2026 and rising 3% in 2027, and mortgage rates ending 2026 at approximately 6.5% and 2027 at 6.3%, reflecting an upward revision during the session.

Crowe takeaway: The current environment is an opportunity to strengthen risk governance rather than relax it. Boards should focus internal monitoring on the specific risks most relevant to their credit union, prepare for competition from nontraditional providers of deposit-like products, and maintain strategic flexibility around capital, reporting, succession, and growth.

NCUA updates

NCUA regulatory and supervisory update

Naghi Khaled, associate director in the NCUA's Office of Examination and Insurance, discussed the agency's Deregulation Project, its supervisory focus during 2026, and the application of its risk-focused examination approach.

Two themes emerged during the discussion. First, the NCUA is removing or simplifying regulatory provisions that it considers obsolete, duplicative, unnecessarily prescriptive, or better addressed through guidance. That work does not represent a relaxation of the agency's safety and soundness, information security, internal control, or member protection expectations. Second, examination attention remains focused on each credit union's material financial risks, with governance serving as the link between regulatory requirements and how an institution manages those risks in practice.

The Deregulation Project

The NCUA began a phased review of its regulations in December 2025, considering whether individual provisions have become obsolete because of changes in law, technology, or market conditions; duplicate another statute or regulation; impose burdens that are disproportionate to their supervisory benefit; or contain guidance that does not need to appear in binding regulatory text.

The first phase, which began in 2025 and is expected to continue through 2026 and into 2027, addresses targeted and generally less complex provisions. A second phase, beginning in 2027, is expected to address regulations with broader policy and/or operational implications and, therefore, longer implementation timelines. As of the conference, the NCUA has released more than 10 rounds of proposed changes. Each round can contain multiple rulemakings, and the agency maintains a public dashboard showing the status of the individual proposals.

In August 2026, the NCUA board completed the project's first wave by approving 11 final actions. Seven regulatory provisions were amended or rescinded, and four interpretive rulings and policy documents were either eliminated or consolidated.

Khaled emphasized that moving prescriptive material out of a regulation does not remove the underlying risk or the board's responsibility to manage it. Instead, the project is intended to narrow regulatory text to only enforceable obligations and to place procedural or explanatory material in more appropriate forms of guidance.

Conference observation: During the question-and-answer session, Khaled distinguished guidance from enforceable regulation: Examiners may use applicable regulations and previously established expectations, but they may not treat guidance as an independently enforceable requirement.

Risk-focused supervision and the 2026 areas of attention

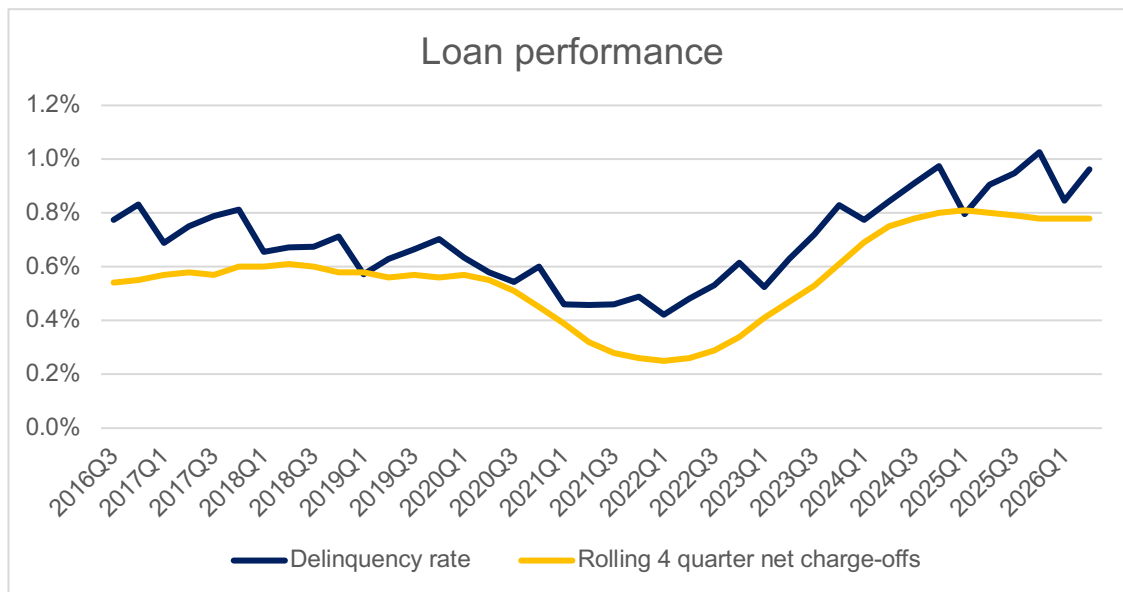
The NCUA continues to apply its "no regulation by enforcement" policy, under which examiners are expected to apply requirements communicated in advance rather than create new expectations during an examination or enforcement action. The agency also continues to use two examination programs. Most credit unions with assets of \$50 million or less are covered by the small credit union examination program, while all other institutions are subject to the risk-focused examination (RFE) program.

Under the risk-focused approach, examination scope depends on the institution's size, complexity, activities, balance sheet, control environment, and risk profile. Credit unions should not expect a uniform checklist or assume that the scope of one examination will determine the scope of the next. Examiners are expected to devote more time to areas presenting elevated or potentially material financial risk and reduce attention where the activity is less significant and controls are strong.

Khaled reinforced the six areas receiving sustained supervisory attention during 2026, in line with [NCUA's 2026 Supervisory Priorities](#):



Balance sheet and lending risk remain prominent with loan performance at its weakest level in more than a decade. Examiners are reviewing underwriting standards, policy exceptions, loss-mitigation practices, and whether management is following and documenting the credit risk practices approved by the board.



