

IMPROVING OPERATIONAL EFFICIENCY AND MEMBER EXPERIENCE THROUGH SHARED SERVICES: NO COMMON CORE REQUIRED

A Credit Union Industry White Paper from



Operational Efficiency is critical for credit unions to remain relevant in the crowded financial services landscape. Labor-intensive, repetitive back-office processes can be significantly reduced through collaboration with a Shared Services CUSO. Streamlined Operational Efficiency doesn't just reduce costs – it improves service delivery. By automating routine tasks, credit unions can free up time for staff to focus on more meaningful member interactions. In addition, participating credit unions can leverage collective bargaining power to reduce technology costs.

Key Takeaways:

- A credit union's ability to run smoothly and effectively through optimized back-office processes directly impacts the quality of front-line service and overall member satisfaction;
- Shared Services reduces operating expenses and member attrition while enhancing operational efficiency and membership growth;
- Collaboration with a Shared Services CUSO creates economies of scale, increased bargaining power, and competitive advantage;
- There is no requirement for collaborating credit unions to be on a common core system in order to benefit from sharing services such as lending, collections, credit card, debit card, deposit management and more in order to maximize efficiency and member retention.

Case Study:

- Member Support Services, LLC – a successful shared services CUSO with a history of generating cost savings and enabling growth for partner credit unions.

Efficiency Doesn't Simply Reduce Costs, it Improves Service Delivery.

According to The Financial Brand, "Differentiation in the marketplace is no longer determined by price, product or location. Instead, leading brands have shown that the

power of customer experience – both online and offline – is the most important component of long-term competitive and financial success. For the past several years, “improving the customer experience” is both a major trend in the banking industry and a major strategic objective for the majority of banks and credit unions. Unfortunately, research also indicates that most financial institutions talk more about improving customer experiences than investing in ways to remove friction, increase engagement and motivate employees towards this goal. Financial institutions that lead in customer experience have a higher recommendation rate, a higher share of deposits and a greater likelihood that customers will increase their portfolio of new products and services from their bank. Conversely, it was found that financial institutions that let their customer experience decline risk losing up to 12.5% of their share of deposits.”¹

With most organizations looking for ways to reduce expenses and improve efficiency ratios, improving the member experience can reduce the cost of member acquisition, improve the return on investment for member engagement and reduce attrition.

Operational efficiency can be used to improve member service by streamlining and automating processes, creating more efficient workflows, and increasing employee productivity. For most businesses, implementing operational efficiency can be challenging due to the need to invest in new technology systems, and processes. *Credit unions, however, have a unique advantage over other financial institutions: Collaboration and Shared Services.*

Efficiency continues to be the battle cry for credit unions in 2025. Success in the new year and beyond will hinge on how well credit unions manage three familiar areas: talent, operational efficiencies and risk. Credit unions have – and should always maximize – the unique power of collaboration to improve efficiency through reduced operating costs and improved member engagement.

Partnering With a CUSO Can Drive Efficiency.

“As an industry, we must do everything we can to grow membership through existing and new credit unions. With collaboration, credit unions have a great chance to succeed. Collaboration can also help credit unions find effective marketing means to acquire new members. Imagine a marketing CUSO that doesn’t charge for its services unless it steers

Streamline Operational Efficiencies

Efficiency doesn’t just reduce costs – it improves service delivery. By automating routine tasks, credit unions can free up time for staff to focus on more meaningful member interactions. Whether it’s reducing paperwork, minimizing processing errors, or speeding up approvals, streamlining operations benefits both employees and members alike.

