

Playbook

Modernizing Trust for UK Building Societies

Trust is still the advantage. The challenge now is making members feel it through simpler journeys, more personal service, and a consistent experience at every interaction.



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Trust is Still the Advantage. The Experience is Where it is Being Tested.

Building societies have not lost their relevance. Their advantage is rooted in local accountability, financial resilience, long-term relationships, and a service model designed around members rather than external shareholders.

But trust is no longer experienced only through rate, reputation, branch presence, or local history. Members now judge trust through the quality of the journey: whether they can understand their options, complete tasks easily, get help when things become complicated, and see that the society knows who they are across every channel.

The strategic challenge is not that the mutual model has become weaker. It is that the way members experience financial confidence has changed.

£648.3 bn

Assets held by building societies and mutual-owned banks

29%

Share of UK outstanding mortgage balances

23%

Share of UK retail deposits

59,861

FTB mortgages in the six months to Sept. 2025

35%

Share of UK high-street branches

93%

Online adults using internet banking monthly

With **£648.3 bn** worth of assets held by building societies and mutual-owned banks, it is imperative to tackle the next phase of challenges to ensure the future of building societies is secure.

4 Gaps That Building Societies Must Fill in 2027.

The next phase of competition will be decided by who makes members feel most informed, supported, and in control.

Gap 1

Experience

First-time buyer relationships rarely begin at the mortgage application. They begin when a member starts saving, compares affordability, asks family for advice, or tries to understand whether home ownership is realistic.

Gap 2

Evidence

Consumer Duty has moved the conversation from intent to evidence. Societies may care deeply about members, but they need data to prove how support was delivered and where outcomes improved.

Gap 3

Operating Model

Branch, phone, web, app, advisor, and back-office workflows are part of one relationship. When those channels do not share context, members feel the disconnect.

Gap 4

Legacy Technology

57% cite legacy systems as the key barrier to change. The issue is not only outdated platforms; it is the opportunity cost of keeping them running.



The Experience Gap is Becoming an Acquisition Gap

Younger members do not benchmark a building society app against another building society app. They benchmark it against every clear, fast and intuitive digital experience they use every day. Lloyds Banking Group's 2025 Consumer Digital Index found that 96% of younger users aged 18-29 use digital banking at least monthly, while 84% of users aged 60+ do the same.

That does not mean the answer is digital-only. Among people not using internet banking, Lloyds found that many still prefer face-to-face support, have no interest in internet banking or worry about safety. The opportunity is assisted digital: mobile-first where members want independence, human-supported where members need reassurance.



The Evidence Gap is Becoming a Regulatory Gap

Consumer Duty has moved the conversation from intent to evidence. The FCA's 2025 vulnerable-customers work gathered responses from 725 firms, carried out outcomes-monitoring work with 29 firms and reviewed power of attorney and bereavement journeys with 7 retail banks and building societies.

Its conclusion was clear: most firms in that outcomes-monitoring work could not show how they effectively monitor and act on outcomes for vulnerable customers. [S6]

For building societies, this matters because member care is already part of the model. The risk is not a lack of intent. The risk is fragmented data, inconsistent journey evidence and manual management information that cannot show outcomes fast enough when the regulator, board or executive team asks.





The Operating Gap is Becoming a Trust Gap

The branch is not the opposite of digital. For building societies, it remains part of the trust system. The BSA's Sector Growth Plan notes that building societies were already the last branch in town in 122 places, while the November 2025 trading update says the sector now accounts for 35% of high-street branches.

At the same time, the FCA Financial Lives 2024 retail-banking findings show that 17% of UK adults said getting to a bank, building society or credit union was difficult, up 4 percentage points since 2022. That makes channel orchestration a trust issue, not just a convenience issue.



Legacy Technology is Becoming an Innovation Gap

Legacy technology is not only a technology problem. It is a capacity problem. A building society can have strong digital ambition, but if teams spend more time keeping old systems stable than building new member value, modernization slows before it reaches members.