Source: NCUA, [Financial Trends in Federally Insured Credit Unions](#)

Examiners performing liquidity and interest rate risk reviews are considering whether models and stress tests reflect current funding and rate conditions, including the effect of both rising and declining rate scenarios, rather than assumptions carried forward from an earlier environment.

For Bank Secrecy Act (BSA), anti-money laundering (AML), and fraud, examiners are assessing whether a credit union's program is tailored to its actual risk profile rather than based on a generic template. Their reviews cover controls over payment activities, including user authentication, transaction monitoring, segregation of duties, fraud prevention, and third-party oversight.

Conference observation: Khaled emphasized that rather than leaving matters solely to compliance or operational teams, boards should understand the institution's fraud trends and whether safeguards are tested regularly.

Resilience and third-party dependencies

The cybersecurity discussion focused on operational resilience in addition to incident prevention. The NCUA's examination approach considers whether a credit union can detect, respond to, communicate about, and recover from a disruption. Therefore, business continuity plans and recovery procedures should be tested under realistic conditions, including the potential for a multiday outage at a core processor or another critical provider.

Khaled encouraged boards to participate directly in cyber tabletop exercises and to ask how long restoration of critical operations realistically would take. Crisis communication procedures also should be tested before an event occurs. The objective is not to assume that all disruptions can be prevented but to determine whether the credit union can continue serving members and recover within acceptable time frames.

Third-party risk management runs through several of the NCUA's supervisory areas rather than operating as a separate compliance exercise. Core processing, cloud infrastructure, payment systems, indirect lending, servicing, fraud monitoring, and AI capabilities often depend on outside providers. Examiners are considering how credit unions identify vendor concentrations, monitor critical relationships, understand subcontractor or fourth-party dependencies, and plan for the loss of an essential provider. Khaled emphasized that outsourcing an activity does not transfer accountability.

AI governance raises similar issues because many credit unions adopt AI through existing vendors rather than through internally developed systems. The NCUA's resources reference the National Institute of Standards and Technology (NIST) AI Risk Management Framework and enterprise risk management principles developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The supervisory emphasis is on governance, documentation, board oversight, and third-party due diligence.

Credit unions should maintain an inventory of where AI is used, including less visible back-office applications, identify an accountable owner for each instance, and assess how the institution would respond if a model's behavior changed over time. AI oversight and third-party risk management should operate as connected parts of the board's broader governance framework.

Governance as the foundation

The NCUA's regulatory changes do not alter the fundamental purpose of the examination process. The NCUA expects credit unions to identify their material financial risks, establish controls appropriate to those risks, monitor whether the controls remain effective, and explain the reasoning supporting their decisions.

Khaled suggested that boards test their governance frameworks by asking whether a policy or control would remain appropriate if a prescriptive regulation were simplified or removed. Boards also should consider whether compliance resources are directed toward the institution's most significant risks, whether policies remain aligned with current practices and the board-approved risk appetite, and whether reporting provides an integrated view across credit, liquidity, fraud, cyber, third-party, BSA and AML, and AI risks.

He offered two questions that boards can use to begin that discussion: What risk concerns management the most today, and what risk concerns management the least? The difference between those answers can identify assumptions or potential blind spots that do not appear clearly in formal risk reports.

Crowe takeaway: Regulatory simplification does not reduce the need for sound governance. Credit unions can use the current modernization effort to reassess whether policies, board reporting, stress testing, vendor oversight, and resource allocation reflect the institution's present risk profile. The goal is not to predict every future risk but to maintain governance and control systems that allow the institution to identify and respond to emerging risks.

Regulatory and legislative outlook

Andrew Morris, director of innovation and technology at America's Credit Unions, provided an industry perspective on federal rulemaking, executive actions, and pending legislation affecting credit unions. He described a deregulatory environment, but one that continues to produce significant changes in data access, payment systems, fraud prevention, cybersecurity, and digital assets.

Several initiatives could reduce specific compliance obligations while others could require substantial operational changes or alter how credit unions compete for members, shares, and payment activity. Morris identified the Consumer Financial Protection Bureau's (CFPB's) open banking rule as the development most likely to have the greatest near-term effect on credit unions, with stablecoins a close second.

CFPB changes and small-business lending data

The CFPB has reconsidered several rules adopted under its prior leadership. According to Morris, examinations increasingly have been conducted virtually, and much of the agency's recent work has focused on revising or rescinding earlier rules and guidance.

One significant change involves the small-business lending data collection requirements under Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). In May 2026, the CFPB issued a final reconsideration rule that changed the institutions and transactions covered, revised the definition of a small business, modified the required data points, and extended the compliance date to Jan. 1, 2028. Credit unions should evaluate the revised scope before changing implementation plans because the effect will depend on each institution's lending activity and whether it remains covered by the [rule](#).

The CFPB also is reconsidering its personal financial data rights [rule](#), required under Section 1033 of Dodd-Frank. The existing framework generally requires covered data providers to make certain financial information available electronically to consumers and authorized third parties through consumer and developer interfaces, commonly implemented through application programming interfaces.

Morris noted that the revised rule could permit financial institutions to charge reasonable fees for third-party access to data, although the scope and conditions remained unresolved at the time of the conference. The outcome could affect the cost of building and maintaining interfaces, third-party authorization processes, data security, and competition between traditional financial institutions and financial technology companies.

The strategic implications extend beyond compliance. Easier movement of transaction histories and account data could make it simpler for members to establish relationships with competing providers. That could reduce the persistence of member relationships, but it also could help credit unions attract members dissatisfied with other providers.

Conference takeaway: Morris encouraged credit unions to consider their ability to use authorized data effectively, protect information transferred through third parties, and compete in a market where moving a financial relationship requires less effort from the consumer.

