

2026 strategy benchmark

Winning the Right Game:
Strategies for a New
Hybrid Monetary Era

jack henry[®]



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Study **methodology**

Between January and February of 2026, Jack Henry® conducted an online survey of our clients. Responses were received from 193 bank and credit union CEOs, representing a diverse sample of Jack Henry clients across the U.S., with assets ranging from under \$500 million to more than \$10 billion. All charts are shown with answers sorted by weighted totals to incorporate the top five responses for banks and credit unions respectively.

executive summary

Voice of CEO

Welcome to the eighth annual Jack Henry Strategy Benchmark, which identifies bank and credit union CEOs' strategic priorities for 2026 and 2027. This survey provides peer benchmarks for your strategic planning and enables Jack Henry to better align with your long-term direction, pinpoint emerging areas of opportunity, and expedite timely innovation in areas that matter most.

In addition to gathering high-level insights, we've focused on key competencies across your technology infrastructure and major business lines (digital, lending, payments, and risk, fraud, and security) to help you compete more effectively and differentiate strategically.

Below are key takeaways from the study:

- While margins and net income improved significantly in 2025, **competitive pressure on core deposits continued – along with ongoing struggles to win the relationships needed to grow.** While banks remain focused on “growing deposits” (64%) as their top strategic priority in 2026 – 2027, credit unions (40%) continue to place outsized emphasis on “acquiring younger accountholders (Gen Z/Alpha).”
- Whether framing pressure in terms of deposits or demographics, **both credit unions (46%) and a majority of banks (51%) still rank “increasing operational efficiency” as a key near-term priority** for the era of automation, analytics, and AI. For smaller financial institutions spending a disproportionately higher percentage of their non-interest expense on compliance costs, improving efficiency is not only a priority but key to long-term viability and survival.

- While relatively confident in their ability to improve efficiency, **banks and credit unions have serious reservations about achieving other top priorities.** When asked which strategic priority poses the most difficulty, banks report “growing deposits” (42%) and credit unions report “acquiring younger accountholders (Gen Z/Alpha)” (32%). A statistically significant percentage of credit unions (41%) have developed a formal strategy for “acquiring younger accountholders” compared to banks (10%) – a potential blind spot for banks given Gen Z drives small-business deposits – which are four to five times bigger than average retail deposits.
- **Payments are key for “acquiring younger accountholders (Gen Z/Alpha),” especially the “bizumers” driving small-business formation and growth.**
 - » Among CEOs with a formal strategy to acquire younger accountholders, “tap to pay” and “mobile-only account opening” (tied at 82%) are the top two tactics. Debit-card-based real-time transfers (59%) rank third in importance – a nod to Gen Z’s preference for debit cards and digital wallets.
- **While only 26% of respondents have a formal strategy for young accountholders,** a majority of credit union CEOs (60%) with such strategies are leveraging new account-funding options using third party, non-bank competitors (Venmo, Cash App, etc.) – a response to fintechs’ domination of Gen Z and the siphoning of trillions in deposits from credit unions and banks to fintechs over the past three years. Only 14% of bank CEOs with formal youth-acquisition strategies are leveraging account funding from third party, non-bank competitors.
- Coming off solid performance in 2025, **88% of all financial institutions plan to increase technology spend in 2026 – 2027,** up from 76% last year. The largest segment of CEOs (41%) plan to increase their tech spend between 6% and 10%. Banks are significantly more bullish on budgets this year, with 50% planning to increase tech spend between 6% and 10%, compared to 35% of credit unions. Still, 16% of credit unions plan to increase tech spend more than 10%. Scale continues to be a driver for tech investment. While the FDIC and NCUA have provided some relief by increasing regulatory thresholds for “small” financial institutions, the rising costs of cybersecurity and AI favored banks and credit unions with at least \$1B in assets.
- **For the first time in the history of the survey, AI is the top tech investment** for both banks and credit unions over the next two years. “Digital banking” ranks second among banks, while “automation” ranks second among credit unions. Banks report significant interest in investing in “core systems” (20%) relative to their credit union peers.
- The biggest concern for banks over the next **two years is “deposit attrition/displacement” (42%), while credit unions are most worried about acquiring younger accountholders (35%).** As fears tied to fraud and “net interest margin (NIM)” compression tempered in 2025, the talent needed to drive new tech investments (like data and AI) renewed concerns about “talent acquisition/retention” in 2026 – 2027 – the biggest concern in aggregate among all respondents. Given ongoing layoffs in the U.S. tech sector, banks and credit unions have access to a growing pool of technical talent, as the financial industry enters a new era of agentic AI and tokenized money.

- For banks, NIM remains the key performance metric for 2026 – 2027 (58%). For credit unions, “return on assets (ROA)” and “acountholder growth/attrition” (57%) are the focus.** In 2025, asset size was a primary determinant of performance for both banks and credit unions, with larger financial institutions in both sectors generally outperforming smaller peers due to economies of scale, superior technology adoption, and broader lending capabilities. For community banks, larger asset size correlated with higher profitability and a more optimistic outlook, while the smallest banks struggled with the highest proportional regulatory and operating burdens. This trend was even more pronounced among credit unions, where the largest (over \$10B in assets) dominated industry growth and technology investment.
- Almost all financial institutions (91%) plan to embed fintech into their digital banking experiences** with most (49%) planning to embed “digital account opening (DAO)” followed by “payments” (47%). Credit unions place a higher emphasis on “payments” (56%) and “digital marketing” (48%), while banks are looking to fintechs for help with “servicing small-to-medium businesses (SMBs)” (43%) and “treasury management” (42%).
- Seventy-five percent (75%) of banks and credit unions plan to “expand services for small businesses”** in 2026 – 2027. These financial institutions plan to add “payment services,” “digital service tools,” and “credit/lending” options for their small business accountholders.
- Ninety-four percent (94%) of financial institutions plan to add new payment services** within the next two years, up from 89% in 2025 – yet only 36% have a formal payments strategy in place. “Digital card issuance” is the top priority for credit unions while contactless cards are the top priority for banks. “Instant payments via FedNow® Service” and “same-day ACH” round out top priorities in payments for 2026 – 2027.
- Eighteen percent (18%) of respondents report plans to support “stablecoins, tokenized deposits, and/or cryptocurrency”** in 2026 – 2027. Of those citing plans for stablecoins, 60% of banks look to support “tokenized deposits and/or deposit tokens,” while 47% of credit unions are prioritizing “orchestration, exchange, and settlement of dollars to stablecoins/crypto,” “on-chain wallets for accountholders,” and “retail and merchant stablecoin payments.”
- Ninety-five percent (95%) of financial institutions plan to enhance their lending capabilities with automation and AI.** “Automated workflow,” “AI-assisted underwriting,” and “AI-assisted financial and credit analysis” lead the charge. Credit unions express increasing interest in “predictive analytics/decision making” and “rules/decision engines,” while banks plan to enhance “portfolio management,” “compliance and tracking,” and “cash-flow underwriting.”
- When asked about fraud capabilities over the next two years,** CEOs cite “real-time transaction monitoring,” “staff training,” and “AI and machine learning (ML) models” as priorities. Banks place more emphasis on “inbound transaction monitoring,” while credit unions plan to focus on “biometric verification.”
- When asked about top priorities for cybersecurity over the next two years,** banks and credit unions report “enhancing detection and response capabilities,” “strengthening data protection and privacy,” and “strengthening operational resilience.”

winning the right game

Navigating Uncertainty, Fragility, and a New Hybrid Monetary Ecosystem

By: Lee Wetherington, Senior Director, Corporate Strategy

Tariff tantrums. The collapse of the post-World War II rules-based order. Rising oil prices, higher inflation and fewer rate cuts in response to ongoing conflict in the Middle East.

A stock market over-indexed on a small number of AI “hyperscalers”. The Fed’s independence in question.

While consumers’ financial optimism reaches record lows¹, financial institutions’ optimism nears record highs on the promise of deregulation and a lower cost of funds.²

CEOs always face the question of how to grow their financial institutions, **but today, the answer requires more than navigating technological disruption, demographic shifts, geopolitical instability and the uncertainty of a K-shaped economy.**

The game of finance itself is fundamentally changing.

Beware Optimism’s Blind Spots

While rate cuts and smart deregulation – streamlined exams and reduced capital requirements – are both welcome and long overdue, they can also blind financial institutions to the effects of *dysregulation*, whereby supervision of non-bank competitors is softened or eliminated entirely.

In April 2025, **the new regime at the CFPB announced it would no longer supervise nor scrutinize non-bank fintechs³** – the companies that have siphoned \$3T in deposits from banks and credit unions over the past several years.⁴

Many of those same non-bank fintechs and payments companies – in addition to a new cohort of crypto concerns emboldened by the GENIUS Act – have applied for national trust bank charters⁵ with an eye toward direct access to the Fed’s real-time payments rails.⁶



The new regime at the CFPB announced it would no longer supervise nor scrutinize non-bank fintechs.



High Stakes: Stablecoins Threaten More Deposit Attrition

If stablecoin forecasts by the U.S. Treasury prove accurate, **U.S. financial institutions could take a \$1.7T hit to deposits over the next two to three years.**⁷ Those deposits would shift to backing reserves at a handful of large banks – reserves that cannot be rehypothecated into credit and lending.

The GENIUS Act also contains a backdoor exemption to the separation of banking and commerce. Non-bank e-commerce giants like Amazon and Walmart could be approved by the Stablecoin Certification Review Committee to issue their own stablecoins and bypass traditional debit and credit card payments altogether.

To mitigate the risks stablecoins present, **the most progressive financial institutions are prioritizing alternative forms of tokenized money that do not compromise their franchises.** Pending regulatory clarity, tokenized deposits and deposit tokens offer options that don't siphon demand deposits to a small number of stablecoin issuers.



The most progressive financial institutions are prioritizing alternative forms of tokenized money that do not compromise their franchises.

New Game, Different Competitors, No Final Rules Yet

The charter franchise of banks and credit unions – payments, deposits, and lending – is under direct threat by the rise of a new hybrid monetary environment bridging fiat and on-chain networks.

Traditional finance (TradFi) is coming into full contact and conflict with decentralized finance (DeFi). Trusted mediation is being challenged by trustless, direct, and often irrevocable transfers of digital assets executed by smart contracts on a blockchain.

The OCC's unprecedented and expedited **serial approvals of national trust bank charters for a growing number of non-bank crypto and fintech firms could give those firms direct access to real-time payments settlement with the Federal Reserve** – cannibalizing traditional payments volumes and the related non-interest fee income that subsidizes the day-to-day operations of full-service, federally-insured banks and credit unions.

The adoption of stablecoins may also unbundle traditional finance by breaking the flywheel between payments and credit, which has long driven acountholder acquisition and deposit demand.⁸

These shifts could accelerate structural changes in funding costs and lending capacity, but the final impact hinges on whether banks and credit

unions become the indispensable on- and off-ramp infrastructure for all forms of regulated tokenized money.

The value, viability, and feasibility of payment use cases powered by various forms of tokenized money will be determined by forthcoming regulations that operationalize the GENIUS Act and settle important disagreements between financial institutions and the crypto lobby – including and especially the issue of paying yield on payments stablecoins.

Coinbase generates hundreds of millions of dollars in revenue per quarter exploiting the GENIUS Act's stablecoin yield loophole with Circle. Circle is the issuer of the most dominant stablecoin (USDC) domestically, and it recently received conditional approval from the OCC to establish First National Digital Currency Bank, a national trust bank.

In February, the OCC issued a Notice of Proposed Rulemaking (NPRM) to implement the GENIUS Act.⁹ While the proposed rule categorically prohibits paying interest/yield to stablecoin holders – closing the current loophole being exploited by Coinbase – the final rule is subject to alteration during the comment period, and it could also be preempted by potential language in the final markup of the Clarity Act, the broader digital-asset market structure bill currently under consideration by the U.S. Senate.

Size Matters in the New Game

According to analysis by the Federal Reserve Board, large financial institutions with the scale and network effects necessary to issue their own stablecoins or deposit tokens may successfully offset disintermediation and unlock new revenue streams.¹⁰

But smaller and less digitally advanced banks and credit unions face significant headwinds – specifically erosion of their deposit bases. As a result, their capacity for relationship-based lending and small-business finance – the engine of the American economy – could weaken.

Fortunately, TradFi and DeFi are increasingly viewed as complementary. DeFi offers a new platform for digital innovation with 24/7/365 programmable money – innovation better anchored by the trust, stability, safety, and soundness of traditional financial institutions.

The future of Mainstreet banks and credit unions will depend on how regulatory frameworks evolve in 2026, how effectively financial institutions adapt, and whether stablecoins transition from a niche utility to a widely adopted, self-contained payment and settlement mechanism.

How to Win the New Game: Ecosystem Carryover

While classic disruption upends competitors within an industry, ecosystem disruption breaks the business models around which an industry is

organized and defined. When this happens, **the goal of strategy is not simply to win – but to ensure you’re competing to win the right game.**¹¹

In the years ahead, **banks and credit unions must execute ecosystem carryover** – a business strategy that leverages success and scale in one ecosystem to enter and jumpstart success in another. It’s the same approach Steve Jobs used when the iPod became the launchpad for the iPhone and an entirely new app ecosystem.

For banks and credit unions, ecosystem carryover involves transferring momentum (such as accountholder relationships and brand trust) from an established fiat-based ecosystem into on-chain payments and finance. Carryover also requires leveraging foundational core settlement capabilities to enable and capture new value and volumes to and from on-chain wallets.

Hybrid Ledgers Are Your Bridge to the New Game

No matter how GENIUS Act regulations develop – and no matter which forms of tokenized money gain traction over time – financial institutions must be prepared. This means ensuring their core infrastructure is bridged into the on-chain ecosystem and supports accountholders’ needs seamlessly across both environments.

In short, **banks and credit unions need a hybrid ledger.**

key findings

Study Results:

Strategic Priorities

Increasing operational efficiency is the top strategic priority in aggregate for all financial institutions in 2026 – 2027. While 64%* of bank CEOs consider growing deposits paramount, 40%* of credit union CEOs are focused on acquiring younger accountholders (Gen Z/Alpha).

