



PRISMM RESEARCH | THE DEPOSIT MORTALITY INDEX™

The Treadmill Report

Growth, Mortality, and the Arithmetic of Standing Still

American banking celebrates growth. This report measures how much of it is replacement: deposits and members re-purchased, at market cost, to stand still against an actuarial schedule. And it reports what happened to the institutions that could not keep the pace.

Martha Sylla Underwood · Founder and CEO, Prisimm · Creator of the Deposit Mortality Index · Author, The Death of Deposits
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A credit union has been absorbed every 2.2 days for three years. Most of them had the same thing in common.

Over the three years through March 2026, NCUA merger records count 489 credit unions absorbed by their peers, one every 2.2 days, with further exits through liquidation, purchase and assumption, and charter events. The industry narrates this as consolidation strategy: scale, technology, succession planning at the top of the house.

This report examined what the absorbed institutions looked like in their final observable years, using the one thing credit unions report that no other class of institution does: their members. The answer is on page 6, and it is simpler than strategy. Before they disappeared, four in five were failing a test most of the industry does not know it is taking: replacing the members they lose to mortality. Their memberships were shrinking nearly six times faster than the survivors around them.

That test has a name in this research: the treadmill. Every institution loses deposits and members on an actuarial schedule as account holders pass away. Growth must cover that schedule before it counts as growth at all. Most leaders have never seen the two numbers side by side, because one of them, the scheduled loss, has never appeared on any report. The Deposit Mortality Index™ measures it. This report puts the two numbers on the same page for the American banking system, and shows what happens, in realized outcomes, to institutions that run below the treadmill's minimum speed.

Every figure in this report is an aggregate computed from public regulatory data under the published DMI methodology, stated at the current national scoring vintage. No individual institution is named or identifiable.

Growth that covers the schedule, and growth that only looks like it

Deposit mortality is the one attrition channel that runs on a schedule: account holders pass away, and under prevailing heir behavior roughly 70 percent of transferring balances leave the institution. The Deposit Mortality Index computes each institution's scheduled runoff from public data. The treadmill question follows directly: does trailing growth cover the scheduled loss? This research expresses the answer as a Growth Coverage Ratio, trailing growth divided by annualized mortality runoff. Above 1, the institution outruns its schedule. Below 1, the balance sheet is shrinking against actuarial arithmetic before a single competitive loss is counted.

Coverage above 1 does not mean the runoff costs nothing. It means the cost is invisible. Every departed dollar is replaced at today's funding prices, and every departed relationship is replaced at today's acquisition prices: fully loaded benchmarks near \$560 per new retail bank customer and \$430 per credit union member, with observable new-account cash offers running \$300 to \$750, figures maintained as of July 2026. An institution can post positive growth every year of the decade and still spend that decade paying, twice, for money it already had: once in replacement funding spread, once in acquisition cost. Retaining the relationship at the transfer costs neither. That is the treadmill: not decline, but the invisible price of standing still.

The sections that follow size the treadmill for banks, then for credit unions, where a reporting accident makes the arithmetic unusually visible, and then follow it to its endpoint: the institutions that could not keep the pace, and what the record shows they had in common.

One in four banks is not covering the schedule

Across the 4,241 scored US banks, 25 percent show trailing deposit growth below their scheduled mortality runoff: a Growth Coverage Ratio under 1. Among banks under \$100 million in assets, the share is 47 percent, nearly half the class. The pattern mirrors the index itself, where the smallest institutions carry median composite scores of 50.4 against 21.7 at the largest: exposure, and the failure to outgrow it, both concentrate at the community scale.

One disclosure belongs inside this exhibit rather than beneath it. The trailing window includes the 2023 industry deposit cycle, when rate competition moved balances across the system for reasons that had nothing to do with mortality. Some banks below coverage in this window are experiencing rate strategy, not demographic arithmetic, and the growth ledger in every institution report flags merger activity and characterizes trailing trends before attributing anything to mortality. The treadmill claim is deliberately narrow: whatever else moved the trailing number, the scheduled runoff ran underneath it, every year, and will run next year at a pace set by age, not by rates.

