INFOSYS BANK TECH INDEX

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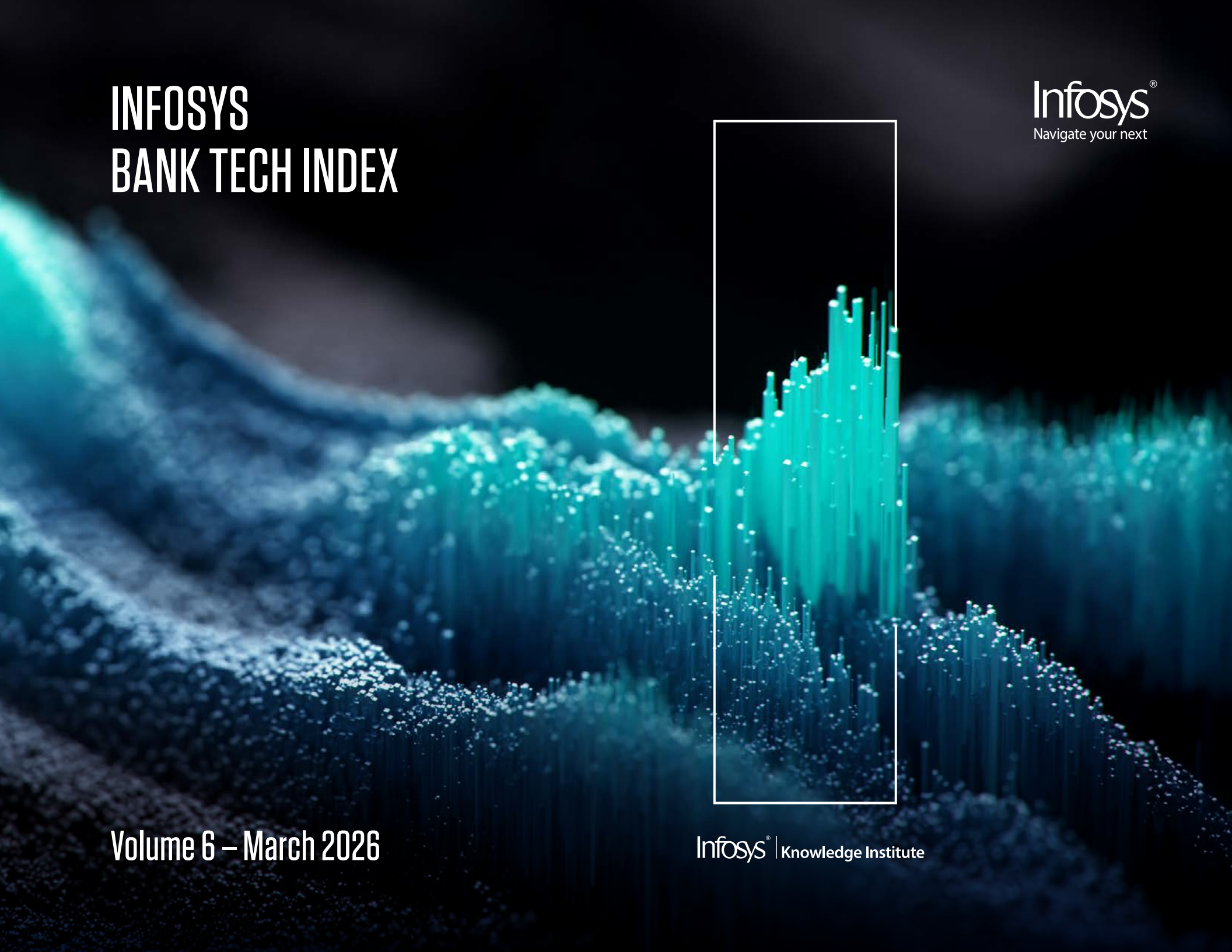


Volume 6 – March 2026

Infosys® | Knowledge Institute

Contents

Introduction

Dennis Gada
Executive vice president, global head, banking and financial services

Since the start of 2026, conversations with clients around artificial intelligence (AI) have moved beyond isolated use cases. Banking leaders increasingly see that technology itself is no longer the primary constraint. The greater challenges now lie in change management, workforce adoption, operating model redesign, and the ability to scale new ways of working. Even with today's AI capabilities, there remains a significant opportunity gap — not in what the technology can do, but in how effectively it is adopted and embedded into day-to-day banking operations.

The findings in this edition of the Infosys Bank Tech Index reflect this shift. Banks are leaning in with conviction, but also with discipline. While AI initiatives continue to increase, leaders are far more selective, prioritizing areas where impact is both measurable and sustainable. Increasingly, the focus is on embedding AI as a core operating capability, one that simultaneously improves customer experience, strengthens engineering productivity, modernizes platforms, and enables scale across the enterprise.

Customer experience and trust have become central priorities for banks. AI is being applied across contact centers and digital channels to enable hyperpersonalized engagement that helps customers achieve resolutions faster. The impact extends to relationship managers in commercial banking and advisors in asset and wealth management, where AI unlocks richer data and deeper insights, improving productivity and freeing time for client interaction.

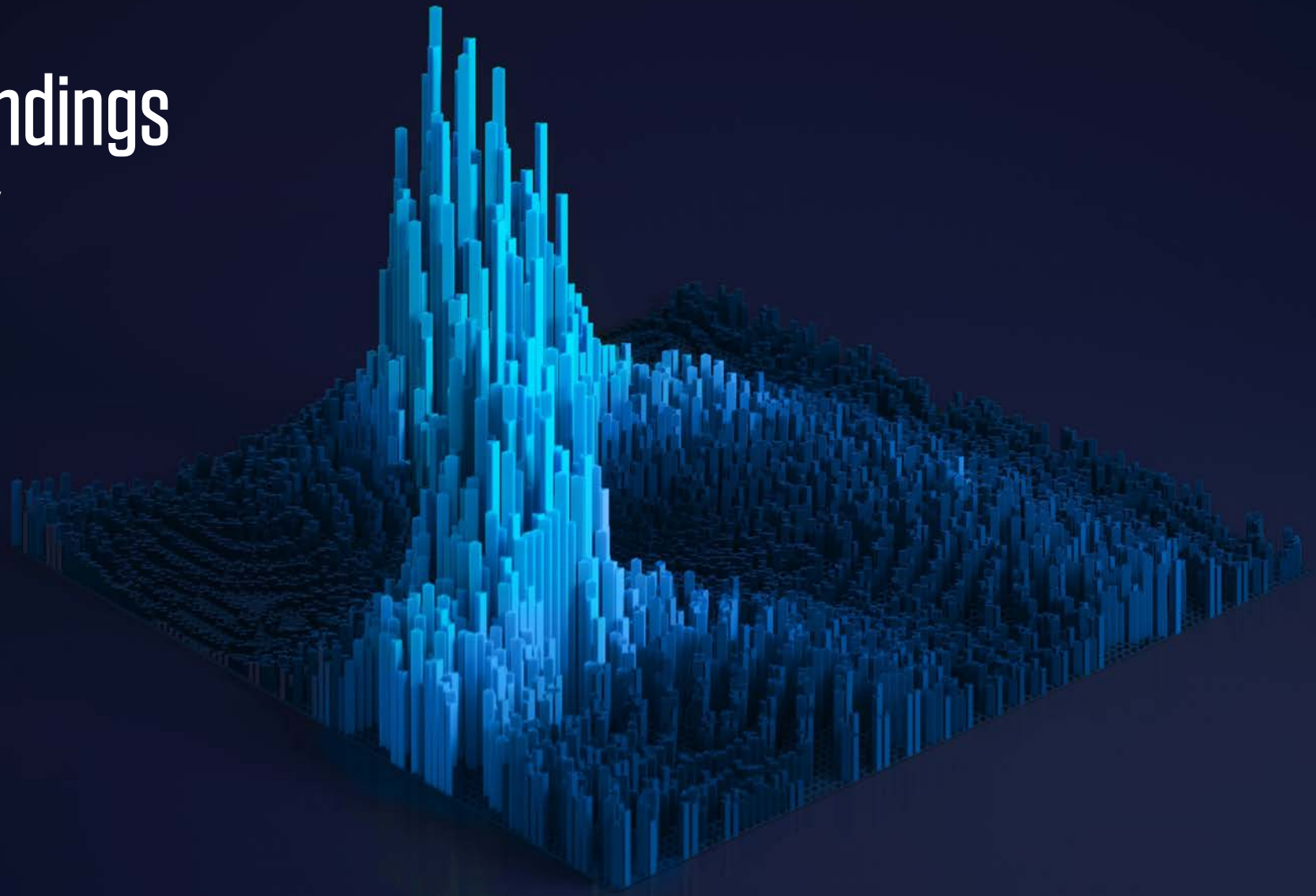
Underpinning this evolution is continued progress in AI-based software engineering, which accelerates modernization and reduces the complexity that has accumulated over years of incremental change. While still at an early stage, these capabilities have the potential to unlock entirely new business models and revenue opportunities. There are strong indications, for example, that agentic commerce and payments will gain further momentum in the coming months.

Our research shows that banks are sharpening their technological choices and becoming more intentional about where and how they deploy AI. We will continue to track these shifts and share insights in the quarters ahead.

If you would like to discuss the findings or explore how your organization can accelerate AI-led transformation, we invite you to connect with us.