Key Insights:

When asked which strategic priority is the most difficult to achieve, banks report growing deposits (42%*) and credit unions report acquiring younger accountholders (Gen Z/Alpha) (32%*).

CEOs pursue deposit growth, operational efficiency, and accountholder expansion because together, they determine **profitability, viability, and growth** in an increasingly competitive and automated financial landscape. These are not standalone initiatives – they’re enterprise-level levers that determine whether the financial institution can scale, adapt, and compete sustainably.

*Statistically significant



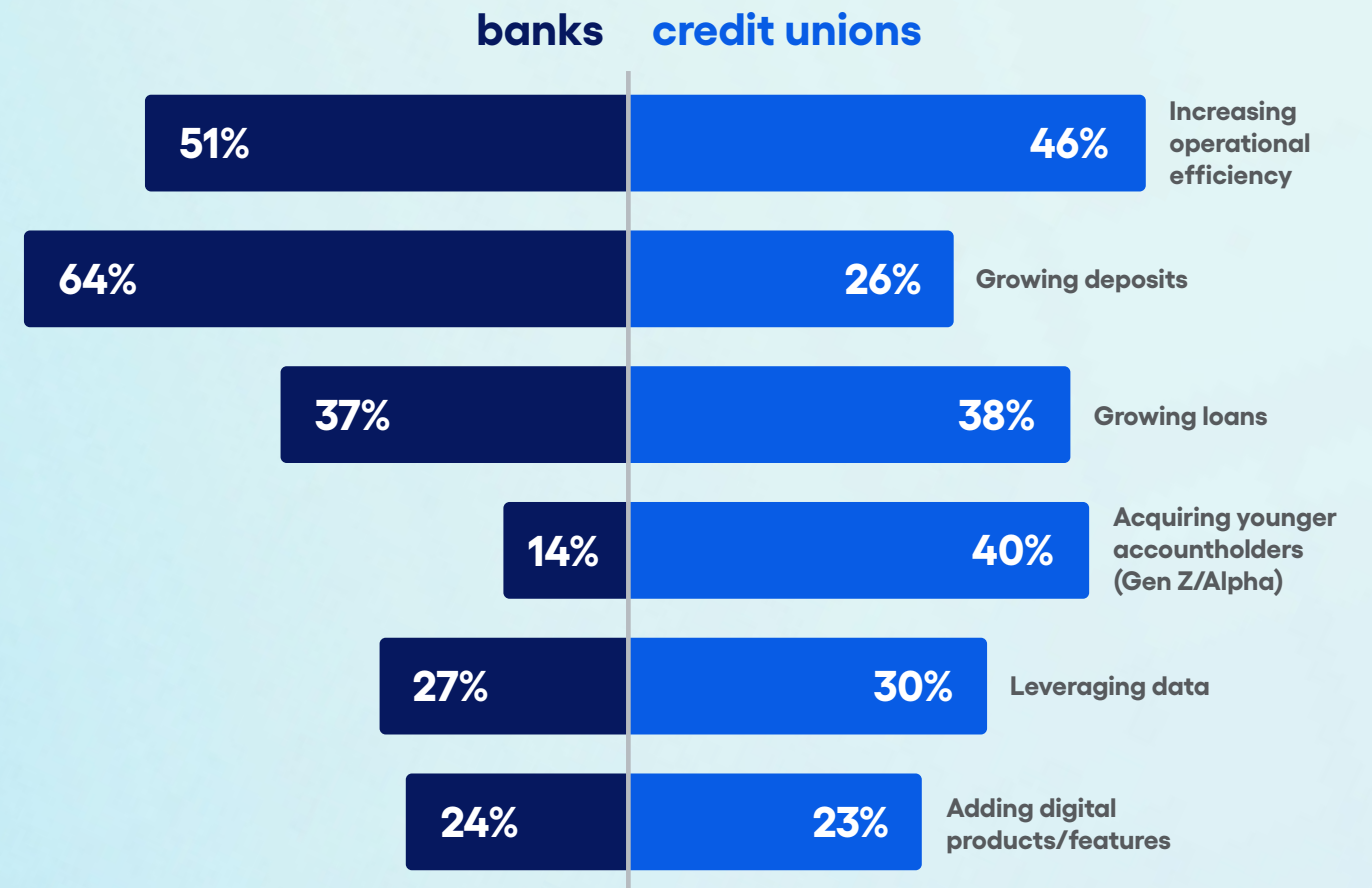
“Process automation and efficiency are essential to delivering the experience our members expect and deserve. By reducing manual, repetitive tasks, we can focus on serving members with intention.”

Jennifer Denoo

President and Chief Executive Officer, **Great Basin Federal Credit Union**

Top Three Strategic Priorities

Over the next two years, what are your top three strategic priorities?



*results shown reflect top percent of findings only



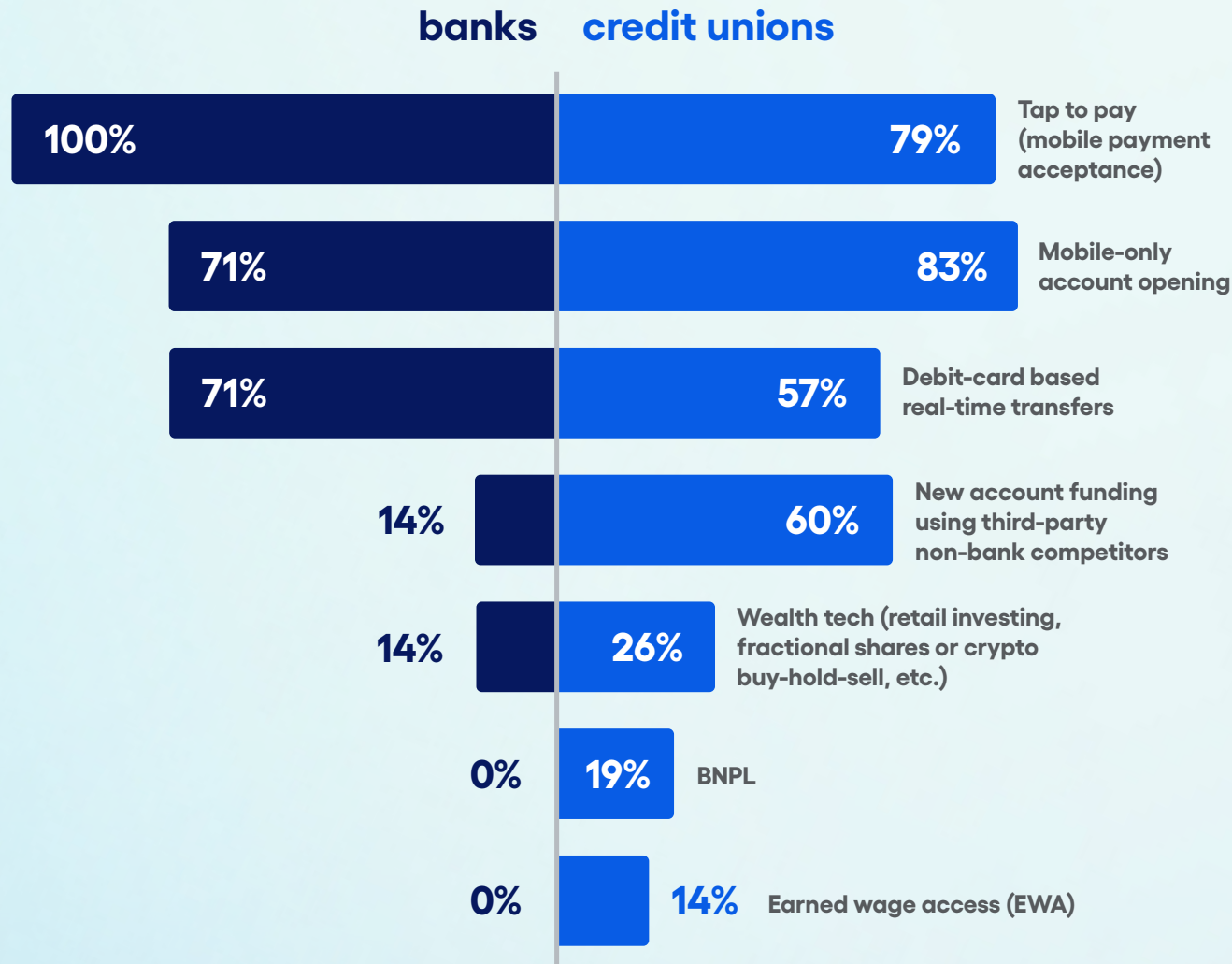
“There’s never been a more volatile time in our industry. It’s imperative CEOs stay at the forefront of what’s “real” versus what’s “noise” to effectively lead their financial institutions through the storm.”

Michael R. Wilson

President and Chief Executive Officer, **Members First FCU**

Planned Gen Z/Alpha Services

Which services are included in your strategy to acquire younger accountholders (Gen Z/Alpha)? (Select all that apply)



*results shown reflect top percent of findings only

Study Results:

Acquiring Younger Accountholders

Banks and credit unions are focusing on multiple tactics to acquire younger accountholders, including mobile and flexible payments, real-time transfers, and anytime account opening and funding.

Key Insights:

Payments are key for those respondents who have strategies in place to acquire younger accountholders and SMBs.

- Tap to pay and mobile-only account opening tie as the number one strategies for CEOs who plan to acquire younger accountholders (Gen Z/Alpha).
- Debit-card-based real-time transfers (59%) rank second in importance for acquiring younger accountholders (Gen Z/Alpha), with 53% of CEOs believing new account funding using third-party, non-bank competitors is important.

Attracting and retaining younger accountholders is essential to sustaining the financial institution's deposit base, loan pipeline, and long-term relevance in the communities they serve. It's not a marketing initiative – it's a long-term franchise strategy.



Tap to pay and mobile-only account opening tie as the number one strategies for CEOs to attract younger accountholders.

Study Results:

Top Concerns

While talent acquisition/retention and deposit attrition/displacement are the top two concerns for financial institutions overall, concerns differ when comparing banks and credit unions. Banks fear deposit attrition/displacement (42%*) while credit unions remain concerned about acquiring younger accountholders (35%*).

Key Insights:

Concerns about NIM compression are down double digits for both banks and credit unions compared to 2025. Concerns over fraud have also declined double digits for both banks and credit unions compared to last year. Fears of a continuing “NIM squeeze” in 2025 were eased by rate cuts that improved both margins and net income.

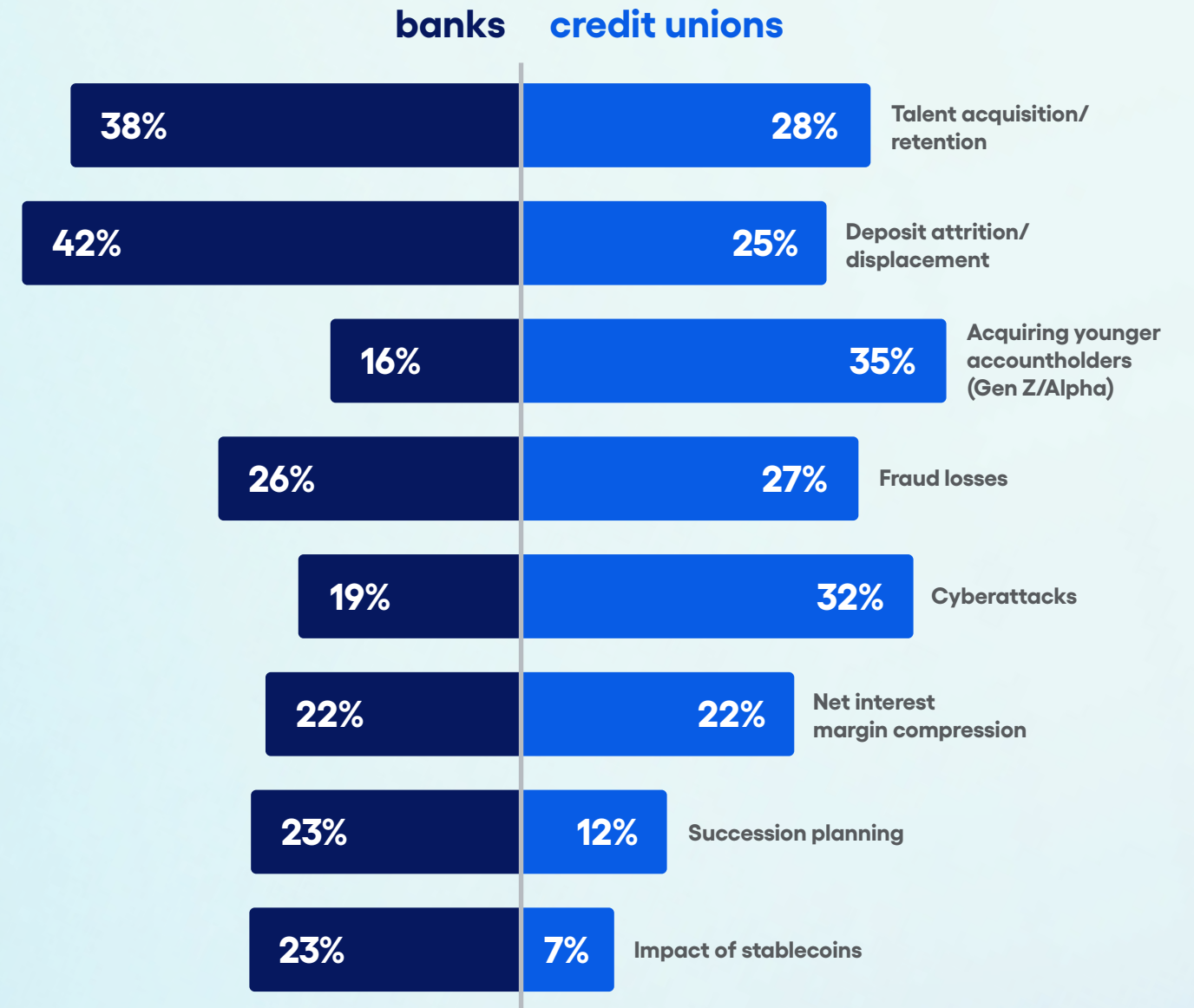
Acquiring younger accountholders is the second highest strategic priority for credit unions (40%) and their biggest concern (35%*) – reinforcing the fact that a statistically significant higher percentage of credit unions (41%*) have a formal strategy for acquiring younger accountholders compared to banks (10%).

