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7: Technology & transformation trends

Executive Summary

- By 2050, building societies and credit unions will operate in a system transformed by AI, digital identity, tokenisation, programmable finance, real-time value transfer and automated decision-making. The precise shape of that future is uncertain, but the capabilities required are becoming clearer.
- The core needs mutuals serve will remain familiar: safe places to save, access to home ownership and trusted financial support at key life stages. Yet how those needs are met will change as customers come to rely on agents available through voice, wearables, connected devices and platforms to compare providers, recommend products and manage decisions.
- Mutuality as a concept will have value. Member alignment, trust, stewardship and community relevance could even matter more in a world where financial choices are increasingly mediated by machines. But that does not mean every mutual business model survives, nor that today's institutions will remain the natural custodians of that purpose.
- The strategic question is what role mutuals will choose to play in a more automated, intermediated and infrastructure-heavy financial system, and what capabilities they must build now to remain relevant in the future.

Introduction

By 2050, building societies and credit unions will be operating in a financial system reshaped by artificial intelligence (AI), digital identity, tokenisation, programmable finance, real-time value transfer and automated decision-making[1]. Yet the question for the sector is more immediate than the 2050 timeframe implies. Before asking what mutuals might become in 25 years' time, leaders need to ask what capabilities today's institutions must build to remain relevant through the next phase of disruption.

The pressure is already visible. Customer expectations continue to rise, while digital challengers and AI enabled platforms reset assumptions on speed and convenience[2], and larger banks have greater capacity to adapt.

The interface itself is also shifting. Today, digital interaction is still largely organised around a "pane of glass": the branch counter, website or smartphone app. Over time, interaction is likely to become increasingly multimodal, spanning text, voice, wearables, connected devices, digital assistants and AI agents acting on the customer's behalf. This matters because control over the interface has long shaped control over the relationship. Consequently, mutuals will need to decide how they remain visible, trusted and relevant in journeys they may not fully own.

Against this backdrop, mutuals face a difficult strategic choice. Mutuality may become more valuable if customers, regulators and machines need clearer evidence of trustworthiness, fairness and long-term alignment. It may also become less visible, too, if customer relationships move to platforms, agents or marketplaces where price, convenience and machine-readable product attributes dominate. If the benefits of mutuality cannot be expressed in ways that customers and intelligent systems can recognise, it risks becoming a heritage story rather than a source of competitive advantage. This is why the near-term matters.

By 2050, the sector may still look institutionally familiar, but the foundations of change will be clearer. AI will be embedded across servicing, underwriting, anti-fraud, compliance and personalisation[3]. Technology estates will be more cloud-based, modular and API-enabled, with greater dependence on third-parties, shared utilities and external platforms. Regulatory expectations around resilience, data governance, explainability, operational control and AI accountability, meanwhile, will continue to rise.

The future is therefore likely to be shaped by hard choices: whether to lead or follow; to own the customer interface or specialise in manufacturing; to build, buy or share technology; to preserve institutional independence or pool capability; and whether trust and human service can be converted into an enduring advantage.

Four possible future scenarios for 2050

From this starting point, four possible futures can be imagined.

1. **Machine-Readable Mutuality:** AI-mediated finance becomes mainstream. Customers increasingly rely on AI agents to compare providers, select products and manage financial decisions. These agents become brokers or proxy clients, acting on the true customer's behalf and bypassing traditional marketing, search and aggregation journeys. They optimise for price, but may also assess suitability, fairness, resilience, service quality, explainability and alignment with customer interests. This is the most optimistic route for mutuality. It assumes member-first economics can be made machine-readable. Governance, product design, pricing logic, service outcomes, complaints handling, vulnerability support and use of surplus capital all become part of an evidence base that customers and machines can assess. Institutions that evidence member-first outcomes could become trusted financial guardians. But this path is demanding, requiring strong data, transparent decisioning, modern governance, explainable AI and the ability to prove value in ways that are both human- *and* machine-readable. For some, the investment required may be too great unless delivered through shared infrastructure or partnerships.

[1 & 2] Deloitte, 2026 Banking and Capital Markets Outlook (30 October 2025) *https://www.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/ banking-industry-outlook.html*
[3] Deloitte, Tech Trends 2026 (10 December 2025) *https://www.deloitte.com/us/en/insights/topics/technology-management/tech-trends.html*

2. **Federated Mutual Networks:** The rising cost and complexity of technology makes standalone modernisation increasingly difficult. Cyber resilience, cloud infrastructure, AI tooling, fraud prevention, digital identity, compliance, payments and data management become too costly or complex for most institutions to build and run alone. Mutuals remain institutionally distinct, share more of the operating backbone through common platforms, pooled technology services, shared utilities and collective procurement. In this scenario, scale arises less from full consolidation and more from federation. Modern, decoupled and interoperable architecture could allow institutions to collaborate, integrate and operate across multiple brands without the disruption traditionally associated with complex mergers. Shared data standards, common platforms, APIs and stronger supplier governance could create looser forms of scale. But federation, too, requires hard choices, with less autonomy over technology, more standardisation and stronger governance across shared services.

3. **Platform-Dominated Distribution:** Here, customer relationships shift towards digital platforms, marketplaces, super-apps and AI assistants. Customers still need savings products, mortgages and financial guidance, but discovery, comparison, switching and decision support are mediated by third parties. Building societies and credit unions continue to exist but are less visible. Their balance sheets, licences, products and trusted brands still matter, but they operate inside someone else's distribution environment. Some mutuals may perform successfully in this world as efficient product manufacturers with strong underwriting, trusted balance sheets and competitive pricing. But the distinctive value of mutuality becomes harder to sustain if customers experience the relationship through a platform layer.