For a bank below coverage, the planning arithmetic is unforgiving. The scheduled loss accelerates through the decade, because mortality rises with age. A bank covering 0.8 of its schedule today is not holding position; it is early in a compounding gap. And because banks do not report account-holder counts, a bank's board sees none of this in standard reporting: the dollars blend into total deposit movement, and the relationships close under the same code as a rate departure. The number exists. It simply is not on the page. It is on the institution's DMI report.

Members are countable. Two-thirds of the system is not keeping up.

Credit unions report something banks do not: membership. That single reporting difference makes the treadmill directly observable on the cooperative side of the industry, in people rather than inferred dollars. The arithmetic: 66.2 percent of US credit unions with three years of history are losing members to mortality faster than they replace them. The median credit union's membership is shrinking, at 0.4 percent a year, against a mortality schedule near one percent. Two-thirds of a 4,153-institution system is below the treadmill's minimum speed, in its own reported member counts.

Dollar growth hides it. Share balances at many of these institutions keep rising, because the older members who remain keep accumulating: compounding dividends, certificate rollovers, peak-balance years. Their growth outweighs the outflow from the members who pass away, so the dollars rise while the count falls, and the growth concentrates in the members closest to the actuarial schedule. Arriving members restore the count, not the dollars. A board reviewing the balance sheet sees growth; a board reviewing the member count sees the franchise aging out from under the dollars. Both lines are true. Only one is the future, because balances follow members with a lag of exactly one generation.

The composition of the loss makes it costlier than ordinary churn. A member lost to mortality was, by definition, a mature relationship: decades of tenure, peak balances, the cooperative's core. The replacement, acquired at the \$430 benchmark, arrives with a starter balance and a decade of development ahead. Member counts can even recover while the dollars and the relationship depth do not. This is why the treadmill's price is understated everywhere: the acquisition cost buys back the count, not the franchise.

Credit unions are also, structurally, the strongest side of the industry on this index: a median composite of 30 against the banks' 44, younger fields of membership, and, in segments this research has profiled, the stickiest funding composition in American finance. The treadmill finding

is not a weakness narrative. It is an arithmetic narrative: the strongest franchise cannot outrun a schedule it has never seen.

What the absorbed had in common

Across the three years through March 2026, NCUA merger records count 489 credit unions absorbed by other credit unions, one every 2.2 days, with further exits through liquidation, purchase and assumption, and charter events. This research examined the absorbed institutions' final observable years in their own filings (395 of the 489 were observable within the fixed comparison window), and compared them to the 4,102 survivors on the same member arithmetic.

In their final years, the absorbed institutions' median membership was declining 2.3 percent a year, nearly six times the survivor rate of 0.4 percent. And 79 percent were below mortality coverage, failing to replace even the members lost to death, against 66 percent of survivors. The absorbed were not simply smaller versions of the survivors. They were institutions already running below the treadmill's minimum speed, losing the members mortality took, and then some, and replacing neither.

Size does not explain it away. Absorbed institutions skew small, 81 percent under \$100 million against 58 percent of survivors, and small credit unions struggle generally. But within the under-\$100M class, where the comparison is like for like, the gap persists: 83 percent of the absorbed below coverage against 78 percent of small survivors, declining at 2.9 percent a year against 1.3. Smallness amplifies the pattern. It does not produce it.

One more contrast makes the treadmill visible at system scale. Over the same window, credit unions that acquired peers grew membership 3.8 percent a year, and three-quarters of them cover their mortality schedules; credit unions running organically shrank 0.7 percent a year, with 70 percent below coverage. Read those two lines together honestly: much of the acquirers' growth is the absorbed members themselves. The system's member counts are increasingly sustained by consolidation, which is to say, the count survives by changing hands.