Only 11% of CEOs reported regulatory/legislative changes as a top concern for 2026 – 2027. Of those, 60%* of banks ranked AI regulation as their top concern while 40% of banks ranked debit card interchange fees and routing as their biggest concern – both up double digits compared to last year. Zero banks and 13% of credit unions report concerns about the GENIUS Act and stablecoin regulation.

*Statistically significant

Top Three Concerns

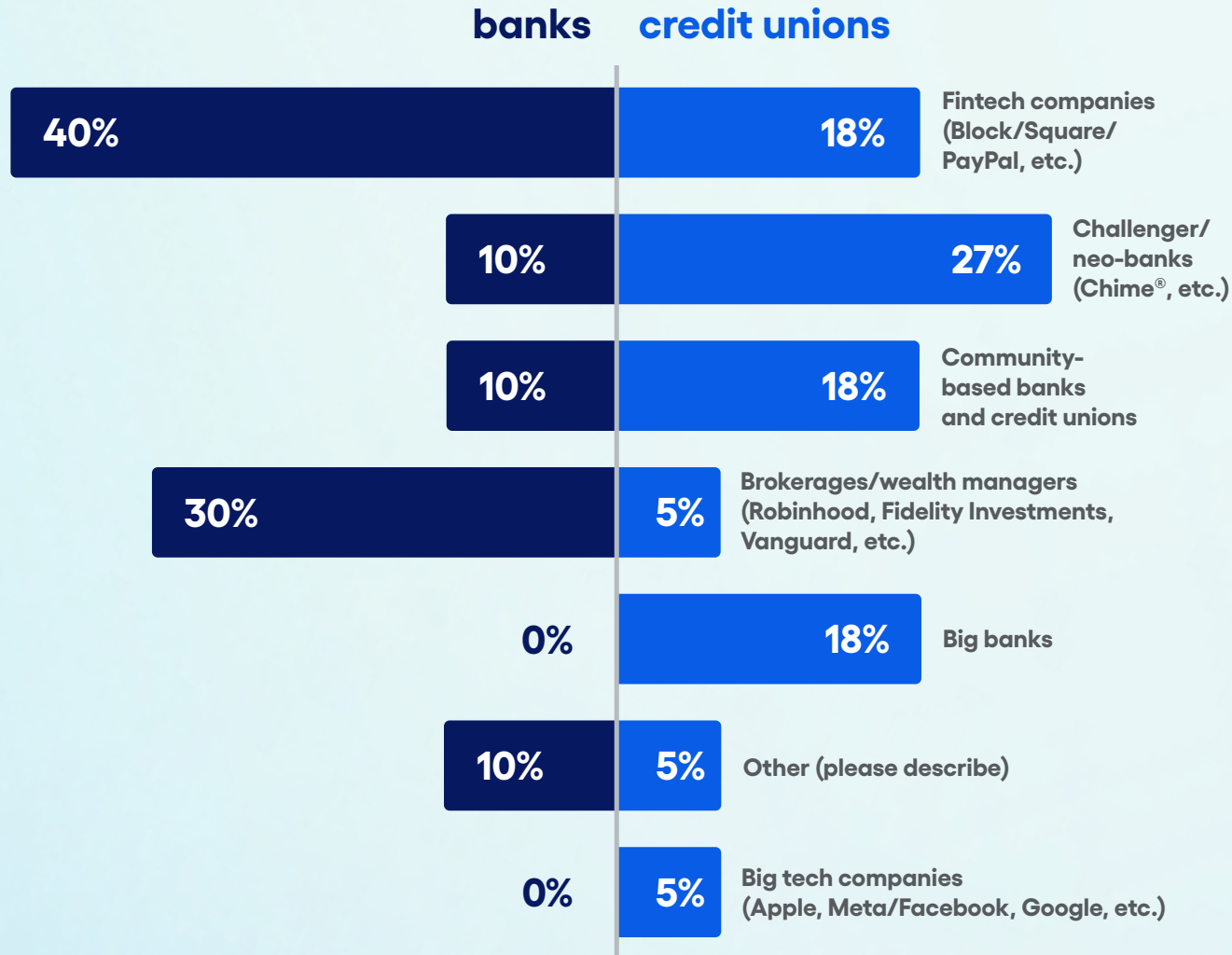
Over the next two years, what are your top three concerns?



*results shown reflect top percent of findings only

Biggest Competitive Threat

Which competitor type presents the biggest growing threat?



*results shown reflect top percent of findings only

Study Results:

Biggest Competitive Threat

For the first time in three years, CEOs rank fintech companies as the biggest competitive threat instead of other community banks and credit unions as reported in year's past. Credit unions show a higher concern for challenger/neobanks (27%) while banks show a higher concern for fintechs (40%) and brokerages/wealth managers (30%*).

Key Insights:

For Gen Z and Millennials, banking is no longer a place you go, but a feature on your phone. The migration toward neobanks (like Chime and Revolut) and fintechs (like Venmo and Cash App) is driven by a fundamental mismatch between traditional banking and the digital-native lifestyle.

Banks are reporting higher concern for brokerages/wealth managers as a competitive threat (30%*). Many of these firms offer traditional banking services like debit cards combined with newer options like buy/hold/sell of crypto using stablecoins.

*Statistically significant



CEOs rank fintech companies as the biggest competitive threat instead of other community banks and credit unions.

Study Results:

Technology Spending Plans

The vast majority (88%) of banks and credit unions plan to increase technology spend over the next two years. Of those planning to increase their technology spend, the biggest segment (41% in total) plans to increase investments between 6% and 10% – a jump from 33% in 2025.

Key Insights:

Plan to increase tech spend jumped from 76% in 2025 to 88% in 2026 – 2027, showing a concentrated interest in upgrading financial services to meet evolving accountholder needs.

This year, **banks are more bullish on tech budgets** compared to 2025 – with more banks (50%*) planning to increase tech investments between 6% and 10% compared to credit unions (35%). Most credit unions (37%) plan to increase their investments between 1% and 5%. However, a small portion of credit unions report increasing tech spend more than 10% (16%).

**Statistically significant*



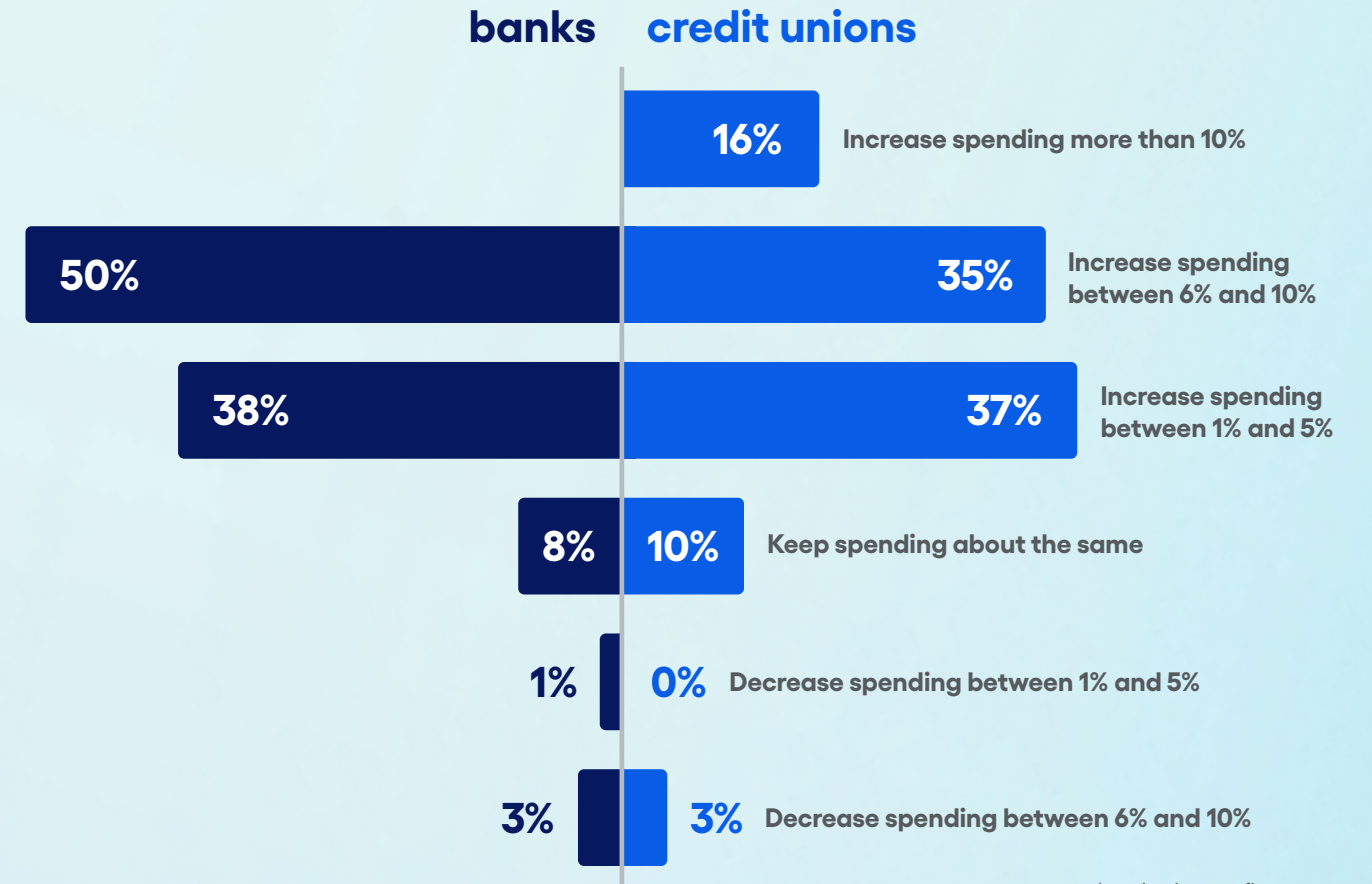
“Technology won’t replace community banking, but it will redefine it. The winners will use data and digital tools to anticipate needs and deliver personalized advice not just process transactions.”

Will Clements

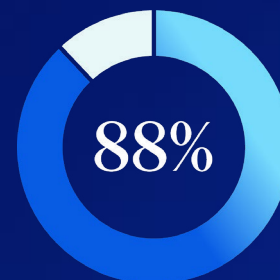
President and Chief Executive Officer, **The Bank of Southside Virginia**

Technology Spending Plans

Over the next two years, which of the following best describes your technology spend?



**results shown reflect top percent of findings only*

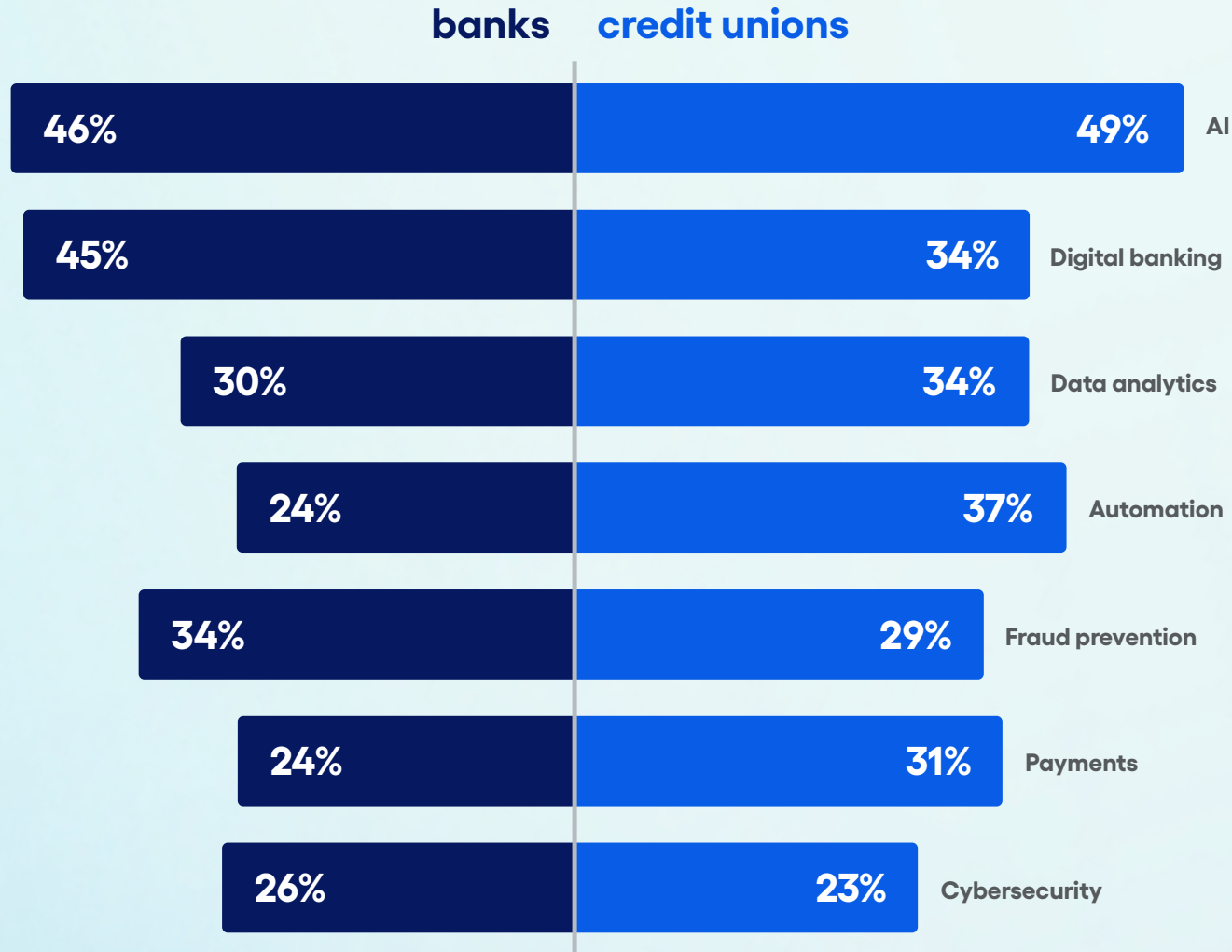


banks and credit unions

plan to increase technology spend over the next two years

Technology Investment Priorities

Select the top three technologies you plan to invest in over the next two years:



*results shown reflect top percent of findings only

Study Results:

Technology Investment Priorities

AI, digital banking, and data analytics are the top three technologies in which CEOs plan to invest in 2026 – 2027.

