THE STATE OF THE BANKING INDUSTRY

Research and outlook for 2026

WIPFLI

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Rethinking growth. Risk. Readiness.

The pace of change has never been faster — and the cost of standing still has never been higher.

Now in its fifth year, Wipfli's state of the banking industry report explores how financial institutions are working to grow, modernize and protect their organizations amid new digital realities.

Executive summary

Wipfli surveyed 345 financial institution executives to understand their business outlook, pain points and strategic priorities for the year ahead

This marks Wipfli's fifth consecutive year studying executives' perceptions of the banking environment.

Here's what we've learned:

Confidence is high

The financial institution executives surveyed project steady growth in 2026. Two-thirds (67%) expect asset growth of more than 5% in the next 12 months. Confidence is strongest among those from larger institutions ($5B+ asset size), where 79% expect growth of more than 5%.

Digital dominates priority lists

Respondents' most important strategies over the next 12 months are digital: data analytics/AI and improving digital engagement ranked at the top, followed by talent management. Participation in banking as a service (BaaS)/embedded banking has also risen sharply — 88% of respondents are engaged or planning to engage in these services, up from 66% last year.

Feedback from

345 financial institution executives

Key insights

Among the financial institution executives we surveyed:

67% expect asset growth of more than 5% in the next 12 months.

88% are participating in or planning to participate in BaaS/ embedded banking — up from 66% last year.

81% experienced at least one incident of unauthorized network access in the past year.

52% reported increasing fraud, and 46% reported increasing cyberattacks.

Two-thirds plan to open new branches in the next 12 months.

60% say talent shortages could impede their ability to achieve strategic priorities.

Fraud and cyberthreats are intensifying

Cybersecurity (including fraud) was the top concern for the third consecutive year — surpassing the next-highest concern (employee recruitment/retention) by 19 percentage points. In the past year, 81% of respondents experienced at least one cybersecurity incident at their institution. Around half reported increasing fraud (52%) and rising cyberattacks (46%).

Branch strategies are evolving

Two-thirds of respondents plan to open new branches in the next year, and more than half (55%) plan to repurpose existing locations to support new banking experiences. Among respondents who reported repurposing branches, a majority (71%) said they were transitioning their locations into advisory hubs.

Talent remains a strategic constraint

Employee recruitment/retention was the number two concern for the third consecutive year. Sixty percent of respondents said talent shortages could impact their ability to achieve strategic priorities.

Methodology and demographics

Wipfli conducted a national online survey of 345 financial institution executives, with the goal of understanding their business outlook, pain points and strategic priorities for the year ahead. See the appendix for full details

Leadership representation

Respondents included C-suite leaders and presidents from financial institutions across the country, as shown in figure 1. Sixty percent of respondents were CFOs.

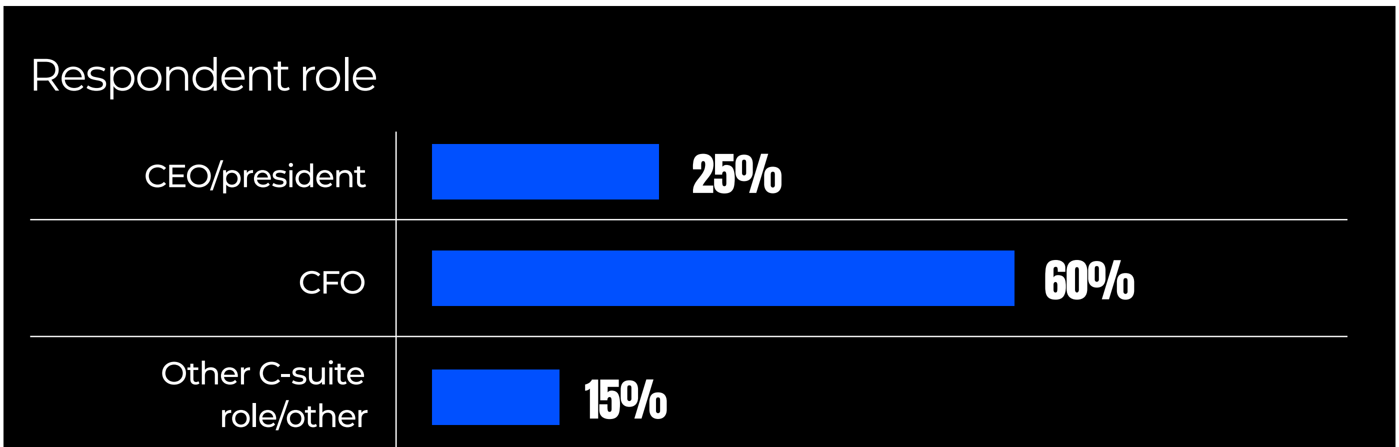


Figure 1. Respondents by role

Institution size

Respondents' institutions were categorized by asset size, as shown in figure 2. Institutions were classified as small (<$1B), mid-sized ($1B-$5B) and large ($5B+). About half of the respondents (54%) came from mid-sized institutions.

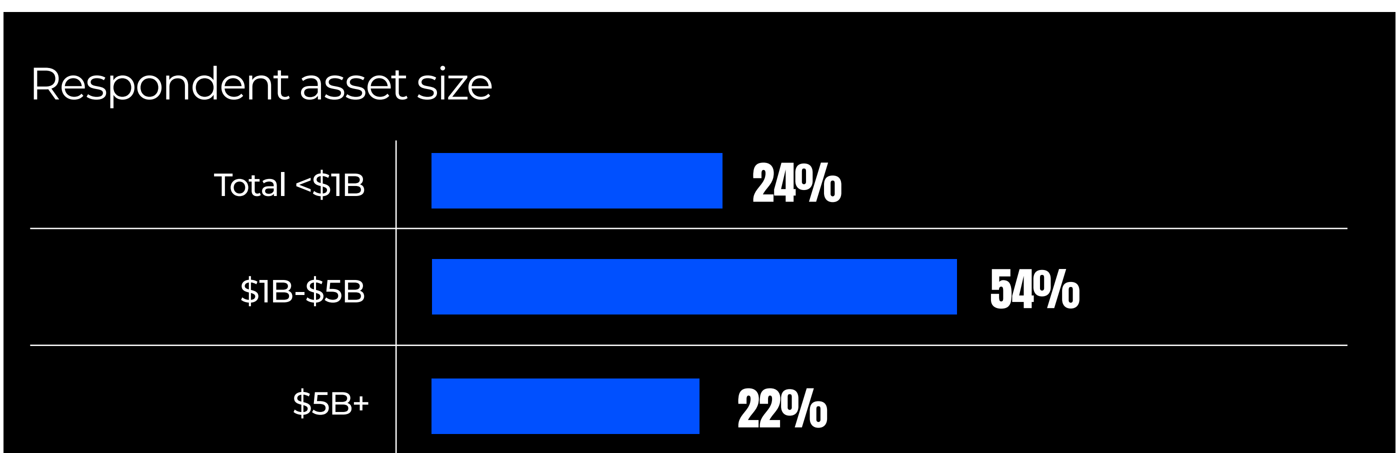


Figure 2. Respondents by asset size

Geographic distribution

Respondents work in financial institutions across the United States, as shown in figure 3.

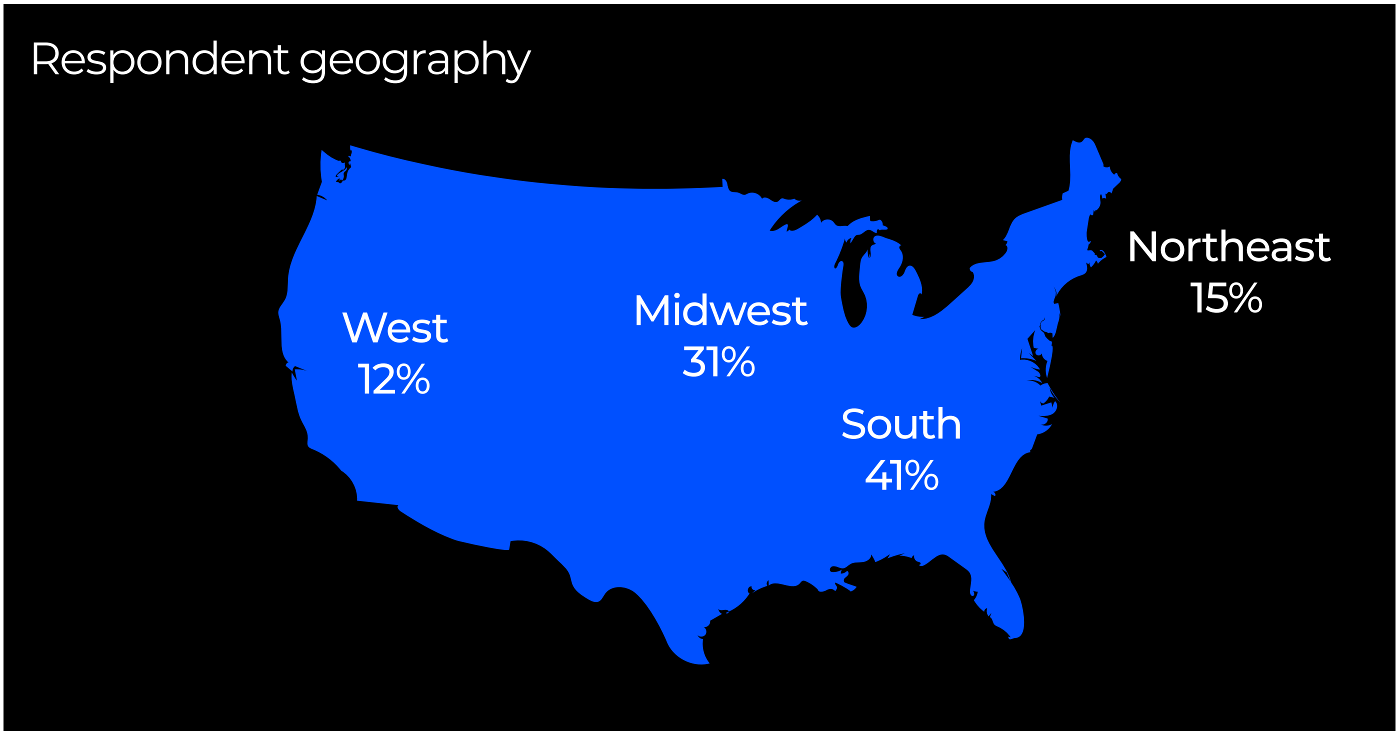


Figure 3. Respondents by geographic location

Market outlook

Growth expectations meet emerging risk

In this year's survey, confidence remains strong, with a clear majority of respondents expecting growth in the year ahead. Two-thirds (67%) project asset growth of more than 5% over the next 12 months.