Payment modernization and fraud prevention

According to Morris, payment-related activity is being shaped by two connected priorities: modernization and fraud reduction. The federal government has considered reducing its use of physical checks, which can be vulnerable to theft, alteration, and other forms of fraud. The Fed also has requested public input on the future of its check services as check volumes decline and the cost of maintaining those services becomes more difficult to recover.

Morris said America's Credit Unions does not support discontinuing Fed check services in the near term because many credit unions and their members continue to rely on them. Future changes could nevertheless affect the availability, cost, or processing of checks through the Federal Reserve banks. Credit unions should monitor developments even if their own check volume is declining.

Congress also is considering several fraud-related proposals. These include measures intended to give financial institutions more flexibility to delay transactions when fraud or a scam is suspected and proposals addressing the financial exploitation of older consumers. The details and status of these bills remain subject to change, but the broader direction is toward earlier intervention before funds leave the financial system.

Morris also highlighted forthcoming federal cyber incident reporting requirements as a potentially significant compliance development. Credit unions already report certain incidents to the NCUA, and a separate federal reporting framework could create overlapping obligations if the requirements are not coordinated. Institutions should monitor which events are covered, applicable reporting deadlines, and whether submitting a report to one agency satisfies obligations to another.

Affordability and pressure on payment revenue

Consumer concern about affordability is influencing financial services policy in ways that could affect credit union revenue. Morris discussed proposals involving credit card interest rates, interchange fees, and competition in card processing. Although the outcomes remain uncertain, these measures reflect continuing scrutiny of the cost of consumer credit and card payments.

Interchange remains particularly important because proposed federal and state restrictions could reduce revenue that helps support card programs, fraud prevention, and other member services. At the same time, fee income already represents a smaller share of credit union assets than it did historically. The America's Credit Unions presentation showed fee income declining over the long term and reaching approximately 0.42% of average assets at the latest point presented.

These pressures also connect to changes in payment technology. Payment alternatives that bypass traditional card networks could reduce interchange income even without a legislative cap. Credit unions therefore should evaluate proposed restrictions together with broader changes in member payment behavior, fraud costs, card program economics, and competition from nonbank providers.

Preparing for continued policy change

The breadth of current activity makes prioritization important. Credit unions do not need to respond to every proposal as though it will become final. They should, however, identify which developments could materially affect their operations or business models and determine what decisions would be required if those changes proceed.

For many institutions, open banking warrants near-term attention because implementation could require technology development, data governance, third-party controls, and changes to competitive strategy. Payment modernization, fraud legislation, and interchange developments should be evaluated for their effect on operational processes and revenue. Stablecoin and digital asset developments raise separate questions about deposits, payments, and custody and are addressed later in this article.

Crowe takeaway: A deregulatory environment does not necessarily mean less change for credit unions. Revisions to existing rules might reduce discrete compliance requirements while open banking, payment modernization, fraud initiatives, and new competitors create operational and strategic demands. Credit unions should distinguish between proposals requiring monitoring and developments that warrant investment, scenario analysis, or changes to existing plans.

FASB updates

FASB Supervising Project Manager Erin Cahill provided an update on FASB activities most relevant to credit unions. The FASB agenda includes 21 technical projects, seven research topics, and certain exposure drafts issued or expected around the fourth quarter of 2026. Many are narrow or codification-maintenance initiatives that will not affect every entity, and the FASB is sequencing exposure drafts, comment periods, and effective dates with the goal of progressing its work without overwhelming stakeholders. Several projects discussed during the session originated from issues raised during the 2025 agenda consultation process, including projects on risk management and hedge accounting, commodity inventory accounting, goodwill impairment testing, the equity method, the definition of cash equivalents, and troubled debt restructurings by borrowers.

Hedge accounting: Three concurrent workstreams

The FASB is pursuing hedge accounting changes through three workstreams operating on different timelines, each focused on different facets of hedge accounting.

Targeted improvements (*Status: Proposed, FASB redeliberations expected fourth quarter 2026, final standard anticipated 2027*). The targeted improvements project addresses three issues the FASB believes can be resolved without changing the core pillars of hedge accounting: permitting hedge accounting for the interest rate risk of held-to-maturity debt securities, recognizing that those securities remain exposed to interest rate risk even when an entity intends to hold them to maturity; permitting any tenor of the Secured Overnight Financing Rate to be designated in eligible fair value hedges and forecasted purchases or issuances of debt securities; and permitting certain float-to-float cross-currency swaps to qualify in net investment hedges when the legs reset on different dates or frequencies, provided the reset periods are within six months. The comment period closed in August 2026 with 27 comment letters received. In the comment letters, accounting policy leaders noted that the ability to hedge held-to-maturity securities could affect portfolio design, tenor, and fixed-versus-floating composition.

Portfolio layer method for liabilities (*Status: FASB deliberations ongoing*). The medium-term project would extend the portfolio layer method from fixed-rate assets to qualifying liabilities, allowing entities to convert a portion of a fixed-rate liability portfolio expected to remain outstanding into a floating benchmark-rate profile. No final decisions have been made regarding eligible liabilities. The FASB is considering a relatively broad scope for financial liabilities but is not expected to address open pools in this project. It was noted that hedging demand and savings and share deposits would require open-pool mechanics, which would require a substantial redesign of the current hedging model.

Long-term research (*Status: Staff research ongoing*). The research project considers whether hedge accounting can be aligned more closely with the economics of risk management while reducing operability burdens. Areas under study include a single model for derivatives used to manage interest rate, commodity, foreign exchange, and credit risk; designations that better reflect entity-wide or net risk management; and disclosures that explain an entity's risk exposure and the effects of hedging.

Crowe takeaway: Treasury and accounting teams should identify risk management strategies that currently do not qualify for hedge accounting and understand the reasons why. This analysis identifies opportunities under current guidance and allows preparers to engage with the FASB on standard-setting initiatives.