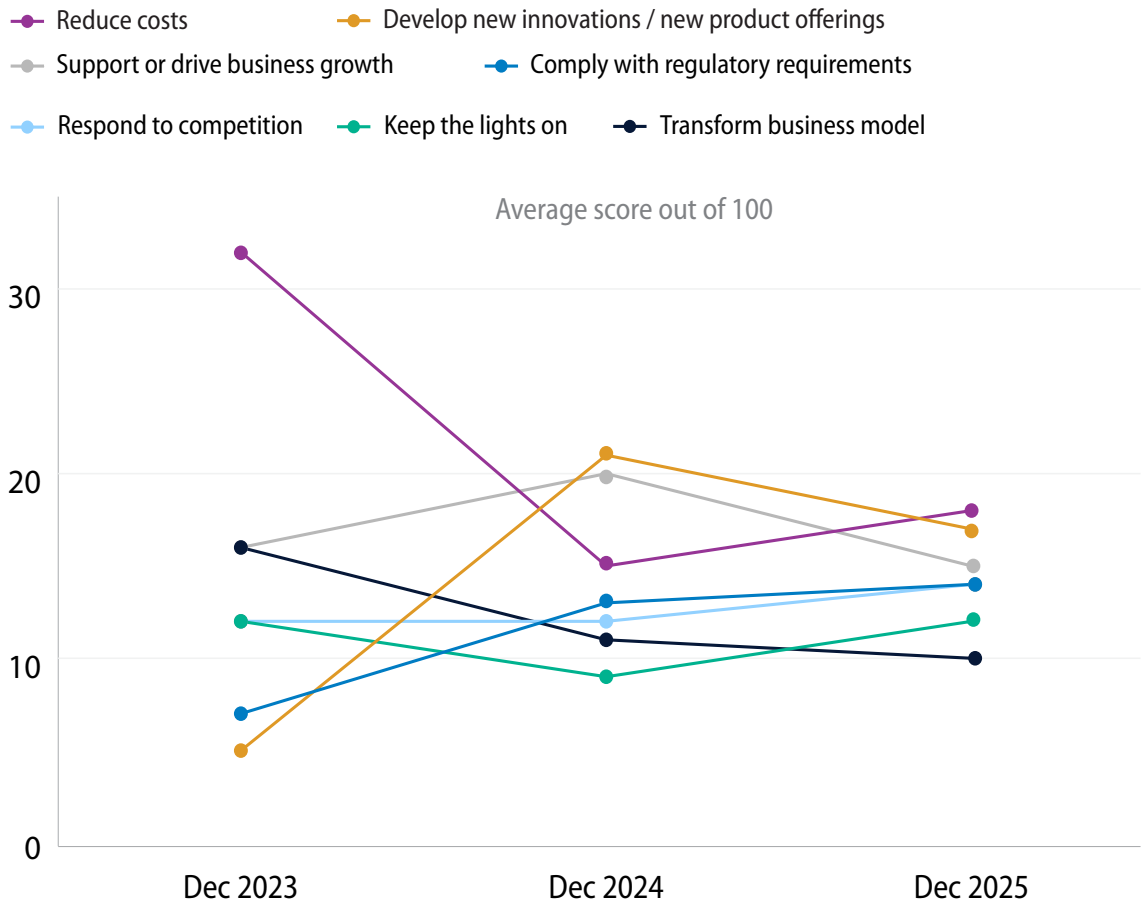
Key findings

Summary



Cost reduction leads, but innovation and growth remain strong

Comparison of strategic priorities



N = 400 at Dec 2025, *N* = 400 at Dec 2024, *N* = 324 at Dec 2023, where *N* is the number of banks surveyed.

Cost reduction is the top focus: While not at the high recorded in 2023, there was a rise of 3 percentage points from December 2024 (Volume 5), reflecting pressure on teams at large banks.

Innovation and growth remain key priorities: AI innovation is fueling the growth mindset; however, our research reveals new areas of interest such as tokenization.

Transforming the business model remains deprioritized: AI improves efficiency, but new value and strategic advantage are created only when revenue models, customer journeys, and decision rights change.

Perhaps overlapping priorities inhibit clarity: There was a clear distinction in priorities two years ago; however, now leaders are challenged to deliver on multiple objectives simultaneously.

Value from AI rises, prompting increased scrutiny

AI delivers the most business value in these functions

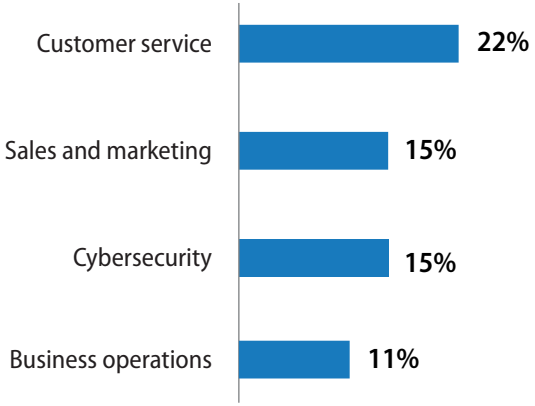


Chart shows only four out of nine functions.
Refer to page 14 for more details.
N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025).

Highest cost efficiencies is expected in these areas

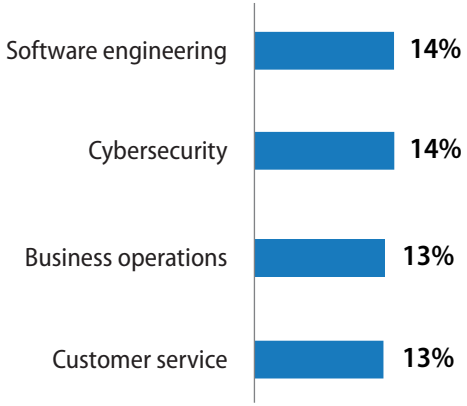


Chart shows only four out of nine functions.
Refer to page 15 for more details.
N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025).

Scrutiny rises on AI initiatives

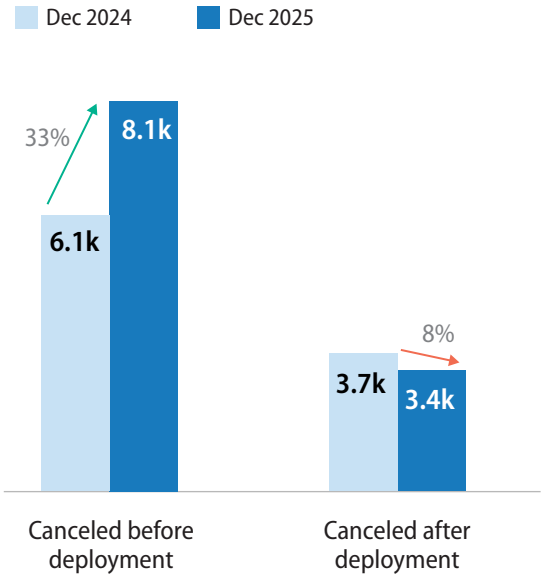


Chart shows the number of AI initiatives.
N = 400, where *N* is the number of banks surveyed in Volume 5 (Dec 2024) and Volume 6 (Dec 2025).

Banks see compliance and risk as key areas for AI

Corporate and commercial banks see AI as the most important technology

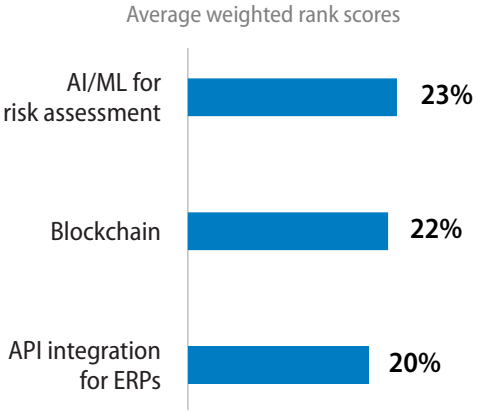


Chart shows only three out of five technologies.
Refer to page 16 for more details.
N = 141, where *N* is the number of banks that responded to corporate and commercial banking questions in Volume 6 (Dec 2025).

In cards and payments, AI has the greatest impact on compliance

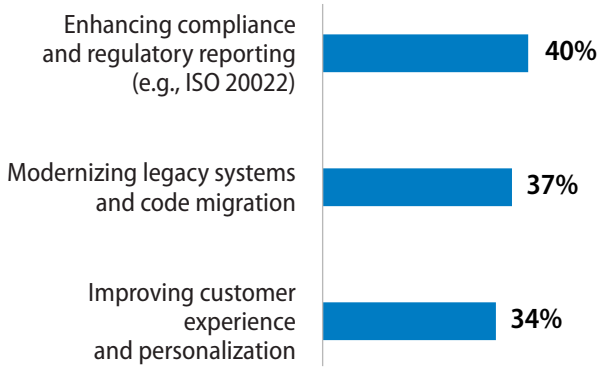
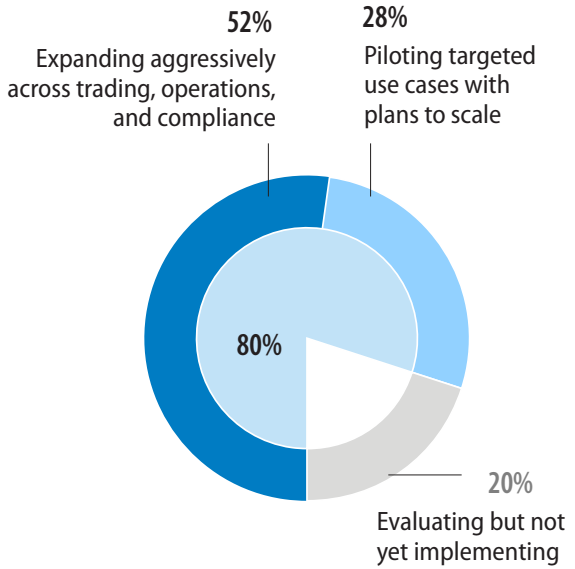


Chart shows only three out of six areas.
Refer to page 18 for more details.
N = 197, where *N* is the number of banks that responded to cards and payments questions in Volume 6 (Dec 2025).