Whitecap and BSA research found that the top barriers to adopting the latest technology were budget constraints at 60% and legacy systems at 57%. The same work noted that legacy systems are widely acknowledged across financial services, with more than 90% of firms relying on legacy technology in some form.

The pressure has intensified. The BSA's 2025 Building Societies Report says technology investment is an ongoing focus, with AI the most prominent technology theme and mobile platforms/apps viewed as the top technology investment priority over the next five years.



Compete As a Mutual, Not as a Smaller Bank.

Building societies do not need to copy challengers. They need to translate the mutual model into a digital operating model.

Design Principles



Goal

Preserve the things members already value - human reassurance, clarity, fairness, community presence and long-term commitment - while removing the friction that makes those values harder to experience digitally.

Audience		What trust feels like	Design implication	Research signal
	1. Established members	Digital should reinforce the relationship, not replace it.	Digital should reinforce the relationship, not replace it.	60+ users show strong monthly digital banking engagement at 84%, but safety and face-to-face preference remain barriers for non-users.
	2. Younger members	Trust is built through clarity and speed, not only through heritage.	Trust is built through clarity and speed, not only through heritage.	96% of 18-29 users use digital banking at least monthly.
	3. Families and support networks	Design for household decision-making without weakening privacy or safeguarding.	Design for household decision-making without weakening privacy or safeguarding.	First-home preparation and older-member support often involve family influence and trusted contacts.

Why This Choice is Timely?



Digital is Now Normal

95% of UK adults are online and 93% of those online use internet banking monthly.



Mobile is Becoming the Default Interface

UK Finance reports that mobile banking overtook desktop as the main way people access accounts, and 75% of adults used mobile banking in 2024.



Data-Sharing Expectations Are Growing

In 2024, 17% of adults with a day-to-day account used a service that shows different financial accounts in one place, and 19% allowed a company to access financial account data for personalized results.



Human Advice Still Matters

Even as AI grows, 51% of Lloyds survey respondents still preferred advice from a human advisor.

Repair The Journey First. Modernize The Platform with Evidence.

The safest route is not a large-scale transformation program that asks the organization to wait years before members feel the benefit. It is journey-led modernization: start where members feel friction, build the experience layer that removes it, connect the systems needed to support it, capture the data needed to prove outcomes and retire legacy components in controlled phases.

Latest Trend Signal

FIS 2025 bank-modernization research found that 86% of banking executives say modernization is very important or critical to long-term strategic goals, while 52% plan to use a sidecar approach that runs new services alongside legacy systems. That supports a building-society path that is progressive rather than disruptive: wrap, prove, scale and retire with evidence.

Modernization Model



Find the Trust Moments

Start where member confidence is most exposed: onboarding, servicing, first-home readiness, vulnerability support, bereavement, product maturity or mortgage status



Build the Assisted Digital Layer

Create digital journeys that allow independent completion while keeping secure messaging, branch booking and advisor handoff visible when needed.



Connect the Member Context

Unify the data needed to make the journey work across savings, lending, branch, contact center, vulnerability indicators, consent and outcome evidence.



Modernize Selectively:

Retire or replace legacy components in measured releases, once the new journey and data model have proven adoption, value and risk control.



Assisted Digital Servicing.

Make everyday banking easier without making the society feel distant.

The Idea

Everyday servicing is where trust is either reinforced or quietly eroded. Members may trust the brand deeply, but that trust weakens when simple tasks become difficult: changing details, understanding balances, uploading documents, asking a question, booking support, managing a product maturity or checking what happens next.

Supporting Data

Remote and mobile banking are now mainstream: 88% of adults used remote banking in 2024 and 75% used mobile banking.

But inclusion still matters: Lloyds found that non-users of internet banking often prefer face-to-face support or worry about safety.

FCA Financial Lives found that 17% of UK adults said getting to a bank, building society or credit union was difficult in 2024.

