

MOODY'S

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The intelligence edge:

Banking's new
decision advantage



Foreword

Banking has always been a business built on judgment. The ability to assess risk, price credit, and allocate capital with confidence has always determined competitive advantage. But something fundamental has shifted.

Today, the speed of that judgment matters as much as its quality. New entrants are not competing on balance sheet scale or product breadth; rather on the ability to move faster, respond more flexibly, and deliver a more seamless customer experience. In this environment, one of the traditional bank's greatest liabilities is not its cost base or the fact it is a regulated entity; it is the time it takes to make a decision.

This report is based on primary research with 348 senior banking decision-makers in the US, Europe, and Asia-Pacific. It examines the strategic and operational pressures shaping banking, and highlights the factors that separate the banks that will lead from those that will fall behind.

The consistent takeaway is decision-grade intelligence - the ability to connect insight to action, faster, with greater confidence, and across functions.

Banks that effectively upgrade their data foundations, integrate intelligence across workflows and embed AI at decision points are positioned to build a competitive advantage.



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Executive summary

5 strategic takeaways.

01

Decision-making is a source of competitive advantage

92% of senior banking decision-makers are feeling competitive pressure from faster, more agile entrants.

Institutions that approach their decision-making capability as a strategic priority will lead in the next era of banking.

02

Closing the data confidence gap is a significant opportunity

Over 80% of banks identify fragmented data systems and legacy infrastructure as a challenge.

Banks that invest in trusted, integrated data foundations establish the necessary groundwork for accelerated decision-making and better outcomes at scale.

03

Embedding risk and compliance intelligence into the decision point is essential

65% of banks prioritize safety over speed - not by choice, but because they lack the infrastructure to do both.

Leading banks are repositioning risk as a decision input, not a downstream gate, enabling them to move faster while managing exposure.

04

AI governance is an enabler of scale, not a constraint

35% of banks surveyed are investing in comprehensive AI governance frameworks.

Explainability and traceability are not brakes on ambition, they are the conditions required to achieve AI objectives at scale.

05

The opportunity is there - the time to move is now

Over 45% of banks are already investing in AI and technology for better workflow integration.

The pressures are structural, not cyclical. The institutions best-placed to respond are acknowledging this and investing now.

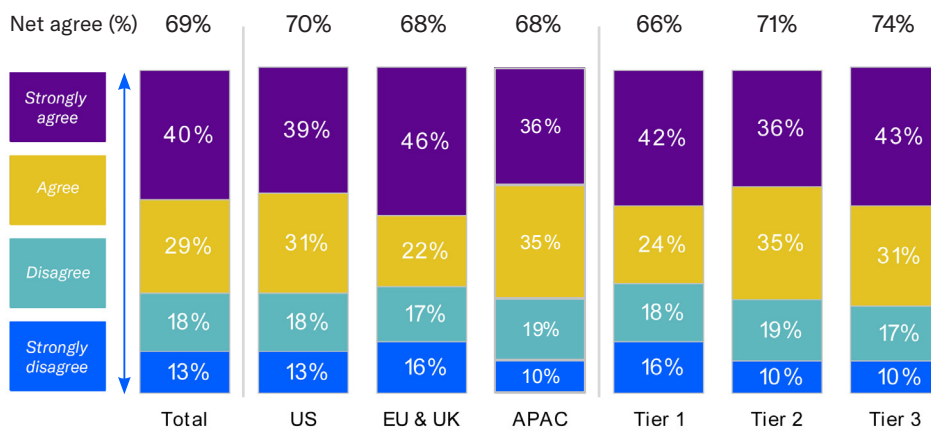
The new banking reality

An opportunity for banks that move with purpose.

The backdrop facing banks in 2026 is one of structural change: intensifying competition, rising regulatory complexity, and evolving customer expectations set by the most agile players in the market. The institutions best placed to capitalize are those investing in the end-to-end capability to translate insight into action; confidently, quickly, and consistently across functions.

That investment is already underway. More than two-thirds of surveyed banks (69%) have ambitious data and technology change plans. What will separate leaders is successful execution.

Our leadership has ambitious technological and data change plans (%)



SECTION 3

The competitive landscape is changing

Speed and personalization are the new differentiators.

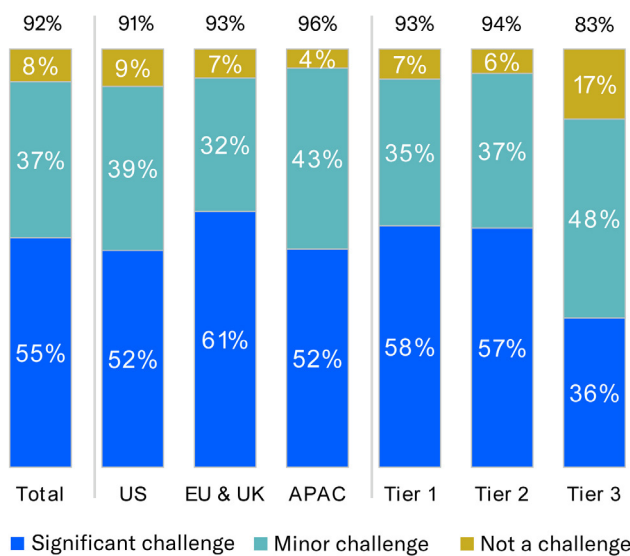
Banking has always been a competitive sector. However, new challengers, including fintechs, private credit firms, and alternative lenders, are outmaneuvering traditional banks as they can make faster lending decisions and streamline the process for improved customer experience.