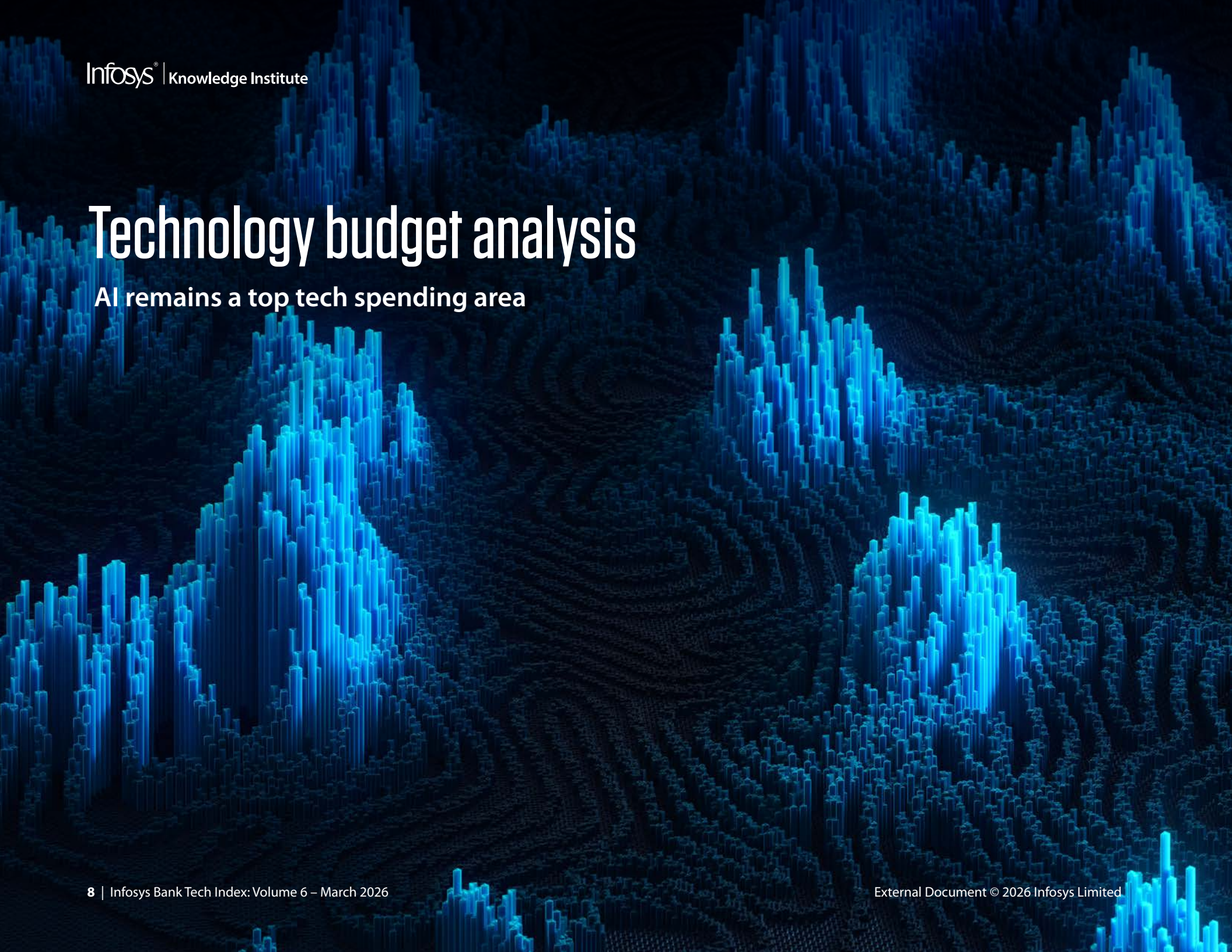
In capital markets, over half have aggressively expanded AI



N = 102, where *N* is the number of banks that responded to capital markets questions in Volume 6 (Dec 2025).

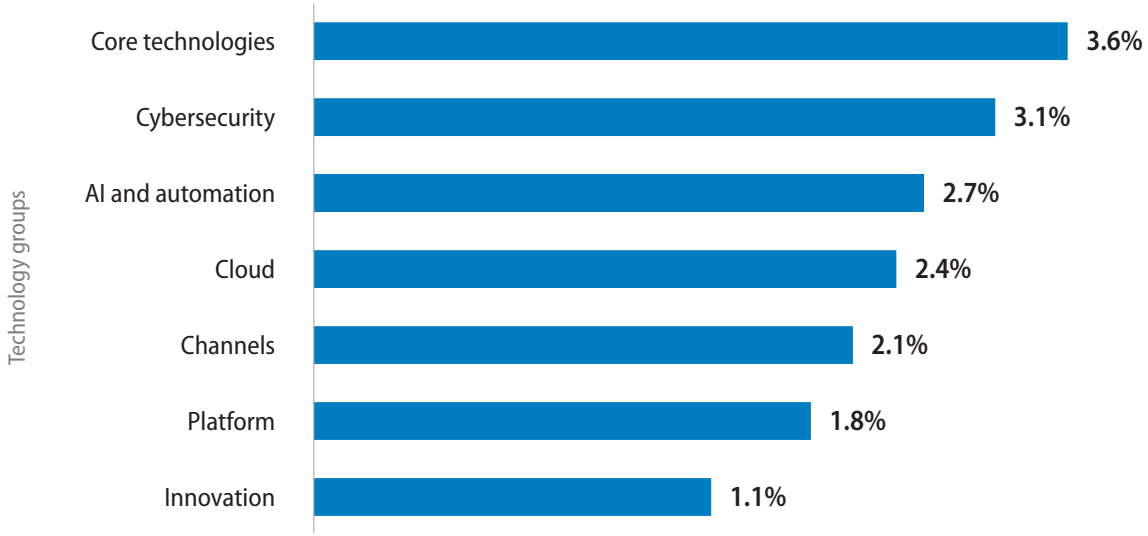
Technology budget analysis

AI remains a top tech spending area



Spending on core technologies expected to surge

Projected spending growth from January 2026 to June 2026



N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025). Trading or accounting systems (under core technologies) and portfolio management (under platforms) are new entrants as technology parameter in Volume 6.

Volatility and macroeconomic trends impact priorities: Spend on core technologies is expected to increase by 3.6% between January 2026 to June 2026 from December 2025. Volatile markets and macroeconomic trends such as increased heavy metal trading are shaking things up. Banks need stronger trading infrastructure to price products accurately, manage real-time risks, and handle larger transaction volumes.

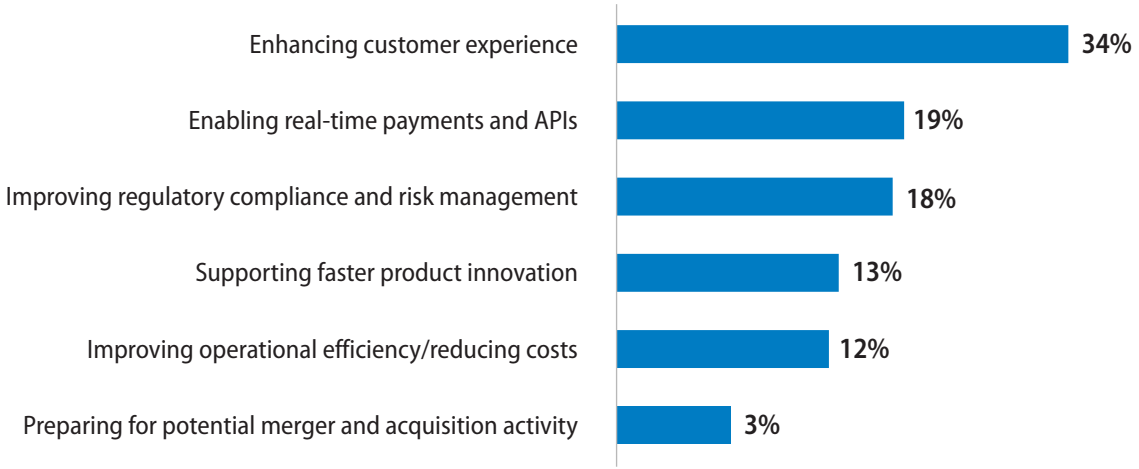
Spend on cybersecurity expected to rise: Cybersecurity spend is rising as banks. Escalation in ransomware, AI-enabled fraud, and tighter compliance requirements (data protection, resilience, payments security) are forcing banks to strengthen core defenses.

AI and automation spend likely to rise: AI spend is increasing as banks move from pilots to scaled deployments.

Spending growth on the top three areas are expected to outpace inflation: The IMF forecasts global inflation to moderate at 3.7% for 2026 and inflation in the US at 2.4% for the year.