Other projects relevant to financial institutions

Cash equivalents and certain digital assets (*Status: Proposed, comments due mid-November 2026*). The proposal responds to questions about whether certain digital assets, particularly stablecoins, can qualify as cash equivalents, and it includes examples illustrating the attributes a digital asset would need to meet the definition of cash equivalents. It also would require an entity that treats noncash assets as cash equivalents to disclose annually the significant components and related amounts, a disclosure that would apply even if the entity does not hold stablecoins.

Statement of cash flows (*Status: Staff research ongoing*). After the FASB removed a narrower financial-institution project from the technical agenda, FASB staff are researching disclosures that could replace the statement of cash flows for certain financial institutions, as well as other potential improvements to the statement of cash flows.

Crowe takeaway: FASB speakers encouraged preparers to provide feedback on exposure drafts, research projects, and implementation challenges. With multiple relevant proposals approaching exposure or redeliberation, institutions should assess operational effects early and provide fact-based feedback on decision-usefulness, implementation cost, and unintended consequences.

Audit standards and oversight

An AICPA Auditing Standards Board (ASB) session described new and proposed standards affecting audits of credit unions. Although the session focused on auditors, several topics have implications for management and audit committees because they affect audit procedures and evidence requirements.

Three ASB standards that change what auditors ask for

Group audits. Statement on Auditing Standards (SAS) 149 becomes effective for audits of periods ending on or after Dec. 15, 2026. It applies whenever financial statements include more than one entity or business unit through a consolidation process, including consolidated financial statements, combined financial statements, and equity method investments. For credit unions this means the standard applies even when a credit union and subsidiary credit union service organizations (CUSOs) are audited by the same team. For credit unions with multiple subsidiary CUSOs, potentially including trust companies, broker-dealers, or significant equity method investments, auditors will place increased emphasis on the flow of information across entities, consolidation controls, component-level risks, and the completeness of consolidation adjustments.

External confirmations. SAS 150 was finalized in May 2026 and becomes effective for audits of periods ending on or after Dec. 15, 2028. It adds a requirement for auditors to confirm cash and cash equivalents when responding to assessed risks of material misstatement, and it notes that stablecoins may qualify as cash equivalents under U.S. GAAP and therefore could be included in confirmation procedures. The standard also addresses electronic confirmation platforms, introduces guidance for direct-access procedures, clarifies conditions for use of negative confirmations, and requires auditors to assess controls surrounding third-party confirmation intermediaries.

Fraud. SAS 151 was finalized in August 2026 and becomes effective for audits of periods ending on or after Dec. 15, 2028. Management's responsibility for preventing and detecting fraud is unchanged, but the standard significantly expands auditors' fraud-focused risk assessment procedures and reinforces professional skepticism throughout the audit. Additionally, the standard emphasizes fraud-related communications with management and the board. The standard also establishes a more structured framework for evaluating identified or suspected fraud, including evaluation of management investigations and remediation.

Crowe takeaway: Credit unions should understand the auditor's requirements under SAS 151 and expect more extensive inquiries about fraud risk management, whistleblower activity, internal investigations, management override of controls, and remediation of identified deficiencies. Fraud governance processes should be documented and operating before fieldwork, not described during it.

CECL and the allowance for credit losses

As in prior years, CECL was discussed in more sessions than any other accounting topic. However, as compared with prior years, the discussion focused less on implementation and more on the costs, benefits, and operation of the standard. Many of the discussions centered on whether the information produced under CECL justifies the cost and effort required to maintain it, and that question is part of the FASB's PIR process. Standard-setters, regulators, preparers, and auditors all addressed the PIR, and while their emphases differed, none proposed a full return to the incurred loss methodology.

The post-implementation review

A summary of PIR research and reporting is expected in the fourth quarter of 2026.

The FASB characterized the PIR as a quality control process intended to assess whether the standard meets its objectives, provides relevant information at a cost that is justified, and offers lessons for future standard-setting. During the PIR, the FASB is surveying implementation and ongoing costs, has held public roundtables (the most recent in May 2026), and obtained perspectives from banks and credit unions, investors, auditors, regulators, the Securities and Exchange Commission (SEC), and the Public Company Accounting Oversight Board.

Speakers frequently referenced the original objective of CECL: earlier recognition of expected credit losses. Stakeholders have raised significant concerns about implementation and ongoing costs and about the precision sometimes expected when forecasting inherently uncertain future conditions.

Conference observation: Standard-setters, regulators, and trade associations acknowledged that certain stakeholders have raised concern over the operational costs of complying with the CECL methodology.

Crowe takeaway: Credit unions should continue applying CECL under existing GAAP and should monitor the PIR process and review the final PIR report; however, they should not wait for the conclusion of the PIR to reassess internal processes. The rigor the standard requires should be separated from the process that has accumulated around it.

Methodology, qualitative factors, and segmentation

Panelists and regulators were consistent in their comments that no single methodology is appropriate for every credit union. Current GAAP does not prescribe one expected credit loss methodology, and smaller credit unions may use lower-complexity approaches, including loss-rate, weighted-average remaining maturity, the NCUA's Simplified CECL tool, or other methods, when appropriate to the portfolio and supported by reliable data. A simpler quantitative model, however, might increase the role of qualitative adjustments, because management must address limitations in the underlying calculation, peer data, portfolio composition, and current conditions.

Documentation of qualitative factors continues to be a pressure point. Panelists across multiple sessions discussed the risk of duplicating the same condition in more than one adjustment and the importance of clearly identifying what the quantitative model does not capture. Back-testing remains relevant even when charge-offs are limited: Rather than comparing only actual losses with a prior estimate, management can test forecast assumptions, risk migration, collateral values, prepayments, economic variables, and the reasons actual outcomes differed from expectations. The purpose is to identify bias or process weakness, not to expect a forecast to match actual results mechanically. Speakers also encouraged institutions to use the allowance process to understand emerging portfolio risks rather than treating it as an accounting-only exercise.