Confidence increased with asset size. Respondents from large institutions reported the most bullish outlook, with 79% projecting growth above 5%. Overall, respondents also described a stronger sense of optimism than in prior years, as shown in figure 4.

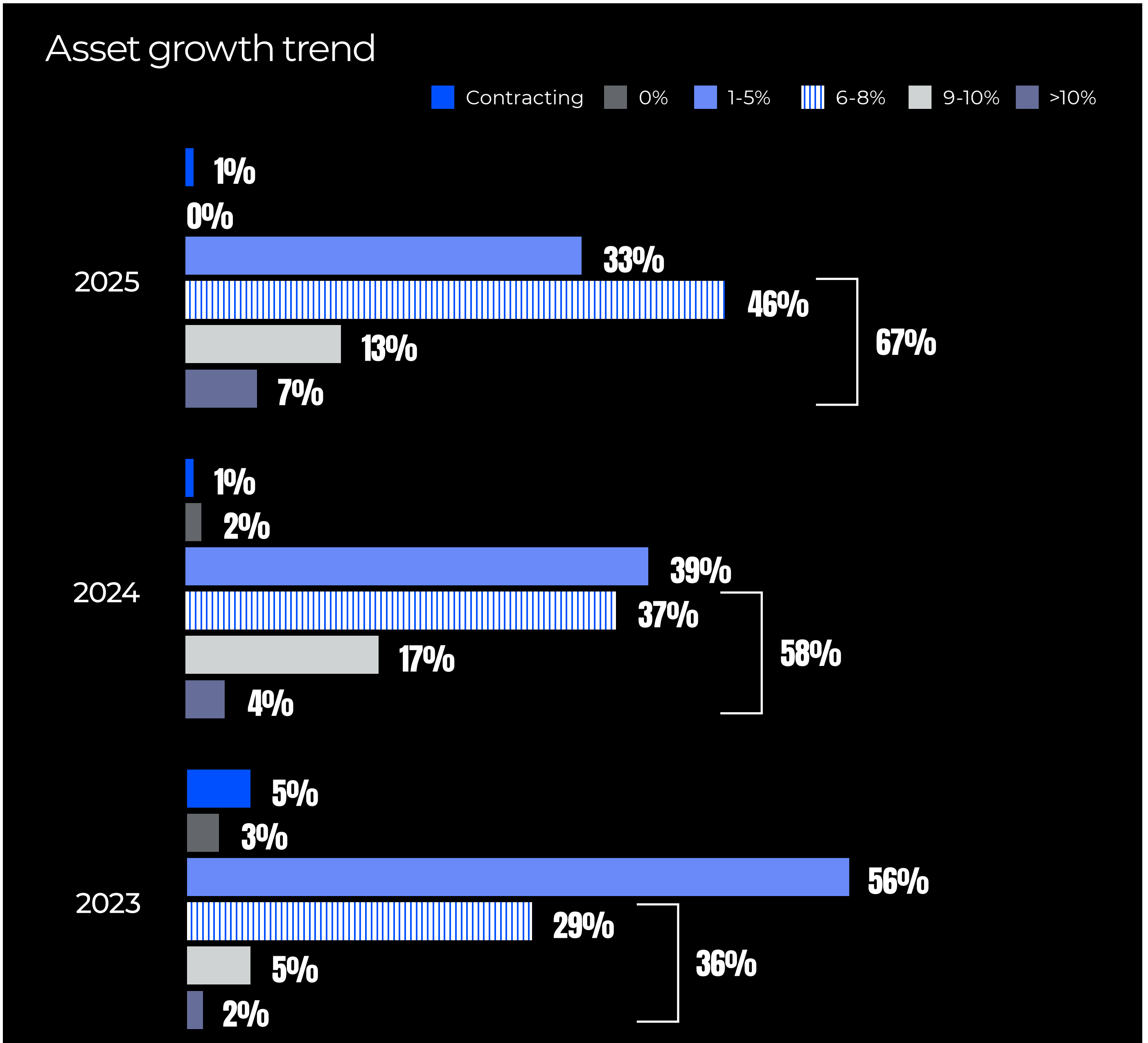


Figure 4. Growth projections over the years

Growth levers are familiar

Respondents were asked to rank fundamental growth drivers in 2026. Deposit growth rose to the top, followed by loan growth and net interest margin optimization. Executives from mid-sized and large institutions were more likely to expect deposit growth, while those from small institutions leaned more heavily toward loan growth.

Service expansions support financial wellness and convenience

Over the past three years, respondents reported adding services related to financial well-being (61%), instant payments (60%) and BaaS/embedded banking (55%). Last year, BaaS was the leading response.

Strategic priorities lean digital

When asked to identify their most important strategies for the next 12 months, respondents placed the greatest emphasis on digital initiatives, as shown in figure 5. Data analytics/AI and improving digital engagement were the top two responses, closely followed by talent management. BaaS and instant payments rounded out the top five.

When asked about digital strategies to support growth and expansion, executives said they plan to use:

- Data analytics/predictive modeling (73%)
- Social media (64%)
- Partnership development (59%)
- 24/7 automated online account opening (58%)

Data analytics/predictive modeling was the top response across every asset tier. Other digital tactics shifted by asset size: social media ranked higher among respondents at small and mid-sized institutions, while partnership development was favored by those at mid-sized and large institutions. Automated account opening ranked among the top three for respondents at small and large institutions.

Top strategic priorities for financial institutions in 2026

1. Data analytics/AI
2. Improving digital engagement
3. Talent managment
4. BaaS/embedded banking
5. Accepting instant payments

Figure 5. Respondents' top strategic priorities for 2026

Barriers are broad

Executives acknowledged that a wide range of operational and economic factors may constrain their ability to achieve strategic priorities in 2026. Respondents were asked how severely common barriers could impact their performance, using a scale of "no effect" to "major effect." Overall, the impact of these factors ranked closely, as show in figure 6.

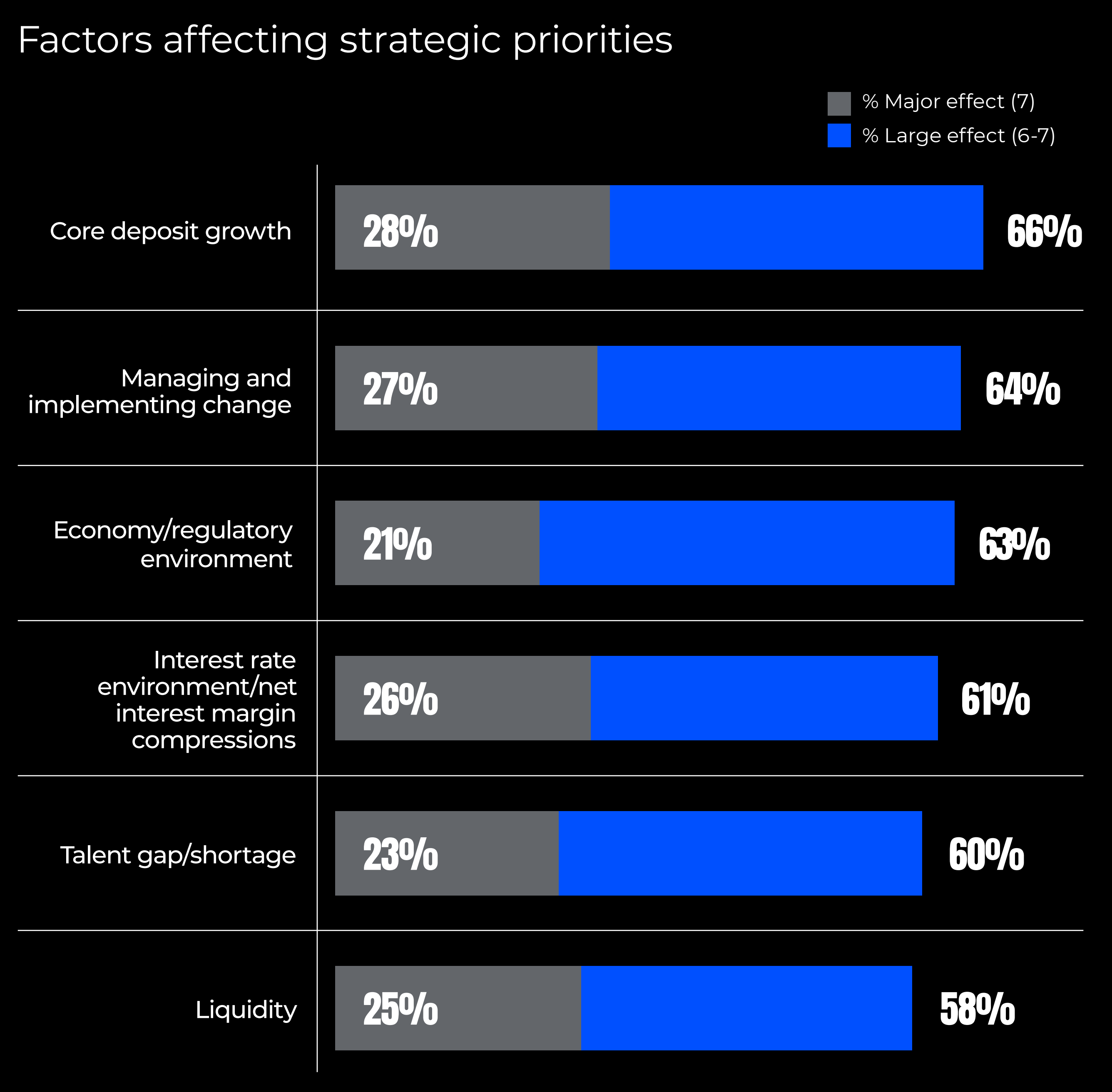


Figure 6. Respondents rated factors that could affect strategic priorities

However, concerns varied by institution size. Respondents from large institutions expressed stronger concern about economic and regulatory shifts, while those from small institutions cited talent shortages as their top constraint.

Optimism can't overshadow risk

"Boards expect growth no matter what the economy is doing," said Robert Zondag, partner at Wipfli. "That creates pressure on leadership teams to hit targets even when rate environments, employment cycles and market stability are outside their control."

And while many market indicators remain strong, conditions could shift quickly. Recent layoffs at large employers, changing spending behaviors and potential market corrections could affect borrower segments faster than leaders anticipate.

"Some warning signs take longer to show up," said Alison Herrick, partner at Wipfli. "Younger accountholders are using buy-now-pay-later, embedded lending and other alternative credit channels. Traditional portfolios don't always reflect that emerging stress."

If leaders rely too heavily on historical models or narrow portfolio views, she said, they may miss risks brewing beneath the surface.

Growth depends on younger consumers

Demographic and generational shifts could be shaping growth strategies more directly than banking leaders realize.