Customer focus drives core tech modernization in retail banks

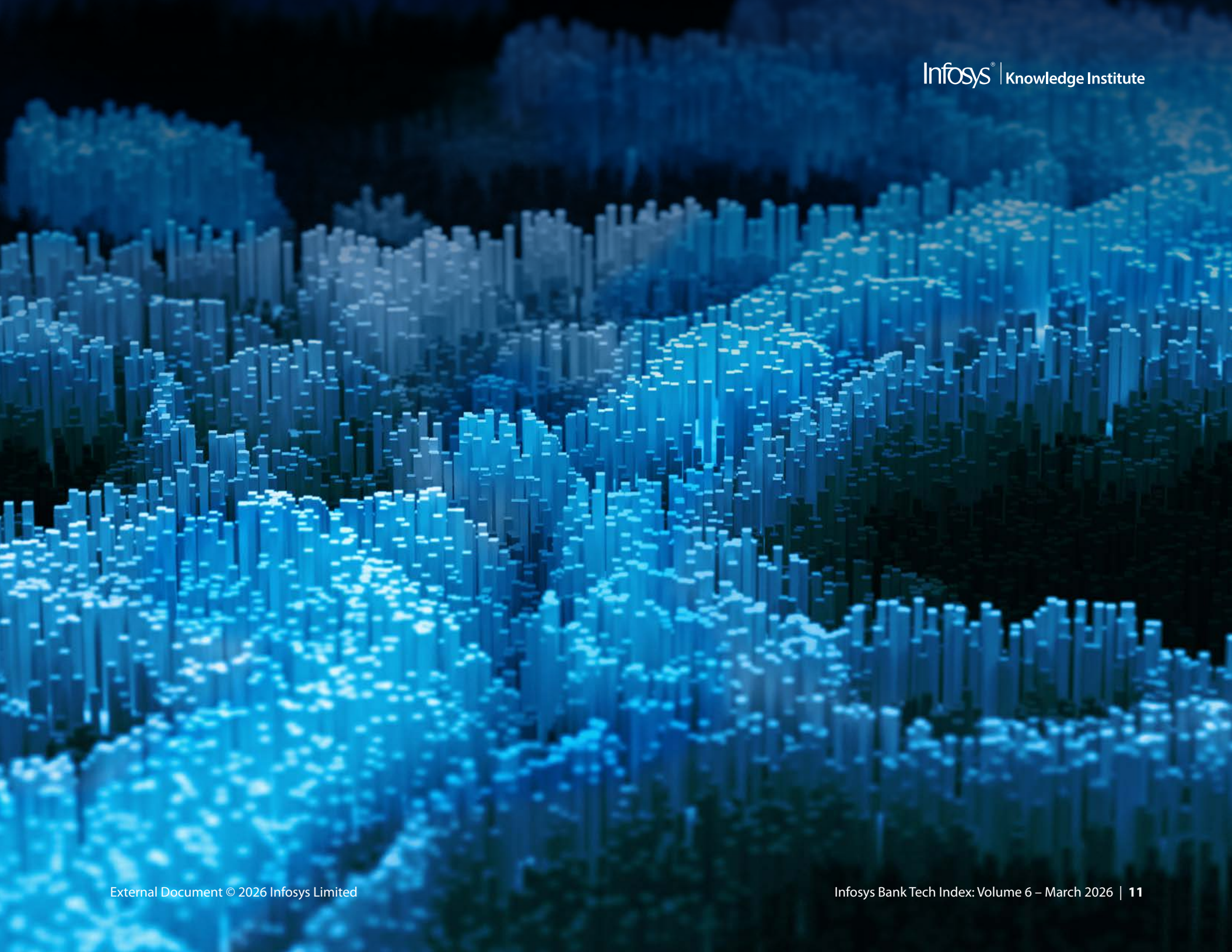
Primary drivers for modernization by percentage of banks



N = 116, where *N* is the number of banks that responded to retail and regional banking questions in Volume 6 (Dec 2025).

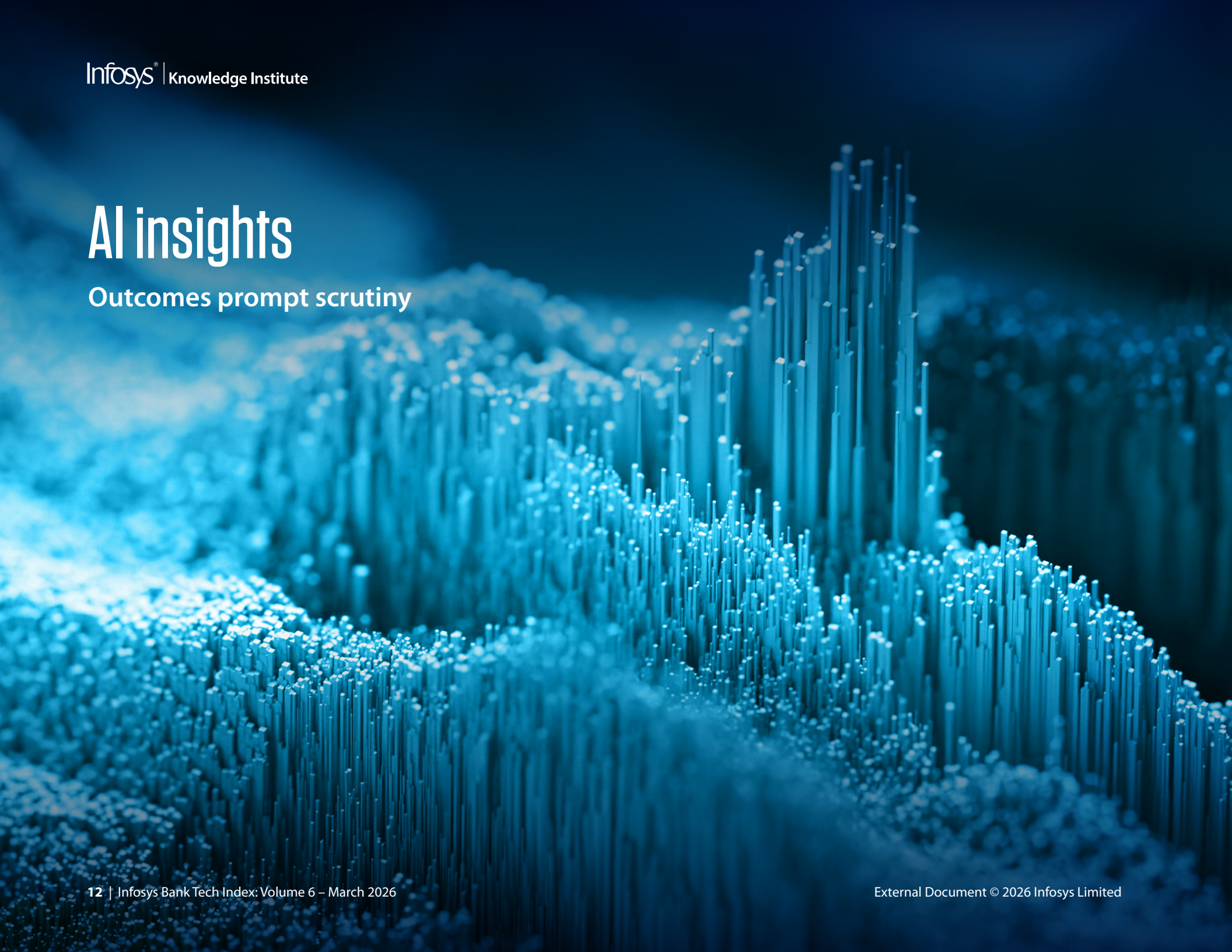
Desire for better experience drives modernization: Over 34% said they wanted to improve customer experience, suggesting that market facing priorities outweigh cost reduction.

Instant payments and risk management follow experience: Banks want to enable real-time payments and APIs and improve compliance and risk management (19% and 18%, respectively). These motivations point to modernization programs designed to enable new services and operating models.

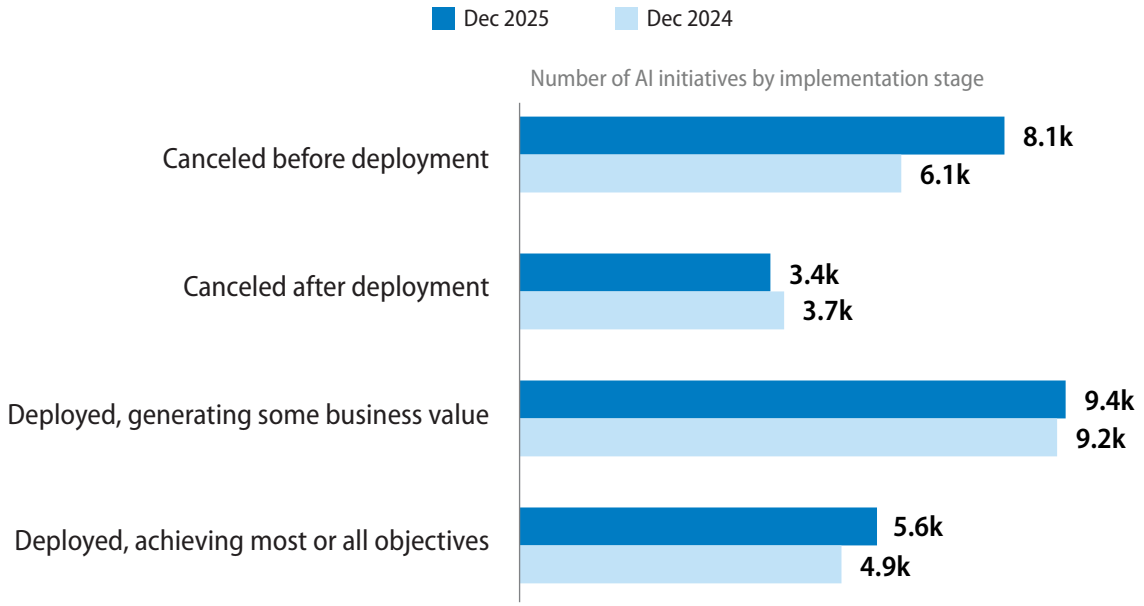


AI insights

Outcomes prompt scrutiny



Business value from AI initiatives rise year on year



N = 400, where *N* is the number of banks surveyed in Volume 5 (Dec 2024) and Volume 6 (Dec 2025). The number of deployed AI initiates was 22,601 in Volume 5 (Dec 2024) and 25,289 in Volume 6 (Dec 2025).