Journey Diagnosis

Where it breaks today

-  Members cannot see the next step clearly.
-  Simple requests generate phone calls because digital journeys feel uncertain.
-  Branch and contact-center teams cannot always see what happened online.
-  Secure document upload is separated from the journey that requested it.
-  Digital journeys do not offer a visible route to human support.

What good looks like

-  A member starts a task digitally and immediately understands what is required, how long it will take and how to get help.
-  If they need support, they can move to secure messaging, branch booking or advisor handoff without starting again.
-  If they call or visit a branch, the colleague can see the journey they have already taken.
-  Delegated support can be handled safely where the member has consented.

How Ciklum Helps

Delivery Role

Ciklum maps high-friction servicing journeys across digital, branch, contact center and back office. We redesign the member flow, build assisted digital capabilities and connect them into the systems colleagues already use.

This can include secure messaging, case workflows, document services, advisor handoff, branch appointment booking, delegated-access design and real-time journey analytics.

Outcomes and Measurement

 What changes

- Higher digital completion
- Fewer repeat contacts
- Stronger member satisfaction
- Faster resolution
- Clearer evidence of support delivered
- Better colleague visibility

 KPIs to track

- Digital journey completion rate
- Member satisfaction after servicing
- Repeat contact rate
- Average handling time for assisted journeys
- Complaint volume linked to digital confusion
- Advisor handoff success rate



First-Home Readiness.

Win the first-time buyer before they become an applicant.

The Idea

The mortgage application is too late to start the relationship. By the time a first-time buyer applies, they may already have spent years saving, checking affordability, comparing lenders and asking family for support elsewhere. The opportunity is to become the trusted guide earlier.

Supporting Data

Building societies provided 59,861 first-time buyer mortgages in the six months to September 2025.

BSA Property Tracker research found 2.2 million missing first-time buyers since 2006.

In July 2025, 67% of first-time buyers cited raising a deposit as the biggest obstacle; 61% cited mortgage-payment affordability; and 48% said accessing a large enough mortgage was a hurdle.

Journey Diagnosis

Where it breaks today

-  Savings and mortgage journeys are disconnected.
-  Affordability guidance is generic, hidden or too late.
-  Members cannot easily see how saving behavior affects readiness.
-  Document preparation starts after anxiety has already built.
-  Application status is unclear.
-  Parents and family supporters are not safely integrated into the process.

What good looks like

-  A prospective buyer opens a savings journey with a clear home goal.
-  They can understand affordability without committing to an application.
-  They receive prompts when they are ready for the next step.
-  They can prepare documents before the formal process begins.
-  They can move from savings to advice to mortgage application without losing context.