"Younger consumers simply don't bank the way previous generations did," said Carlos Vega, director at Wipfli. "If institutions don't develop digital-native experiences and stronger acquisition strategies, they'll lose ground."

Vega noted that younger generations are more attuned to social-media-driven financial conversations and more willing to adopt alternative providers. Winning those relationships requires modern marketing approaches and seamless, secure digital experiences — not just new products.

Stability can't support growth alone

Herrick said many executives prioritize stability over strategy — which may put them at risk or limit their long-term capabilities.

"Maintaining safety and soundness is important," she said. "But it can also mean institutions aren't building capabilities that will be required for future growth. When they fall behind, the gap widens every year."

She said institutions can become overly dependent on legacy growth levers — like deposit and loan growth — without developing digital, data or experience capabilities that younger generations expect.

The bottom line: Traditional growth models won't sustain long-term momentum. "There's a real risk in assuming what worked before will work going forward," Herrick said.

Digital strategy and AI

Digital transformation centers on accountholders

To understand respondents' digital strategies, we asked how they define "digital transformation." The most frequently selected definitions included:

- Digital customer/member engagement (70%)
- Digital branch (68%)
- Faster loan approvals/account opening (67%)

Respondents from large institutions were also more likely to include payment transactions and AI/gen AI among their definitions.

Barriers to digital transformation are persistent

The top barriers to digital transformation remained consistent with last year's findings. As shown in figure 7, respondents identified cybersecurity (40%), integration with existing systems (35%) and high costs (32%) as their top barriers.

Respondents from small and mid-sized institutions often ranked high costs as a top barrier, while those from large firms frequently pointed to a lack of talent or technical expertise.

Open banking and BaaS expanded rapidly

Interest in open-banking-related services surged. Eighty-eight percent of respondents said their institution is either participating in or planning to participate in BaaS/embedded banking within the next 12 months.

BaaS/embedded banking adoption is highest among respondents from mid-sized and large institutions (97%), compared to respondents at small institutions (60%).

Among respondents whose institutions are not pursuing BaaS/embedded banking, 51% said it's not part of their current strategy. Others cited risk and cybersecurity readiness.

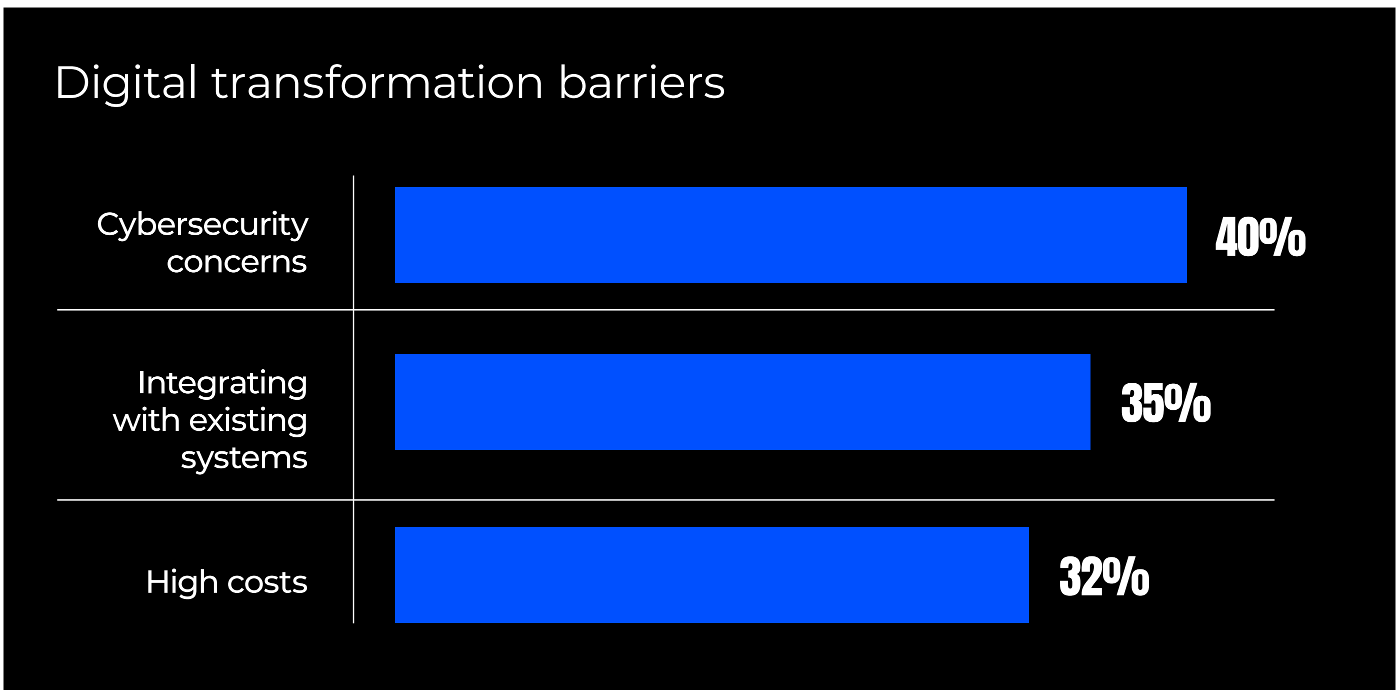


Figure 7. Barriers to digital transformation

AI implementation and maturity are uneven

AI adoption is accelerating, but AI maturity isn't keeping pace.

More than half of respondents (51%) said their institutions are actively implementing AI solutions. However, only 16% said they have an enterprisewide roadmap for AI that includes governance frameworks and measurable business impact (see figure 8).

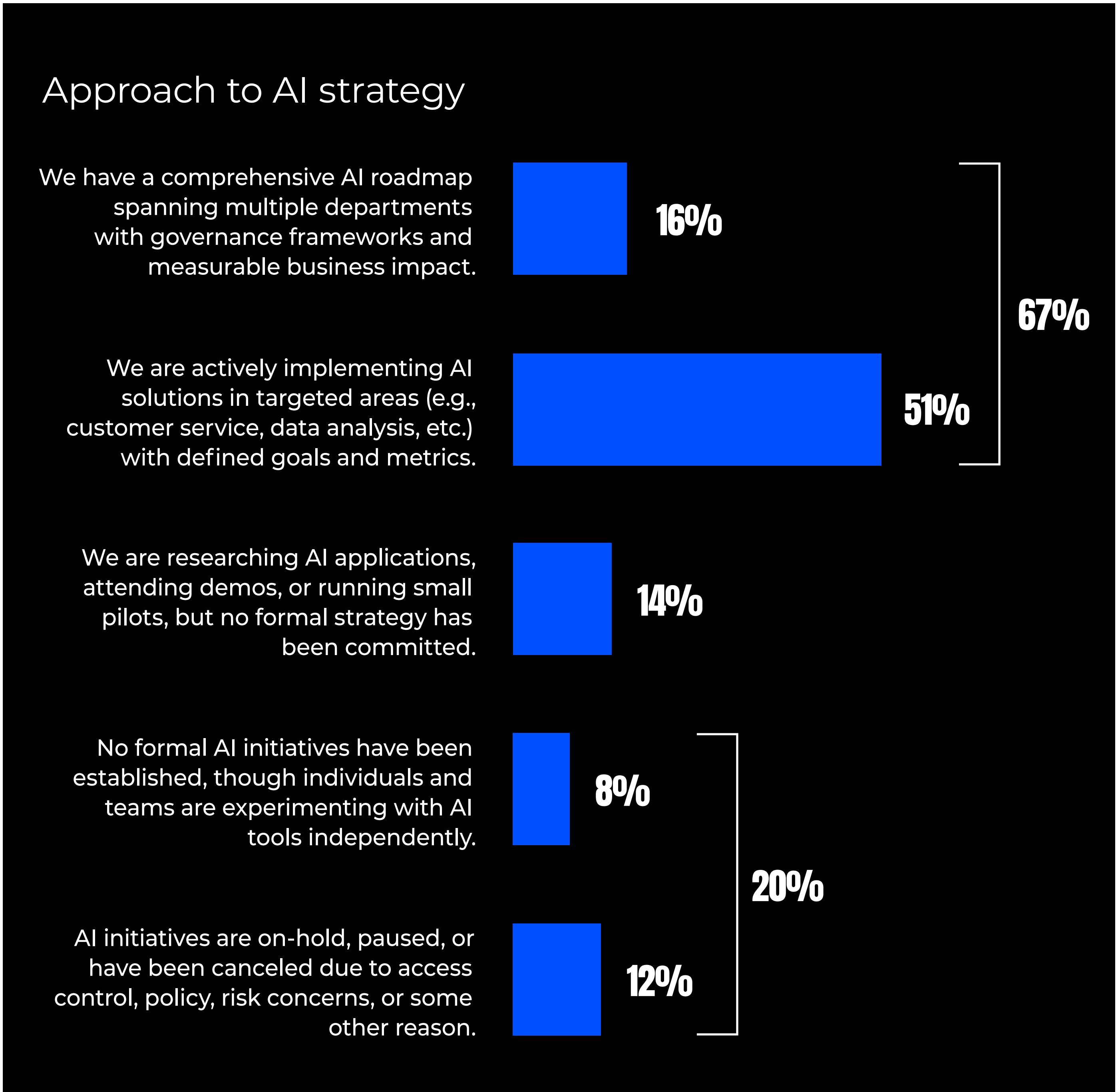


Figure 8. A majority of respondents said they are actively implementing AI solutions, yet few reported achieving AI maturity

Executives from mid-sized and large institutions reported higher levels of AI maturity, as shown in figure 9. Roughly 20% of respondents in higher asset tiers said their institution's AI use was at the highest maturity level, compared to 7% of respondents from small institutions.

