WHITE PAPER

THE DIGITAL ROADMAP : STRATEGIC TRANSFORMATION FOR CUSTOMER-OWNED BANKING IN AUSTRALIA

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1 INTRODUCTION

Australia's banking sector is undergoing significant transformation, shaped by regulatory changes, rising customer expectations, and competitive pressure from fintechs and major incumbents. While the largest banks continue to dominate market share, customer-owned banks and credit unions remain vital players in regional communities and niche markets.

A customer-owned bank is a financial institution owned by its members or customers, rather than external shareholders. This model, also known as mutual banking, prioritizes the interests of its members. Today, more than five million Australians choose to bank with a customer-owned institution according to COBA (Customer-Owned Banking Association).

Many of these institutions face the constraints of legacy technology, which limits innovation, agility, and scalability. Dissatisfaction with current providers has created an opportunity for modern, flexible solutions.

Digitisation is no longer optional for Mutuals; it is a fundamental requirement for long-term competitiveness. Banks must embed security, trust, and efficiency into all digital interactions while retaining their hallmark personalized service and community focus.

As these forces reshape the sector, customer-owned banks have a unique opportunity to differentiate through agility, digital innovation, and their member-first ethos.

2 MARKET INSIGHTS AND KEY THEMES FROM COBA

COBA Brisbane 2025 reaffirmed the strategic priorities shaping customer-owned banks. The event highlighted that while digital transformation is central, it must be underpinned by trust, strong governance, and sustainable business models aligned with member-focused values. Here are the key priorities for digital transformation among Mutuals:

2.1 LEVERAGING MODERN DIGITAL PLATFORMS: WHAT MEMBERS WANT

Mutual banks are spanning mobile applications with secure online services, and integrated banking ecosystems to deliver seamless, customer-first experiences. These solutions empower members to instantly apply for products such as loans, cards, or savings accounts through simplified digital onboarding.

Members are gaining real-time insights into their spending, saving, and investing behaviour to enhance financial literacy and control. They are also benefiting from full-function digital banking to seamlessly manage their payments, transfers, and account services, all without the need to visit a branch.
Members want to enjoy an enhanced, intuitive user experience designed for speed, convenience, and accessibility across devices.

2.2 PERSONALISATION THROUGH DATA: WHAT MUTUALS NEED

By harnessing advanced analytics, artificial intelligence and customer insights, customer-owned banks are moving beyond one-size-fits-all services to deliver experiences that reflect individual needs and preferences. This data-driven approach enables institutions to tailor product recommendations aligned with each member's financial goals and life stage, while delivering targeted advice that enhances decision-making across savings, lending, and investment.

This personalised approach fosters meaningful, timely interactions that deepen engagement and build trust, while proactive support ensures members feel understood and valued throughout their financial journey, strengthening long-term loyalty.

2.3 CORE SYSTEM MODERNISATION ENABLING INNOVATION AND GROWTH

Customer-owned banks are investing in the transformation of legacy infrastructure, replacing outdated platforms with cloud-ready, agile systems.

This modernisation provides mutual banks with strategic competitive advantages, beginning with operational and cost efficiency. By streamlining and automating complex processes, banks can improve system interoperability, reduce errors, and mitigate compliance risks, particularly as the banking licensing framework evolves and simplifies.

A robust, adaptable system allows institutions to respond swiftly to regulatory changes, accelerate product launches, and enhances service delivery. At the same time, modern platforms support more responsive member engagement, strengthen operational resilience, and enable continuous innovation, all while maintaining advanced security measures to protect member data.

Through these priorities, Mutuals can provide seamless, convenient digital experiences without compromising the personal touch that defines their brand.

3 CONVERSATIONS AND FEEDBACK

At COBA25, ERI engaged directly with executives, directors, and emerging leaders across the sector. Here are some of the key insights we have taken with us:

Strong appetite for alternatives: Many banks expressed frustration with existing systems and a strong interest in exploring new technology options.

Integration readiness: Prospects emphasized the importance of seamless integration with existing platforms, regulatory reporting frameworks, and digital channels.

Local delivery assurance: Partnerships with local firms resonated strongly, providing confidence in support and execution capability.

Early-stage engagement: While many banks are not yet in active transformation programs, the appetite for exploratory discussions and diagnostic workshops was high.

These conversations reinforced the relevance of core system modernisation, as the backbone of all technology enhancements, and the need for a consultative, relationship-driven approach to market entry.

4 OUTLOOK: ERI'S VIEW ON THE WAY FORWARD

Digital transformation is more than technology adoption; it is about empowering organisations and their people. For Mutuals, this involves:

Change management and workforce adoption: Many Mutuals have long-tenured employees accustomed to face-to-face interactions. Leaders must invest in upskilling staff to build relationships via digital channels and leverage data-driven insights in decision-making.

Regional considerations: In some regions, concerns around job security can affect technology adoption. Transparent communication about transformation goals, benefits, and employee roles is critical.

Strategic prioritisation: Mutuals should focus on initiatives that deliver the highest return on investment while remaining compliant with industry regulations. Collaboration with strategic advisers and technology partners can help navigate these challenges.

By modernising core systems and adopting digital-first strategies, Mutuals can enhance service delivery, maintain member trust, and position themselves for sustainable growth in a highly competitive market.

5 PARTNERING WITH MUTUALS FOR A FUTURE-READY BANKING EXPERIENCE

ERI delivers the OLYMPIC Banking System, a proven, cloud-ready and highly scalable core banking platform. ERI is committed to supporting customer-owned banks in their journey toward modern, agile, and resilient banking operations. With over 400 successful implementations worldwide, ERI's OLYMPIC Banking System empowers customer-owned banks to modernise securely and efficiently, helping them deliver the digital experiences members expect while preserving the values that define mutual banking. As Australia's financial landscape continues to evolve, now is the time for mutuals to align their technology foundations with their member-first mission. ERI stands ready to support that transformation journey.