92% of senior decision-makers identify increased competition from new entrants as a challenge.

Three-quarters believe this competition will have a medium- or long-term impact on their institution, signaling a structural shift rather than a cyclical headwind.

Extent to which banks are experiencing challenges with increased competition (%)

Net challenge



75% of respondents think increased competition will have a medium or long-term impact on their institution.

Fintechs and private credit firms operate with fewer legacy constraints, leaner operating models, and a greater willingness to move quickly on decisions. This dynamic is particularly acute in the lending market.



“Private credit is an emerging competitor. These entities are stepping into the market space with speed, flexibility, and a higher risk appetite. They’ve filled the gap left by banks who’ve retrenched due to regulation.” - Managing Director, Corporate Banking, US

The same dynamic can be observed in the payments market, where non-bank entrants identify gaps that traditional banks are struggling to facilitate at speed and move quickly to capture them.



“New entrants have the capability to cannibalize banks. They’re able to do the same thing a bank does, but they’re much nimbler and much cheaper.” - Chief Control Officer, APAC

One of the most structurally significant advantages for non-bank competitors is a lighter regulatory burden. Traditional banks must navigate complex, multi-jurisdictional compliance requirements before deploying a new product, while fintechs and alternative lenders are less constrained.





“Fintechs don’t have the same regulatory weight. They do in two months what might take us eighteen.” - Head of Prudential Risk and Regulation, UK

CUSTOMER EXPERIENCE AS A COMPETITIVE OPPORTUNITY.

Rising customer expectations are reshaping the competitive landscape – almost nine in 10 (89%) of banks surveyed cited increasing customer expectations as a challenge.

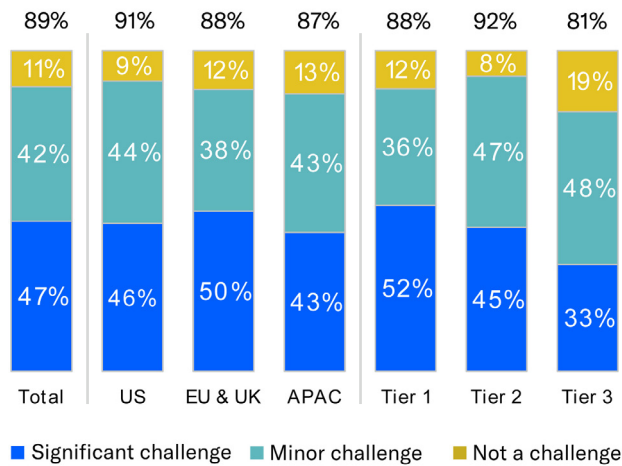
Retail and corporate customers expect the same immediacy and personalization from their bank as they experience elsewhere in their digital lives.

89% of banks cited increasing customer expectations as a challenge.

They expect decisions to be fast, products to be relevant, and service to be proactive. Meeting this bar requires front-end investment in digital channels, but also, a fundamental rethink of how decisions are made.

Extent to which rising customer expectations are challenging banks (%)

Net challenge



“Customers don’t want to wait. If I can come back to you within 48 hours with a rate and a structure that’s on market or better than market, that makes me more competitive.” - Managing Director, Corporate Banking, US

There is also increasing demand for personalization from customers.

72% say their bank recognizes that better customer experience is a growth driver.

Customers increasingly expect their bank to understand their specific circumstances well enough to anticipate their needs and shift from a reactive, product-push model to a proactive, insight-driven one.



“We currently offer a smorgasbord of products that you’re welcome to pick, but the customer is fitting into our categories. We need to make predictions about future needs and be proactive.” - Head of Prudential Risk and Regulation, UK

The implication is clear: personalization at scale, delivered with speed, is no longer a differentiator, it is fast becoming a hygiene factor.



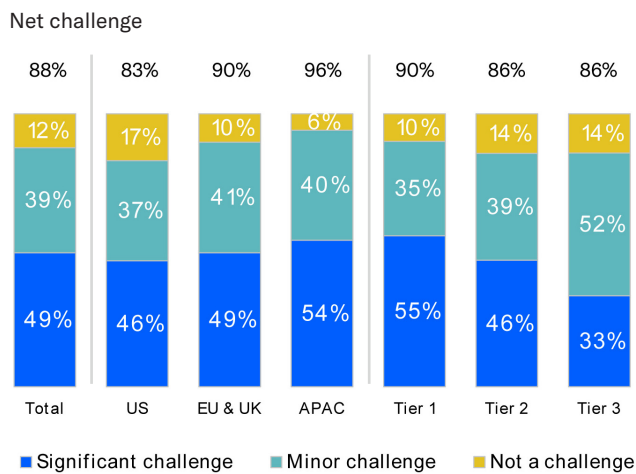
Risk and regulation are rising in parallel

The cost of incorrect decisions is growing.