How Ciklum Helps

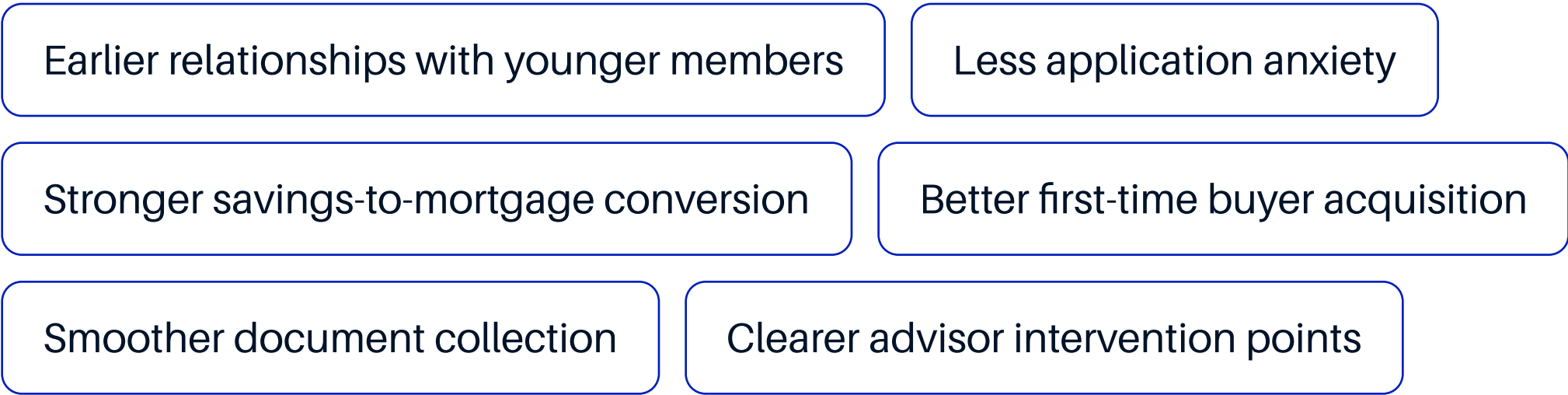
Delivery Role

Ciklum builds mobile-first journeys that connect savings, affordability, guidance, document preparation, advisor support and mortgage status into one coherent experience.

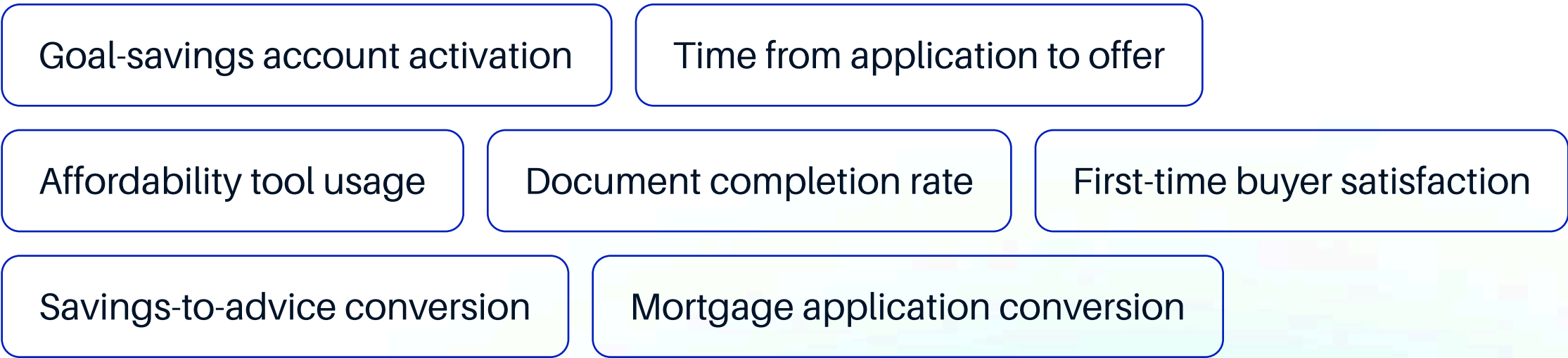
Behind the interface, we connect CRM, savings, lending, document management, decisioning and communication systems so the member does not experience the organizational silos underneath.

Outcomes and Measurement

 What changes



 KPIs to track





Consumer Duty Evidence.

Turn member care into measurable outcomes.

The Idea

Building societies were built to serve members. Consumer Duty raises the evidence bar by asking firms to show how good outcomes are being delivered, monitored and improved. That makes fragmented data more than a reporting problem. It becomes a member-outcomes problem.

Supporting Data

The FCA's 2025 review found most firms in its outcomes-monitoring work could not show how they effectively monitor and act on vulnerable-customer outcomes.

The FCA also expects firms to monitor outcomes, identify where customers are not getting good outcomes and change products, services, policies or practices where risks emerge.

FCA Financial Lives shows growing use of data-enabled services: 17% used account-aggregation services and 19% allowed access to financial account data for personalized results in 2024.

Journey Diagnosis

Where it breaks today



No complete member context across products and channels.



Vulnerability indicators are held in isolated records.



Outcome reviews rely on manual evidence gathering.



Digital behavior is not connected to support needs.