- Virginia Credit Union League “Top 5 Resolutions to Drive Credit Union Success in 2025”

¹ <https://thefinancialbrand.com/news/customer-experience-banking/cx-banking-customer-experience-revenue-growth-78131>

new members to the credit union. CUSOs do things that are rare or nonexistent among third-party vendors.”²

As Brit Barker, SVP of Origence observes, “Built on shared purpose, CUSOs prioritize member service, stability, and long-term success, operating with a vested interest in the success of their credit union partners...By partnering with a CUSO, credit unions ensure strategic alignment with their values and participate in a cooperative structure that encourages innovation and shared growth...CUSOs are constantly exploring ways to expand credit unions’ reach and help them serve members more effectively. By identifying innovative growth opportunities, CUSOs enable credit unions to be present where members need them...Through collaborative networks credit unions pool resources, CUSOs streamline lending processes, and provide access to opportunities that might otherwise be out of reach. This approach drives growth and reinforces the commitment to serving members and providing relevant and accessible financial solutions...By partnering with a CUSO, credit unions gain a partner committed to long-term success, providing the resources, stability, and strategic alignment needed to elevate the member experience. In an industry where relationships matter, CUSOs are uniquely equipped to help credit unions make a lasting, positive impact on the communities they serve.”³

Shared Services: Efficiency Without the Need for a Common Core

Exploding the “Common Core” myth. A, antiquated perception is that credit unions and CUSO providers of shared services must be on a common core processing system. “This belief is based on the contention that shared services are created to drive efficiency; and efficiency through economies of scale can only be achieved through standardization; and standardization is only possible through common software.”⁴

Data and analysis from MSS show that significant middle and back office economies can be achieved without having to be on common technology. MSS operates on 45 different application software and tools, not including different instances of the same software. Within this wide footprint, MSS has achieved over 25% in cost savings annually.

Back-office functions that are labor-intensive are most susceptible to cost savings and do not require that collaborating credit unions share a common core processing system. Such functions include:

1. Lending fulfillment and servicing
2. Collections
3. Credit and Debit Card Management

² “Collaboration: Key to Credit Union Survival,” Messick and Lauer

³ “Three Strategic Advantages Credit Unions Experience When Partnering with CUSOs”, Bill Barker, SVP Origence, CUSO Magazine, December 4, 2024.

⁴ “Impact of Common Core on Shared Services Efficiency,” Member Support Services, LLC

4. Deposit and payments Management

In each of these areas, efficiencies can be improved through three means:

1. **Automation of manual tasks:** In such cases it does not matter if the automation is done through one or many systems.
2. **Elimination of manual tasks that are unnecessary or superfluous to meeting service goals:** This solution is not software-dependent.
3. **Consolidation of repeatable tasks that are labor intensive:** Consolidation of repeatable *human* tasks is not dependent on “standardized” software interactions, nor is it required to have common software systems. Moreover, with the pervasiveness of technology in retail financial services for routine tasks, increasingly human effort is more towards interpretation and analysis of transactions outside regular processing norms rather than simple data entry.⁵

Economies of scale provide collective bargaining power for a multitude of vendor services including keeping pace with rapid advancements in technology while managing costs.

CASE STUDY: MSS - A SHARED SERVICES CUSO

A Shared Services CUSO is one that consists of a group of high-efficiency credit unions that share technology, lending, collections, operational tools, staff resources and expertise with other partner credit unions creating measurable economies of scale and enhanced ability to remain independent.

The following is an example of a highly successful shared services CUSO that has enabled credit unions to reduce operating expenses by 25% to 30% while maintaining their independence:



[Member Support Services, LLC](#) (MSS), located in Cranbury, NJ, is a shared services CUSO that processes middle- and back-office operations for its shareholder credit unions. MSS believes that “collaboration is the hallmark of credit unions’ business model — and credit unions can leverage it strategically for efficiencies to help their members thrive.” Founded in 2013, “MSS draws upon successful shared services models from global industries such

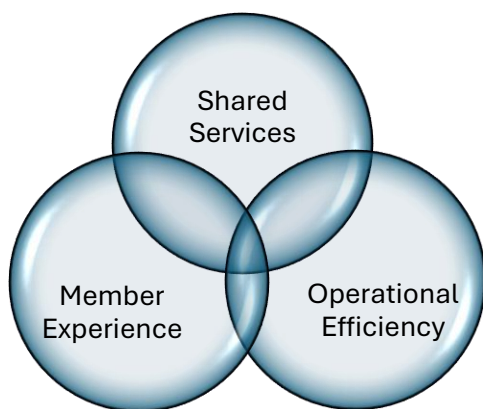
⁵ ibid

as banking and insurance to empower our partner credit unions to leverage the power of collaboration for greater efficiency, expense reduction and operational excellence.”