The competitive landscape is raising the premium on speed, and the regulatory and risk environment is raising the cost of error. Managing new and emerging risks is cited as a significant challenge by 49% of respondents, while 53% say the same of fraud prevention, clearly underscoring how risk has moved to the top of the strategic agenda.

49% of respondents stated the emergence of new and non-financial risks is a significant challenge.

Extent to which banks are experiencing challenges with emergence and management of new and non-financial risks (%)



Changing risk characteristics are compounding this challenge, with increases in financial crime, cyber threats, sanctions exposure, and non-financial risk.

Over half (55%) of risk professionals are working to enhance their bank’s capabilities to respond to increases in fraud and financial crime.

At the same time, data governance, personal data protection, and AI governance are becoming mandated requirements across multiple jurisdictions. This includes the European Union (EU) AI Act, Digital Operational Resilience Act (DORA), General Data Protection Regulation (GDPR) and the Securities and Exchange Commission's (SEC's) cybersecurity disclosure rules in the US.

Nearly three-quarters of compliance professionals (70%) are planning on enhancing their financial crime compliance capabilities.

⚡

“Regulation is alive and kicking ... data governance, personal protection and more, these are now fully mandated.” - Head of Prudential Risk, UK

The landscape has also grown more technically sophisticated. Cyber risk and AI-enabled fraud - including deepfake technology - are creating interconnected dangers that regulators expect banks to monitor and manage in real time.

⚡

“Say a deepfake is being perpetrated on my client. Regulators expect you to monitor and be vigilant against that. If you process a fraudulent payment where the customer was a victim of fraud, there is an element of liability on you.” - Chief Control Officer, APAC



Two-thirds of respondents (66%) believe the emergence and management of new and non-financial risk will have a medium or long-term impact on their organization, consistent with a broader recognition that regulatory complexity is a permanent feature of the operating environment.

BUT RISK IS INCREASINGLY SEEN AS AN ENABLER, NOT A CONSTRAINT.

One striking finding is not that risk and regulation are rising, but how leading banks are responding. Rather than treating compliance as a brake on commercial activity, the most sophisticated institutions are recognizing that it can be a source of competitive advantage.

53% of banks surveyed see risk management as a growth driver.

Reframing risk, from constraint to competitive enabler, represents an important conceptual shift. Banks that are embedding risk intelligence earlier in the decision lifecycle, rather than treating it as a downstream approval gate, find that it accelerates commercial activity by providing the confidence to act faster.

Only 17% of banks bring risk in at formal credit approval. 56% embed it early or continuously alongside origination and client selection.



“The speed at which regulation is changing means you need to be ahead of the regulatory curve. By being ahead, you’re not just being compliant - you’re also being agile. And being agile helps you price better.” - Head of Prudential Risk, UK



SECTION 5

The core constraints - data and infrastructure

Modern data infrastructure is the lever banks are pulling.

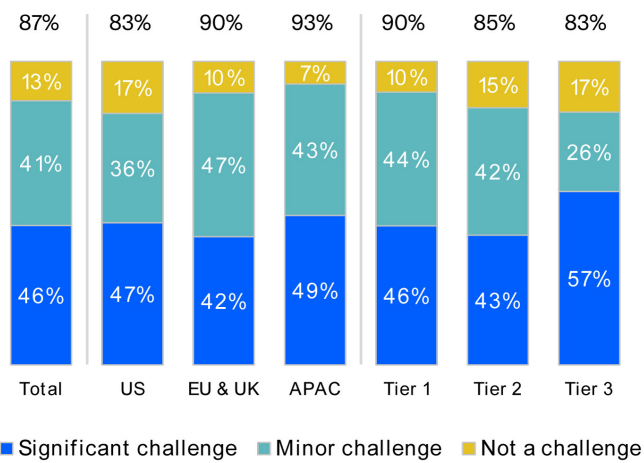
The competitive and regulatory landscape outlined by respondents points to a clear strategic imperative: banks that make better decisions, faster, and with greater confidence will outperform. The single greatest lever available to banks pursuing that goal is data and effective infrastructure.

More than four in five respondents identify fragmented data systems and legacy infrastructure as areas requiring attention. This finding reflects a sector that is clear about what is required to drive performance.

Over 80% of banks identified fragmented data systems and legacy infrastructure as challenges for their organization.

Extent to which banks are experiencing challenges with fragmented data systems and tools (%)

Net challenge



Banks that invest in improving their data foundations will unlock significant opportunities, while underinvestment is likely to damage a bank’s competitive position.

68% of banks surveyed see data interoperability as a strategy to build competitive advantage.

For example, it is difficult to scale many analytics and AI initiatives that begin as pilots, as the data foundations required for a reliable outcome across the enterprise are not in place.