Key Insights:

Banks and credit unions are moving beyond seeing AI as a novelty – embracing it as an essential part of their overall strategy. In 2026 – 2027, the motivation to invest isn’t just about saving money – it’s about keeping pace in a highly competitive financial landscape defined by automation and personalization.

Banks and credit unions selecting AI as a top tech investment report AI staff assist for accountholder service as their number one-use case, followed by fraud prevention. Lending/underwriting is tied for second place for credit unions.

For those CEOs reporting automation as a top tech investment, back-office automation is the highest priority for both banks and credit unions, while accountholder self-service (intelligent digital assistant) ranks second in importance.



“Banks that control data, embed into accountholder workflows, and scale relationships digitally will win. Banks that treat digital as a channel and underinvest in data will fall behind quickly.”

Bradley Enneking

Chief Information Officer, **Mutual Bancorp**

Study Results:

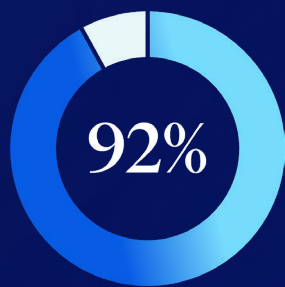
Niche Plans

Banks and credit unions continue to pursue niche segments. The top three types of niches targeted over the next two years are business, demographic, and professional.

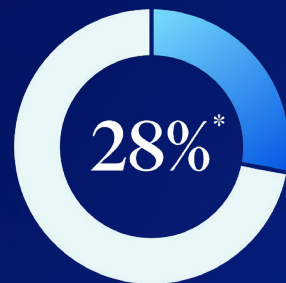
Key Insights:

Ninety-two percent (92%) of financial institutions plan to serve a niche market in 2026 – 2027, up from 86% in 2025. Business (69%*) continues to be the biggest niche segment of focus for banks while demographic (age, gender, ethnicity, etc.) is the highest focus for credit unions (52%*).

Twenty-eight percent (28%)* of credit unions plan to serve the family niche (co-managed accounts for parent/child and senior/caregiver). Family banking services reclaim generational continuity and position financial institutions to capture a portion of the trillions of dollars of wealth transferring between generations over the next twenty years.



92% of financial institutions plan to serve a niche market

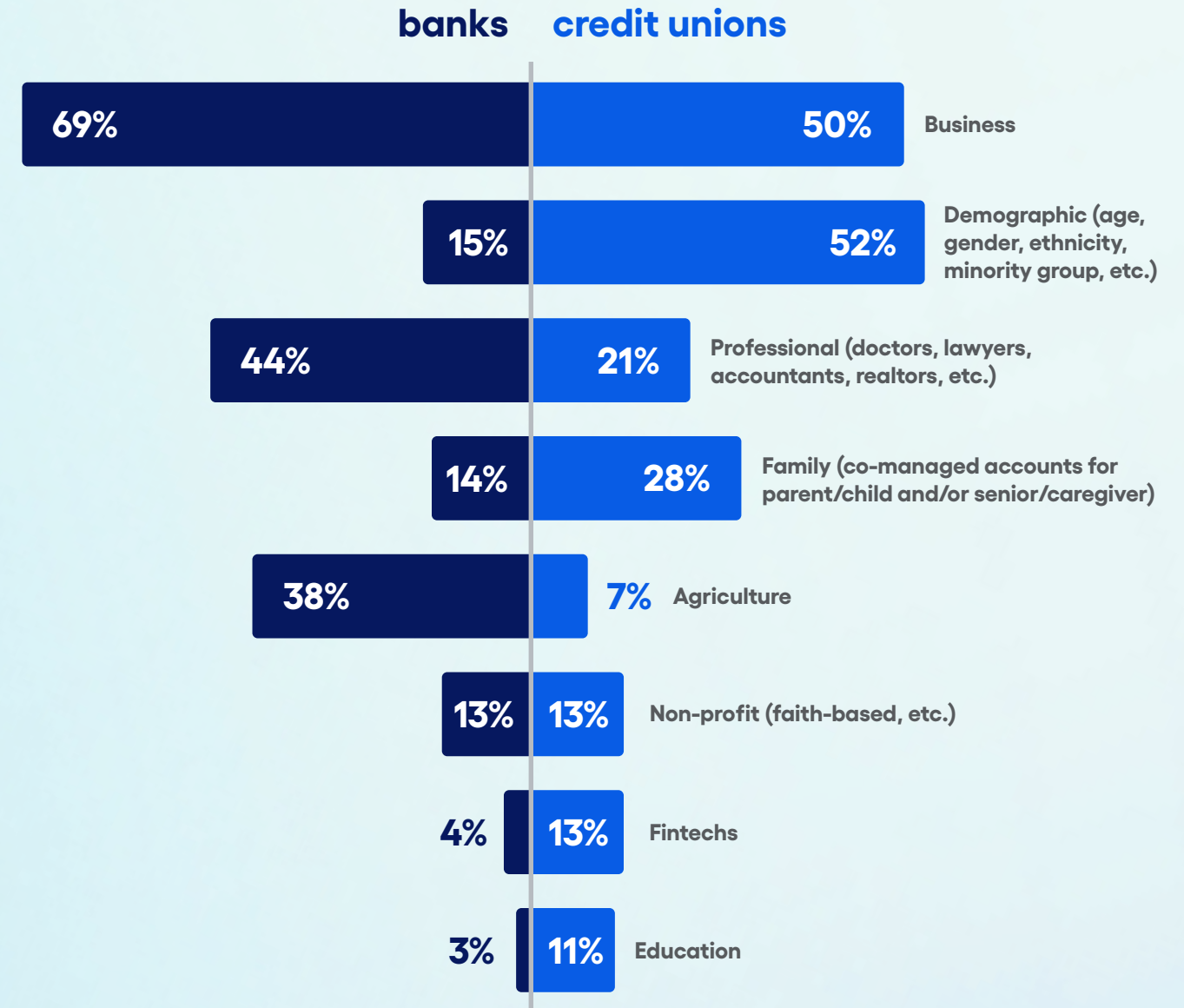


28%* of credit unions plan to serve the family niche

**Statistically significant*

Planned Niche Market Segments to Pursue

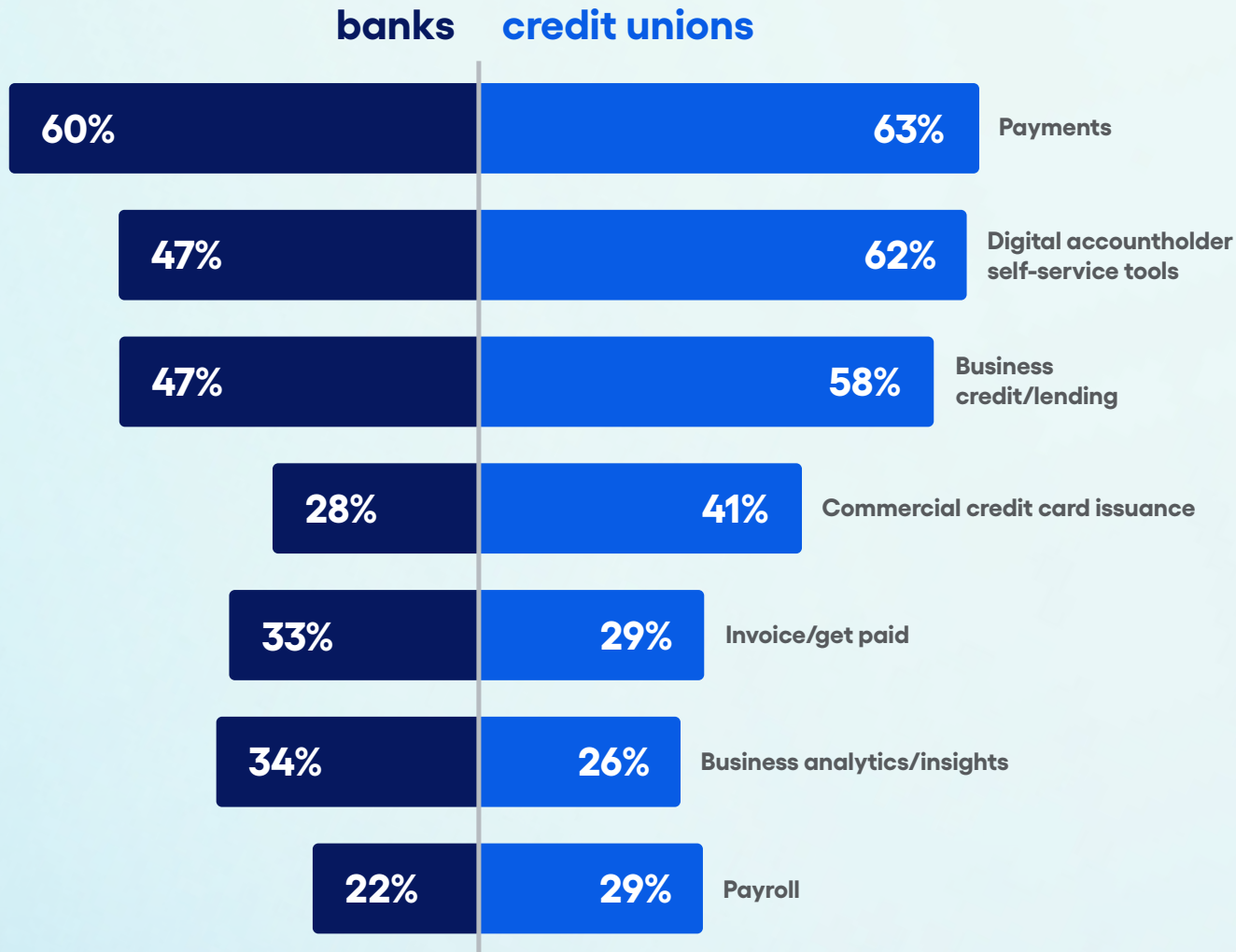
Which niche market segment(s) do you plan to pursue over the next two years? (Select all that apply)



**results shown reflect top percent of findings only*

Planned Small Business Services

What small business services are you planning to add? (Select all that apply)



*results shown reflect top percent of findings only

Study Results:

Plans to Expand Small Business Services

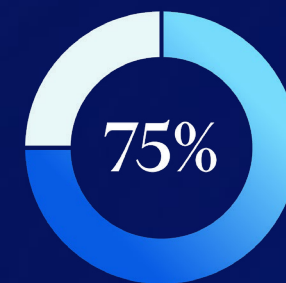
Expanding services for small businesses continues to be a high priority for the super majority of financial institutions in 2026 – 2027, with banks (86%) showing outsized interest relative to credit unions (68%).

Payments, digital accountholder self-service tools, and business credit and lending are the top three types of small business services banks and credit unions are prioritizing.

Key Insights:

75% of all financial institutions have plans to expand services for small businesses within the next two years, down slightly from 80% in 2025.

Small businesses are often considered the “crown jewel” of a financial institution’s portfolio. They tend to maintain cash balances that are 4-5X larger than retail accounts – to cover payroll and taxes. Small-business deposits are also “stickier” and therefore both more durable and profitable than consumer relationships.



of all financial institutions

have plans to expand services for small businesses

Study Results:

Business Payments Planned

When drilling down into the types of business payments offered, the demand for instant payments is clear, as FedNow Service ranks number one overall followed by request for payment (FedNow or RTP® Network) then tap to pay.

Key Insights:

Mobile payment acceptance has transitioned from a modern convenience to a core operational requirement for small businesses. In 2026, the benefits extend beyond just “taking a card” – they provide a direct lift to efficiency, security, and account holder loyalty.

Fifteen percent of CEOs report stablecoin and/or cryptocurrency acceptance, with banks ranking slightly higher at 21% and credit unions at 11%.

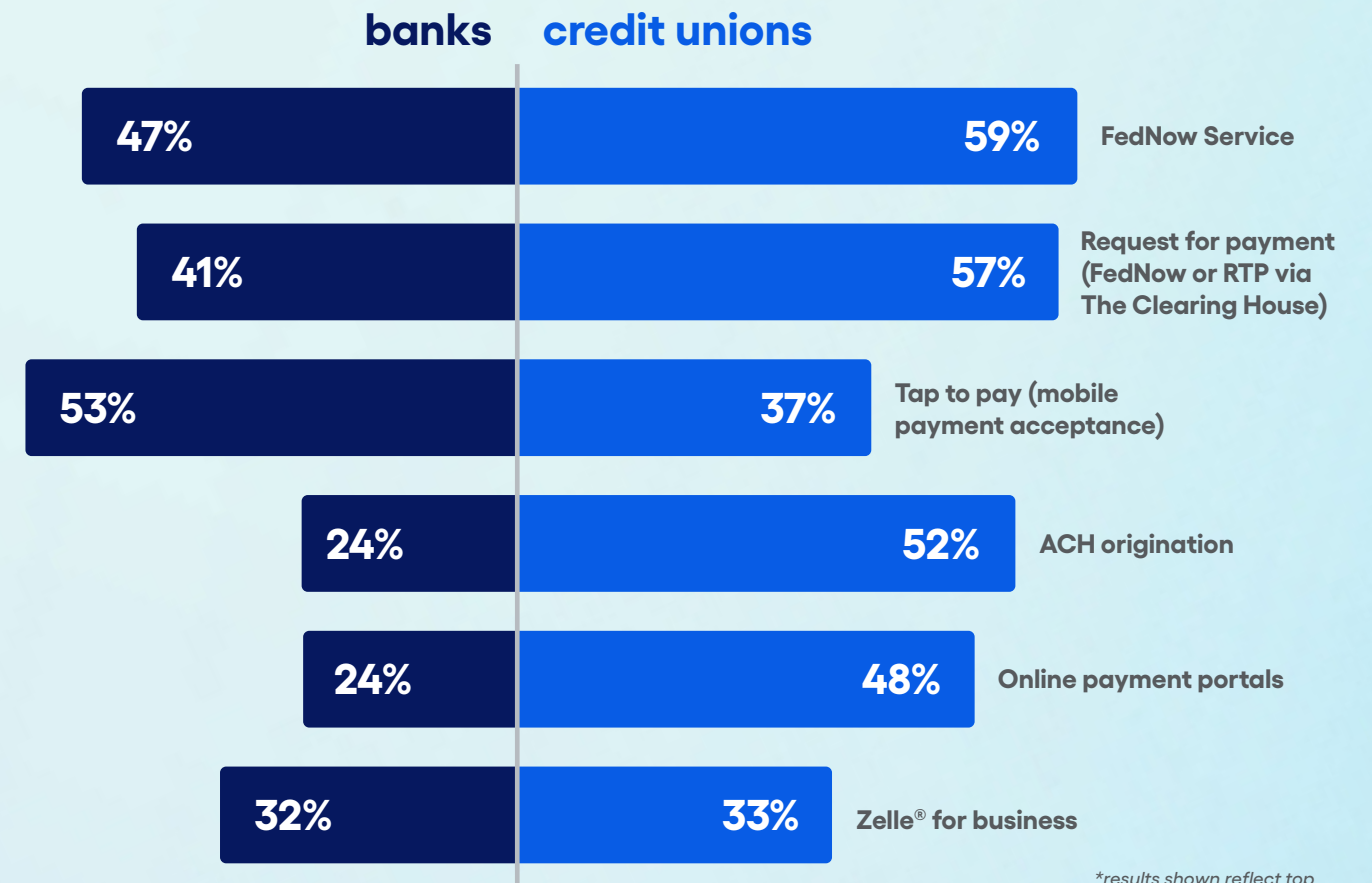


“Until recently, stablecoins were primarily limited to large corporate and international transfers. Users enabling agents to transact are likely the same users to demand digital currency. Banks will be pressed to support these payments – for both consumers and account holder merchants – or risk being squeezed out without broader product expansion.”

