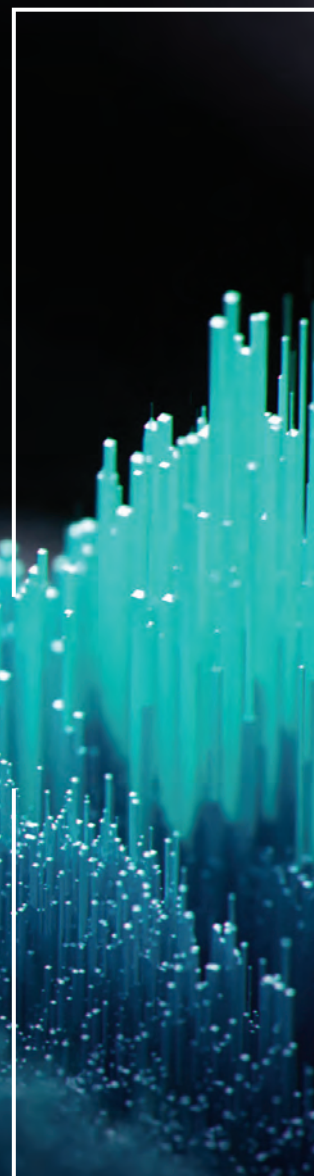


INFOSYS BANK TECH INDEX

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Cards and payments institutions

Volume 6 – July 2026



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Executive overview



Vivek Dwivedi

Regional head, financial services

Payments technology is both essential and yet hampered by [legacy infrastructure](#), and what is clear from our research is that payments will not be transformed through isolated upgrades. They will be strengthened through thoughtful modernization that balances innovation, security, and scale.

For many banks, aging platforms and fragmented integrations make systems inflexible and slow to change, while increasing operational risk. These limitations directly impact resilience, cybersecurity posture, regulatory

compliance, and the ability to respond to new payment use cases. As transaction volumes grow and payment flows become more real-time and data-rich, legacy complexity increasingly exposes institutions to operational and compliance risk.

Against this backdrop, AI is emerging as a practical accelerator of payments modernization. Banks see immediate value in using AI to strengthen compliance and regulatory reporting, particularly in areas such as anti-money laundering (AML), sanctions screening, and ongoing monitoring. This is about building confidence and trust at scale. AI will also help institutions unlock the full potential of ISO 20022. With richer, more structured data, banks can apply advanced analytics, improve servicing, and automate tasks by transforming unstructured inputs into usable formats. This level of data intelligence was not possible with earlier message standards.

AI is also reshaping how banks modernize. Many institutions see it as

a way to [accelerate code migration](#), reduce manual effort, and improve the customer experience through more personalized and responsive interactions. Modernization is becoming faster, safer, and more customer-centered.

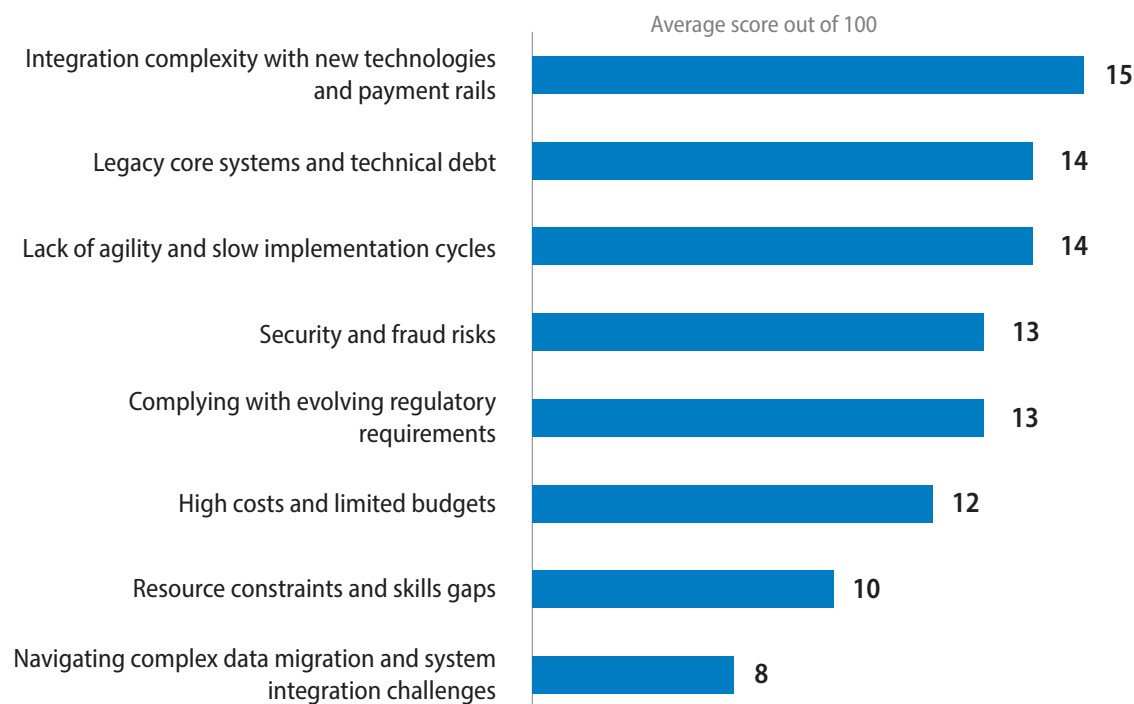
At the same time, stablecoins are moving from concept to consideration. A majority of banks now view stablecoins as an opportunity, particularly for cross-border and e-commerce payments. Many are already partnering or building solutions, where the need for speed, cost efficiency, and accessibility is most acute. Others remain cautious, balancing opportunity with risk as the ecosystem matures.