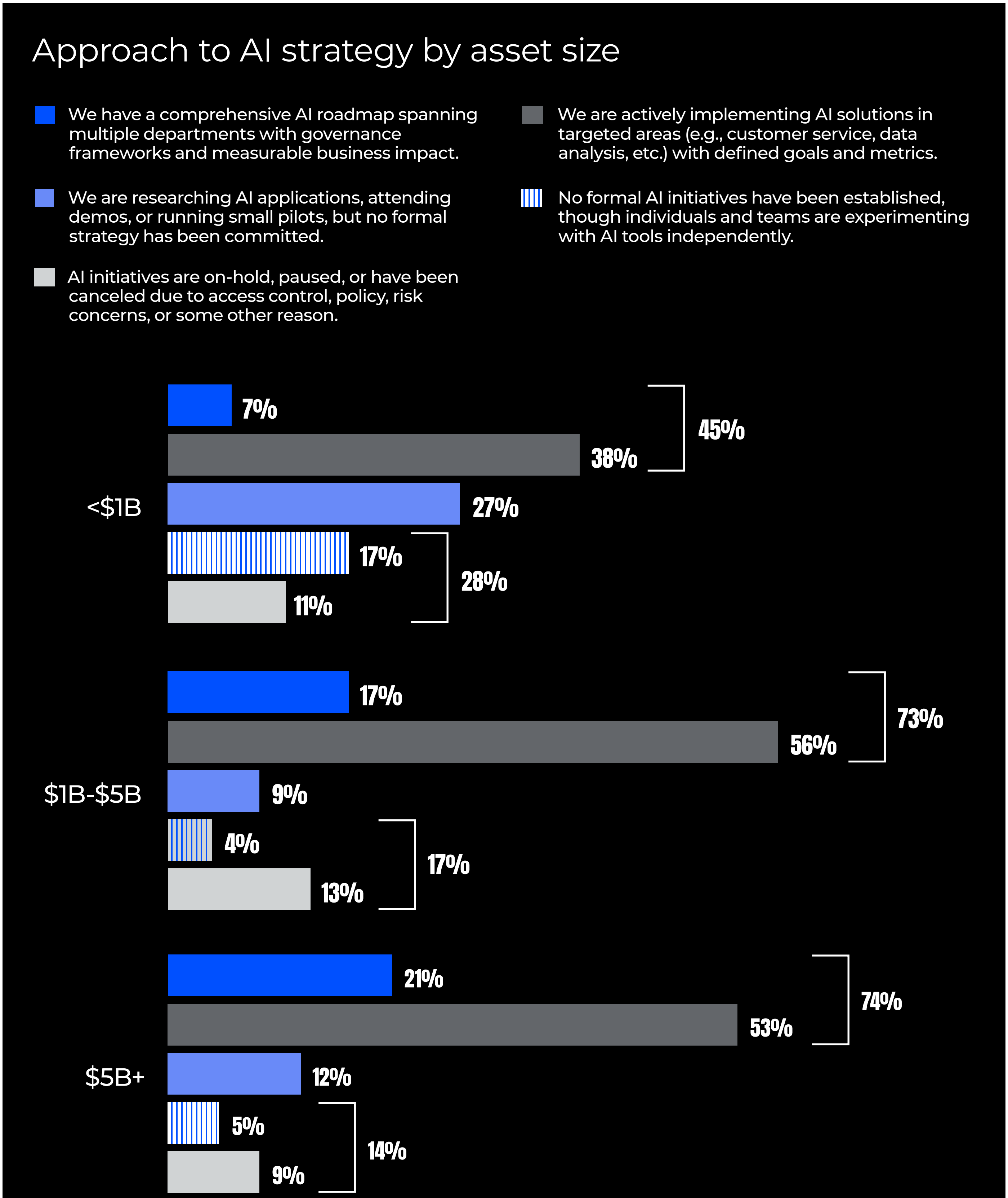


Figure 9. Mid-sized and large institutions report higher levels of AI maturity

Respondents' top barriers to AI adoption were consistent with last year: cybersecurity (74%), fraud risk (57%), data readiness/quality/governance (55%) and liability (50%).

Respondents who identified data analytics/AI as an important strategic priority also shared how they currently use these tools. The most common use cases included:

- Fraud and financial crime (62%)
- Financial reporting (60%)
- Risk analytics/regulatory (54%)
- Sales/growth/customer 360 (54%)

Additionally, 49% of respondents from small institutions said they are leveraging AI in their operations.

Ready or not, the way forward is digital

Banking leaders are under increasing pressure to modernize onboarding, mobile experiences and loan decisioning. "Digital expectations aren't optional anymore," Zondag said. "They're table stakes for attracting younger accountholders and competing with alternative providers."

But many institutions only modernize the surface, prioritizing front-end experiences without addressing the systems that support them. Or they adopt new tools before fixing foundational issues beneath them.

"Front-end innovation doesn't deliver when the back end is still operating in pieces," Vega said. "You can't deliver a seamless journey if your systems can't talk to each other."

FOMO is real — and risky

Vega said many institutions feel pressure to adopt AI quickly, even when readiness is lagging.

"AI FOMO — the fear of missing out — is real," he said. "Leaders want to show progress, even though they're still wrestling with foundational data challenges, like quality, governance and integration."

"Leaders need to filter hype from reality," added Anna Kooi, Wipfli partner and leader of the firm's financial services practice. "The focus should be on AI that improves real outcomes, like staff efficiency, credit decisioning, fraud detection and personalized engagement."

Zondag said technology alone isn't enough to meet accountholder expectations. "Institutions also need strong foundations in data and talent before the technology can improve experience," he said. "Digital and AI initiatives cannot succeed without the right people and processes behind them."

Zondag said many institutions pursue AI tools or new digital products before defining use cases, updating workflows or developing the skill sets needed to extract value. The result is familiar: heavy investments with limited returns.

The next wave is already forming

Emerging payment models — including stablecoins, digital wallets and AI-driven transactions — could further reshape customer expectations and accelerate the digital shift.

Vega said future payments systems may operate automatically, without traditional human triggers. "That means institutions will need flexible, integrated infrastructure capable of supporting new payment networks," he said.

This evolution may also expand regulatory and operational responsibilities, from KYC and anti-money laundering to reconciliation and dispute resolution. "The systems we build today must be able to support what's next," Vega said.

The bottom line: Digital transformation is no longer about adopting new tools. "Institutions that win will treat digital strategy as core to their operating model — not a side project," Zondag said.

Fraud and cybersecurity

Fraud and cybersecurity risk continue to intensify

Cybersecurity was the top concern among the executives we surveyed — for the third consecutive year.

Concern levels have also risen steadily over the years: cybersecurity was selected as a top concern by 43% of respondents in the 2024 report, 48% in 2025 and 52% in 2026. This year, it was the top concern across every asset tier — and by a wide margin. The next-cited issue, employee recruitment/retention, was cited by just 33% of respondents, as shown in figure 10.

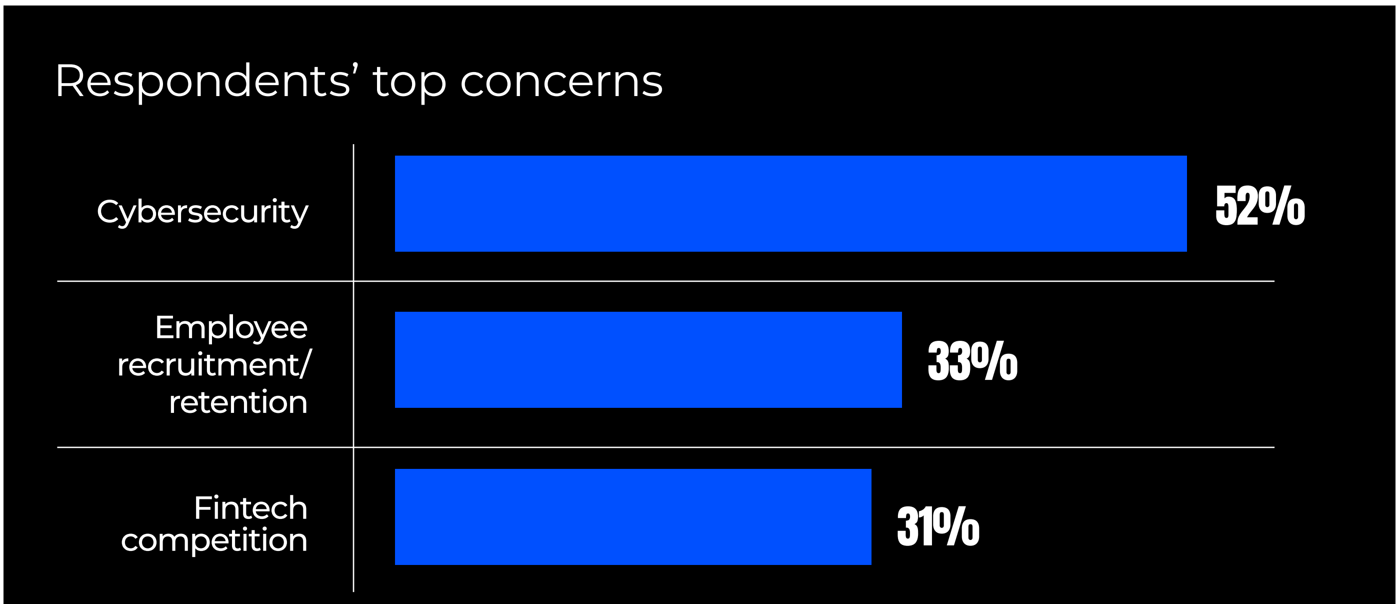
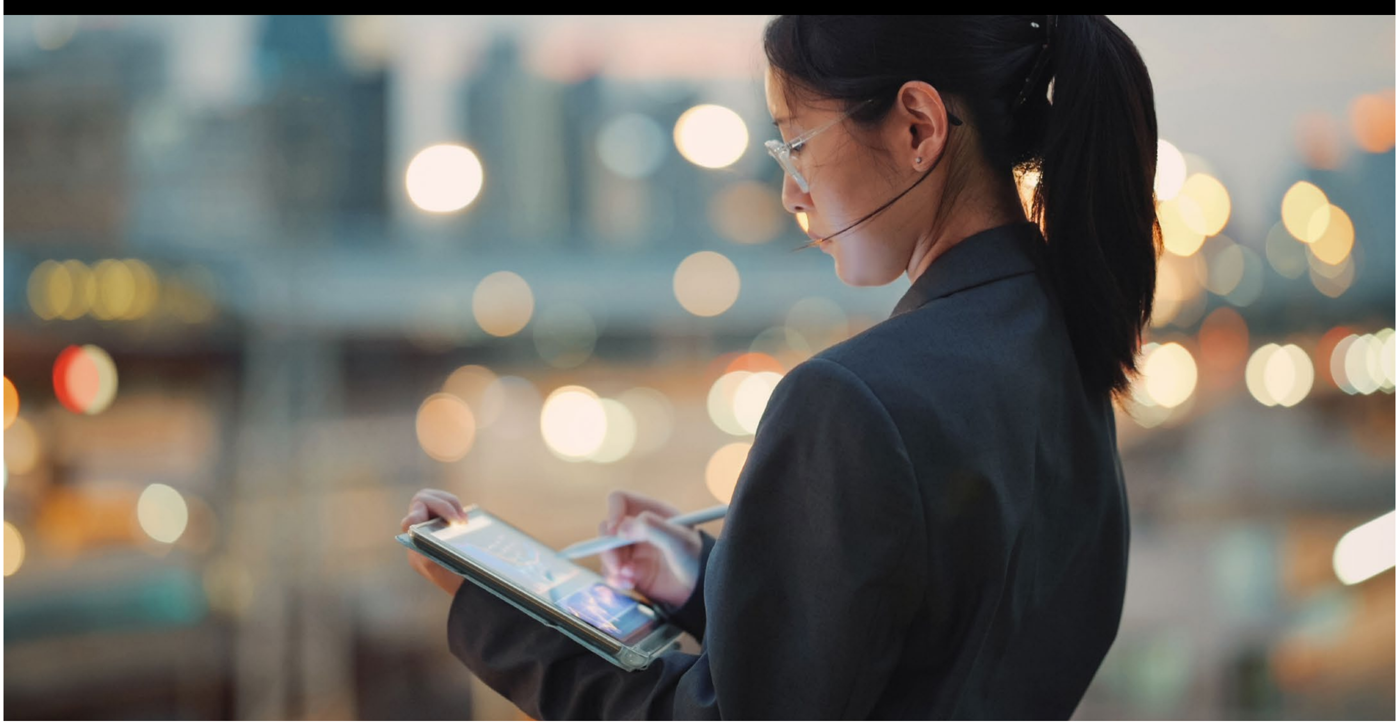


Figure 10. For the third consecutive year, cybersecurity was respondents' top concern



Incidents are becoming more frequent

Respondents reported increasing activity across several threat categories:

- 52% said fraud is increasing in their institution. Executives from small institutions were even more likely to report rising fraud (61%).
- 46% reported an increase in cyberattacks over the past year.
- 81% said their institution experienced at least one incident of unauthorized access to networks or data in the last 12 months — up from 65% in 2024 (see figure 11).
- 43% reported experiencing three or more unauthorized access incidents in the same period.