Crowe takeaway: Credit unions should continue to evaluate allowance segmentation and monitor for emerging or internally diverse portfolios. Underwriting, credit monitoring, CECL segmentation, qualitative factors, and disclosures should be aligned to the same underlying view of risk.

Mergers and acquisitions

Merger and acquisition activity received sustained attention across three sessions: a business combinations panel, a legal session, and a technical accounting session on purchased seasoned loans featuring Patrick Vernon of Crowe.

New accounting guidance for purchased loans has removed a long-criticized accounting difficulty within mergers and acquisitions of the day two "double-count." And across sessions, speakers identified data quality, preparation, and detailed documentation as the differences between a manageable transaction and a difficult one.

Purchased seasoned loans under ASU 2025-08

The purchased loans ASU is effective for fiscal years beginning after Dec. 15, 2026. Prospective application is required. Early adoption is permitted in any interim or annual period prior to the effective date.

ASU 2025-08 changes the accounting for many loans acquired in a business combination. Under the previous model, acquired loans that were not purchased credit deteriorated (PCD) were recorded at fair value, which included any credit-related discount. After closing, the acquirer then established a CECL allowance on those same loans through earnings. Many viewed the result as a form of "double counting" because credit risk was reflected both in the acquisition accounting and in the post-merger or acquisition allowance. The new guidance in ASU 2025-08 eliminates that outcome for purchased seasoned loans (PSL). Instead, expected credit losses are recognized as part of the acquisition accounting through a gross-up approach similar to the model already used for PCD loans. The allowance is recorded as part of the acquired loan's amortized cost basis, with the remaining difference between par value and fair value reflected as a premium or discount. As a result, institutions generally will not record a day two provision expense simply because the loans were acquired.

Vernon noted that the accounting change can have a meaningful effect on transaction economics. Because the allowance is established at merger or acquisition rather than through a subsequent provision, equity at closing is generally higher. At the same time, less discount is available to accrete into income over future periods, which can affect projected earnings. While PSLs and PCD loans now follow a similar gross-up model, the distinction between the two categories remains important. PCD loans are identified based on evidence of credit deterioration since origination and continue to be subject to separate disclosure and accounting requirements. The guidance applies to loans and revolving credit arrangements but does not extend to credit cards, debt securities, or unfunded commitments.

Reconciling valuation with CECL – and the data problem

One topic that generated considerable discussion was the relationship among credit due diligence, purchase accounting, and CECL. One panelist referred to these three workstreams as a "credit triangle": the credit analysis performed during diligence, the credit assumptions embedded in the day one fair value mark, and the allowance established under CECL after merger or acquisition. While all three are evaluating credit risk, they serve different purposes and often are performed by different groups using different loan pools, assumptions, and methodologies. The credit mark included as a component of fair value and the CECL allowance are not intended to produce the same result. Fair value reflects assumptions that a market participant would make, while CECL reflects the acquiring credit union's own estimate of expected credit losses. Differences between the two are therefore expected. However, panelists noted that significant differences often attract additional scrutiny from auditors and regulators and should be well understood and supported.

The session also highlighted the importance of understanding how key assumptions affect business combination accounting outcomes. One speaker noted that assumptions related to credit performance, expected life, and interest rates often have a significant effect on valuation results and future earnings patterns. Another added that institutions can encounter problems when valuation and CECL analyses are performed independently and reconciled only after closing.

Data quality was another recurring theme. Panelists encouraged institutions to validate loan-level data early in the transaction process and maintain consistency across diligence, valuation, accounting, and CECL workstreams. Several speakers noted that resolving data issues before closing is significantly easier than trying to reconcile conflicting information after transaction accounting has begun.

Crowe takeaway: Credit unions should determine how best to identify and track purchased seasoned loans at the loan level after closing. They also should document the accounting policy election for measuring the allowance for each merger or acquisition. Credit unions should connect credit diligence, valuation, and CECL work streams to a single loan population and consistent pooling before closing, document the reasons for differences between the credit mark and the allowance, and prepare to evidence its own challenge of third-party valuation work rather than the credentials of the provider.

Balance sheet management

Two sessions addressed how institutions position the balance sheet. Speakers described their own experience and views rather than the formal positions of their organizations. Although the sessions addressed different topics, both focused on how institutions position the balance sheet in the current rate environment.

The case for buying protection now

A financial analyst framed the current environment as unusually favorable and used that as the argument for hedging rather than against it. His argument was that institutions generally perform well when the federal funds rate sits between approximately 2.5% and 5% and that both tails are painful: Above that range, funding competition compresses margin, and below it, borrowers refinance away. Institutions have effectively sold options to their members on both sides of the balance sheet, since members can leave when rates rise quickly and borrowers can refinance when rates fall.

The pricing argument rests on implied volatility, which the speaker reported at approximately five-year lows despite recent geopolitical and monetary policy uncertainty. Because options pricing reflects both the shape of the curve and implied volatility, low volatility makes caps and floors comparatively inexpensive. He cited a three-year floor at an approximately 2.97% strike costing approximately 18 bps per year on an adjusted basis, against approximately 40 bps in February. Because the curve has steepened, protection against higher rates has become relatively more expensive than protection against lower rates.

Governance and where hedging programs go wrong

The other balance sheet management session was a derivatives panel, and speakers were consistent on how hedging programs fail. One panelist described trades executed without notice to accounting, producing late designation or an off-market derivative at designation, and hedges that did not qualify in the first place but were examined only once the instrument developed a significant fair value. Another panelist identified over-hedging in cash flow hedge relationships as a specific risk, since a failed forecasted transaction moves deferred amounts from other comprehensive income into earnings. All three panelists recommended engaging auditors early rather than presenting completed conclusions, and starting with a small, well-understood portfolio before expanding. Asked about the most common misconception, one speaker said derivatives do not create risk but provide predictability; another said the assumption that every derivative is highly complex is misplaced, since plain vanilla instruments have few valuation inputs. The FASB's hedge accounting projects are described in the FASB updates section.