MSS creates operational efficiency and cost savings through economies of scale and standardization, while allowing credit unions to focus even more intently on serving their members. Shared services provides organizations the ability to launch more robust initiatives than they could have on their own, garner substantial operational cost savings, and reap a significant boost in negotiating power.

MSS has a strong track record of delivering tangible value to its member credit unions. Since joining MSS, partner unions have achieved significant improvements in processing efficiencies, reducing efficiency ratios by 20 to 30 basis points.

Beyond financial and operational advantages, the MSS model helps member CEOs connect, exchange insights, and share strategies, creating a valuable support network to navigate industry challenges.



As MSS continues to grow, it is committed to helping credit unions achieve scale, reduce costs, and improve member experiences through shared resources and advanced technology. With a goal of reaching \$8 billion to \$10 billion in assets under service in the next few years, MSS aims to get its partner members to an operating cost ratio of 2.8% and an efficiency ratio of 66%.

Vim Anand, CEO of Member Support Services, puts it this way: “The answer is cooperation through large-scale shared services. On average,

organizations employing shared services models, such as through CUSOs, have experienced 25% cost savings annually in their back- and middle-office functions, which typically translate to an overall 10% to 15% reduction in noninterest expense. Of course, that all depends on branch footprints and other front-office costs, but a reduction that significant can greatly boost efficiency ratios, ROA and net worth...Leveraging shared services can provide you with access to more and better technology, tools, and talent than individual credit unions of any size can achieve going it alone. Hires in things like card portfolio management, IT and lending are expensive, so spread those expenses over many and gain incredible talent at a fraction of the cost.”

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TECHNOLOGY

As technology continues to pervade the credit union industry, there lies the challenge of keeping pace with rapid advancements while managing expenses. MSS helps credit unions stay at the forefront of technological innovations for a fraction of the cost. MSS Shared Services allow partner credit unions leverage collective bargaining power to secure better deals and discounts on technology products and services and reduce overall expenses. By pooling resources with other partner credit unions. Partner credit unions get access to:

IT Infrastructure	Secure and scalable networks to support operations
Data Security	Advanced measures to protect sensitive information and ensure regulatory compliance
Help Desk	24/7 credit union support to resolve technical issues promptly
Digital Member Services	Innovative solutions to enhance member interactions and service delivery

LENDING AND COLLECTIONS

Managing loan origination, underwriting and collections can be resource-intensive. Ineffective processes often lead to higher delinquency rates and increased charge offs. MSS provides your credit union support in these critical areas to streamline your processes and improve performance:

Lending	Efficient processing and servicing of various loan products, including unsecured loans, auto loans, home equity and credit cards
Collections	Comprehensive management of delinquent accounts, repossessions and bankruptcies to optimize recovery and minimize losses.

OPERATIONS AND MEMBER SERVICES

Whether handling ACH transactions, managing card services or supporting your team with daily operational needs, MSS ensures your credit union runs smoothly. This efficiency enables you to allocate more resources to better serve your members and grow your institution. MSS shared services include:

Credit and Debit Card Mgmt.	Efficient handling of card issuance, transaction processing and fraud prevention.
Deposit Mgmt.	Streamlined processes for managing deposits, ensuring accuracy and security.
Member Services	Enhanced credit union support for daily member interactions, improving overall satisfaction and engagement

THE MSS COLLABORATION ADVANTAGE

Expertise. Efficiency. Excellence.