Consolidation is usually narrated as strategy: scale economics, technology cost, leadership succession. The member arithmetic suggests a simpler reading for most of the wave. Mortality-coverage failure predicted absorption. The scheduled attrition is the treadmill's minimum speed, and the institutions that vanished were the ones already unable to run at minimum, years before the

merger vote. A credit union has been absorbed every 2.2 days for three years. The index now shows what most of them had in common before they disappeared, and it is measurable, today, for every institution still on the roster.

Two exits. Only one compounds.

The treadmill has exactly two exits. The first is to run faster: grow deposits and members quicker than the schedule takes them. It works, at the price described in Section 1, paid annually, forever, at rising volume as the age curve steepens. It is also the only strategy most institutions are running, because it is the only one visible in standard reporting: growth has a budget line, while retention-at-transfer has never had a number.

The second exit is to slow the treadmill itself: retain the transferring balances by being structurally present when they move. The machinery is unglamorous and decisive: beneficiary designations captured at account opening and kept current as lives change, so that when the moment arrives, the transfer has a destination inside the institution and a relationship with the next generation already on file. Under prevailing heir behavior, roughly 70 percent of transferring balances leave by default. Every account with a current designation is a transfer that can stay, at no acquisition cost, carrying the full balance rather than a starter deposit, and opening the successor relationship the demographic arithmetic requires.

The difference between the exits is compounding. Replacement spend buys this year's coverage and expires. Capture machinery, once standard, covers every account it touches for the life of the relationship and the one after it. Institutions above coverage in this research share no single geography or size; what the strongest share is machinery and a young pipeline, the two things that slow the treadmill rather than outrun it. The index scores the machinery directly, as the one component of the composite an institution controls by decision. The treadmill is optional. The schedule is not.

1. Does our growth cover our mortality, in members and relationships, not just dollars?
2. What did replacement actually cost us last year, in funding spread and acquisition spend?
3. Which exit are we taking: outrunning the schedule, or slowing it?

Four in five of the institutions that vanished could not have answered the first question, because no one had ever put the two numbers on the same page. Yours are on one now. The treadmill is optional. The schedule is not.

METHODOLOGY, IN BRIEF

The Deposit Mortality Index scores one exposure: deposits leaving because account holders pass away and heirs move the money. Every input is public: FDIC and NCUA branch and call report data, Census county demographics, Federal Reserve holdings-by-age research, and Social Security Administration life tables, netted for spousal retention and observed heir attrition. The scale and tiers were calibrated once and frozen; all 8,365 federally insured US banks and credit unions in the October 2026 scoring are scored on one yardstick. The Growth Coverage Ratio is trailing three-year deposit or share growth divided by annualized net mortality runoff; merger activity in the window is flagged from FDIC structure records and NCUA merger reports, and trailing figures carry a disclosure that the window includes the 2023 industry deposit cycle. The absorbed-institution analysis reconstructs the 489 merged-away credit unions (395 observable within the fixed comparison window of quarterly filings)' final observable years from NCUA quarterly filings, applying the national member-mortality rate uniformly to defunct charters; that approximation reproduces the survivor population's canonical coverage figure to within a tenth of a percentage point, validating the comparison. Acquisition-cost references are industry benchmarks maintained in a versioned artifact and enter no score. Every figure is an aggregate; a suppression rule withholds any statistic that could identify an institution. The full methodology, assumptions register, and change log are published at getprismm.com/dmi, including the v1.3 restatement note this edition is computed under (June 30, 2026 geography, Q2 2026 financials, NCUA merger records through Q1 2026, the latest published; member-growth windows run 2023-Q1 to 2026-Q2). The DMI is a research estimate, not a rating of safety or soundness.

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Is your growth real growth, or replacement?

Your score, tier, national rank, and growth ledger already exist.



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