Crowe takeaway: Credit unions should evaluate whether net interest margin protection through derivative transactions makes sense while margins are wide and option premiums are low rather than after conditions deteriorate, assessing pricing on an annual amortized basis so the cost can be compared against current margin. They should establish the risk management objective and confirm the accounting treatment before executing a transaction and obtain board approval of the governing policy before the first trade rather than alongside it.

Digital assets and stablecoins

Ron Quaranta, founder and chair of the Wall Street Blockchain Alliance, delivered a general session on the state of digital assets, supported by two sessions on foundational concepts and policy developments. His remarks focused primarily on payments, settlement, custody, and collateral rather than on digital asset investing. Quaranta argued that the market has passed through a speculative retail phase from roughly 2017 through 2020 and an institutional access phase from approximately 2021 through 2024, into a current phase in which the relevant questions concern payment rails, settlement, custody, and collateral. For credit unions, the strategic question is no longer whether to participate in digital asset markets but where digital asset activity intersects with existing member relationships and payment economics.

Terminology that carries regulatory consequences

Quaranta emphasized that digital assets are not a single category and that conflating them creates real regulatory compliance exposure. The distinction he treated as most consequential is between a payment stablecoin and a tokenized deposit. A payment stablecoin is a claim on a permitted financial institution or nonbank issuer, backed by identifiable reserve assets, subject to an explicit redemption framework under the GENIUS Act, and not automatically covered by share insurance. A tokenized deposit is a deposit liability of an insured depository institution that happens to be recorded using distributed ledger technology, and deposit law, capital requirements, and liquidity rules continue to apply unchanged. He also distinguished native crypto assets, tokenized securities, decentralized finance protocols, and central bank digital assets. Materials from the supporting policy session noted that interpretive guidance issued jointly by the SEC and the Commodity Futures Trading Commission on March 17, 2026, established a five-category token taxonomy and addressed when common digital asset activities might constitute securities transactions. These activities include creating new tokens through network validation, earning rewards for committing tokens to a blockchain network, receiving tokens through promotional distributions, and converting tokens into representations that can be used on another blockchain.

The accounting for these assets follows the same logic. Certain stablecoins might fall outside the crypto asset guidance because the holder has an enforceable claim on underlying cash or other assets, and cash equivalent classification depends on the specific contractual rights and liquidity, including whether the holder can redeem directly with the issuer. Therefore, the same token can produce a different conclusion for holders with different redemption rights. The FASB's proposal on cash equivalents, covered in the FASB updates section, addresses this directly.

Crowe takeaway: Management and the board should understand whether an instrument is a deposit liability, a claim on a third-party issuer, or a security, as this determines the capital, liquidity, insurance, and disclosure treatment. Management teams should understand and document the holder's legal and redemption rights, reserve structure, issuer relationship, liquidity, transferability, and applicable regulatory framework before any offering is contemplated.

“The winners will not be the institutions that move first. They will be the institutions that understand where the technology creates better financial services and, I think, at least as importantly, where it doesn’t.”

– Ron Quaranta, founder and chair, Wall Street Blockchain Alliance

Artificial intelligence

AI was referenced broadly in the majority of sessions but addressed directly during three sessions: a practical use case panel, a panel on responsible use and governance, and a closing keynote by economist Jason Schenker, who addressed longer-term opportunities and risks. Speakers described their institutions’ experiences and their personal views rather than the formal positions of their organizations. Across the sessions, speakers addressed production use cases, governance challenges, and workforce readiness.

Adoption and the successful use cases

Most examples involved repetitive internal processes such as call transcription, disclosure preparation, document compilation, and quality control reviews. One speaker described automated transcription of member service calls, which produced roughly a two-to-one return in cost avoidance and allowed the call center to grow without adding staff. Another described using AI to compile financial statement disclosures such as the loan footnote, reducing preparation and review time by approximately 50%, with similar applications in loan boarding and loan sale document compilation. One panelist described an internally built agent that validates member statement samples, where the prior manual process reviewed roughly 100 statements at a cost of about \$3,000 and the agent now validates about 1,000 for approximately \$200. Another panelist cited a comparison of roughly \$9 per human-handled call against about 25 cents for an AI-automated interaction.

Whether the control environment changed, and documenting the answer

The panelists said that AI has not altered internal control over financial reporting at their institutions. One described the tool as performing staff-level preparation rather than review, with a human preparer supplying inputs and a human reviewer evaluating output, and described requiring the tool to document its own logic, such as a separate spreadsheet tab explaining each formula, so the business rationale can be reviewed and traced. The panelist added that where a process changes in a way that alters a control, that is the point at which management should pause and reassess, and noted that external auditors generally have been receptive where management is transparent about what changed, what did not, and where the human remains in the process. Accounting teams generally were not using AI to generate reported financial information directly, preserving established sources for amounts reported to management, boards, and regulators.

Crowe takeaway: It is likely that AI eventually will become embedded in the ways credit unions do business – just as personal computers and spreadsheets became embedded over time. Credit unions should document, before the deployment of AI or AI-assisted workflows, any changes in controls, who owns the output, and how the tool’s logic is evidenced. They should maintain an inventory of accounting AI applications covering approved source materials, data restrictions, validation procedures, output retention, and the accountable human decision-maker, and they should expect audit/supervisory committees and auditors to ask for it. Clear, measurable performance metrics should be established for each AI initiative so realized benefits can be evaluated and reported clearly for the board.