Leaders are responding with layered security measures

Over the past 12 months, respondents reported taking a wide range of actions to strengthen their resilience against bad actors:

- 60% implemented safeguards to protect their networks and data, including enhanced access controls, maintenance procedures or 24/7 monitoring.
- 55% improved systems and processes to more rapidly identify cybersecurity events.
- 54% developed or revised a cyber risk management policy outlining cyber prevention, detection, response and recovery procedures.
- 53% increased investment in cybersecurity technologies.

Digital expansion and AI are widening the attack surface

"As institutions expand access and speed, fraud exposure grows right alongside it," said Zondag. "Digital conveniences introduce new vulnerabilities if underlying controls don't evolve at the same pace."

AI is also reshaping the threat landscape. Attackers are adopting AI-powered tools — including deepfake audio, synthetic identities and automated phishing — faster than many institutions are updating their defenses.

"We're seeing fraud attempts that look shockingly real," said Kooi. "The risk isn't hypothetical anymore. It's happening in the field."

Unauthorized access to networks and data in the past year

Percentage of organizations that experienced at least one incident of unauthorized access

Figure 11. Cyber incidents are becoming pervasive

Fragmentation amplifies risk

Many institutions rely on multiple systems that don't communicate, causing friction across user experiences and day-to-day operations. Those disconnects also open exploitable gaps between channels, systems and data sources. Without integration, even the strongest cyber tools fall short.

"If your systems can't share data, they can't detect patterns quickly enough to stop an attack," Vega said. "Cyber programs are often tool-focused, but not fully or meaningfully integrated. That limits their effectiveness."

Zondag cautioned that many cybersecurity programs are also light on strategy. Some institutions assume tools or vendor subscriptions alone will keep them safe — or that outsourcing cybersecurity transfers responsibility.

"You can outsource support, but you can't outsource accountability," Zondag said. "Institutions still need strong governance, vendor oversight, continuous monitoring and clear lines of accountability."

Institutions must also address structural vulnerabilities, including inconsistent identity verification processes, outdated patching or maintenance practices, and underlying data quality issues.

Relying on a single vendor can also concentrate risk. Vega encourages leaders to "trust but verify." "Bringing in additional perspectives and independent validation and testing strengthens your program and supports real resilience," he said.

Security budgets must match digital realities

As digital access becomes the default, cyber protection must be treated with the same discipline applied to physical locations.

"Digital channels are your new branches," Vega said. "They require the same level of always-on protection."

The bottom line: Fraud and cyber risks are accelerating — and falling behind isn't an option. "Cybersecurity isn't just an expense," Vega said. "It's a strategic investment."

Branch strategy

Branches are being reimagined — but not abandoned

Rather than retreating from brick-and-mortar, many respondents indicated plans to open branches or repurpose existing locations over the next 12 months (see figure 12). Among the executives we surveyed:

- 66% said their organization plans to open branches.
- 55% plan to repurpose existing branches to support new banking experiences.
- 30% plan to close branches.

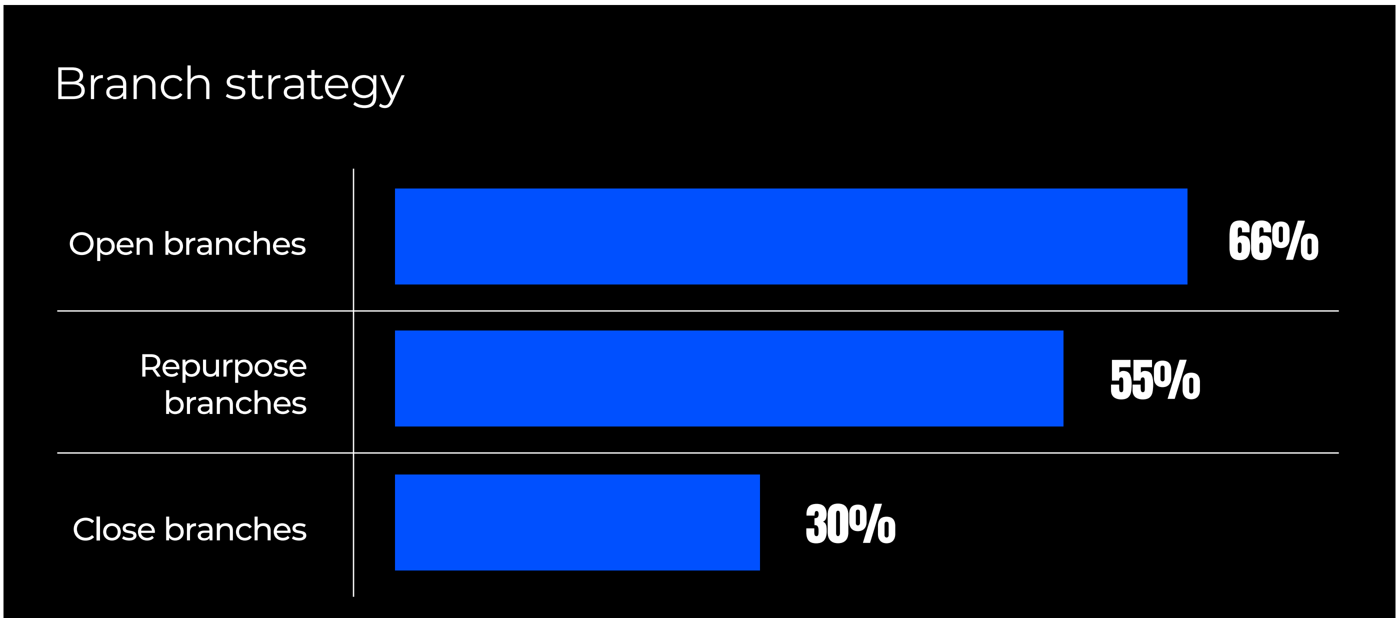


Figure 12. Two-thirds of respondents said their institutions plan to open a new branch within the next 12 months

Branch strategies varied by institution size, as shown in figure 13. Respondents from mid-sized and large institutions were more likely to report plans to open branches (70%), compared to respondents from small institutions (56%). Respondents from small institutions were also less likely to report branch closures (13%), compared to respondents from mid-sized institutions (39%).

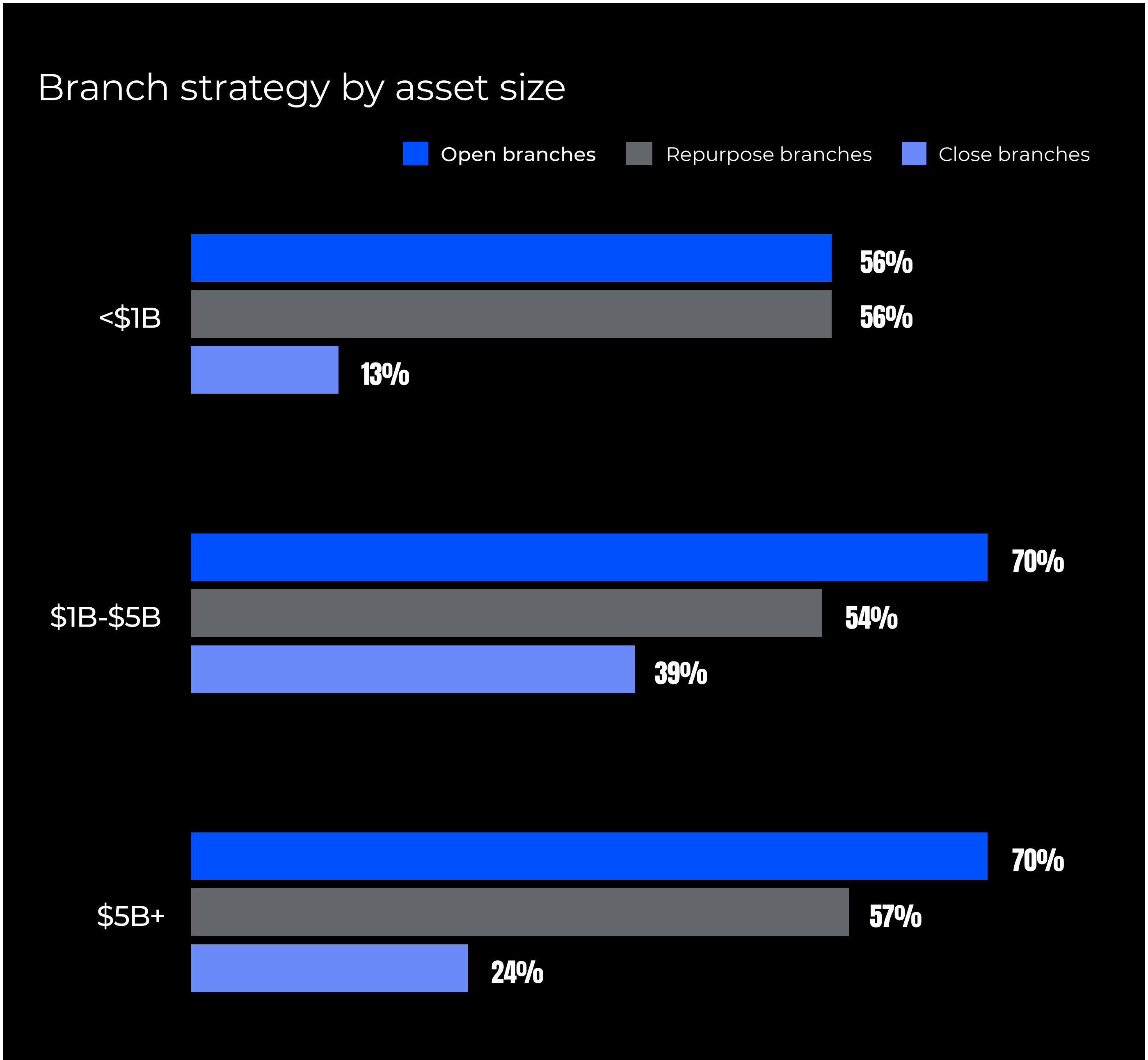


Figure 13. Branch strategies varied by institution size

Factors influencing branch strategies

We asked respondents whose institutions plan to **open new branches** which factors were most important in their decision. As shown in figure 14, the top responses were:

- Operating costs vs. revenue (55%)
- Targeting younger customers or members (52%)
- Digital adoption rates (49%)

Respondents from small and large institutions also cited community economic indicators as an important factor when deciding to open a new location.