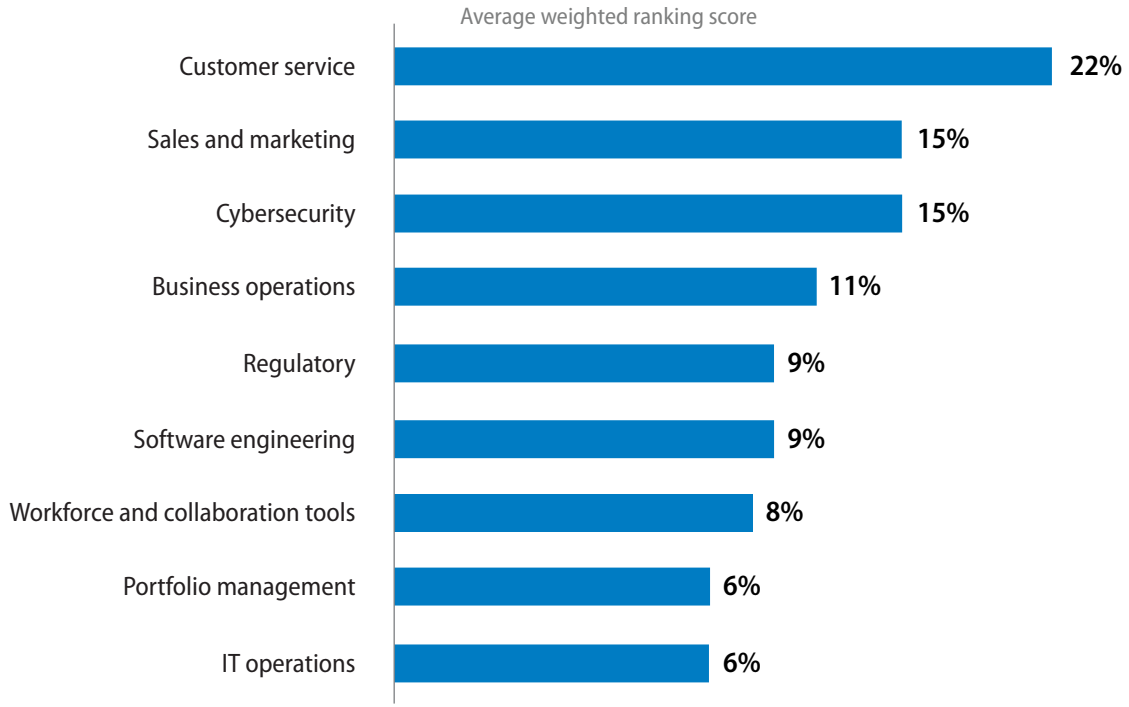
The frenzied experimentation phase is closing: AI initiatives that are canceled before deployment increased 33% indicating that bank have increased scrutiny of the ROI of AI initiatives.

Value from canceled after deployed AI downward trend: This reflects the initial phase that encouraged experimentation with AI, at times without a firm grasp on calculating return on investment.

Business value rises: Banks are generating increased business value from their deployed AI initiatives. Nearly 59% of deployed AI initiatives generate business value for banks.

Customer service is the most valuable AI use case

Business functions ranked by where banks see AI generating most business value



N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025).

Customer service generates the most business value: Fraud (within cybersecurity) delivered the strongest results in Volume 5. Now gains are found in intelligent virtual assistants, automated service workflows, and personalized engagement. These customer use cases reduce cost to serve, improve satisfaction of more digitally savvy clients, and scale far more quickly across the organization.

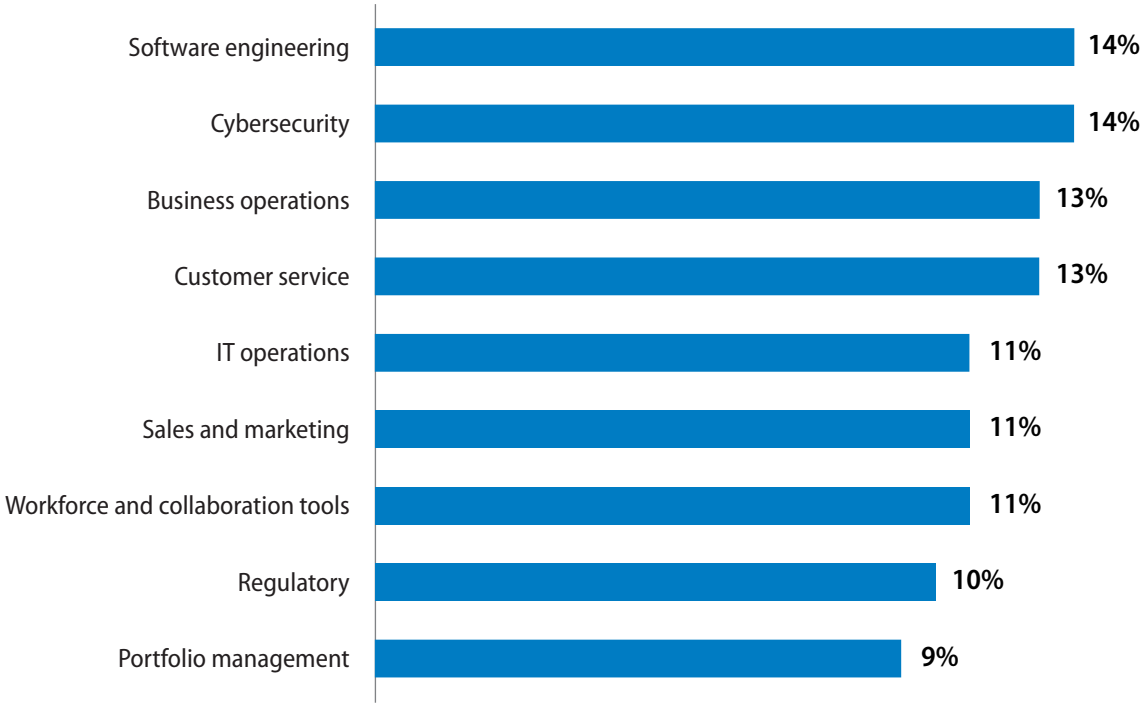
Disciplined execution delivers measurable AI results: With disciplined execution, banks are moving fast to apply AI with quantifiable results. Teams are reporting tangible improvements, simplifying customer experience while taking real cost and friction out of the system.

Citizens Bank's AI-powered virtual assistant, CiZi, enhances customer experience by delivering personalized, intelligent support for everyday banking tasks. CiZi enables customers to get answers instantly on everything from account balances and statements to credit-card fees. As a result, mobile app-driven calls into the contact center are down about 44%.

Danske Bank, a Nordic bank, deployed an AI assistant to support financial advisors, and the results were immediate. Advisor call time came down from six minutes to less than a minute, with faster responses and higher accuracy, improving customer experience.

Software engineering key focus for AI-driven cost reduction

Expected cost reduction by business function



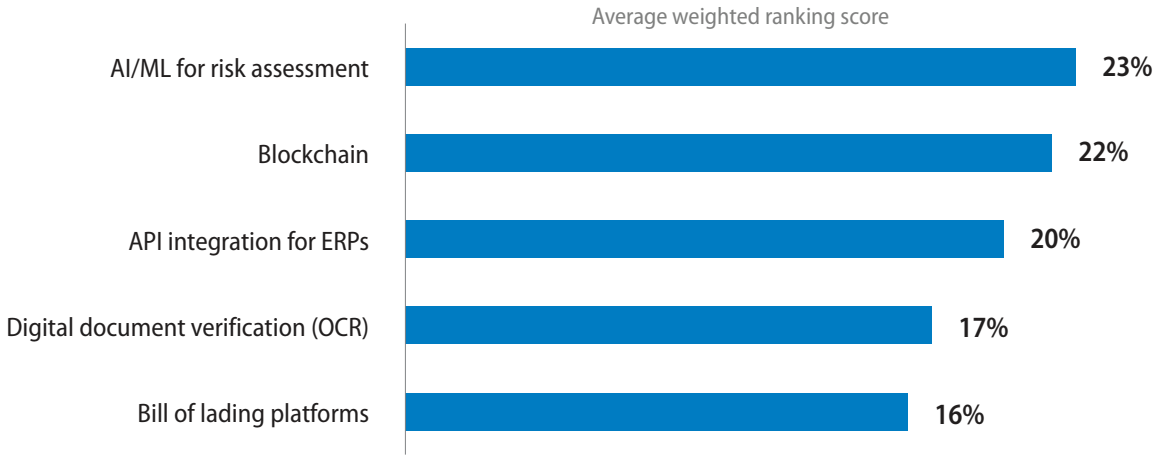
N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025).