Risk models that are successful in one business line may not be extended to another because the underlying data is siloed.

Customer decisioning workflows that could be automated remain manual because data quality cannot be trusted sufficiently to remove human intervention.



“By solving the problem of fragmented data and sources not talking to each other, we increase revenue. We need to target customers correctly by looking at all our disparate data cohesively. Our workflows must be seamless so we don’t lose customers.” - SVP Markets, Tech Architecture & Data, US



Today's fragmentation problem is particularly acute at the intersection of risk and commercial functions. Where data on customer behavior, credit history, market conditions, and regulatory exposure sits in separate systems managed by separate teams, the ability to bring a unified view to a single decision is compromised. The result is slower, less confident decisions, based on incomplete information.

THE DATA GAP IN AI READINESS.

The implications for AI adoption are significant. The core promise of AI in banking, such as faster credit decisions, more accurate risk assessment and more personalized customer engagement, is predicated on the quality and connectivity of the underlying data. Without a trusted, integrated data foundation, AI models cannot be safely deployed at scale.



“Banks are keeping a 5-10 year timeline in mind because of AI. Our data requirements are going to change. Is what we’re storing now enough?”
- Chief Data Officer, US



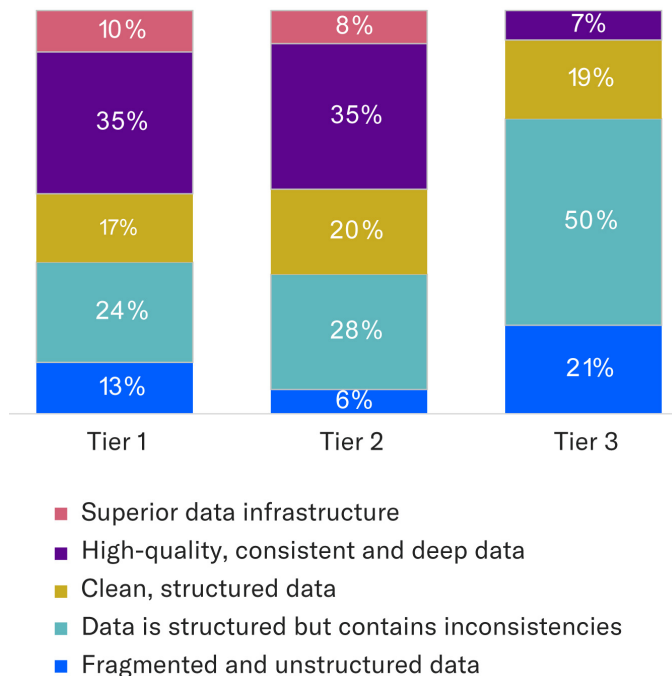
“Everybody’s clamoring and building AI as a means to bring banks forward and deliver competitive advantage. But AI is only as good as the data it feeds upon. So it goes back to your legacy infrastructure.” - CFO, Finance, UK

This dynamic is particularly acute for smaller institutions. Among Tier Three banks (smaller community banks and specialist institutions), 71% report that inconsistent or unstructured data is hampering their ability to adopt AI, which highlights how directly data quality constraints translate into strategic disadvantages.

71% of Tier Three bank respondents said that inconsistent or unstructured data is hampering their ability to adopt AI.

The gap between AI's potential and its current operational reality in most banks is, in large part, a data gap.

Assessment of bank data maturity (%)



The imperative - confident decisions at speed

Speed and safety are not a trade-off.

The idea that banks must choose between moving fast or managing risk carefully is false, as evidenced by the research findings.

The banks pulling ahead have stopped treating speed and confidence as competing priorities and started treating them as joint outcomes of the same underlying capability.

When the right data, analytics, and governance infrastructure exist, fast decisions can also be safe decisions. The goal is not to choose one over the other, it is to build the environment in which both are possible simultaneously.

Nearly two-thirds of banks (66%) prioritize safety over speed, or want to move faster but are slowed by checks and rework.