Executives who plan to **repurpose existing branches** were asked about their intentions. Most cited shifts in services — or service delivery. Executives said they plan to:

- Shift the service focus from transactional to advisory (71%)
- Offer enhanced ATM services (66%)
- Create more collaborative/community gathering spaces (55%)

We asked respondents whose institutions plan to **close branches** whether they're planning to offer alternate services. Those executives said they plan to provide:

- Enhanced ATM services (75%)
- Enhanced mail processing, courier pickup services (63%)
- Mobile banking units (55%)
- Partnerships/mini branches/kiosks (55%)

Branches are being redefined — but not replaced

"Banking is shifting from a place people go to something people do," Zondag said. As everyday financial activity moves to mobile apps, digital wallets and embedded experiences, branches are no longer the primary setting for routine transactions.

Instead, branches are becoming strategic assets for trust-building, advice and community presence. "Branches still matter, but for different reasons," Zondag said. "It's less about adding square footage and tellers, and more about adding visibility and relationship depth in key markets."

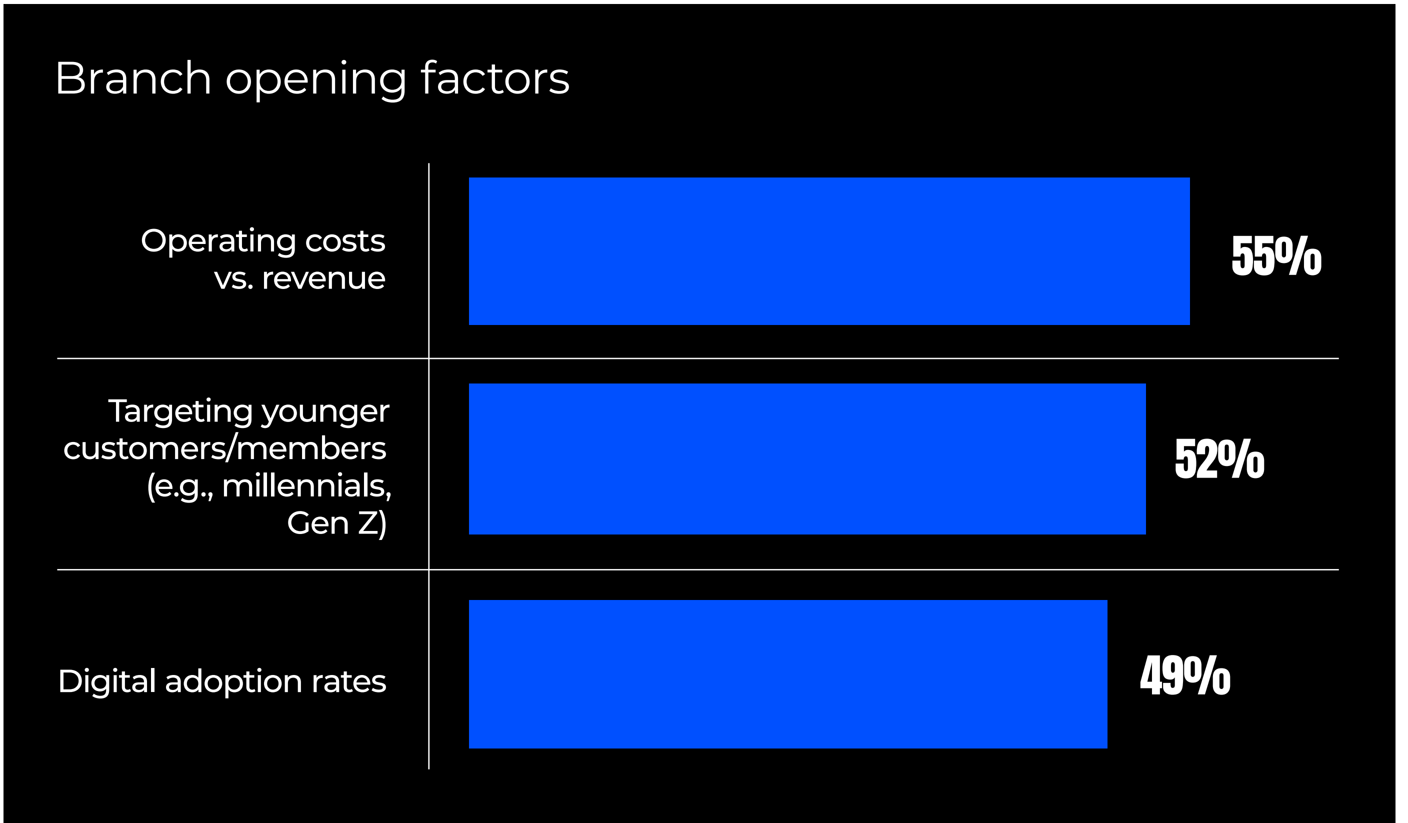


Figure 14. Branch opening factors

As digital channels absorb the transactional load, branch strategies are increasingly tied to growth and market-entry objectives rather than transactional demand. New locations may function as consultative hubs for lending, financial planning, small business support or community engagement, rather than traditional service centers.

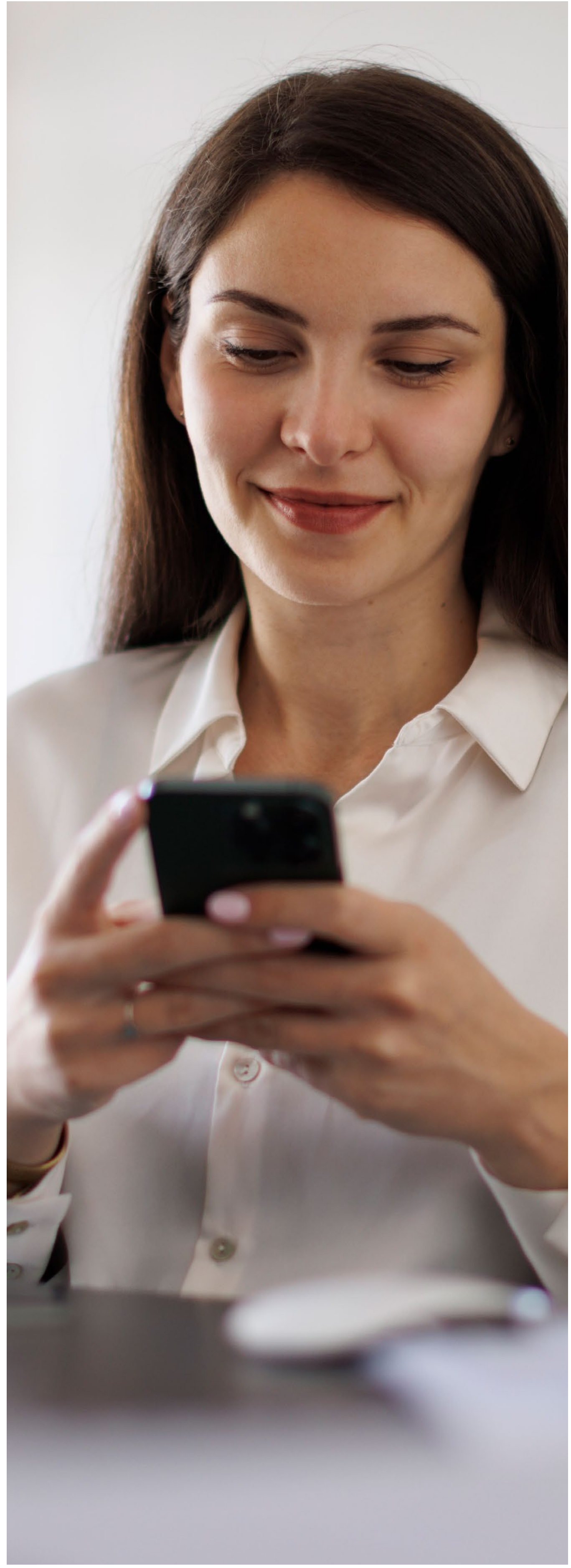
Generational shifts are influencing branch design

"Different generations have very different expectations about how — and where — banking happens," Kooi said. "Some still value face-to-face interaction for major life decisions. Others would never even consider stepping inside a branch."

That reality forces institutions to rethink the role of physical spaces altogether: not as a default channel, but as a deliberate brand and relationship tool. Many institutions are experimenting with new ways to activate branch space — from hosting community events and scouting groups to offering financial education or partnering with local coffee shops. The goal is no longer to pull people in for transactions, but to create reasons to engage, build trust and reinforce the brand.

The challenge is designing branch strategies that service multiple generations at once: those who still value in-person service and those who expect banking to live entirely on their devices. That tension is pushing many institutions toward hybrid models — pairing digital-first convenience with physical environments that deepen relationships and strengthen community ties.

The bottom line: Digital channels handle transactions. Branches handle moments that matter. "Every institution has to decide what matters most to their customers," Zondag said, "then intentionally design spaces that support the broader ecosystem, not duplicate it."



People and talent

Performance stalls without the right people, and talent pressures persist

While not as intense as concerns over cybersecurity, employee recruitment and retention ranked as the second-highest issue overall — a position it's held for three consecutive years.

Respondents' specific talent concerns varied by institution size, as shown in figure 15. Those from small and large institutions expressed the strongest concern about recruitment and retention, while those from mid-sized institutions were more likely to place succession planning among their top three concerns (along with regulatory compliance).