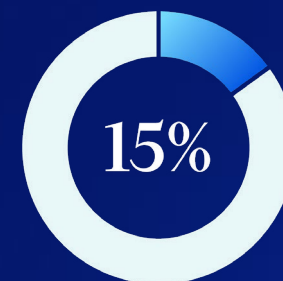
Matt Mayo
Chief Risk Officer, **Community Bank**

Planned Business Payments to Add

What types of business payments do you plan to add? (Select all that apply)



*results shown reflect top percent of findings only



15% of CEOs report plans for stablecoin and/or cryptocurrency acceptance

digital banking

Digital and Core Converge: Infrastructure Drives Innovation and Retires Tech Debt

By: Carlos Lopez, Senior Analyst, Digital and Core Banking

The Big Picture

Community and regional financial institutions find themselves facing a familiar problem.

Although median technology budgets increased by 10%,¹² financial institutions find it increasingly difficult to retain accountholders – even compared to just a year ago. Much of this can be attributed to a growing strategic execution gap. While product innovation remains a top priority for many, only 15% of tech budgets are allocated to growth initiatives,¹³ with the balance consumed by systems maintenance, compliance costs, and “keeping the lights on.”

The disconnect between the growing number of new technologies in the industry and money available to implement them has created a pitfall for many financial institutions.

Without a clear, strategic roadmap, many institutions find themselves chasing flashier (but superficial) digital features that fail to address the underlying structural constraints and fragmented data sets that continue to compound tech debt. As the industry shifts toward open ecosystems and embedded finance, financial institutions risk becoming “invisible” utilities behind the user experiences controlled by third parties.

To regain a lasting competitive position, financial institutions must move beyond front-end innovation and focus more on back-end orchestration.

By decoupling product and pricing capabilities from legacy silos, banks and credit unions can deliver personalized, consistent experiences across both owned channels and third-party platforms. Amid ecosystem disruption, features are not a long-term strategy, but infrastructure-enabled execution is.



Financial institutions must move beyond front-end innovation and focus more on back-end orchestration.



Those who can structurally enable innovation will have a better shot at fending off disintermediation by agile fintech challengers and big banks with deep pockets.

What's Next

Today, consumers aren't satisfied using a multitude of fragmented, single-purpose products as the solution to their financial pain points.

Instead, they're actively seeking financial providers who can support needs triggered by life events and guide them through those moments within the context of both their short- and long-term financial goals. A first job, college, kids, homeownership – these are milestones through which a financial institution can move beyond a commoditized product provider to a trusted guide inspiring financial confidence and deeper loyalty.

Even so, a significant gap remains between consumers' expectations and their experiences.

Only 22% of consumers feel their primary financial institution can anticipate their needs.¹⁴ This gap has created a clear opportunity: financial institutions who build accountholder-centric journeys can differentiate themselves, while those who don't will struggle to create and maintain lasting relationships in an increasingly fragmented financial ecosystem.

What To Do

Digital banks, fintechs, and forward-thinking financial institutions have shown what operating on a modern tech footprint can do – dramatically boosting operational efficiency, agility, and execution. In contrast, financial institutions that fail to address technological gaps caused by growing technical debt will limit their ability to deliver meaningful innovation.

- **Data Is King:** The foundation of meaningful engagement and personalized experiences is the collection, cleaning, and analysis of proprietary data (e.g., goals, spending habits, app interaction data, etc.) to better understand accountholders and address pain points in their respective financial lifecycles. In a feature-saturated market, data-driven insights differentiate your platform.
- **Orchestration Is a Key Competency:** Orchestration extends beyond just creating efficient workflows. Strategic orchestration requires sourcing data from disparate places and coordinating that data to develop product and personalization logic across all systems, accountholder journeys, and providers. Modern orchestration enables digital platforms to be agile, scalable, and resistant to ecosystem shocks.

- **AI Was Built for This:** AI tools can play a significant role in the collection and assessment of accountholder data, transactions, and interactions – ultimately helping build a unique behavioral profile for each user. Using these profiles, AI agents and financial institution employees can work in tandem to deliver customized product offerings and pricing at the right time, through the right channels – creating a hyper-personalized experience.
- **Don't Forget Businesses:** Business owners are increasingly carrying their personal financial habits over to their business financials. Many of the strategies and technologies that address gaps within your retail offerings will also boost the competitiveness of your business offerings.



“Our strategy is to blend intelligent, data powered digital services with well-designed agentic tools that make doing business effortless, while preserving personal connections.”

April Clobes

President and Chief Executive Officer, **MSUFCU**

Study Results:

Embedded Fintech Plans

Almost all financial institutions plan to embed new technology into their digital banking experiences, with the majority prioritizing digital account opening. Payments fall in line as the second type of embedded fintech, followed by digital marketing.

Key Insights:

Inter-generational banking continues to be a missed opportunity for many financial institutions – with only 9% of respondents currently having a formal wealth transfer strategy. By providing needed and distinct features for each generation within the family unit, banks and credit unions maintain a close relationship to the flow of money over time – building a strong sense of loyalty that’s less vulnerable to disruptors.

Strong orchestration capabilities have become a foundation of any digital banking roadmap. Strategic orchestration requires the ability to source data from disparate sources and coordinate it to develop product and personalization logic across all systems, accountholders’ journeys, and partners.



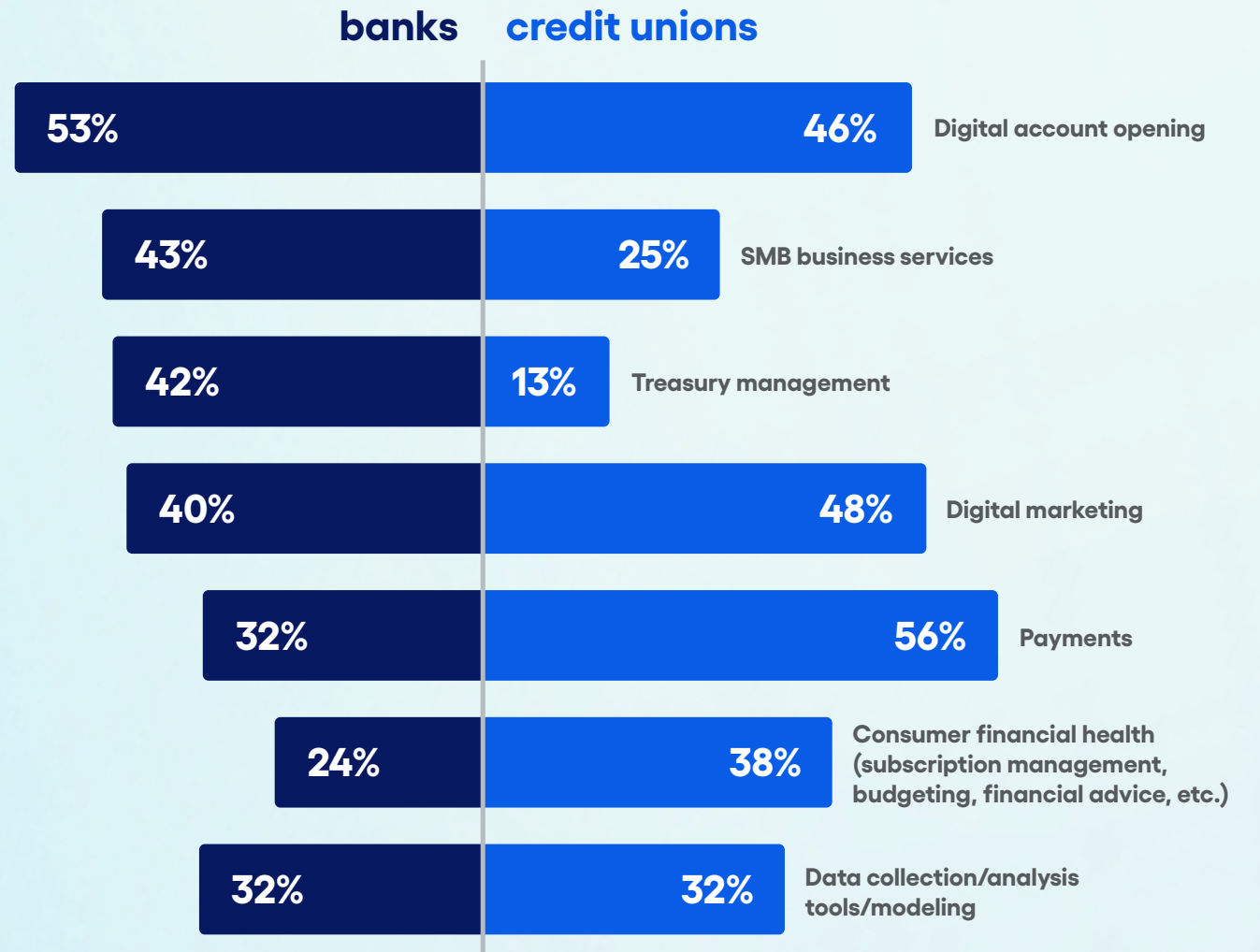
“Our strategy is simple: stay relentlessly member-focused while innovating and evolving. We’re expanding our digital banking platform and implementing new payment rails to build a secure, efficient, multi-platform payments ecosystem that delivers the seamless experience members expect. As the payments landscape changes, we’ll continue to prioritize member needs.”

Steven Bugg

President and Chief Executive Officer, **Great Lakes Credit Union**

Planned Fintech to Embed in Digital Banking

What types of fintech do you plan to embed in your digital banking experience over the next two years? (Select all that apply)



*results shown reflect top percent of findings only

payments

A New Hybrid Payment Ecosystem Emerges

**By: Jennifer Geis, Senior Strategic Advisor,
Research and Payments**

The Big Picture

As new payment rails gain traction, the payments landscape is becoming increasingly fragmented.

Fintech firms continue to attract acountholders seeking more optionality and seamless experiences. Yet behind their sleek interfaces, payment orchestration is growing more complex – requiring platforms to manage multifaceted infrastructure. For users, payments feel invisible; for providers, they’re disjointed and costly. The lift to maintain the simplicity of the user interface is growing heavier, as the proliferation of rails drives more complexity, cost and risk.

Instant payments are cannibalizing physical cards as digital wallets become the dominant form factor.

Today, 83% of global spend occurs via digital wallets¹⁵ – a shift that has moved the technology to mainstream. As invisible, digital experiences rise, physical card use declines.

Although wallets often rely on cards for funding, issuers lose direct visibility and share revenue as wallet brands gain leverage. The popularity of digital wallets is transforming them from a “container” of card products to a complete payment platform. As consolidation favors the largest players and squeezes out smaller competitors, fintech brands like Venmo, Coinbase, and Cash App are now competing head-on with banks and credit unions.

More rails + new monetary ecosystem = accelerating complexity in payments.

Digital currencies, tokenized money, and distributed ledger technologies are creating a hybrid ecosystem where TradFi and DeFi coexist – with DeFi enabling anyone to lend, borrow, send, or trade blockchain-based assets using crypto wallets, all without banks, credit unions, or brokers.



Instant payments are cannibalizing physical cards as digital wallets become the dominant form factor.

While **stablecoin adoption has surged** since passage of the GENIUS Act in July 2025, **payments stablecoin volumes remain minuscule compared to traditional payments systems**.¹⁶ At a \$122B annual pace, stablecoin payments represent a small fraction of conventional payment volumes. Specifically, stablecoin payments account for less than 0.1% of current annual cross-border volumes. Nevertheless, the U.S. Treasury projects \$2T in stablecoin payments volume by 2028, and the Fed estimates \$1-3T by 2030.¹⁷

On-chain technology is also introducing a new category of competitors, as the OCC grants national trust bank charters to fintech and crypto firms entering the traditional financial services sector. What was once a privileged franchise for chartered financial institutions is now being challenged – and weakened – by a slew of new entrants.

Data is the differentiator.

Payments are shifting from static to autonomous. This transition replaces manual data entry and invoice reconciliation with AI-driven, real-time financial workflows that reduce errors, cut costs, and increase productivity. AI has moved from novelty to necessity, driving hyper-personalization, fraud prevention, and operational efficiency. Yet research warns financial institutions could face a \$170B profit hit if consumer and business needs aren't met.¹⁸

What's Next

Wallets have become ecosystems.

Apps like Cash App have evolved from P2P tools to full financial platforms, helping users manage – not just move – money. These companies lead with platform-based models that target Gen Z – the strongest driver of near-term payment growth.