Boards cannot easily see whether different member groups receive different outcomes.

What good looks like

-  A single member context brings together the information needed to support, monitor and evidence outcomes.
-  Colleagues see relevant vulnerability and support indicators at the right moment.
-  Digital journeys adapt when a member may need additional guidance.
-  Outcome data is captured as part of the journey, not assembled afterwards.
-  Boards can see where member groups experience friction and what changed in response.

How Ciklum Helps

Delivery Role

Ciklum designs and builds the data and workflow layer needed to connect member interactions across savings, lending, branch, contact center and digital channels.

This can include unified member views, outcome-monitoring dashboards, vulnerability signal handling, case history, colleague workflows, audit trails and explainable AI use cases where appropriate.

Outcomes and Measurement

 What changes

- Faster Consumer Duty reporting
- Better support for vulnerable members
- Clearer board-level outcome visibility
- More consistent colleague decision-making
- Stronger auditability
- Earlier intervention where members may need help

 KPIs to track

- Vulnerability support completion
- Outcome variance by member group
- Time to produce Consumer Duty MI
- Journeys with embedded outcome capture
- Escalation rate for vulnerable-member cases
- Remediation cycle time



Controlled Platform Modernization.

Change the architecture without making the core the first risk.

The Idea

For building societies, legacy systems aren't really the barrier — sequencing is. A full core replacement first is too slow and risky to govern, but doing nothing just piles pressure onto digital and operations teams.

Supporting Data

57% cited legacy systems as a key barrier to technology adoption for building societies, while 60% cited budget constraints.

BSA 2025 research says AI is the most prominent tech theme and mobile platforms/apps are viewed as the top technology investment priority over the next five years.

FIS 2025 research found 52% of surveyed banking executives plan to modernize through a sidecar approach: running new services alongside legacy systems.

Journey Diagnosis

Where it breaks today



Core platforms do not expose data easily.



Digital journeys rely on manual back-office work.



Product and servicing data are fragmented.



Security, identity and consent are managed inconsistently.



New digital experiences are slowed by integration complexity.



Transformation programs struggle to show value before governance fatigue sets in.

What good looks like

-  The society creates a modern experience and data layer around the existing estate.
-  APIs expose the services needed for priority journeys.
-  Identity and consent are handled consistently.
-  Workflow and document services are reusable.
-  Legacy components are retired only when a replacement has proven itself.

How Ciklum Helps

Delivery Role

Ciklum helps building societies stabilize, wrap, orchestrate and selectively modernize legacy environments.

That can include API strategy, integration architecture, cloud-native services, identity, observability, reusable workflow components, data platforms, testing automation and phased migration support. The work starts with journeys members feel, but creates the technical foundations the estate needs.

Outcomes and Measurement

 What changes

- Faster delivery of new member journeys
- Lower integration friction
- Better reuse across products and channels
- Clearer technical governance
- Reduced manual operations
- Gradual retirement of duplicate systems
- Stronger readiness for AI and automation

 KPIs to track

- Release frequency
- Integration cycle time
- Manual processing reduction
- System availability for priority journeys
- Reusable service adoption
- Legacy component retirement
- Cost-to-serve improvement

Four Layers That Make Trust Scalable.

A modern building society experience does not come from one app, one platform or one transformation program. It comes from four layers working together.

Layer	Purpose	Capabilities	Research link
 1. Journey Layer	What members feel	Onboarding, servicing, savings goals, affordability guidance, mortgage status, secure messaging, branch booking and support journeys	Mobile, remote banking and AI money-management adoption are rising.
 2. Colleague layer	What staff need to serve members well	Advisor views, case management, vulnerability signals, next-best-action, contact history and support workflows	Human support remains material for trust, especially where digital safety concerns exist.
 3. Data layer	What proves the relationship and the outcome	Member identity, products, interaction history, consent, vulnerability indicators, outcome data and performance MI	FCA requires outcomes monitoring; account aggregation and data-sharing are becoming normalized.
 4. Platform layer	What allows change to continue safely	APIs, cloud infrastructure, identity, security, observability, workflow orchestration, document services and phased migration	Legacy systems and budget constraints remain key barriers; sidecar modernization is gaining momentum.