How leaders are responding to talent challenges

Respondents who identified employee recruitment and retention as a top-three concern reported taking several actions to address workforce pressures. The most commonly cited responses included:

- Increasing wages (45%)
- Increasing benefits, perks (40%)
- Focusing on workplace culture (39%)
- Career development pathing (38%)

Top concerns in 2026

<$1B

1. Cybersecurity
2. **Employee recruitment/retention**
3. Meeting customer/member needs

$1B-5B

1. Cybersecurity
2. **Succession planning**
3. Regulation compliance

$5B+

1. Cybersecurity
2. Fintech competition
3. **Employee recruitment/retention** (tied with regulatory compliance)

Figure 15. Talent-related issues were among respondents' top concerns, although priorities varied by institution size

Talent gaps have strategic impact

Sixty percent of respondents said talent gaps or shortages could affect their institution's ability to achieve strategic priorities. Among those respondents, many reported considering outsourcing to address capacity or capability gaps. The most frequently cited areas for potential outsourcing included accounting (53%), IT (52%) and information security (51%).

Respondents from large institutions also commonly cited regulatory compliance and operations as functions they would consider outsourcing.

Talent strategy is inseparable from business — and digital — strategy

Talent constraints are increasingly shaping what institutions can execute, from digital transformation and fraud mitigation to succession planning. "If you have a digital strategy, an AI strategy or a cybersecurity strategy, you also need a talent strategy behind it. Otherwise, the investment won't deliver," Kooi said.

High-demand skill sets in IT, cyber, data and risk remain difficult — and expensive — to fill. At the same time, many institutions are facing looming gaps in roles that rely heavily on institutional knowledge and experience — qualities that are difficult to replace through automation.

"People who've seen multiple market cycles have critical perspective and expertise," Kooi said. "Replacing that judgment isn't easy, especially when newer professionals haven't experienced a downturn firsthand."

Outsourcing as an avenue for resilience

As workloads increase and regulatory expectations evolve, internal teams are often stretched beyond sustainable limits, particularly in functions that require continuous coverage. In that context, outsourcing can become a resilience strategy, not simply a cost-cutting measure.

60% of respondents said talent gaps or shortages could affect their ability to achieve strategic priorities

"For small and mid-sized institutions especially, outsourcing allows them to 'borrow' capabilities they can't build — or can't build fast enough," Kooi said.

Generational shifts complicate the equation

Generational shifts are affecting both the workforce and the customer base. "Newer generations have different workplace expectations around flexibility, purpose, technology and career development," Kooi said. "You can't attract or retain talent if the work environment hasn't evolved."

Modern tools can help institutions strike the right balance — but technology alone can't solve everything. "Digital tools need the backing of a strong culture and intentional development paths," Zondag said.

The bottom line: More than ever, strategy execution depends on how well institutions align talent, technology and culture. "Technology can amplify people — but it can't replace them," Kooi said. "Institutions that invest in upskilling, thoughtfully redesign roles and supplement internal teams will be far better positioned for what's ahead."

Looking ahead: How to prepare for faster, higher-stakes change

The executives we surveyed are entering 2026 with momentum and optimism — but also with a clear understanding that the operating environment is becoming more challenging and complex

Institutions that invest deliberately — rather than reactively — will find sustainable avenues to grow revenue, deepen relationships and manage risk in the years ahead.

Based on this year's findings, financial institutions should consider the following actions:

1. Address capacity and talent gaps head-on

Workforce capacity, specialized skills and institutional knowledge are core determinants of success — not secondary considerations.

Addressing talent gaps requires a combination of upskilling, role redesign and, in many cases, strategic outsourcing. Ultimately, talent will determine what institutions can realistically execute — from digital transformation to fraud mitigation and growth initiatives.

2. Revisit growth strategies to reflect changing behaviors and demographics

Changing customer behaviors, generational expectations and emerging financial channels are reshaping how institutions attract, serve and retain relationships.

Institutions that rely too heavily on legacy growth models risk losing relevance. Re-evaluating strategies through the lens of how customers want to engage — and how trust is built in a digital or hybrid environment — is essential for sustainable growth.

3. Elevate fraud and cybersecurity to strategic priorities

Cybersecurity and fraud are no longer confined to IT or risk functions. As digital access expands and threat activity accelerates, leaders need to fight back with enterprisewide commitment — not point solutions or one-time patches.

Cyber protection must be elevated to the same strategic priority as branch security. Treating cybersecurity as a strategic investment enables institutions to move beyond reactive controls and toward integrated, resilient programs that scale with digital growth.

Advances in AI will continue to reshape payments and commerce. AI-enabled systems could enable automated, agent-to-agent transactions — shifting payments from human-initiated events to embedded, real-time processes. That evolution raises both opportunity and risk, amplifying the strategic importance of fraud and cybersecurity protections.

4. Create value through integration, not isolated upgrades

Fragmented systems limit the value of new tools and create operational and security gaps. Long-term performance will depend on how well data, platforms and processes work together.

Isolated investments deliver limited returns without strong integration behind them. Institutions that prioritize integration across systems, channels and data sources will be better positioned to deliver seamless experiences and operate with greater efficiency.

5. Prepare now for the next phase of digital financial services

Upcoming regulatory and technology shifts could accelerate the pace of change even further. Recent developments tied to the GENIUS Act signal growing momentum around stablecoins, digital wallets and next-generation payment networks.

As these models mature, consumer and business expectations are likely to shift quickly, too. Financial institutions may face increased competition and more demand for faster, data-rich transactions. Stablecoin-enabled payments will require institutions to expand core payments capabilities beyond traditional rails, including cybersecurity, know your customer, anti-money laundering, reconciliation and dispute resolution.

Key takeaways

1. Talent constraints will increasingly shape what institutions can execute.

2. Demographic and market shifts require a re-evaluation of growth strategies.

3. Fraud and cybersecurity must be treated as strategic investments, not operating expenses.

4. Integration matters more than isolated digital or branch upgrades.

5. The pace of change isn't slowing. Financial institutions need to prepare for the future of banking — now.

WIPFLI

Appendix: The raw data

Wipfli conducted a national online survey of financial institution executives (N=345) in September and October 2025

Percentages may not equal 100% due to rounding or multiple response options

WIPFLI FINANCIAL INSTITUTIONS SURVEY: Sept. 30 – Oct. 14, 2025
N=345

In this document:

- An asterisk (*) in a response category means that less than 0.5% of respondents chose that response category and a dash (–) represents no response.
- ^ Denotes rounding. Due to rounding, some figures may be higher or lower by less than one-half of one percent.
- A double asterisk (**) indicates data was collected differently and is displayed in an additional chart below.
- + Denotes a deviation from label verbiage from the 2025 data.

How would you describe the place where you work?

TOTALS	
71%	Bank
29%	Credit union

Which best describes your title?

TOTALS	
2%	CBO
2%	CCO
22%	CEO
60%	CFO
1%	CHRO
5%	CIO
1%	CISO
*	CMO
2%	COO
2%	CTO
3%	President
1%	Other

In what region is your financial institution located?

15%	Northeast
31%	Midwest
41%	South
12%	West

What is your current asset size?

12%	Under $500M
12%	$500M-$1B
29%	$1.1B-$3B
24%	$3.1B-$5B
15%	$5.1B-$10B
3%	$10.1B-$20B
3%	Over $20B
24%	**TOTAL <$1B**
54%^	**TOTAL $1B-$5B**
22%^	**TOTAL $5B+**

Who is your core provider?

Credit unions	
15%	FIS
34%	Fiserv
17%	Jack Henry
7%	CSI
17%	Finastra
3%	COCC
7%	UFS
1%	Other: Cardinal/Shazam

Are you looking for a new core provider?

TOTAL	
63%	Yes
29%	No
8%	Currently negotiating

(ASK IF YES/CURRENTLY NEGOTIATING NEW CORE PROVIDER, N=244)

Which core provider(s) are you considering?
Please select all that apply.

TOTAL	
52%	FIS
61%	Fiserv
42%	Jack Henry
32%	CSI
53%	Finastra
18%	COCC
32%	UFS
1%	Other: Automated Systems, Cisco

Which, if any, of the following services have you added in the last three years?
Please select all that apply.

TOTAL	
61%	Financial well-being
60%	Instant payments
55%	Banking as a service (BaaS)/embedded banking
49%	Wealth advisory
47%	Insurance
39%	Automated investing/robo-advisor
39%	Trusts
32%	Cryptocurrency/stablecoin
1%	Other: SBA and USDA lending, Zelle, technical service provider
7%	None of these

Which best describes your expected asset growth over the next 12 months?

TOTAL	
1%	Contracting
–	0%
33%	1-5%
46%	6-8%
13%	9-10%
7%	>10%

(ASK IF GROWTH IS EXPECTED BY 1% TO MORE THAN 10%, N=343)

Of the following, which do you expect to be the primary growth driver for your institution over the next 12 months?

TOTAL	
45%	Deposit growth
34%	Loan growth
20%	Net interest margin optimization
*	Other: Acquisition
1%	None of these

(ASK IF BANK, N=245)

Please select the top five strategies most important to your credit union over the next 12 months.

TOTAL	
69%	Data analytics/AI
64%	Improving digital customer engagement
63%	Talent management
55%	Banking as a service (Baas)/embedded banking
51%	Accepting instant payments
49%	Automating processes to extend geographic reach
47%	Exploring new revenue streams
44%	Labor replacing and/or staff augmenting technologies
44%	Cloud adoption
13%	M&A
1%	Other: Loan portfolio growth NIM expansion, private banking

(ASK IF TOP PRIORITY IS DATA ANALYTICS/AI, N=231)

For which of the following areas does your institution plan to leverage AI over the next 12 months?
Please select all that apply.

TOTAL	
62%	Fraud and financial crimes
60%	Financial reporting
54%	Risk analytics and regulatory
54%	Sales/growth/member 360
47%	Credit decisioning
45%	Operations
37%	Quantitative research
35%	Loan underwriting
1%	Other: Taking minutes, marketing, collections, risk and control management
1%	None of these

(ASK IF TOP PRIORITY IS M&A, N=57)

You noted that M&A is a top strategy in the coming year. Are you planning to buy or sell?
Please select all that apply.

TOTAL	
89%	Buy
11%	Sell

(ASK IF BUY, N=51)

Which of the following entities is your institution planning to buy?
Please select all that apply.

TOTAL	
67%	Bank
61%	Credit union
4%	Other: Wealth management, RIA, bank branches

(ASK IF SELL, N=6)

Which of the following entities is your institution planning to sell?
Please check all that apply.

TOTAL	
67%	Bank
50%	Credit union
–	Other

Which of the following mobile, digital or data-driven strategies is your institution planning to use to support growth and expansion?
Please check all that apply.