As the mix of payment instruments evolves, so does the distribution of revenues across the ecosystem.

Banks and credit unions that heavily rely on interchange fees and traditional card-based models face increasing risk of losing revenue and data. The rise of digital wallets, real-time payment rails, and embedded payment flows is diverting value from legacy pipelines.



AI has moved from novelty to necessity, driving hyper-personalization, fraud prevention, and operational efficiency.

Tokenized money – stablecoins, tokenized deposits, and deposit tokens – are reshaping payments, offering distinct money movement benefits like instant settlement, global reach, 24/7 availability,

and programmability via smart contracts. Fintechs and large financial institutions are racing to enable send/receive capabilities to solve liquidity and risk problems, specifically for corporate, treasury, and cross-border needs.

As tokenized money gains mainstream acceptance, it could fundamentally reshape the structure and functions of banking and challenge the established intermediation role of banks and credit unions.

Autonomous payments have also arrived – with 70% of banking leaders believing agentic AI will have a “game-changing” impact.¹⁹

GenAI and large language models now go beyond product discovery – executing end-to-end purchases – optimizing payment methods for rewards and benefits. This signals a profound shift in consumer-brand interaction.

OpenAI partnerships with PayPal, Shopify, and Walmart integrate shopping and payments directly into ChatGPT, as Intuit® embeds advanced AI agents into its products – enabling users to authorize data pulls for tailored insights like tax estimates or QuickBooks analytics.

As payments move from user-initiated tasks to autonomous, rule-driven events – covering shopping, bills, subscriptions, and P2P transfers – intelligent payment routing will become necessary and standard.

What to Do

Plan for the surge in digital payments.

Nearly 50% of financial institutions admit they're unprepared for rising volumes of digital payments.²⁰ Continued investment and strategic focus are essential. Simply enabling money movement isn't enough.

Banks and credit unions must:

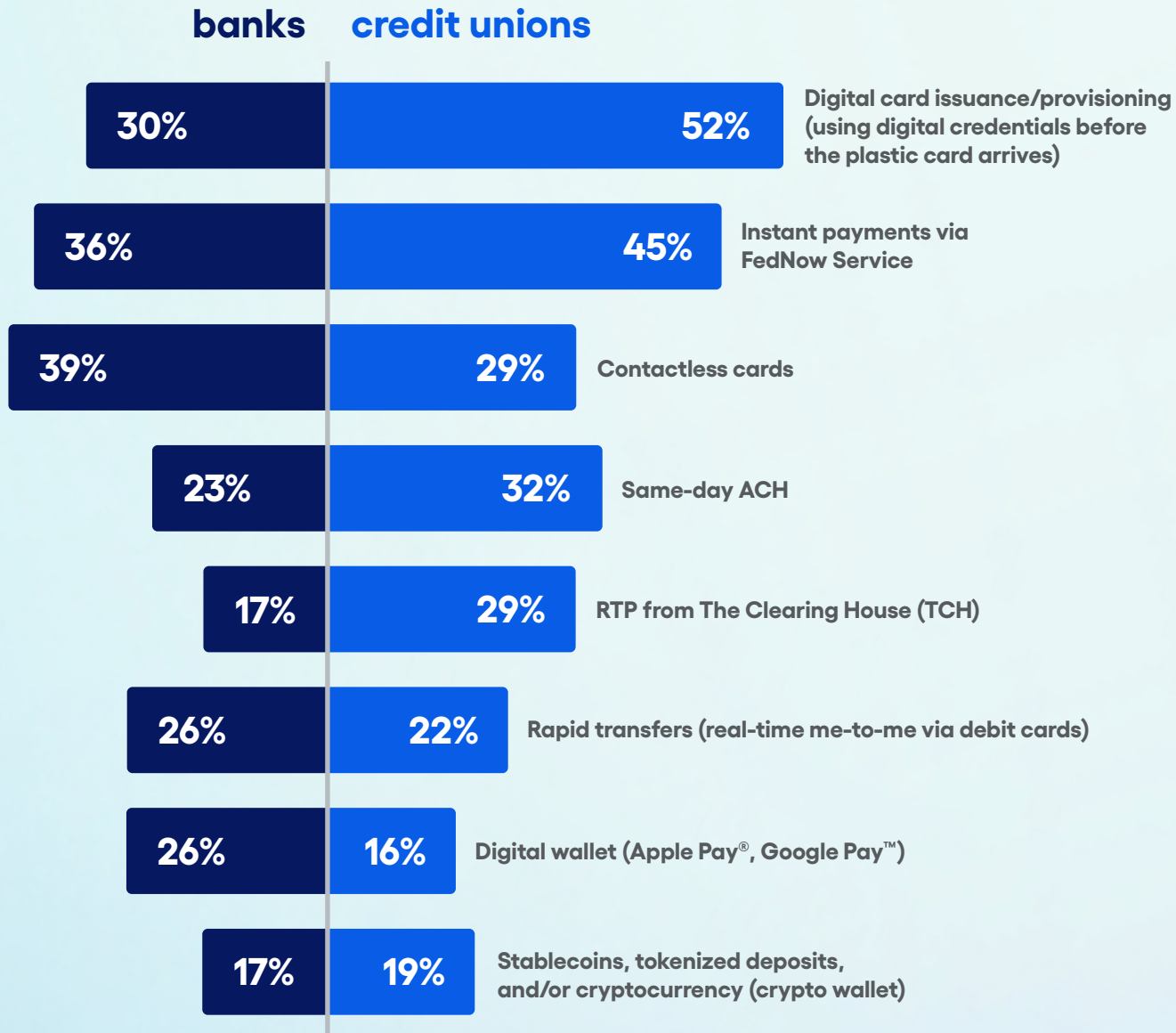
- **Orchestrate Multiple Payment Types:** Traditional, tokenized, and digital currency.
- **Solve Real Financial Problems:** Simplify complexity and deliver personalized insights.
- **Focus on Transparency and Empowerment:** Give users control to improve their financial health – all within one platform.
- **Bridge Fiat and Crypto Networks:** Develop strategies for payments stablecoins, tokenized deposits, deposit tokens, crypto wallets, custody, and compliance as regulations evolve. A multi-rail payment strategy will enhance flexibility and unify experiences.

Build your payments data strategy.

As open banking continues to standardize around evolving regulations like the CFPB's PFDR rule, now's the time for financial institutions to establish a payments data strategy. Start by assessing current data, identifying gaps, and leveraging financial data exchanges to capture external sources. Focus on prioritizing transaction data from fintechs and wallets – integrating embedded decision logic, risk scoring, and compliance across every payment stream.

Planned Payment Services Additions

Which payment services do you plan to add over the next two years? (Select all that apply)



*results shown reflect top percent of findings only

Study Results:

Plans for New Payments Services

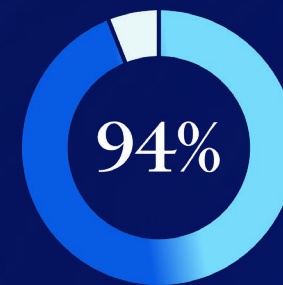
The large majority of financial institutions (94%) plan to add new payment services within the next two years – with digital card issuance/provisioning, instant payments via FedNow Service, and contactless cards being the top priorities overall.

Key Insights:

Payments are no longer just a service – they’re the new foundation of banking. Payment data provides the highest frequency, most “honest” view of consumers’ and businesses’ lives – allowing banks and credit unions to predict and fulfill needs in real time. Financial institutions that don’t control the payment, lose the data. Without that data, they can’t compete with the AI-driven personalization that younger, tech-savvy account holders now demand as “table stakes.”

Credit unions are placing a higher priority (16%*) on BNPL compared to banks (1%).

*Statistically significant



94% of financial institutions

plan to add new payment services within the next two years

Study Results:

Plans to Support Stablecoin, Tokenized Deposits, and/or Cryptocurrency

Eighteen percent of CEOs plan to support stablecoins, tokenized deposits, and/or cryptocurrency (crypto wallet) in 2026 – 2027.

Key Insights:

Top ways banks and credit unions plan to enable or support tokenized money technology include:

- Tokenized deposits and/or deposit tokens
- Orchestrations, exchange, and settlement of dollars to stablecoins/ crypto and vice versa
- Supporting on-chain wallets for accountholders

Credit unions show a higher interest in retail and merchant payments with stablecoins (47%) while banks report treasury and liquidity with stablecoins as important.



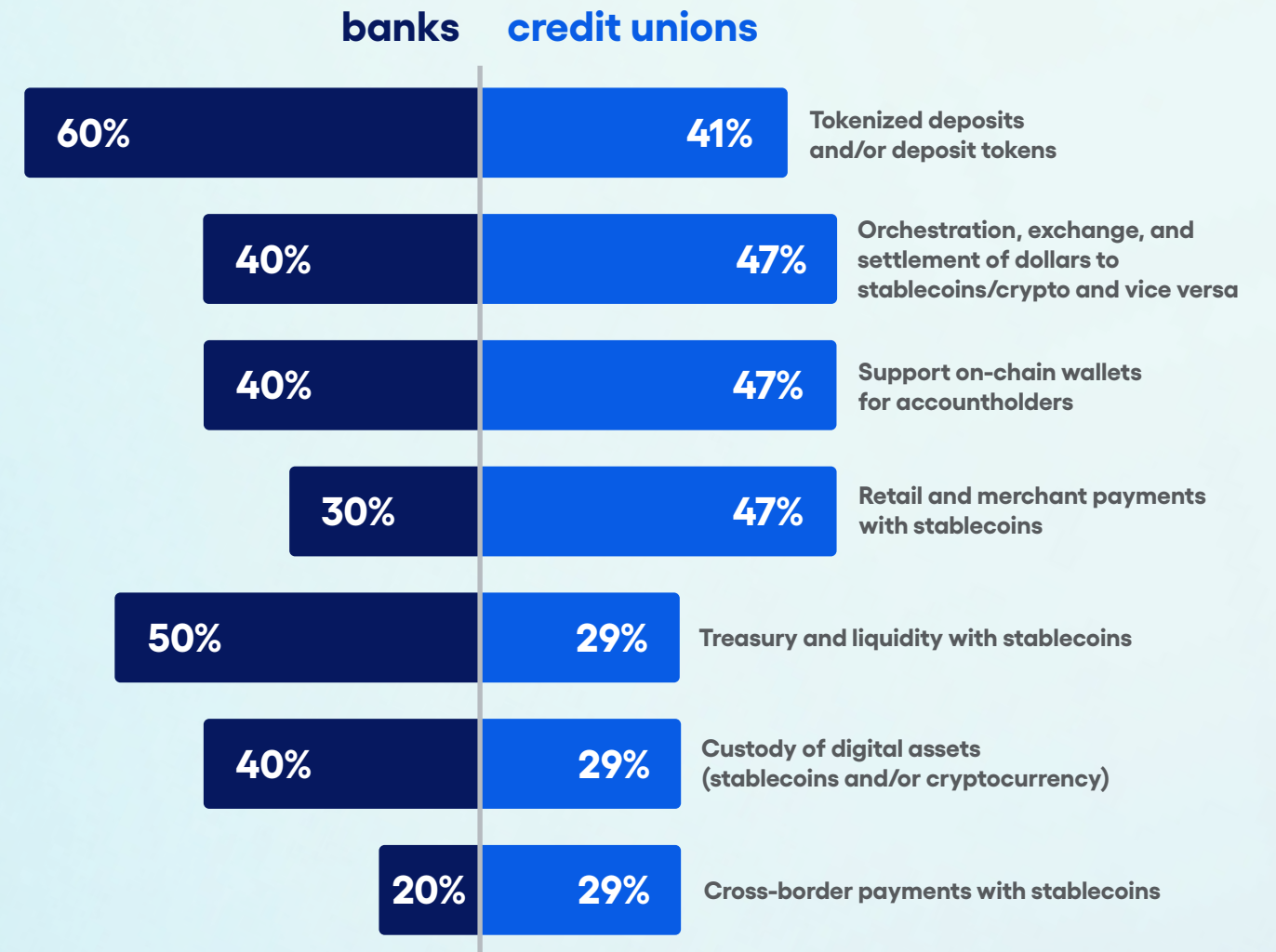
“With the uncertainty in digital currency evolution that will potentially increase deposit flight from banks, we need to embrace alternative deposit sources and digital currencies as quickly as possible. Additionally, embracing digital currency will open up new payment rails that will be faster, cheaper, more capable, and more reliable.”

Bradley Enneking

Chief Information Officer, **Mutual Bancorp**

Stablecoin, Tokenized Deposits, and/or Cryptocurrency Support/Enablement Plans

Which of the following do you plan to enable or support over the next two years? (Select all that apply)



*results shown reflect top percent of findings only

lending

Adapting Lending to the New Era of Borrowers' Needs and Expectations

**By: Beth Ericson, Senior Strategic Advisor,
Lending and Deposits**

The Big Picture

The lending industry is at an inflection point.

Forecasts for lending were optimistic entering 2026, but geopolitical instability and rising oil prices have renewed inflationary pressure and tempered the expectations for any rate relief. While inflation, technology, and AI are reshaping lending so is borrower financial strain.

Consider the mounting pressure: more people are living paycheck to paycheck, and student loan repayments are back. Delinquencies are rising, with **29% of student loan borrowers now more than 90 days past due** – nearly double the historical high of 15.4% in 2012.²¹ These trends will redefine how banks and credit unions lend and manage risk.

The real disruptor though, is behavioral.

Consumers, shaped by pandemic-driven, digital acceleration, expect seamless, digital-first experiences. They don't want to choose between physical and digital channels – they expect both. Financial institutions who can't deliver convenience and data-driven engagement risk falling behind in a market where personalization is the new standard.

What's Next

Liquidity pressures and shifting borrower behaviors are reshaping lending for good.

Inflation, soaring oil prices, rising tariff costs, and the recent government shutdowns will push many consumers and small businesses toward alternative lenders for quick, flexible financing. At the same time, short-term and small-dollar loans – once niche – are now everyday tools, with borrowers increasingly relying on digital platforms for speed and survival.

In this new reality, lending doesn't end at origination. It starts there.