Expected cost reduction and business value go hand in hand: Bankers expect the greatest cost reduction in the same functions they perceive the most value from AI — cybersecurity, business operations, and customer service.

Software engineering is the exception: Bankers perceive less value but expect AI to reduce costs. As developers adopt AI-assisted coding, testing, and automation tools, the unit cost of software engineering is expected to decrease over time. This indicates a lag between adoption and value perception. The tools exist, but widespread institutional uptake and behavior change are still catching up.

AI is critical to trade and supply chain finance for commercial banks

Technologies for trade and supply chain finance operations by percentage of banks

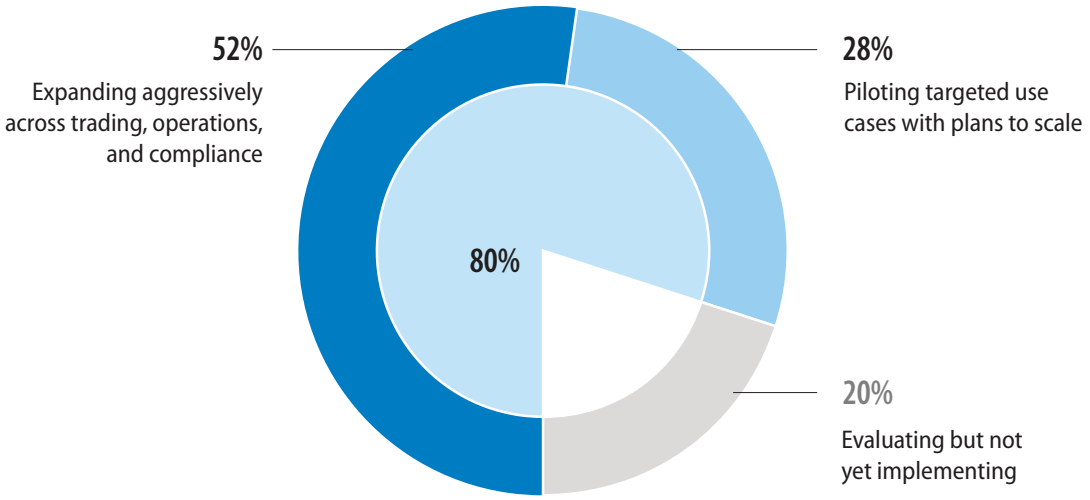


N = 141, where *N* is the number of banks that responded to corporate and commercial banking questions in Volume 6 (Dec 2025). Values do not total to 100 due to rounding.

Banks see AI as most critical to their operations: The key area for banks is AI and machine learning (ML) for risk assessment. The technology is used for enhancing credit and counterparty risk, detecting fraud, AML screening, etc. This was closely followed by blockchain, which supports invoice financing, while providing traceability and transparency.

Capital markets prioritize AI adoption

Expected AI adoption evolution over the next year by percentage of banks

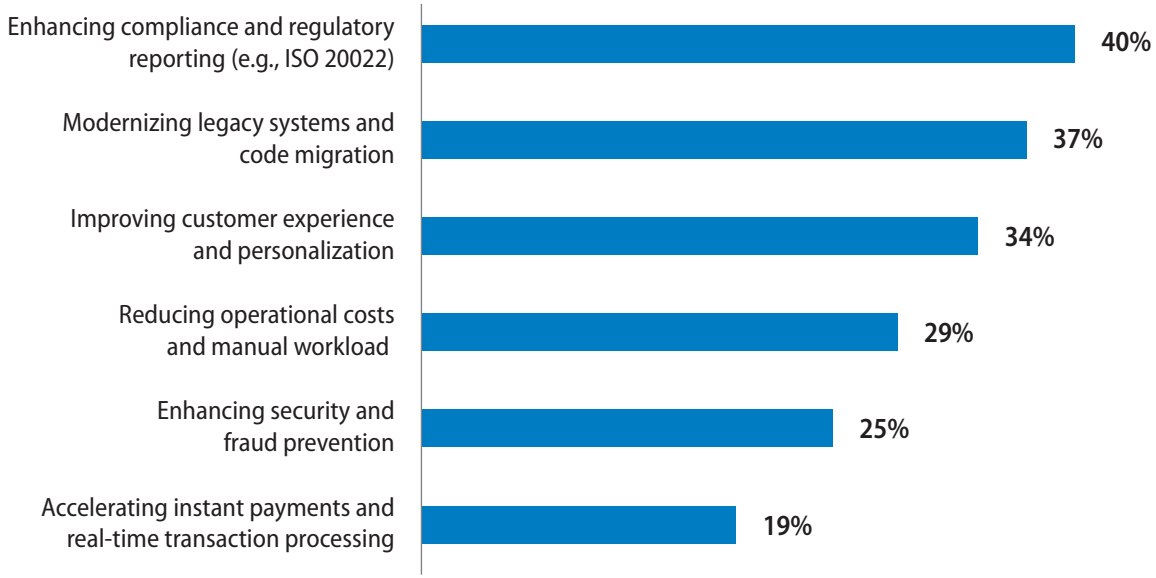


N = 102, where *N* is the number of banks that responded to capital markets questions in Volume 6 (Dec 2025).

AI is shifting to a norm in capital markets: Over 50% indicated that they are adopting AI aggressively across trading, operations, and compliance. Another 28% indicated that they are piloting targeted use cases and plan to scale.

AI to enhance reporting and modernization for payment providers

AI use to modernize payment systems by percentage of banks



N = 197, where *N* is the number of banks that responded to cards and payments questions in Volume 6 (Dec 2025).

Banks see AI transforming payments compliance: 40% indicated that AI will enhance compliance and regulatory reporting. AI is used most for detecting noncompliance, supporting anti-money laundering (AML) efforts, and ensuring during onboarding that customers are not sanctioned.

AI to unlock insights from ISO 20022: Banks that have moved to ISO 20022 now have richer data. This enables deeper analytics, better model training, and enhanced AI servicing. One instance of AI's use is in address validation. AI can now convert the unstructured address into a hybrid structured address. ISO 20022 lends itself very well to AI use. Until now, message formats were not rich enough from a data and structure perspective.

AI seen as a key driver of faster code migration and customer experience: Around 37% indicated that AI will speed up legacy modernization and code migration. Nearly 34% said it would help personalize and improve customer experience.

Data privacy and security inhibit wider AI adoption

Weighted average ranking of AI challenges by region

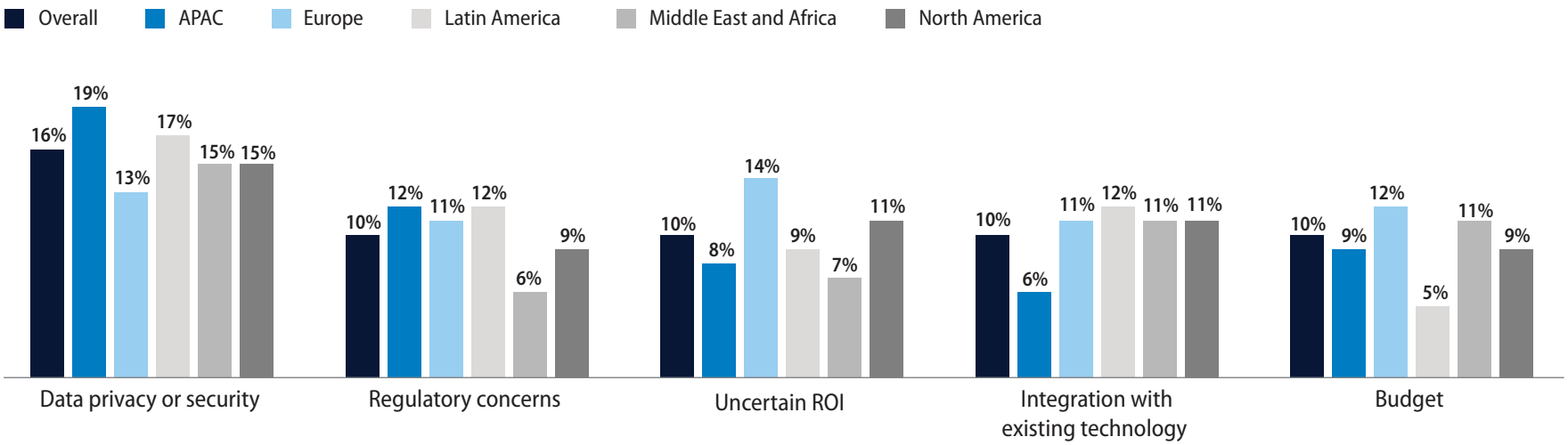


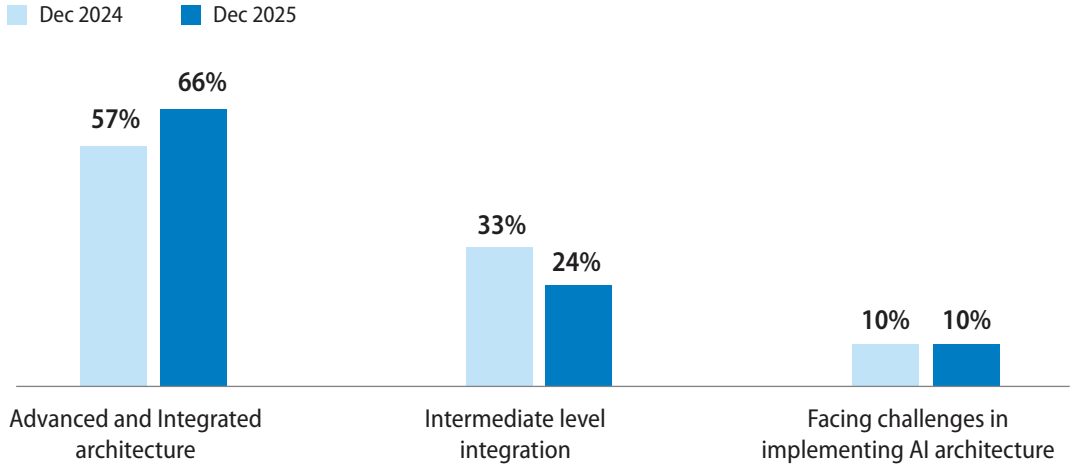
Chart shows only five out of 12 challenges. The values shows the percentage of respondents who ranked each challenge in the top three. *N* = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025).