Governance and third-party oversight

Both governance panelists described AI oversight as sitting on top of frameworks never designed for it. One reported that AI use cases intersect nine existing life cycles, including third-party risk management, data, and technology governance, and described a journey map with more than 40 steps, seven approval groups, and seven systems. He noted that AI adoption tends to expose preexisting weaknesses in those frameworks, citing identity and entitlement management as an example.

Third-party risk drew the most concern. A panelist explained that vendor assessments happen at a point in time and often on an annual basis, while vendors add AI functionality continually, frequently without triggering a contract amendment or a billing change, and noted that standard due diligence questionnaires historically contained few AI-specific items and typically are administered by generalists. In response, organizations might adopt continuous monitoring tools, elevate the seniority of third-party ownership, and be more selective about vendors. Additional risks identified include unresolved questions around ownership of solutions and code if an institution leaves a platform, and around vendors’ own use of downstream AI providers. Panelists reported moving their review cadence toward monthly or closer to real time.

Conference observation: Multiple speakers identified governance and vendor oversight as the primary challenges to broader AI adoption.

Crowe takeaway: Credit unions should map AI use cases to tailored third-party, data, model, and technology governance, and they should assign an accountable owner to each. Vendor due diligence should address notification of new AI functionality, data use and training restrictions, hosting location, explainability, and ownership of work product on exit. Boards should understand critical third-party dependencies, incident response, and recovery strategies, not only the employee use policy.

Fraud and cybersecurity

A closing session included Emily Odom, cyber assistant special agent in charge at the FBI's Washington field office. Speakers stated that the views expressed were their own and did not represent the FBI, their firms, or the AICPA. A significant portion of the discussion focused on whether institutions are allocating resources to the areas generating the largest losses.

Where the money is actually lost

Odom identified a persistent mismatch between where institutions concentrate spending and where losses occur. Budgets, teams, and controls are calibrated toward preventing intrusion and ransomware, while the largest dollar losses at financial institutions come from unauthorized wire transfers and business email compromise. She noted that institutions typically separate the cybersecurity function from the fraud investigation function and that the FBI faces the same structural problem, while the criminal groups behind both do not operate along those lines.

"We can throw a ton of money at cybersecurity, but your organization's probably losing more money to fraud."

– Emily Odom, cyber assistant special agent in charge, FBI Washington field office

She characterized unauthorized transfer activity as primarily a human problem with some technical components rather than a technical problem itself. Another speaker made a related organizational point, arguing that institutions should stop treating information technology and information security as cost centers and should recognize them as protecting revenue. Speakers noted that credit unions often encounter fraud only after a transaction has entered the payment system and argued that broader industry participation is necessary to reduce losses.

Crowe takeaway: Credit unions should examine whether the cybersecurity and fraud functions share threat intelligence, escalation paths, and loss data, because the same actors often drive both. Boards should ask how security investment is allocated relative to where the institution is actually incurring losses.

Threat trends and engaging law enforcement

Speakers emphasized that relationships should be established with a local FBI office and agent before an incident occurs. Odom said the single most valuable near-term action is to review the credit union's incident response plan and make the law enforcement contact specific.

"It shouldn't say call the FBI. It should say call this person at this phone number."

– Emily Odom, cyber assistant special agent in charge, FBI Washington field office

She recommended that institutions determine in advance, with legal counsel, what information can be shared and what approvals are required. On substance, she said speed matters and identified specific gaps. In ransomware matters, the FBI maintains decryption keys that might apply to a particular variant of ransomware. In unauthorized transfer matters, the FBI operates a financial fraud kill chain and a recovery asset team that can attempt to stop the movement of funds, but institutions frequently omit the originating and receiving routing numbers, which are required before funds can be held; she described a recent matter in which that information arrived late through counsel, delaying the response. Information sharing also runs in both directions, since an institution providing a single indicator of compromise might receive additional indicators in return. Speakers directed the audience to the [Internet Crime Complaint Center](#) and identified underreporting as a significant gap. One speaker recommended [InfraGard](#), the FBI public-private partnership program, noting that every field office maintains a chapter and membership is free. The session closed on the human element, noting that security awareness training delivered once annually is insufficient and that institutions have a control for nearly everything other than the behavior of their own people.

Crowe takeaway: Credit unions should know who to call, know what it is permitted to disclose, and capture the right information at the moment of discovery. They should confirm that wire fraud escalation procedures capture originating and receiving routing numbers at the point of first report, as recovery depends on it.

Other items of relevance for credit unions

The conference was wrapped up by a panel of three CFOs, who discussed capital management, the changing role of the finance function, investment in technology, competition for deposit funds, talent development, and planning for a potentially prolonged period of higher interest rates. The participating credit union CFOs provided viewpoints from credit unions that differ substantially in size and operating models; however, the discussion reflected the speakers' shared focus on maintaining the financial capacity to invest, grow, and serve members.

Capital management

Capital was framed as both a safety and soundness requirement and a strategic resource. Panelists discussed opportunities to modernize credit union capital requirements, including approaches that would more closely tie capital requirements to the underlying risk of an institution's assets. The panel also emphasized that credit unions should plan for changes in capital requirements well before reaching an applicable asset threshold. Institutions approaching \$500 million in assets, for example, should consider both how their existing balance sheet is risk-weighted and how planned changes to assets composition will be treated under risk-based capital now rather than waiting until the threshold is crossed. Organic growth, new fields of membership, mergers, deposit growth, and investments in technology all can affect capital adequacy and should be incorporated into multiyear forecasts.

Panelists also discussed the importance of planning beyond familiar sources of growth. Competing on price for an established product such as auto lending might generate short-term volume but does not necessarily create a sustainable source of future earnings or member engagement. Credit unions should consider which products, services, or capabilities could become meaningful contributors over the next five to 10 years and begin testing those opportunities before they are expected to produce material results.