Borrowers demand convenience, personalization, and choice throughout the entire journey. To stay competitive, financial institutions must deliver optionality across products and channels, use

lending



data and advanced analytics to personalize every interaction, and keep borrowers engaged well beyond the first loan.

What to Do

Borrowers want choice, and fintechs are delivering.

Economic realities like higher rates, persistent inflation, tariff pass-throughs, and food costs up nearly 18% since 2022²² are reshaping lending. With **67% of consumers living paycheck to paycheck**,²³ liquidity constraints are driving demand for **fast, flexible financing**. Short-term loans, BNPL, earned wage access, and point-of-sale financing – once fringe options – are now standard tools for managing cash flow.

Borrowers increasingly expect these offerings to be standard parts of the financing landscape.

Leveraging data and AI isn't optional – it's the foundation of modern lending. Adoption is rapidly accelerating: this year, 83% of financial institutions plan to increase GenAI budgets, with 67% planning to implement GenAI strategies for retail lending.²⁴ They're also investing in AI for credit assessment, automated decisions, fraud detection, and credit memo generation.

But the real opportunity goes beyond operational efficiency.

AI-driven analytics allow lenders to anticipate borrower needs, tailor offers in real-time, and deliver hyper-personalized experiences that build trust and loyalty. AI is a strategic asset – moving lending from transactional to relationship-driven engagement. Soon, **AI agents will work alongside lenders as a trusted assistant**, driving smarter decisions and deeper relationships.

Engagement is just the start.

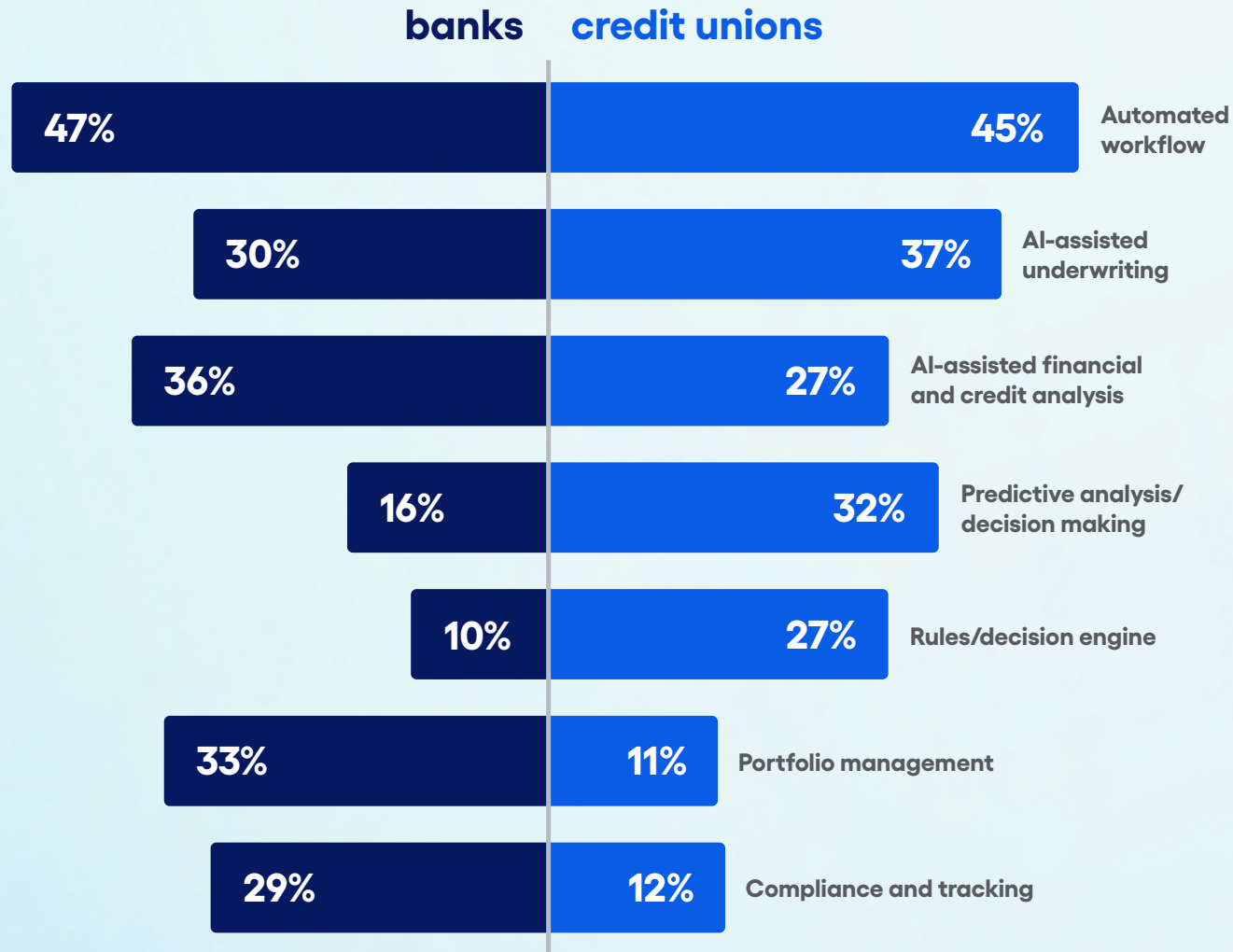
Holistic lending replaces siloed systems, making every loan the start of data-driven relationships. Today, onboarding a loan is just the beginning of a relationship built on data. Forward-thinking lenders are embracing a holistic approach to the loan lifecycle – including origination, underwriting, boarding to the core, servicing, collections, and reporting.

By connecting front-end and back-end functions into one seamless, data-driven strategy, lenders can transform the loan lifecycle into a powerful growth engine – predicting needs, personalizing repayment options, and proactively engaging borrowers. This approach not only secures the first loan, but positions financial institutions to win the next – and the next – by building lasting relationships that extend far beyond origination.

The bottom line: liquidity pressures, shifting expectations, and technology adoption are rewriting the rules of lending. How fast will you adapt?

Lending Strategic Priorities

Select your top three capability priorities for lending over the next two years:



*results shown reflect top percent of findings only

Study Results:

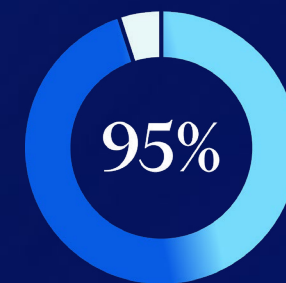
Lending Priorities

Almost all financial institutions plan to enhance lending solutions within the next two years. The top three priorities for lending are automated workflows, AI-assisted underwriting, and AI-assisted financial and credit analysis.

Key Insights:

Modernizing lending is increasingly critical. The share of financial institutions planning enhancements rose from 90% last year to 95% this year, driven by automation, AI, and data to shift from reactive to proactive execution.

Efficiency has emerged as the top strategic priority for financial institutions – accelerating the adoption of AI, automation, and analytics in lending to reduce origination costs and improve net interest margin on commercial and small business loans.



95% of financial institutions plan to enhance lending solutions

Study Results:

Types of Lending

When asked about the types of lending CEOs plan to prioritize, small business was reported as the top type overall, followed by home equity lines of credit, and commercial real estate. Yet, plans differ widely between banks and credit unions.

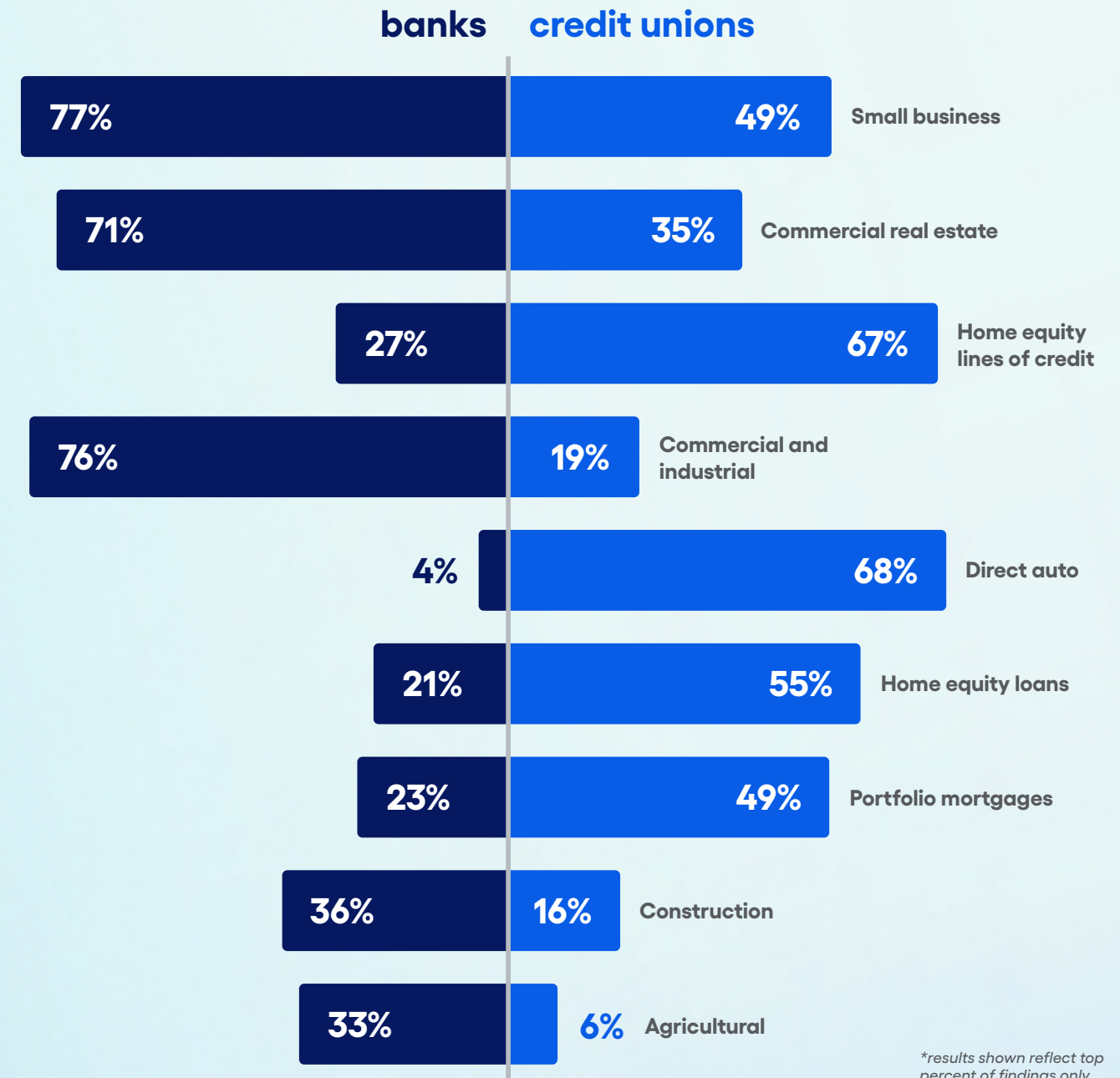
Key Insights:

While portfolio mortgage appetite is narrowing, **small business lending remains the top priority**, with CRE gaining traction – especially among banks – signaling a shift away from balance sheet intensive mortgage lending toward relationship-based commercial lending.



Types of Lending Priorities

Over the next two years, which type(s) of lending do you plan to prioritize? (Select all that apply)



*results shown reflect top percent of findings only

fraud and security

Defense Starts Where Identity Begins

By: Sam Truitt, Senior Analyst, Financial Crimes

The Big Picture

In 2025, U.S. financial institutions faced the most complex fraud and cybersecurity environment on record.

According to the FBI's Internet Crime Complaint Center, reported losses from cyber-enabled financial crimes surpassed \$13.7B – driven primarily by investment scams and business email compromise (BEC).²⁵ Meanwhile, the FTC reported over \$12B in consumer fraud losses in 2024 – a 14% increase year-over-year.

This increase highlights the steady normalization of scams as a primary threat vector.

Furthermore, the FTC's data book indicates this number is not driven by an increase in fraud reports, which remained stable. Instead, the percentage of people who reported losing money to a fraud or scam increased by double digits. In 2023, 27% of people who reported fraud said they lost money, while in 2024, that figure jumped to 38%.²⁶

Fraud has transformed from transactional deception into identity exploitation.

This identity crisis is fueled by the sheer abundance of breached data – with over 3,200 U.S. data compromises in 2024²⁷ – alongside the growing use of GenAI by threat actors to automate outreach, forge documents, and clone voices. Synthetic identity fraud, deepfake-assisted impersonation, and account mule networks are also outpacing traditional detection models.

For banks and credit unions, these forces converge into a high-stakes equation: smaller teams, legacy systems, and limited visibility across an interconnected fintech ecosystem. Fraud and cyber are no longer discrete problems; they're interdependent components of operational resilience.

What's Next

The Age of Identity-Centric Defense

2026 will mark a strategic pivot from transaction monitoring to identity integrity management.

As GenAI lowers the barrier to creating deepfake IDs, voice, and documents, financial institutions will need to prioritize continuous identity verification



rather than point-in-time authentication. Banks and credit unions can expect greater adoption of behavioral biometrics, device-bound credentials such as passkeys, and identity graphing that links account holder behavior, device, and contextual signals across platforms.

Documentation and Application Fraud Surge

The next frontier of fraud lies in synthetic applications and digital lending.

As automation scales small-dollar loans and deposit onboarding, fraudsters are exploiting digital document submission channels. Financial institutions should anticipate a sharp surge in AI-forged income documents, paystubs, and driver's licenses designed to bypass basic visual inspection tools.

Financial institutions expanding into indirect lending or digital account expansion will face heightened risk – particularly across auto and small business portfolios.

Cyber-Operational Resilience Becomes a Core Metric

The intersection of cyber and fraud will tighten.

Ransomware and data extortion campaigns are increasingly targeting financial institutions' vendors and managed service partners – creating systemic third-party vulnerabilities.

In 2026, banks and credit unions will likely see more formal resilience testing, shared threat intelligence consortiums, and sector-wide tabletop exercises. Financial institutions that lack internal cyber resources will need to align with industry or regional consortiums and networks to meet rising expectations.

What to Do

Redefine Fraud Strategy Around Identity Continuity

Move beyond static KYC and episodic authentication.