Data challenges persist: Issues around data, including privacy and security, outweigh other barriers, including regulatory and financial concerns. This reinforces the need for robust data protection frameworks, stronger governance, and trustworthy data handling practices to enable responsible AI adoption at scale.

ROI concerns among European banks: This reflects a more cautious approach to scaling AI where measurable value must be demonstrated early. At the same time, European banks are less concerned about data privacy and security than peers. However, the region's long established regulatory frameworks, such as GDPR, and mature data governance practices give institutions greater confidence to manage data risks.

Data readiness concerns give way to challenges of scaling

Level of data architecture by proportion of banks

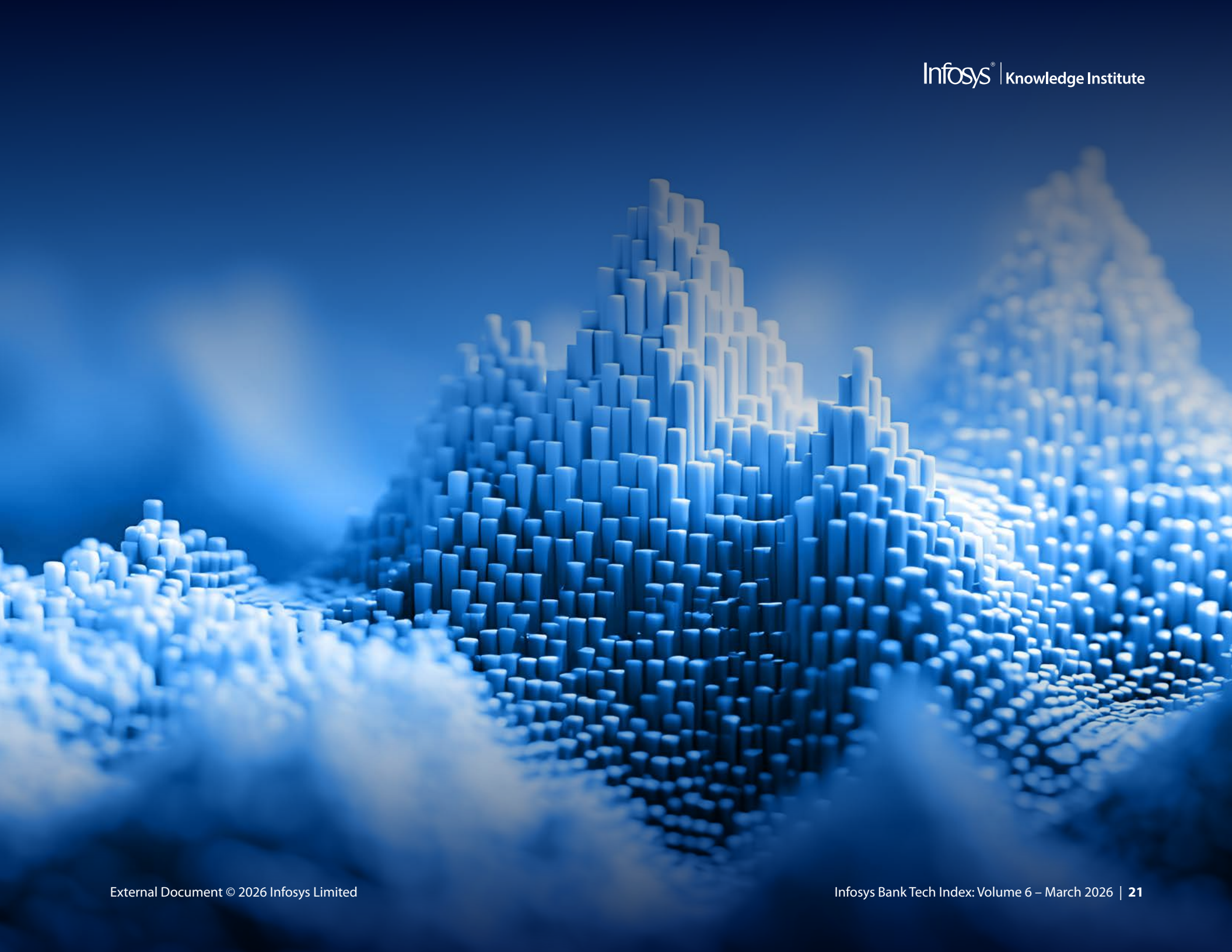


N = 400, where *N* is the number of banks surveyed in Volume 5 (Dec 2024) and Volume 6 (Dec 2025).
Advanced and integrated architecture means having a unified data platform with a high-quality and robust data governance framework, real-time data access, and advanced centralized data platform (CDP) optimized for AI or generative AI-based banking use cases (e.g., fraud detection).

Intermediate level integration means having a centralized data storage (e.g., data warehouses for analytics), with limited data governance, enabling support for a limited range of AI or generative AI-based banking use cases (e.g., AI chatbots).

Facing challenges in implementing AI architecture means having fragmented data sources with minimal integration, making it challenging to support any AI or generative AI-based banking use cases effectively.

Two-thirds of banks believe their data architecture is already equipped to scale AI: This sentiment aligns with the broader trend that data maturity and integration are no longer seen as the primary barriers to AI adoption. However, questions remain around the ability to scale AI simultaneously across multiple business lines.

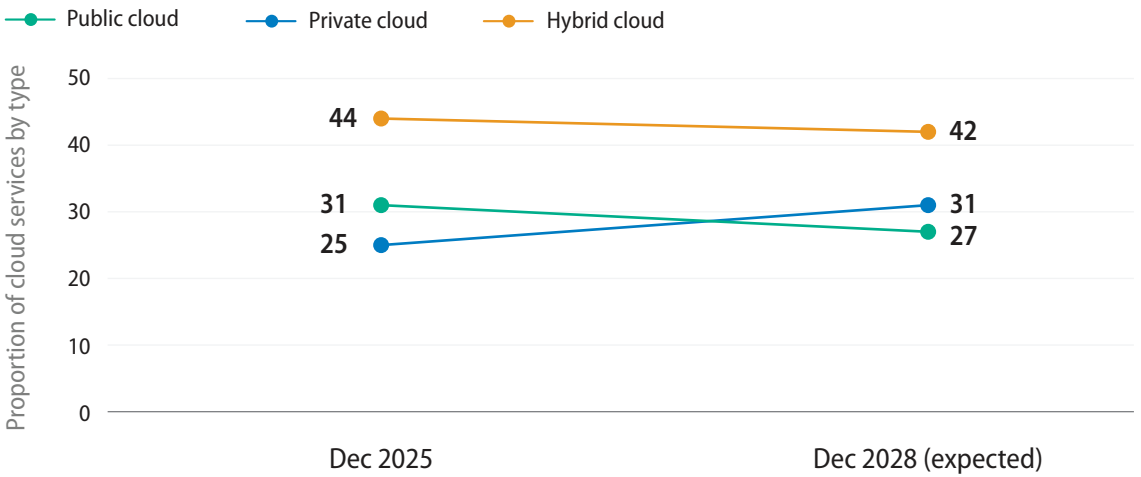


Cloud insights

Cost, data sovereignty, and security push private cloud preference

A search for the right cloud

Current and expected cloud service distribution



N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025) and Volume 5 (Dec 2024). For Volume 5 (Dec 2024), some banks did not respond to this question; therefore, the percentages may not sum to 100.

Fit-for-purpose assessments: Banks are placing each workload on the environment (public, private, or hybrid) that best meets regulatory, costs and risk mitigation requirements.

The balance swings toward private cloud: Usage of private cloud is expected to grow from 25% today to 31% over the next three years, reflecting the need to balance scalability and flexibility with control, resilience and regulatory compliance.

Public cloud cost is rising: AI and ML compute demand, data-transfer fees, vendor pricing complexity, unoptimized modernization while waste from idle or overprovisioned resources amplifies cost escalation in pay-as-you-go models, especially in North America and Europe.

Heightened data sovereignty concerns: Banks across Europe and APAC must keep data within required jurisdictions, avoid foreign access risks, and manage complex multicountry regulations.

AI use in private cloud and SLMs: Banks train on smaller language models (SLMs) in private environments, where data remains controlled and security risks are reduced.