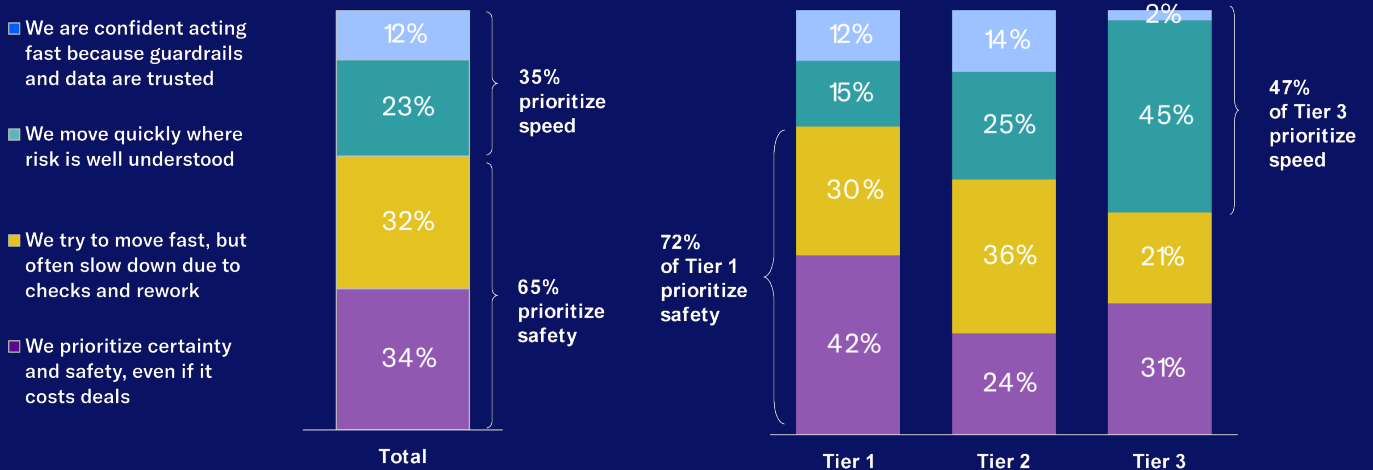
Only 12% say they are confident acting fast because their guardrails and data are trusted. That gap defines the competitive opportunity.

This split is sharpest by tier:

→ 72% of Tier One banks prioritize safety.

→ 47% in Tier Three prioritize speed, reflecting both competitive pressure and less developed risk infrastructure.

Bank preference for speed vs safety (%)



“We’ve cut our time to decision in half, not because the model has changed, but because we have finally connected data from origination, credit, and risk in one place. That visibility gives us the confidence to move faster.” - Product Sales Lead, APAC

THE COST OF DECISIONS MADE WITHOUT CONFIDENCE.

When banks lack data integration and analytical infrastructure to decide with confidence, the consequences are visible across the organization.

Decisions slow, because data is fragmented across systems and functions that do not communicate.

As uncertainty creates increased caution, risk appetite narrows even though the underlying risk may not be higher.

Commercial opportunities are missed because the time required to build a confident risk assessment exceeds customers' patience.

One consequence can be that the cautious decision becomes the default; not because it is analytically justified, but because the analytical infrastructure to justify anything else is not in place.

In a competitive environment where speed of decision-making is a source of advantage, closing the confidence gap is a strategic imperative.



“If a client says: why are my transactions always flagged? Because your risk controls are so tightly knitted, you keep flagging transactions, and there is a possibility that your clients will route that money transfer through another bank that is better suited.” - SVP Markets, Tech Architecture & Data, US

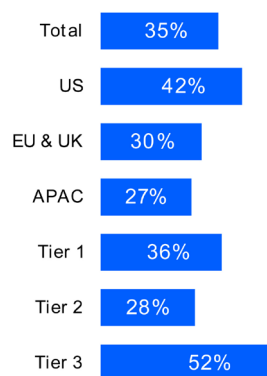
AI GOVERNANCE AS A SPEED ENABLER.

The most forward-looking banking leaders who took part in this research identified AI governance not as a constraint on speed, but as the mechanism that makes speed safe.

35% of banks are developing a comprehensive AI governance framework. A further 33% are actively working to ensure transparency and explainability in AI decision-making, two foundational requirements for successful AI implementation.

How banks are responding to challenges (%)

Developing a comprehensive AI governance framework



Without robust governance frameworks covering explainability, traceability, and accountability, AI cannot be deployed in regulated decision workflows at all. With them, AI can be deployed at scale to deliver the speed of automated decisioning within a governance framework that satisfies regulatory scrutiny.



“AI could be used to scan all portfolios to identify concentration risk, but you can’t do any of this without setting up an AI governance framework first.” - Head of Traded Risk, UK

The explainability challenge is a particular operational concern for banks deploying AI. Banks that invest in explainable AI infrastructure are addressing regulatory risk, while building trust that allows broader and faster AI deployment.



“We’re piloting an AI-driven scoring model, and it’s technically excellent. But when we asked our risk team to use it in production, they hesitated. The issue wasn’t accuracy - it was explainability. If something goes wrong, who’s accountable?” - Credit Risk Associate, US

THE CONFIDENCE IMPERATIVE.

The strategic imperative is clear. Banks that are best placed to win are not those that move fast at the expense of confidence, or those that prioritize confidence at the expense of speed. They are those who can do both, consistently, at scale, and across every function.

That capability is more than a technology project, it is an organizational one. It requires trusted data, analytics integrated into workflows, governance that is embedded rather than bolted on, and a cultural willingness to make the investments necessary to close the confidence gap.



“If you want to look at predictive analysis, based on market or industry trends, to make a risk decision, that’s a manual process — pulling analysis from different systems can take a while. But if you have AI-driven technology, the decision can be much quicker.” - Finance Director, US



How the leaders are winning

For leading banks, decision-making is a strategic priority.

A divide is emerging. The banks leading the field are making their decision-making capability a strategic priority by focusing on technology investment and data improvement.

They are focusing on the practical, end-to-end ability to translate insight into action at speed, with confidence, and consistently across every function where competitive advantage is contested.