RETAIN INDEPENDENCE

MSS offers a better alternative to mergers. Through collaboration, MSS enhances a credit union's ability to operate autonomously while benefitting from the collective strength and shared services of forward-thinking credit unions.

REDUCE RISK AND DELIVERY COSTS

By pooling resources and sharing investments with other credit unions, MSS ensures a more stable and resilient operational framework. This enables partner credit unions to enjoy greater financial stability and operational flexibility.

ACCESS EXPERTISE AT SCALE

Partner credit unions gain access to high-caliber experts and advanced technologies typically available only to larger credit unions. Through MSS partner credit unions receive expert guidance in critical areas without the overhead costs of maintaining an in-house system.

TESTIMONIALS:

25bp Annual Cost Savings

"The 25bp in costs savings we keep realizing has helped us offset numerous unexpected expenses. From Allowance funding to increasing dividend expenses. We're stronger today because of our partnership with MSS" - Leo Ardine, CEO, \$337 million asset United Teletech Financial FCU.

67% Contract Cost Reduction

"We definitely couldn't afford that expertise on our own." – Andy Jaeger, CEO, \$467 million asset Credit Union of New Jersey.

100,000+ Member and Growing, thanks to MSS

"Greylock's investment in the MSS CUSO partnership supports our goals of maintaining high levels of quality while remaining financially strong and independent. For us, that means being able to share in the costs of operations and new technologies, which is vital in addressing the ever-growing needs of our 100,000 plus members, and for keeping more of our local resources dedicated to building Member relationships." – John Bissell, CEO, \$1.6 billion asset Greylock Federal Credit Union.

CONCLUSION:

Credit unions have a significant advantage over all other financial institutions: the power of Collaboration. Credit union service organizations (CUSOs) were created to execute that power. Shared Services is an example of the collaborative power of CUSOs. MSS is an example of a highly successful Shared Services CUSO.

When credit union CEOs are routinely asked the question, “what keeps you awake at night?” the following responses are most common:

- Managing **rising operational costs**
- Keeping up with **technological advancements**
- Understanding and meeting **evolving member expectations**
- **Growing competition** from larger institutions, commercial banks and fintechs

All credit unions, regardless of asset size can improve operating efficiency and member experience by partnering with a shared services CUSO as we move forward in 2025 and beyond. There are no impediments to collaboration – and with specific reference to the shared services offered by MSS, there’s no requirement for participating credit unions to be on the same core system.

In the highly competitive world of financial services, the keys to success are pooled resources and shared services. It takes a village.

About MSS

www.msscuso.com

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For additional information, credit unions are encouraged to contact Vim Anand, CEO at 314.422.1964 or via email to Vim.Anand@msscuso.com.

About **CUinfluential**sm
www.cuinfluential.com

CUinfluentialsm is a corporate communications firm dedicated to enhancing the strength of the credit union industry by accelerating collaborative growth among credit unions, CUSOs and credit union service providers.

Founder Mike Hales served the National Association of Credit Union Service Organizations (NACUSO) as a board member, and during his 18-year tenure he chaired the NACUSO Governance, Membership Growth, and Business Services Committees. He has been president of two Credit Union Service Organizations, and a veteran bank and credit union consultant with Moss Adams, LLP as well as Counter Intelligence Associates, and the Rochdale Group where he led the development and launch of 16 multiple credit union-owned CUSOs. Prior to his credit union career, Mike was a community bank president and served for several years as chair of the California Bankers Association Sales and Marketing Committee.

Mike is a graduate of the *ABA School of Bank Marketing Management and Strategic Planning* at the University of Georgia, and the NACUSO/Pepperdine University *Designing and Implementing Collaboration and Business Networks* certificate program. He received his JD degree from the Lincoln University School of Law in San Francisco and is the author of “*The Handbook of Consumer Banking Law*” © Prentice Hall and “*The Language of Banking*” © MacFarland & Company.