HatchWorks AI

WHITE PAPER · CREDIT UNIONS

From Pilot to Production: Putting AI to Work in Credit Unions

High-impact use cases, why AI efforts stall, a four-phase roadmap and a practical governance framework for credit union leaders.

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EXECUTIVE SUMMARY

From experimentation to measurable results

Credit unions aren't struggling to find reasons to use AI. They're struggling to turn experimentation into measurable results.

According to Cornerstone Advisors' 2026 research, 59% of surveyed credit unions have deployed generative AI, outpacing banks at 49%. Wipfli's 2026 industry survey shows how far that is from finished: 66% of credit unions are actively implementing AI in targeted areas, but only 16% have an enterprise-wide AI roadmap with governance and measurable business impact.

59%

of credit unions have deployed generative AI

Cornerstone Advisors, 2026

49%

of banks have deployed generative AI

Cornerstone Advisors, 2026

66%

of credit unions are implementing AI in targeted areas

Wipfli, 2026

16%

have an enterprise-wide AI roadmap with governance and measurable impact

Wipfli, 2026

The challenge isn't getting AI through the door. It's moving from isolated pilots to production systems that improve member experiences, reduce operating costs and deliver results the board can measure. That gap usually lands on the executive who championed the pilot, when the board asks what it returned.

Credit unions don't need more AI ideas. They need a short list of use cases tied to member and financial outcomes, data their models can trust, and a way to get AI into production without taking on risk the board can't see.

> **Our view:** pick two or three use cases with clear owners and metrics, get the data for those use cases ready, build to production standards from the first release, and put governance in place before the pilot instead of after it. The rest of this paper explains how.

01 · WHY NOW

AI is moving into the strategic plan

Three things are moving AI out of the innovation budget and into the strategic plan.

3% → 46%

Members expect digital-first service

They compare their credit union with their banking apps and fintech tools. PYMNTS reports that chatbot adoption among credit unions rose from 3% in 2019 to 46% in 2026. Business members are asking for more, too: 75% of small and mid-sized businesses say they would use at least one AI feature from their financial institution within two years. For businesses with more than $1M in revenue, it's 83%.

50%

Fraud costs keep climbing

Cornerstone Advisors found that 50% of credit unions saw higher fraud losses in 2025, compared with about 40% of banks, and most expect losses to rise again in 2026. Fraudsters already use AI, and rules-based monitoring on its own won't keep pace.

80%+

Budgets are going up, and so is scrutiny

More than 80% of banks and credit unions plan to increase technology spending in 2026. Boards will expect that money to show up as lower cost to serve and stronger deposit growth.

Credit unions start with an advantage. Members already trust them, and they hold years of relationship data. AI lets a credit union offer personal service to far more members than its staff could reach alone.

02 · USE CASES

Where AI creates value in a credit union

The best first use cases share three traits: a clear owner, data that already exists, and a result you can measure in a quarter. Six areas stand out.

AREA	WHAT AI DOES	WHAT TO MEASURE
Member service	Chat and voice agents answer routine questions 24/7, take simple actions and hand off to staff with context	Call/chat containment, wait time, member satisfaction
Staff knowledge	A secure, cited search assistant over policies, procedures, product rules and regulatory guidance (retrieval-augmented generation, or RAG)	Time to answer, accuracy, onboarding time for new staff
Lending	Document intelligence extracts and checks income, ID and collateral data; AI flags exceptions for underwriters	Time to decision, cost per loan, pull-through rate
Fraud and risk	Real-time transaction monitoring and anomaly detection layered on existing rules	Fraud losses, false positives, response time
Compliance	Automated monitoring, document review and regulatory reporting prep, with people approving the results	Manual review hours, findings, audit preparation time
Member growth	Predictive models spot life events, attrition risk and next-best product; personalized outreach	Products per member, retention, deposit growth

Agentic AI comes next

An agent carries out multi-step work across systems, such as gathering documents for a loan file or preparing a dispute case. Cornerstone found agentic AI is now discussed at the executive or board level at more than half of institutions. We recommend starting agents on internal, well-bounded work where a person approves each outcome, then moving them closer to members once they've proven reliable.

03 · BARRIERS

Why most credit union AI efforts stall

Most AI projects stall for reasons that have little to do with the model. Industry research names talent gaps and legacy systems as the top barriers for credit unions, and the same patterns show up in our own work.

1. **Starting with a tool instead of an outcome.** A credit union buys a chatbot because peers have one, with no target for containment, cost or member satisfaction. When it's time to ask for budget to scale, there's no business case to point to.