This commitment manifests in three ways. Leading banks are building trusted data foundations, scaling AI and analytics directly tied to specific decision workflows, integrating intelligence across functions that have historically operated in silos.

BUILDING TRUSTED DATA FOUNDATIONS.

Banks are recognizing data quality and connectivity are not backroom infrastructure questions, but front-line strategic priorities. They are treating data modernization as a prerequisite for faster credit decisions, more accurate risk assessment, better-informed regulatory compliance, and personalized customer engagement.

Progressive Tier One (large global banks) and Tier Two (mid-sized regional and national banks) banks are taking a distinctly holistic approach. They are not deploying isolated point solutions that address specific data problems without resolving underlying connectivity. Instead, they are investing in data governance and infrastructure at an enterprise level to ensure that data, and the decisions derived from it, are transparent and traceable across functions.

They are also building cultural muscle. The most forward-looking institutions are actively managing resistance from what one executive described as “legacy teams” - functions and individuals whose ways of working are incompatible with the integrated, data-driven decision environments that leadership is working to build.

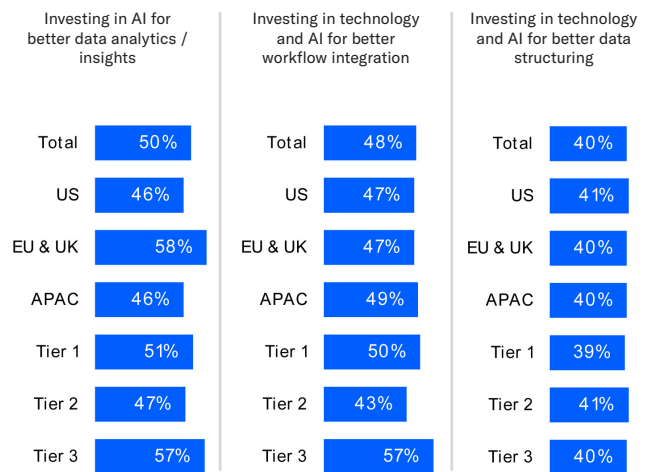
The stage at which risk is incorporated into the process serves as a key distinction. Leading banks integrate risk insights from origination rather than introducing them later as a checkpoint. When risk is upstream, commercial teams move with confidence. When it is downstream, it creates delay.

SCALING AI WITH GOVERNANCE BUILT IN.

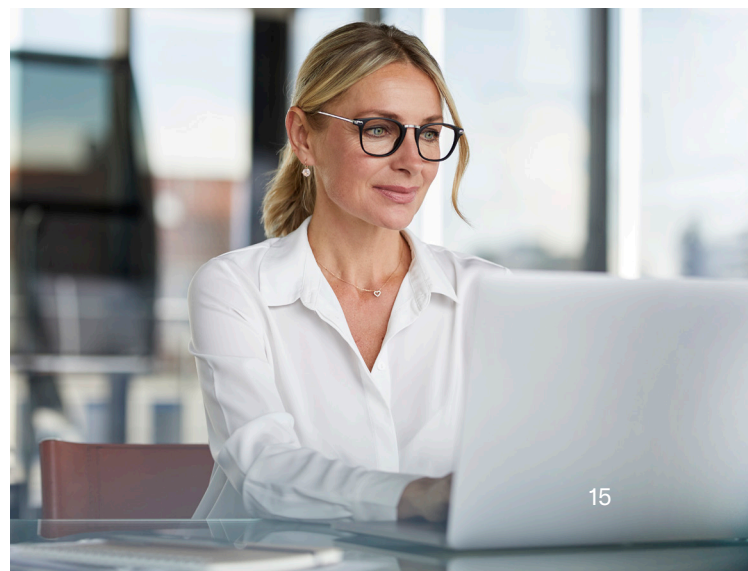
What distinguishes leading banks in their approach to AI is governance infrastructure. This includes frameworks that allow successful AI deployment at scale in regulated decision workflows, with the explainability and traceability that regulatory scrutiny demands.

Leading institutions are investing in AI for better data analytics and insights (50%), workflow integration (48%) and data structuring (40%), in a coordinated way that compounds their individual value.

How banks are responding to challenges (%)



“We can’t be behind the curve. The bank that leverages AI, data, and technology effectively is going to earn more - because you will make your customer’s life easier, your business easier. You will reduce costs and bring more innovation.” - Global Wholesale Credit Risk, UK



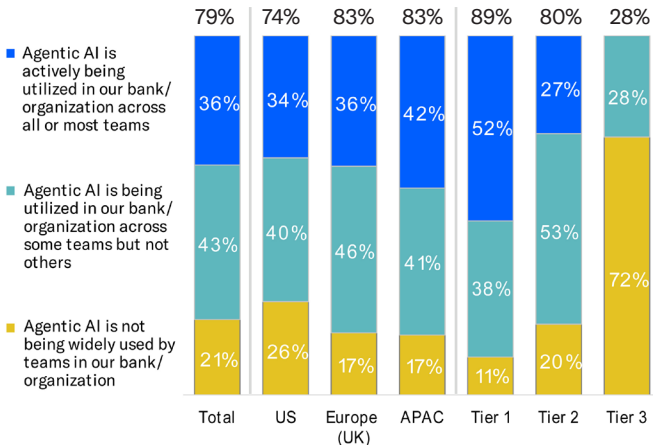
THE AGENTIC AI FRONTIER.