When these layers work together, the society does not have to choose between digital acceleration and member care. It can improve both.

Other Cooperative and Community-Led Institutions Have Already Shown the Pattern.

The most useful examples are not pure digital banks. They are organizations that had to balance trust, legacy, governance and member or community expectations.

Institution	What changed	Reported result	Lesson for building societies
 Desjardins Desjardins Group - Canada	Rebuilt around member centricity, omnichannel strategy, journey design and modernized core systems.	Bain reports an 11-point NPS increase, online sales initiated digitally rising from 25% to roughly 40%, and membership growth of 140,000 after a prior 80,000-member loss.	Start with the member experience and make KPIs cross-functional.
 German Cooperative Financial Network	Independent cooperative banks operate with shared network capabilities and common cooperative values.	DZ Bank describes accountability to Volksbanken Raiffeisenbanken and approximately 30 million customers; BVR cites 646 institutions, 6,813 branches and 17.5 million members.	Shared capability can coexist with local independence.
 Bendigo Bank and Up - Australia	Protected the broader trust model while using Up as a digital growth engine and simplifying technology foundations.	Bendigo reported Up growing 29% to 1.2 million customers, a tripled mortgage book to A\$1.7bn and deposit growth of 34% to A\$2.8bn in FY2025.	Digital innovation can be sequenced without destabilizing the core relationship model.

Experience Engineering for Regulated Financial Services.

Building society transformation needs more than software delivery. It needs service design, data architecture, integration engineering, cloud capability, AI governance, regulatory awareness and the ability to modernize legacy environments without creating unnecessary risk.

Ciklum positions itself as a global Experience Engineering firm combining product engineering, customer experience and AI. Official Ciklum sources describe more than 20 years of work with leading enterprises and over 4,000 engineers and experience design specialists worldwide. Ciklum has also announced a strategic partnership with 10x Banking to support hyper-personalized financial journeys and MetaCore deployments.

Where Ciklum adds value:

Experience-led

design for high-friction member journeys

Engineering delivery

across digital banking, lending, servicing and onboarding

API and integration capability

for legacy-heavy environments

Data and AI foundations

for personalization, outcome monitoring and operational efficiency

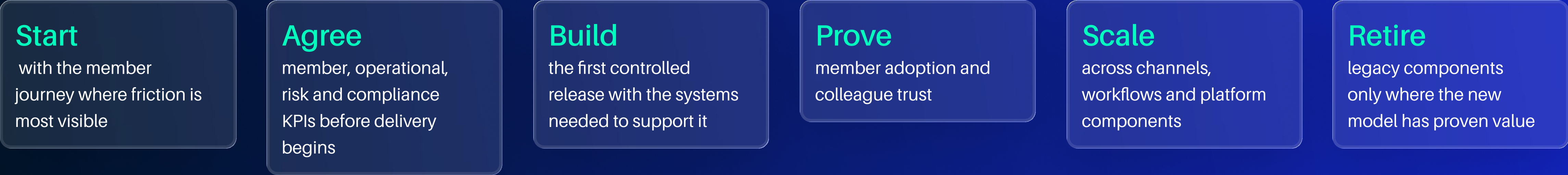
Cloud and platform

modernization expertise

Compliance-aware

delivery for regulated financial services

How we work:



Building societies do not need to become digital banks. They need to become digitally fluent mutuals. The future will not belong only to the fastest digital provider. It will belong to institutions that combine speed with reassurance, data with judgment and modern journeys with human accountability.

Start with the journey where trust is most exposed. In one working session, Ciklum can help identify the highest-friction member journey, define the evidence your board will need and shape the first controlled release.

Modernize the experience. Protect the relationship. Prove the outcome.



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