Regulation and security fears continue to slow cloud migration

Average score of cloud migration challenges

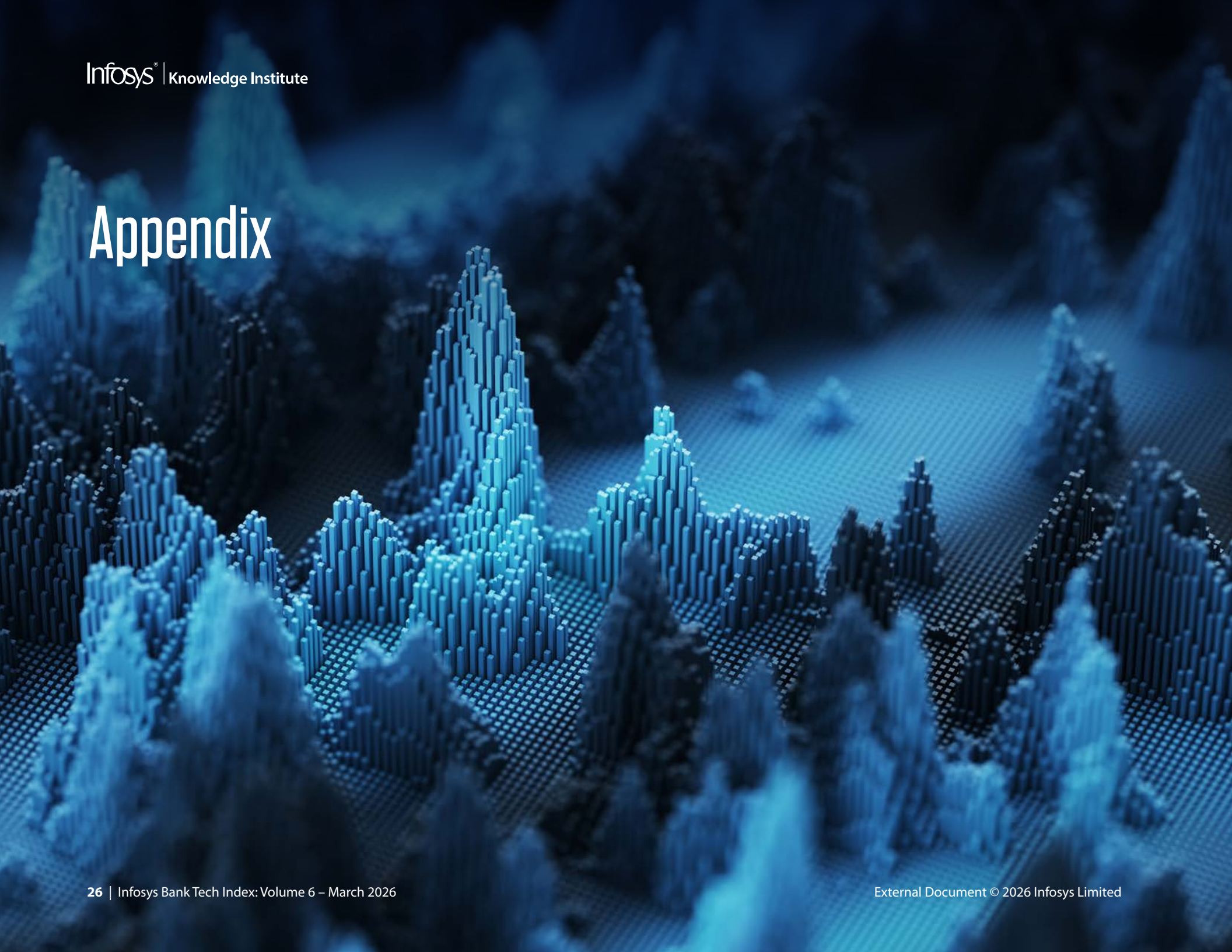
N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025) and Volume 5 (Dec 2024). Security challenges refer to data protection and privacy risks. Technological inertia refers to difficulties in integrating AI with existing legacy systems.

Regulation hinders cloud migration: This is true for all banks, irrespective of size and region, with security challenges and skills gap as the next inhibitors.

Security challenges persist: Although reduced since December 2024, strict compliance standards for sensitive customer data make security one of the top priorities. This underscores the critical need for robust governance frameworks and encryption protocols during migration efforts.

Skills gap emerges as a new top challenge: The skills gap challenge increased by four percentage points from December 2024. This trend is expected to increase in line with private cloud adoption.

Appendix



Appendix A: Methodology

The Infosys Bank Tech Index is a semiannual, survey-based research report that indexes technology investment and talent trends across the banking industry.

The sixth edition gathers quantitative data from 400 of the largest banks by total assets in Asia Pacific, Europe, Latin America, the Middle East and Africa, and North America. Our survey, exclusive to banks with assets surpassing $10 billion, represents 96%* of this asset pool. This semiannual research gathers insights on technology spending, staffing, and performance from a panel of leading banks.

Our executive panelists are key decision-makers for their respective banks' technology investments and talent strategies. Panel respondents will remain confidential to maintain data privacy and ethical considerations.

The research looks into the following areas:

1. **Technology strategic priorities:** Current priorities of banks related to growth, operational efficiency and transformation.

2. **Technology talent:** Current technology workforce and expected recruitment for technology roles.

3. **Technology budget analysis:** Current technology budget distribution and expected technology budget distribution.

4. **AI insights:** Percentage of initiatives in each stage of deployment, functions where AI generates the most value, functions where AI reduces costs the most, and improves productivity the most, areas where AI has the most positive impact, business lines where AI is used the most, and challenges to AI adoption.

5. **Cloud insights:** Current cloud strategy and expected cloud strategy, plans to migrate to cloud or use a cloud service platform, and challenges to cloud migration.

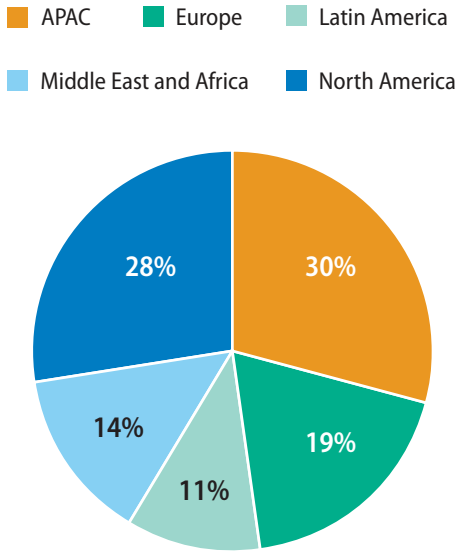
As data is gathered in subsequent quarters, this research will provide a dynamic view of the trends, track evolving patterns and help decision-makers at banks make informed decisions about technology and talent.

In Volume 6, we asked our panel to provide the expected technology spending change, and expected technology recruitment for the first six months of this year, January 2026 to June 2026.

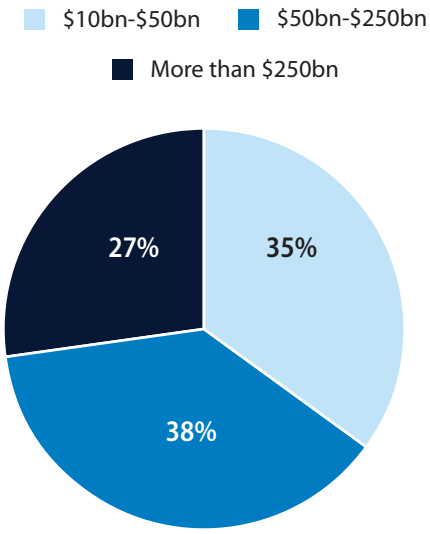
* Based on 750 banks and assets, as of December 2024.

Appendix B: Panel distribution

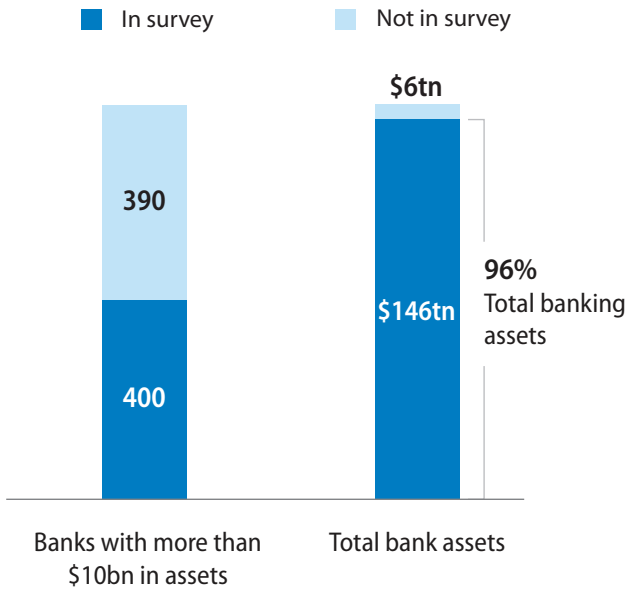
Banks by region



Banks by total assets



Our sample represents 96% of banking assets for banks with over $10 billion in assets



Authors

Sharan Bathija | Infosys Knowledge Institute, Bengaluru

Dylan Cosper | Infosys Knowledge Institute, Dallas

Samad Masood | Infosys Knowledge Institute, London

Editors

Kate Bevan | Infosys Knowledge Institute, London

Pragya Rai | Infosys Knowledge Institute, Bengaluru

Analysis and production

Pramath Kant | Infosys Knowledge Institute, Bengaluru

Isaac LaBauve | Infosys Knowledge Institute, Dallas

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