2. **Data that isn't ready.** Member data is spread across the core, the loan origination system, the CRM and spreadsheets. A model can only work with data it can reach and trust.

3. **Core system limits.** Core and vendor platforms restrict what can be integrated and how fast. AI that can't read from or write to those systems stays a demo.

4. **Not enough people.** Few credit unions have AI engineers, data engineers or MLOps staff on the payroll, and hiring them is slow and expensive.

5. **Governance that shows up late.** Risk, compliance and the board see the project at the end, raise fair lending, privacy or vendor questions, and send it back to the start.

These problems are common and fixable, as long as they're planned for at the start.

04 · ROADMAP

A practical roadmap

Credit unions that scale AI work in short phases, and each phase has to pass a gate before the next one starts. That keeps risk contained and gets early results in front of the board.

PHASE 1 · GENROI · DECIDE

Decide what matters

- Assess readiness; score use cases on value, effort and risk
- Pick 2 to 3 first use cases with owners and target metrics

Gate: business case and risk tier approved

PHASE 2 · DATA FOUNDATIONS

Ready the data

- Connect and clean only the data the first use cases need
- Set access controls, logging and a privacy review

Gate: data quality and security sign-off

PHASE 3 · GENDD · BUILD

Build and pilot

- Build to production standards: integrated, secure, monitored
- Pilot with a set group, people approving key actions

Gate: pilot hits its target metrics

PHASE 4 · GENEQ · ADOPT

Adopt and scale

- Train staff, redesign workflows, track adoption and results
- Expand to more members and the next use cases

AI roadmap · 4 phases, 3 gates. Each phase earns the next.

Each gate is a real decision point: a use case that misses its metrics gets fixed or stopped before more money goes in. Once the first use cases are live, the same data, governance and delivery patterns make the next ones faster and cheaper.

> **Build, buy or partner?** Buy where the problem is common and your core or digital banking vendor already does it well. Build, or partner to build, where your data, member relationships or workflows set you apart. Most credit unions end up with a mix, which makes a clear architecture and governance model even more important.

05 · GOVERNANCE

Governance, risk and trust

Governance needs to be in place before the first pilot, because member trust is hard to win back once it's lost. The rules are still forming. NCUA hasn't issued AI-specific requirements, and its chairman has said the goal is for credit unions to use AI "in a safe and sound manner." A 2025 GAO report recommended that NCUA broaden its model risk guidance to cover AI. It also noted that NCUA can't examine the technology vendors credit unions depend on, so in practice the credit union carries that vendor oversight itself.

We recommend a framework built on six pieces:

Use-case risk tiers

Internal knowledge tools carry less risk than credit decisions or member-facing advice. Match the controls to the tier.

Fair lending and explainability

Any model that touches credit needs documented inputs, bias testing and reasons a person can explain to a member or examiner.

Data privacy and security

Keep member data inside approved environments, control what models can access and log every interaction.

Human in the loop

People approve consequential actions, especially in lending, disputes and account changes.

Vendor and model risk management

Document what each model does, how it was tested and who owns it, including third-party AI inside vendor platforms.

Board reporting

Give the board a simple, recurring view of AI use cases, risks, results and incidents.

Good governance also speeds delivery up, because teams stop re-arguing risk on every project.

06 · HOW WE HELP

How HatchWorks AI helps credit unions

HatchWorks AI helps credit unions decide where AI pays off, build it to production standards and get people to use it. Our work follows three connected disciplines.

DECIDE

GenROI

AI strategy, opportunity assessment, business cases and roadmap.

A prioritized list of use cases tied to member and financial outcomes, ready for the board.

BUILD

GenDD

Generative-Driven Development, our AI-native way of delivering production software faster.

Secure RAG assistants, agents, document intelligence and integrations with core and lending systems.

ADOPT

GenEQ

AI change management and enablement.

Staff training, workflow redesign and adoption measurement, so tools actually get used.

We start where you are:

- **2 to 8 week Gen AI Solution Accelerator** to take one use case from idea to working prototype
- **Forward-deployed engineers and Agentic AI Pods** to build and scale alongside your team
- **Data modernization** to get member data ready for AI

Next step: build an AI roadmap your board can measure

Talk with our team about an AI strategy and roadmap for your credit union. We'll help you pick the first use cases worth funding and map out what it takes to get them into production.

hatchworks.com/ai-strategy-roadmap

Sources

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