Agentic AI adoption is well established:

79% of banks are using it either broadly across most teams (36%) or selectively across specific functions (43%).

Usage of Agentic AI (%)

Net challenge



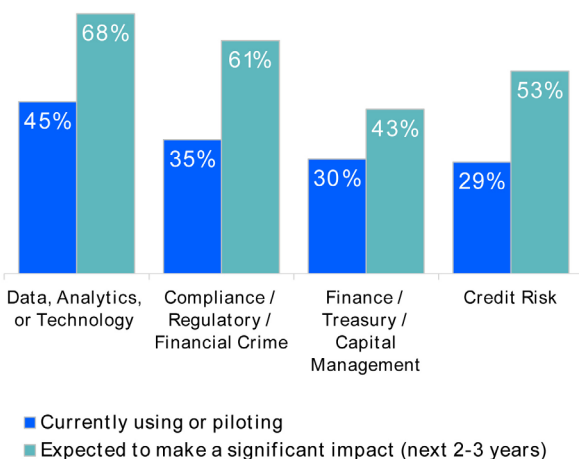
Only 21% report it is not widely used. Adoption is particularly advanced among Tier One banks, where close to 90% report active usage.

Banks are deploying AI systems to automate recommendations, route decisions and trigger workflows within defined governance parameters.

Current deployment is highest in Data, Analytics and Technology (45%), compliance and financial crime (35%), and finance and treasury functions (30%).

Over the next two to three years, bankers expect the greatest AI impact in Data, Analytics and Technology (68%), compliance and financial crime (61%), and credit risk (53%) - areas that face a high commercial cost of slow decisioning.

Where Agentic AI is currently being used or piloted (%)



“We do have something called an AI guardrails team. They look at anything AI-related. We can’t have a ‘black box’ problem. Anything that touches regulatory, you have to be careful — because you have to be able to explain what the AI did.” - SVP Markets, Tech Architecture & Data, US

The caveat is governance. Agentic AI only scales in regulated environments when explainability and traceability are incorporated from the outset, making governance investment a direct prerequisite for agentic deployment at scale.

INTEGRATING INTELLIGENCE ACROSS WORKFLOWS.

Perhaps the most powerful characteristic of leading banks is their commitment to workflow integration - the connectivity that allows insight to flow across functions in real time.

The commercial consequence is significant. The ability to bring a complete, integrated picture to a credit decision, a compliance check, or a customer conversation reduces the uncertainty that slows decisions when functions are working from different data.

Risk and compliance functions are benefiting particularly from this shift. Fraud and financial crime risk is the top focus area for banks enhancing their risk management capabilities, cited by 51% of respondents, while 40% are prioritizing cross-functional risk integration across risk, finance and lending.



“Two datasets might present contradictory information; you need to put them together and look at it as a holistic piece. What will emerge is a unified data structure which will help you take more nuanced decisions.” - Head of Prudential Risk and Regulation, UK



“By being able to easily access data used in a decision, it becomes a defensive weapon if you need it. Reporting within the bank, and to regulators, is one of the toughest things in the industry right now.” - Head of Wholesale Lending, APAC

Leading banks are deploying AI to decode complex transaction patterns in near real time, dramatically compressing investigation timelines that previously required hours of manual analysis.