4. **Autonomous Capital Markets:** In the most radical scenario, financial intermediation becomes thinner. Tokenised assets, programmable contracts, machine-to-machine transactions, automated underwriting and new digital market infrastructure reduce the need for institutions structured like today's banks and building societies. Saving and credit still exist, but more matching, execution and servicing happens on automated rails. Value moves in real-time across tokenised forms of money and assets, while AI agents continuously optimise where customers hold liquidity, seek yield or manage risk, directly challenging the existing model. Lending depends on confidence in the stability, cost and behaviour of deposits. If customer balances become more liquid, more automated and more actively managed by agents, institutions may need far greater sophistication in liquidity management, pricing, credit risk, balance sheet management and funding strategy. For mutuals, the opportunity may lie in becoming trusted interpreters, guardians or validators within more automated systems. But that would be a very different role from the traditional savings and mortgage intermediation of today.

How today's trends connect to these futures

These futures do not arise from a single technology. They emerge from forces already visible today: AI, digital identity, tokenisation, real-time payments, programmable finance, cyber risk, cloud infrastructure, data standards and rising expectations around operational resilience and control. Ultimately, the future may contain elements of all four scenarios. Mutuality may become more machine-readable in some contexts, while distribution becomes platform-led in others, with the impact felt unevenly across different building societies and credit unions. Shared infrastructure may become essential for firms that continue to compete for members directly, while more autonomous forms of finance emerge in specific markets or product areas before spreading more widely. Non-technical factors, such as trust, will also shape the outcome, and likewise may also develop unevenly.

What leaders should be doing now?

While 2050 may feel distant, the decision-point for mutuals is much closer. The next five years could determine whether today's institutions retain the optionality needed to shape their own direction. The future cannot be predicted precisely, but those best placed to succeed will be able to evolve continuously, safely and efficiently. Five priorities stand out.

1. **Decide your future role before deciding your technology agenda.**
   Mutuals should start with the role they intend to play and the technology choices their decisions imply: A relationship owner needs strong front-end, data, personalisation, consent and service capabilities; a product manufacturer needs pricing, underwriting, risk and balance sheet integration strength; a federated participant needs standardisation, interoperability and governance over shared services. Across all roles, however, success will depend on a common set of capabilities: modern technology foundations, faster change capacity, resilient operating models, trusted data, adaptable service models and strong controls. These capabilities are not unique to mutuals, but the implicit economics and purpose of the sector make the choices around them more urgent.

2. **Treat trust as an operating model, not a brand position.**
   Trust remains one of the sector's strongest assets, but it needs to become operationally visible. Mutuals must be able to demonstrate fairness, transparency, accountability and member alignment through data, processes and outcomes. That means making mutuality legible through pricing, product design, complaints handling, vulnerability support, governance and AI decisioning.

3. **Know whether to lead, follow or collaborate.**
   Not every institution should try and lead in every technology domain. The key is to distinguish between capabilities that create strategic differentiation and those that are necessary but non-differentiating. Cyber resilience, cloud infrastructure, digital identity, data management, compliance tooling and fraud prevention may increasingly lend themselves to shared models. Meanwhile, member experience, local relevance, service philosophy and trust may be areas where differentiation is more defensible.

4. **Build only what the institution can afford to sustain.**
   Large-scale transformation programmes can be difficult to fund and harder to complete. Mutuals should sequence investment around capabilities that preserve strategic optionality, including resilient data, secure infrastructure, integration, operational resilience, risk controls, AI governance, regulatory change execution and the ability to connect into shared platforms or ecosystems. Technology investment choices may focus on supporting scale, improving today's customer needs or preparing for needs and purpose that may be accessed and executed in very different ways.

5. **Protect the member relationship but prepare for a world where it may be shared.**
   Platforms, agents and intermediaries may become more influential. Mutuals therefore need a strategy for retaining relevance, visibility and influence over the customer experience. That may involve direct digital engagement, human support for complex moments, stronger community propositions or trusted guidance around major financial decisions. It will also require strong integration, clear product economics, machine-readable value and the ability to demonstrate why a mutual provider should be selected inside an agent-led or platform-led environment.

Conclusion

- In the future, mutuality may become more legible and valuable in AI-mediated markets and strengthened through deeper collaboration and shared infrastructure. Alternatively, it may survive inside platform ecosystems while control of the customer interface is lost. Or the financial system could evolve in ways that reduce the need for traditional intermediaries altogether.
- Whichever scenario proves most influential, technology and digital transformation will not sit at the edges of the model. Decisions made in the near term will determine how mutuals compete, collaborate, retain their purpose and defend their relevance.
- Success will mean retaining strategic optionality: the ability to evidence member value, adapt products and pricing, manage risk in faster-moving markets, integrate with partners, participate in shared infrastructure and keep evolving as technology changes.
- Failure will look very different: high-cost legacy systems, weak data, slow change, expensive integration, loss of customer visibility, unstable funding and an inability to prove why mutuality matters in AI-mediated markets.
- For leaders, the message is uncomfortable and urgent. Standing still is not a neutral option. Indiscriminate investment in technology and capability is also risky. The future will belong to those that make clear choices early enough to preserve optionality as the sector, and the customers it serves, continue to evolve.

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