Modern Executive Solutions™

Succession Planning in Credit Unions Is a Governance Imperative

Written by Mike Juratovac & Jim Hansen

5 Min Read | June 24, 2026

Executive Summary

Credit unions face a distinct succession challenge: an aging leadership base, thin internal benches, and rising expectations for enterprise skills in an increasingly complex environment. The most resilient institutions treat succession as an ongoing governance system, not a one-time event, with clear criteria, disciplined development, and transparent communication that protects culture while preparing for change.

The core challenges shaping credit union succession

Succession planning in credit unions is rarely a single moment. It is a multi-year leadership system that touches governance, talent, culture, and strategy. The cooperative model brings important strengths, yet it can also create friction when leadership transitions require faster decisions, clearer accountability, and more deliberate development.

Below are the most common challenges showing up across credit unions today, along with what they mean in practice.

Leadership demographics and the talent pipeline

Many credit union CEOs and senior executives are approaching retirement, and boards often include long tenured volunteers with similar demographics. That creates urgency, yet it can also slow decision making. The result is a narrow timing window where the organization needs to move, while the system prefers to wait.

At the same time, many small and mid-sized credit unions do not have deep management layers. Even strong internal leaders may have limited exposure to enterprise scale scope, regulator facing dynamics, or the full complexity of running the institution. That makes ready-now successors harder to identify, and it increases reliance on external options.

The external market adds pressure. The pool of leaders who combine cooperative values with sophisticated financial and operational acumen is tighter than it used to be. Banks and fintechs can offer broader platforms, more robust compensation incentives, and clearer enterprise pathways, which makes attracting and retaining high performers from outside the credit union sector more competitive.

Governance and board readiness

In many credit unions, succession planning is emotionally sensitive and politically delicate. Volunteer boards can hesitate to address it directly because it feels personal, raises loyalty questions, or introduces uncertainty.

Boards also vary widely in their exposure to executive assessment, recruitment, and leadership development. Without a structured succession framework, processes can become reactive, driven by urgency rather than design.

A related challenge is the lack of consistency in how readiness is defined and assessed. Internal succession decisions often rely on informal judgments or incumbent comparisons rather than a clear, future-oriented success profile. As a result, strong internal talent may be overlooked while familiar candidates are elevated without the capabilities needed for what comes next. When the search shifts externally, that same lack of clarity can attract impressive resumes without ensuring alignment with the real demands of the role.

Strategy and culture alignment

Credit union boards often face a dual mandate. Preserve culture and member centric values, while also modernizing capabilities across digital, data, partnerships, and operating model. Many succession decisions get stuck in the tension between continuity and transformation.

External hiring introduces its own complexity. Leaders from banks, fintechs, or adjacent industries can bring valuable experience, but ensuring cultural alignment requires more than good intentions. Member centric decision making, cooperative governance, and community orientation are strengths of the model, and leaders who have not lived it may underestimate how much that shapes business and strategic planning.

Many credit unions also lack formal leadership development pipelines, mentoring structures, or rotational experiences that prepare the next generation for senior enterprise leadership. That makes succession feel like a one-time event rather than an ongoing system.

Scale and resource constraints

Credit unions, by and large, are not making the required investment in leadership development, coaching, assessment, and succession planning support. While this presents a practical challenge, it also creates a strategic risk as demands on the CEO and leadership team rise.

With large credit union consolidation and bank acquisitions on the rise, existing succession plans can quickly become irrelevant, requiring organizations to recalibrate leadership and succession potential against a new landscape. Consolidation adds another layer of uncertainty, making retention harder and potentially weakening internal bench strength at the exact moment it is most needed.

Market and regulatory complexity

The CEO role now requires stronger capability in digital transformation, data, risk management, compliance, and partnership strategy. Many credit unions recognize this shift, yet internal pipelines were often built for a different era of leadership demands.

Regulators also increasingly expect documented succession plans, not just informal confidence that the board will handle it when the time comes. Many organizations struggle to operationalize this requirement into a living plan with triggers, timelines, and development actions.

The reputational stakes are high. A poorly managed transition can disrupt member confidence, strain regulator relationships, and create internal instability. Succession is a continuity risk, not just a leadership topic.

The human side of succession

Even when the logic is clear, succession is deeply human. Long serving CEOs may feel personal ownership of the institution’s identity. Staff and boards can worry about disruption, especially if the successor brings a different leadership style. When succession conversations stay quiet, uncertainty grows and can create retention risk among senior leaders who need clarity.

Strong transitions tend to share one characteristic. They are discussed earlier, more directly, and with more structure than most organizations expect.

What does effective succession require

Effective succession planning in credit unions consistently comes back to a small set of disciplines. Boards that do this well start early and treat succession as a recurring governance responsibility. They define clear leadership criteria tied to strategy and culture. They evaluate internal leaders through consistent, objective frameworks.

They invest in leadership development and mentoring, so successors are built, not discovered at the last minute. They communicate with enough clarity to reduce uncertainty without creating disruption. And they balance continuity with renewal, preserving what matters while building the capabilities the next environment will demand.

Mike Juratovac
Senior Partner
(415) 305-3736
mjuratovac@modernexec.com

Jim Hansen
Senior Partner
(515) 528-4367
jhansen@modernexec.com

Modern Executive Solutions™

Modern helps clients build future-ready organizations through integrated solutions spanning Executive Search, Leadership Advisory, Organizational Strategy, and Executive Communities. We help the world's boldest leaders and most influential organizations define the future, not follow it. Let us know how we can help.

Stay updated with insights at www.modernexecutivesolutions.com