Artificial intelligence

The panelists discussed how AI is challenging the balance between financial discipline and innovation. The panel described using their credit union's approved tools for internal reporting, analysis, knowledge sharing, and other routine work while proceeding more carefully with member-facing applications. Governance remains critical as employees are likely already using AI in some way while at work, even when an institution has not formally implemented it. Credit unions should establish policies and governance controls over sensitive information, approved tools, third-party providers, and the uses for which AI-generated output is appropriate.

The panel cautioned that AI should support, rather than replace, the development of professional judgment. They reiterated the importance of employees still understanding how systems and processes work, having the ability to challenge results, and being able to identify the underlying cause of an issue. Overreliance on AI could weaken those skills at the same time that the traditional entry-level accounting pipeline is becoming smaller.

Building capacity to invest and compete

Credit unions also are considering more flexible methods of funding innovation. Examples included setting aside a portion of the budget for emerging projects and using a centralized process to evaluate use cases across the credit union. Finance teams are beginning to track both direct and vendor-related AI costs, expected efficiency gains, and the effect on operating expense growth. Measuring the return on investment remains difficult, but the panel emphasized that credit unions should define the intended benefit before approving an investment.

Scale was discussed in the context of technology, cybersecurity, compliance, and the ability to try new tools and technologies. Many of these capabilities require significant fixed investment regardless of a credit union's size. A larger member and asset base can spread those costs, provide more flexibility to test new products, and make it easier to absorb the costs of an initiative that does not produce the expected results. For smaller credit unions, panelists pointed to several possible approaches, including pursuing targeted membership growth, narrowing the scale of new initiatives, and using off-the-shelf vendor technology when custom development is not practical.

The panel connected scale to the value returned to members. Credit unions are evaluating how their loan pricing, deposit pricing, fees, services, and digital experience compare with the alternatives available from banks and fintech companies. The deposit relationship remains central because it can support broader member engagement and provide a foundation for lending and other services. For credit unions with specialized or international memberships, scale also can help absorb higher compliance, due diligence, legal, and payment-processing costs. Mergers can provide access to products and capabilities that a smaller institution could not support independently, although successful combinations also depend on alignment in culture and member service.

Talent development

Talent development and succession planning remain significant challenges, particularly for accounting and finance positions requiring financial institution experience. Panelists described combining outside hires with public accounting or external finance experience with team members who were internally developed and understand the credit union's operations. Employees who move from member services, lending, card operations, or other business functions into accounting and finance can provide valuable knowledge of the processes underlying the financial results.

Some credit unions also are using structured rotations, intern-to-hire programs, and formal succession plans to expand their talent pipelines. Rotations can help individuals understand other areas of the credit union and improve collaboration when they return to their primary function. Succession planning should extend below the executive level and include multiyear development plans for potential successors. Many also are broadening their recruiting criteria to include candidates with backgrounds such as data science, engineering, and military service, placing greater emphasis on analytical ability, judgment, and adaptability.

Future focus

Looking ahead, the panelists generally expect interest rates to remain higher than institutions experienced during the decade following the financial crisis. Persistent inflation, government borrowing, labor constraints, and global demand for capital could continue to affect loan pricing, deposit competition, funding costs, and investment strategy. Credit unions should test multiple rate and funding scenarios rather than build plans around an assumed return to the conditions that existed before the pandemic.

The earnings implications extend across net interest income, noninterest income, credit costs, and operating expenses. Margins have benefited from the recent rate environment but could stabilize or decline as deposit costs increase. Fee income remains under pressure, while investments in technology and compliance continue. In a slower-growth environment, credit unions will need to identify operating efficiencies without limiting the capabilities required to compete for and serve members.

The panel's discussion reinforced the importance of connecting capital, growth, technology, talent, and expense planning. Credit unions that preserve financial flexibility, evaluate investments against defined member impact and financial outcomes, and develop the people needed to execute their plans will be better positioned to respond as economic conditions and member expectations change.

Other topics

Other conference sessions included these topics:

- Accounting and auditing issues
- Call report
- Building financial wellness
- Regulatory compliance
- Risk management

Questions for the board and supervisory/audit committee

The following questions are drawn from the matters addressed at the conference. They are intended as a starting point for board and supervisory/audit committee agendas over the next two quarters.

Economic outlook and the balance sheet

- Have we refreshed our rate scenarios and 2027 planning assumptions for the possibility that rates remain higher for longer and what that would mean for earnings, capital, liquidity, and growth?
- Are aggregate credit trends masking deterioration within particular products, geographies, or member segments?

Risk and governance

- What risks concern management the most – and the least – today, and does our board reporting provide enough information to understand why?
- As regulations are simplified or removed, are we retaining controls based on the underlying risk rather than the regulatory requirement?

Credit and the allowance

- What has our CECL back-testing told us about forecast assumptions, qualitative adjustments, or other potential sources of bias in the allowance?
- Are underwriting, credit monitoring, CECL segmentation, qualitative factors, and disclosures aligned to the same view of portfolio risk?

Technology, AI, and third parties

- Do we have a complete inventory of where AI is being used, including within third-party products, and is there a clearly accountable owner for each material use?
- How would we know if a critical vendor added or materially changed AI functionality, and have we addressed data use, downstream providers, and exit considerations?

Fraud, cybersecurity, and resilience

- How long would it realistically take to restore critical member services following a multiday outage of a core processor or other critical provider, and when did we last test that assumption?

Strategy and readiness

- Which regulatory or market developments could materially affect our business model, and have we distinguished those requiring action or investment now from those that require only monitoring?
- Does our multiyear capital and strategic plan preserve sufficient flexibility for technology investment, growth, potential transactions, and a prolonged higher-rate environment?

Talent and succession

- Where do we have key person or succession risk below the executive level, and are we developing successors early enough to preserve critical institutional and technical knowledge?

Learn more

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