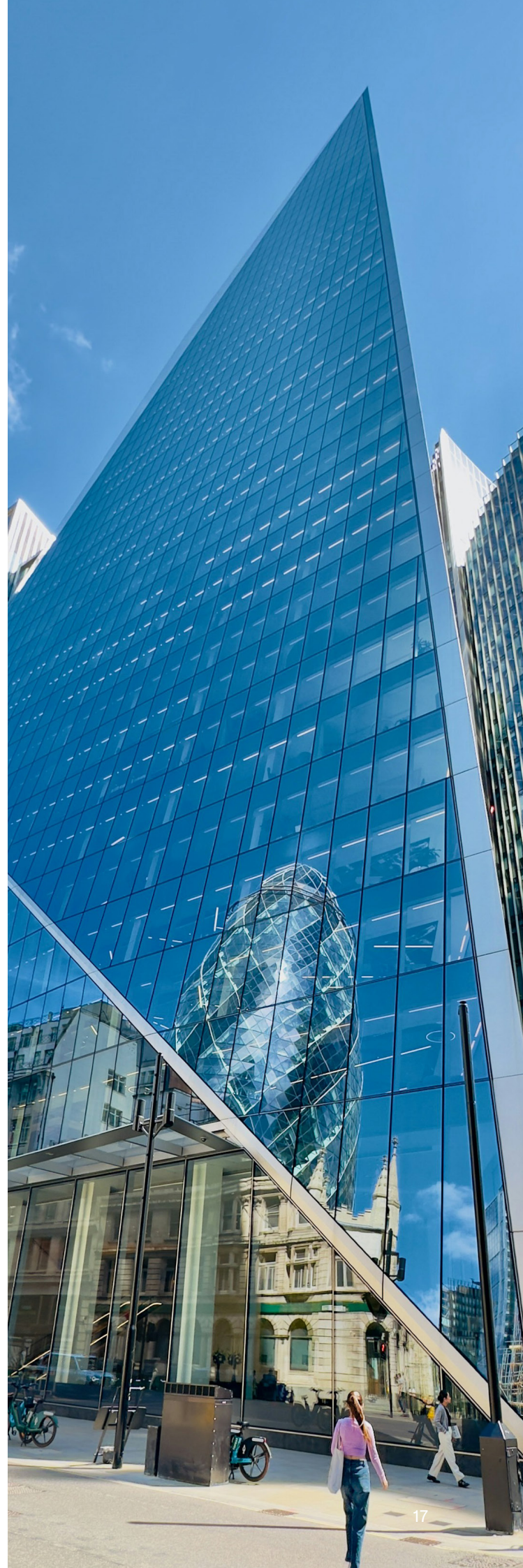
“The people sitting in Hong Kong might not have the same line of sight over the customer’s data as London - but payments need to be fast. If you suspect something, it can take hours to figure out. Overlaying AI means it can all be decoded rapidly.” - Chief Control Officer, APAC

THE COMMERCIAL DIVIDEND.

Faster time-to-decision is translating into competitive advantage. Increasingly accurate risk assessment is enabling more precise pricing. Integrated compliance is reducing the operational drag that regulatory complexity would otherwise create. More personalized customer engagement, enabled by a unified data view, is improving retention and deepening relationships.

When data and intelligence are connected across workflows, the whole becomes greater than the sum of its parts.

This is what decision advantage looks like in practice.



Conclusion

The intelligence edge: Banking's new decision advantage.

The evidence from this research points to a single conclusion: in 2026, competitive advantage is a function of the speed, confidence, and consistency with which banks can translate data and insight into action.

Banking faces core tensions between protection and growth, as well as caution and speed. The solution is not a simple trade-off, rather it is a gap in capability that needs to be removed. The banks that have built the integrated infrastructure to address these tensions are safer, more effective banks that are compounding their advantage with every decision.

The opportunity to pull decisively ahead has never been greater. But the cost of delay is simultaneously rising.



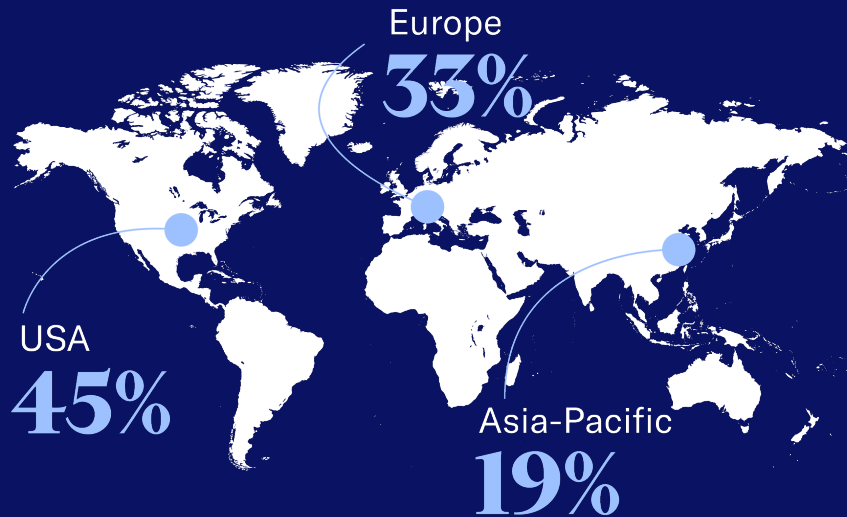
“The competitive advantage now lies in acting quickly and with confidence, something traditional institutions still find difficult to do consistently.” - COO, US



About the research

Methodology

This report uses data from an online survey of 348 senior banking decision-makers spanning the United States (45%), Europe (33%), and Asia-Pacific (19%).



Participants comprised finance (41%), compliance (22%), risk (19%), and lending (19%) functions, from regional banks to Tier One global institutions.

48% of respondents came from Tier One banks, 40% from Tier Two, and 12% from Tier Three.

TIER ONE

Tier One refers to large global/systemically important banks (assets typically exceeding \$500bn).

TIER TWO

Tier Two refers to mid-sized regional and national banks.

TIER THREE

Tier Three means smaller community banks and specialist institutions.

Traditional banks accounted for 70% of respondents, with fintechs and neo-banks comprising the remainder.

The survey was followed by 20 in-depth interviews with senior executives across the same regions and functions.

The research was conducted in February and March 2026 by independent research consultancy **We Live Context** on behalf of Moody's.

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