TOTAL	
73%	Data analytics/predictive modeling (e.g., cross-sell opportunities, personalized campaigns, product recommendations, automated triggers/referral programs)
64%	Social media (e.g., advertising with direct conversion, sponsoring influencers)
59%	Partnership development (e.g., B2B employers, in-store, digital/online)
58%	24/7 automated online account opening
46%	Streamlined service offerings for efficiency
39%	SEO/SEM optimization for “always-on” lead generation
32%	Interactive teller machines (ITMs)
22%	Call center expansion
–	Other
1%	No mobile, digital or data-driven strategies planned

In the next 12 months, are you planning to close branches, open branches or repurpose branches with new forms of banking experiences?
Please check all that apply.

TOTAL	
30%	Close branches
66%	Open branches
55%	Repurpose branches with new forms of banking experiences

(ASK IF CLOSE BRANCHES, N=102)

When closing branches, which alternatives (if any) are your institution planning to provide?
Please check all that apply.

TOTAL	
75%	Enhanced ATM services (could include interactive teller machines [ITMs])
63%	Enhanced mail processing, courier pickup services, etc., for businesses
55%	Mobile banking units
55%	Partnerships/mini branches/kiosks (e.g., inside grocery stores, pharmacies, retail locations or shared spaces)
47%	Call centers with enhanced phone banking and support
39%	Referrals to nearby branches
38%	Digital-only solutions
–	Other alternatives
–	No alternative services

(ASK IF OPEN BRANCHES, N=229)

When evaluating branch openings, which factors are most important in your decision-making?
Please select the top three most important factors.

TOTAL	
55%	Operating costs vs. revenue
52%	Targeting younger members (e.g., millennials, Gen Z)
49%	Digital adoption rates
43%	Community economic indicators
41%	Transaction volume per branch
41%	Population density
41%	Proximity to other branches
*	Other factors: Competition growth areas

ASK IF RE-PURPOSING BRANCHES, N=190)

When repurposing branches, which of the following (if any) is your institution planning to do?
Please check all that apply.

TOTAL	
71%	Shifting service focus from transactional (e.g., deposits/withdrawals) to advisory (e.g., financial planning, mortgage guidance)
66%	Enhanced ATM services (could include interactive teller machines [ITMs])
55%	Creating more collaborative/community gathering spaces
43%	Interactive kiosks
35%	Downsizing branch square footage/including teller stations
34%	Tablet-equipped bankers
1%	Other
2%	None

What effect do the following factors have on achieving your strategic priorities?
Please use a 1 to 7 scale, where 1=no effect at all and 7=major effect.

FINANCIAL INSTITUTIONS — *RANKED BY % TOTAL LARGE EFFECT*

	TOTAL LARGE EFFECT 6-7	MAJOR EFFECT 7	6	5	4	3	2	NO EFFECT AT ALL 1
Core deposit growth	***66%^***	28%	37%	25%	5%	2%	1%	1%
Managing and implementing change	***64%***	27%	37%	24%	8%	2%	1%	1%
Economy/regulatory/ environment	***63%^***	21%	41%	25%	7%	3%	1%	1%
Interest rate environment/net interest margin compressions	***61%^***	26%	36%	22%	12%	2%	1%	1%
Talent gap/shortage	***60%***	23%	37%	26%	9%	1%	1%	2%
Liquidity	***58%***	25%	33%	28%	9%	2%	1%	2%

(ASK IF TALENT GAP SHORTAGE HAS LARGE EFFECT ON ACHIEVING STRATEGIC PRIORITIES, Q22:6-7, N=206)

Which of the following functions have you considered outsourcing?
Please select all that apply.

TOTAL	
53%	Accounting
52%	IT
51%	Information security
45%	Regulatory compliance
41%	Operations
31%	HR
19%	Lending
1%	Other: Audit, ALCO, loan underwriting
1%	None

Of the following, please select your top three concerns.

TOTAL	
52%	Cybersecurity (includes fraud)
33%	Employee recruitment/retention
31%	Fintech competition
30%	Regulation compliance
29%	Succession planning
27%	Meeting (customer/member) needs
25%	Sustaining operations
23%	Open banking
22%	Retaining market share
19%	Consolidation
9%	Neo/challenger bank
–	Other

(ASK IF ONE OF TOP 3 CONCERNS IS EMPLOYEE RECRUITMENT/RETENTION, N=114)

In the last 12 months, which of the following actions have been most successful in addressing your recruitment/retention efforts?
Please select up to three responses.

TOTAL	
45%	Increased wages
40%	Increased benefits, perks
39%	Focusing on workplace culture
38%	Career development pathing
32%	Flexibility in work location (i.e., working from home)
30%	Leadership development
26%	More proactive recruiting of candidates
22%	Outsourcing/staff augmentation
21%	Diversity, equity and inclusion (DEI) strategies
–	Other

Of the following, which most closely defines digital transformation to you?
Please rate on a scale of 1-7, where 1=does not define at all and 7=completely defines.

FINANCIAL INSTITUTIONS — *RANKED BY % TOTAL CLOSELY DEFINES*

	TOTAL CLOSE DEFINE 6-7	COMPL DEFINE 7	6	5	4	3	2	DOES NOT DEFINE 1
Digital (customer/ member) engagement	***70%***	26%	44%	22%	7%	1%	*	–
Payment transactions	***68%^***	25%	44%	17%	10%	2%	2%	2%
Faster loan approvals/ account opening	***67%^***	28%	40%	20%	8%	3%	*	1%
Digital branch	***64%^***	28%	37%	24%	11%	2%	1%	1%
Open banking	***62%^***	29%	34%	27%	12%	2%	1%	1%
Artificial intelligence (AI/gen AI)	***60%***	26%	34%	25%	8%	1%	1%	2%
Digital financial advisor	***59%^***	25%	35%	23%	14%	–	3%	2%
BaaS/embedded banking participation	***55%***	25%	30%	30%	11%	2%	2%	2%

Please rate your credit union's maturity level in the following digital transformation categories on a 1-7 scale where 1=not at all mature and 7=completely mature.

FINANCIAL INSTITUTIONS — *RANKED BY % TOTAL MATURE*

	TOTAL MATURE 6-7	COMPL MAT 7	6	5	4	3	2	NOT MAT AT ALL 1
Security architecture	***65%***	27%	38%	23%	9%	3%	1%	*
Digital (customer/ member) experience/ engagement	***60%***	23%	37%	26%	9%	3%	1%	1%
Digital strategy	***59%***	24%	35%	25%	10%	3%	2%	1%
Technology architecture	***59%^***	22%	36%	23%	14%	2%	1%	*
(Customer/member) support for digital operations (e.g., digital onboarding, web live chat)	***59%***	21%	38%	27%	8%	3%	3%	1%
Artificial intelligence (AI/gen AI)	***59%***	25%	34%	22%	9%	3%	3%	3%
Fintech readiness/adoption	***58%^***	20%	37%	22%	11%	4%	4%	2%
Digital operations support	***58%***	26%	32%	22%	15%	3%	1%	1%
Open banking	***53%***	25%	28%	26%	13%	3%	3%	3%

When it comes to digital transformation, what are the top two barriers (if any) holding you back?
Please select up to two barriers.

TOTAL	
40%	Cybersecurity concerns
35%	Integrating with existing systems
32%	High costs
26%	Lack of talent/technical expertise
24%	Data readiness/quality/governance
18%	Risk aversion
17%	Resistance to change
3%	None of these/no barriers
*	Other: Time it takes to implement

What actions has your credit union taken in the last 12 months to ensure the security of its network and data?
Please select all that apply.

TOTAL	
60%	Implemented safeguards to better protect networks and data (e.g., enhanced access controls, maintenance procedures, 24/7 security monitoring)
55%	Improved systems and processes to more rapidly identify a cybersecurity event
54%	Developed or revised a cyber risk management policy that communicates cyber prevention, detection, response and recovering actions
53%	Increased investment in cybersecurity technologies (e.g., upgraded networks and devices with security features)
41%	Increased fraud education for customers
38%	Conducted a cyber risk assessment
33%	Conducted penetration testing
33%	Adopted an industry-standard, all-encompassing cybersecurity framework
31%	Hired cybersecurity expertise or added a virtual CISO
–	Other

Which best describes the current level of fraud at your institution?

TOTAL	
52%	Increasing
30%	Decreasing
17%	No change

Which best describes the current level of cyberattacks on your institution?

TOTAL	
46%	Increasing
34%	Decreasing
20%	No change

How many times in the past year has your credit union identified unauthorized access to networks and data?

TOTAL	
19%	0
37%	1-2
35%	3-5
6%	6-10
2%	More than 10

Which of the following statements best describes your firm's approach to artificial intelligence (AI) strategy?

TOTAL	
12%	AI initiatives are on-hold, paused or have been canceled due to access control, policy, risk concerns or some other reason.
8%	No formal AI initiatives have been established, though individuals and teams are experimenting with AI tools independently.
14%	We are researching AI applications, attending demos, or running small pilots, but no formal strategy has been committed.
51%	We are actively implementing AI solutions in targeted areas (e.g., customer service, data analysis) with defined goals and metrics.
16%	We have a comprehensive AI roadmap spanning multiple departments with governance frameworks and measurable business impact.

What are the top barriers (if any) preventing your institution from implementing AI-based tools? Please select all that apply.

TOTAL	
74%	Cybersecurity concerns
57%	Fraud risk
55%	Data readiness/quality/governance
50%	Liability
2%	*Other
6%	None of these

<u>*Other</u>

- Resources/capacity
- Cost of tools
- Regulations have not provided definitive guidance
- Knowledge
- Potential costs

Is your institution currently participating or planning to participate in BaaS/embedded banking or open AI services in the next 12 months?

TOTAL	
88%	**TOTAL YES**
51%	Yes, currently participating
37%	Yes, planning to participate
12%	No

(ASK IF NOT PARTICIPATING IN OR PLANNING TO PARTICIPATE IN BaaS, N=41)

What are the top barriers (if any) preventing your institution from participating in BaaS/embedded banking or open AI services in the next 12 months?

Please select all that apply.

TOTAL	
51%	Not part of our strategy
39%	Risk
34%	Cybersecurity readiness
32%	Compliance
22%	Open AI readiness
5%	Other: Haven't started research and conversation to implement timeline
10%	None of these

Which of the following statements best describes your institution's enterprise risk management (ERM) practices?

TOTAL	
7%	There is no formal ERM framework, and limited awareness or training or risk management.
15%	Early stages of ERM implementation, with some leadership support, basic risk identification and qualitative assessments.
17%	There is a documented ERM framework and policies, established risk ownership and committees, with periodic risk assessments.
34%	ERM is consistently applied across all levels of the firm, with risk reporting and culture integrated into strategic decisions.
28%	ERM is strategically tied to value creation, utilizing real-time monitoring and predictive analytics to drive competitive advantage and board-level insight.