Integrate layered identity validation (e.g., device fingerprinting, behavioral biometrics, and consortium-based identity intelligence) into both onboarding and transaction flows for an ongoing view of account holder intention and authorization. Banks and credit unions that collaborate with providers who offer identity orchestration platforms will be in an opportune position to effectively detect synthetic identities early and reduce downstream losses.

Build Shared Defenses Through Data and Collaboration

Fraud no longer respects financial institution borders.

Join or strengthen participation in information-sharing frameworks – whether regional, industry-based, and coordinated with local law enforcement task forces – to gain access to cross-institution alerts and key intelligence data. Establish internal processes for rapid fraud-signal exchanges with peer financial institutions so collaborative defenses allow participants to act on early-warning indicators rather than after-loss detection.

Prioritize Vendor Risk and Cyber Resilience Exercises

Banks and credit unions should embed incident response playbooks and joint breach simulations into their vendor relationships and require vendors to demonstrate recovery time objectives and real-time event reporting.

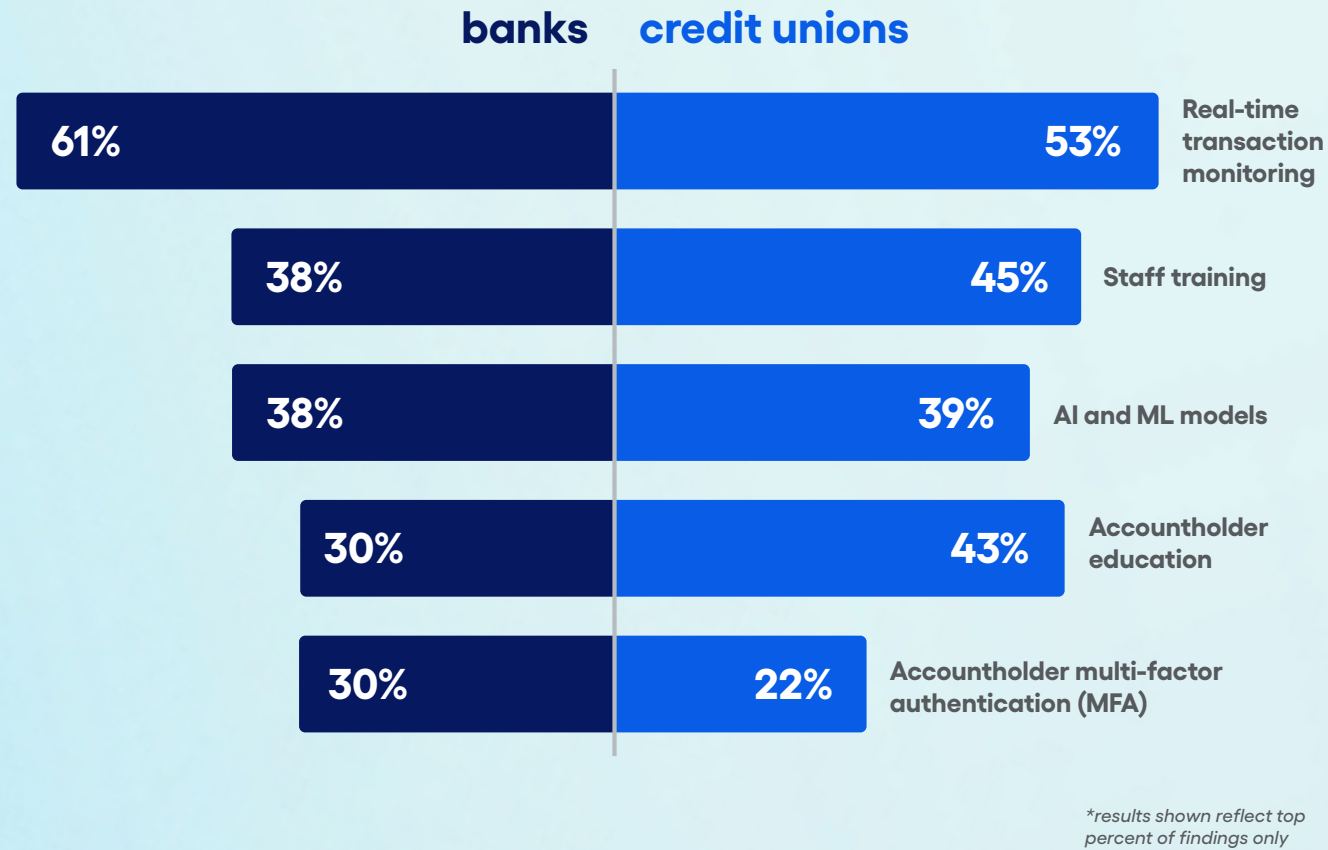
They should also participate in at least one sector-wide cyber resilience exercise annually.

While 2026 will test whether banks and credit unions can evolve from reactive defense to proactive digital identity stewards, building cyber and fraud governance under a unified operational risk framework will position financial institutions to meet evolving FFIEC and NCUA expectations in 2026 and beyond.

The winners will not be those with the most advanced tools, but those who collaborate, modernize identity foundations, and embed cyber resilience into every layer of their operations.

Planned Fraud Prevention Methods

Select your top three capability priorities for fraud over the next two years:



Banks and credit unions are increasingly being pushed beyond detection into education, training, and cross-channel awareness.

Study Results:

Fraud Threats

When asked about the top three capability priorities for fraud, CEOs report real-time transaction monitoring, staff training, and AI and ML models. Banks show higher interest in real-time transaction monitoring (61%) while credit unions are more concerned with staff training (45%).

Key Insights:

Real-time transaction monitoring remains an anchor, but the broader distribution of priorities, particularly among credit unions, **signals a shift toward addressing fraud as a human and behavioral problem** – not just a transactional one. Banks and credit unions are increasingly being pushed beyond detection into education, training, and cross-channel awareness as scams exploit accountholders directly.

Banks report increased concern regarding inbound transaction monitoring (25%*) compared to credit unions (10%), while credit unions show more concern over biometric verification (16%*) compared to banks (6%).

Real-time fraud monitoring has transitioned from a competitive advantage to a foundational necessity for financial institutions in 2026. As the speed of money becomes “instant,” the speed of fraud has matched it – leaving traditional, reactive defenses obsolete.

*Statistically significant

Study Results:

Cybersecurity Threats

Enhancing detection and response capabilities rank first overall in the top capability priorities for cybersecurity. Strengthening data protection and privacy ranks second in importance, followed by strengthening operational resilience.

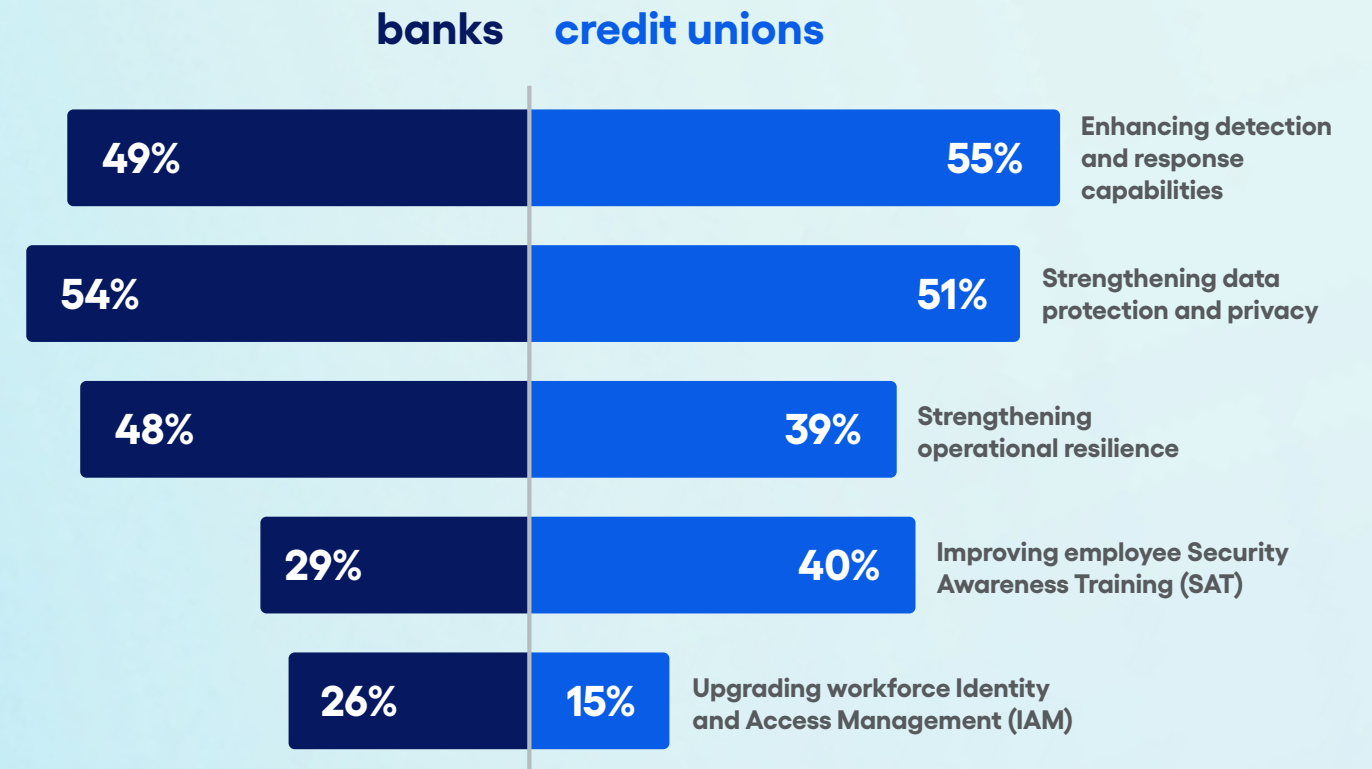
Key Insights:

Cybersecurity strategies are converging on a model that assumes compromise – balancing strong data protection with increased investment in detection, response, and human-layered defenses. Across U.S. financial institutions, the focus is expanding from traditional perimeter controls to a more integrated approach that spans employees, third parties, and operational resilience.



Planned Cybersecurity Methods

Select your top three capability priorities for cybersecurity over the next two years:



*results shown reflect top percent of findings only



The focus is expanding from traditional perimeter controls to a more integrated approach that spans employees, third parties, and operational resilience.

recommendations

Winning Amid Uncertainty: Antifragile Strategies for Growth

**By: Lee Wetherington, Senior Director,
Corporate Strategy**

The central challenges for 2026 and 2027 are **uncertainty and fragility**.

Financial institutions find themselves not only fighting to defend their charter franchises but navigating significant economic, political, and regulatory volatility. At the same time, they're looking to grow deposits and improve efficiency with initiatives on AI, data, Gen Z, and small business.

To navigate uncertainty successfully, banks and credit unions must **consider strategies that are antifragile** – positioning themselves in ways that cannot only withstand shocks but grow stronger in response to those shocks.

Focusing on first principles and the most durably predictive trends shaping the future, financial institutions can both mitigate risk and capitalize on upside opportunities created by shocks that competitors do not anticipate.

1. Gen Z Is Driving the Next Three to Five Years of Financial Services

Gen Z is the **most durable predictor** of the future of financial services.

This cohort is currently dominated by fintechs and megabanks. Fintechs in particular, with highly targeted High-Earner-Not-Rich-Yet (HENRY) marketing strategies, have structurally disrupted the generational continuity on which community financial institutions have historically relied.

Consider family banking technology that uses co-managed accounts (parent-child and caregiver-senior) to restore generational continuity in a digital context. As the economy slows, inflation rises and entry-level jobs disappear, consider positioning family banking as a support conduit between Gen Z and the parents on which they may increasingly rely in the months ahead. To attract Gen Z and capture ongoing wealth transfers, add fractional-share wealth-tech capabilities – a service to which Gen Z anchors both psychologically and behaviorally.

2. Reclaim Small Business (SMB) Deposits With a Smart Payments Strategy

Gen Z generates more payments per capita than any other age group. They prefer debit cards and BNPL over credit cards.

And, while Gen Z is driving most new small-business formation in the U.S., many remain camouflaged and underserved within retail checking accounts, forcing them to rely on third-party apps like Venmo, Cash App, or QuickBooks® to accept payments. **As a result, only \$1 of every \$8 collected through these third-party apps ever finds its way back to the financial institution.**²⁸

Last year, Jack Henry launched [Tap2Local](#), a way for financial institutions to enable payment acceptance for accountholders using their mobile banking apps.

Separately, [Rapid Transfers](#) provides real-time, debit-rail based payments that give Gen Z the ability to easily fund a new account and move money across every financial service provider that issues a debit card.

NOTE: All fintechs, neobanks, and payments apps serving Gen Z issue debit cards.

3. Relationship Banking Augmented by AI

Use AI to deepen and scale relationship banking before **agentic banking – AI agents managing finances directly – displaces human trust.**

This means using AI agents as “co-pilots” for staff to deliver a premium concierge experience that differentiates what you offer from digital utilities. When done right, AI can help improve the quality and speed of hyper-personal service at scale and thereby take trust to new levels.

4. Winning the Data Wars

Data decides winners and losers.

No data, no AI. Most banks and credit unions lack the “Minimum Viable Data” (MVD) required to drive the most compelling AI use cases. At best, most financial institutions have between 20% and 25% of their accountholders’ total financial data²⁹ on hand – with the rest scattered across 10-15 financial apps.³⁰ Overall, it’s not uncommon for a Gen Z or Millennial couple to do business with 30 to 40 financial providers.³¹

Success depends not only on unifying, cleaning, and normalizing the data you have, but on aggregating the considerable financial data you don’t have on your accountholders.

Despite the chaos and uncertainty surrounding the CFPB and its Personal Financial Data Rights (PFDR) rule governing open banking in the U.S., **banks and credit unions should leverage their trust and be first to ask accountholders to aggregate their fragmented financial data** back to their bank or credit union.

Better still, by automating aggregation requests thoughtfully, banks and credit unions can plug data deficits, gather a preponderance of their accountholders’ financial data, and use that data to better know, serve, and create value for their customers and members.

The result: a structural multiplier effect across analytics, automation, and AI.



When done right, AI can help improve the quality and speed of hyper-personal service at scale and thereby take trust to new levels.

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