In 2026, leading institutions recognize payments as one of the few capabilities that directly influence revenue growth, cost efficiency, and risk and compliance outcomes at the same time. Payments are a strategic capability that banks actively own, shape, and orchestrate to deliver value across the enterprise and the broader ecosystem.

Key cards and payments institutions findings

Legacy estate weighs on payments modernization

Challenges in modernizing payment systems



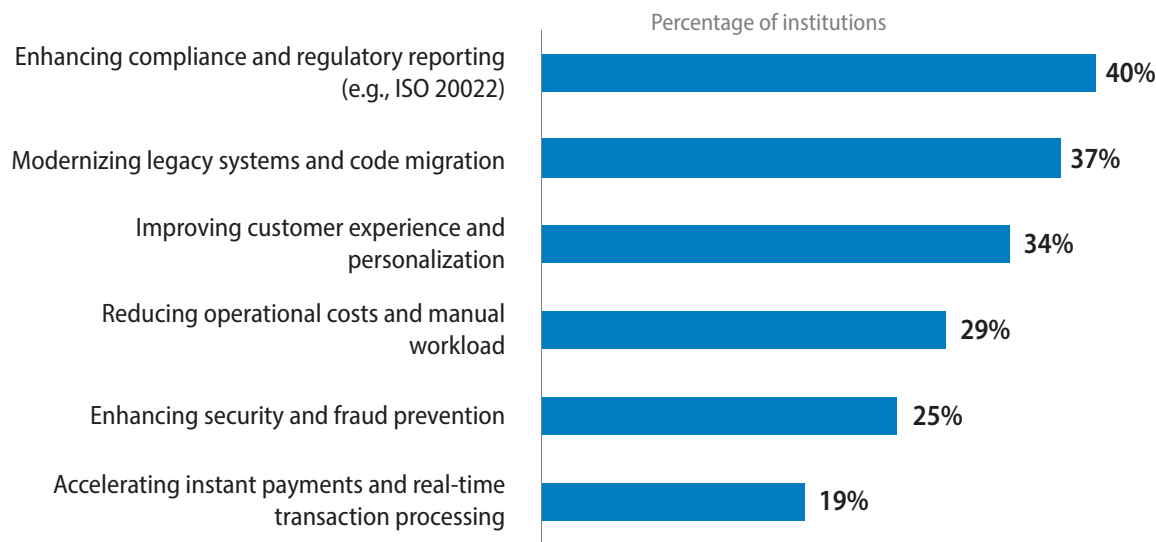
$N = 197$, where N is the number of banks that responded to cards and payments questions in Volume 6 (Dec 2025).
Values do not total to 100 due to rounding.

Payments modernization is riddled

with challenges: Legacy estates lead to integration issues, making systems inflexible and slow. They also heighten cybersecurity issues, exposing banks to compliance risks, such as fines.

AI to enhance reporting and modernization for payment providers

Top uses of AI in payments



$N = 197$, 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 AML efforts, and ensuring during onboarding that customers are not sanctioned.

AI to unlock insights from ISO 20022:

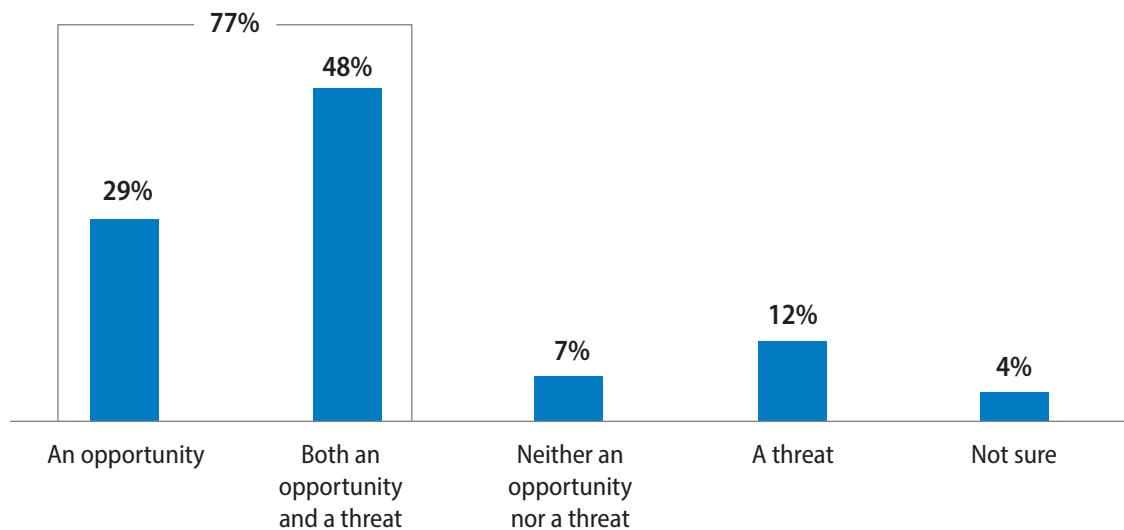
Banks that have moved to ISO 20022 now have richer data. This enables deeper analytics, better model training, and enhanced AI servicing. One instance of AI's use is in address validation. AI can now convert the unstructured address into a hybrid structured address.

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.

Stablecoins seen as an opportunity and a threat

Share of banks by impact of stablecoins on the banking industry



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

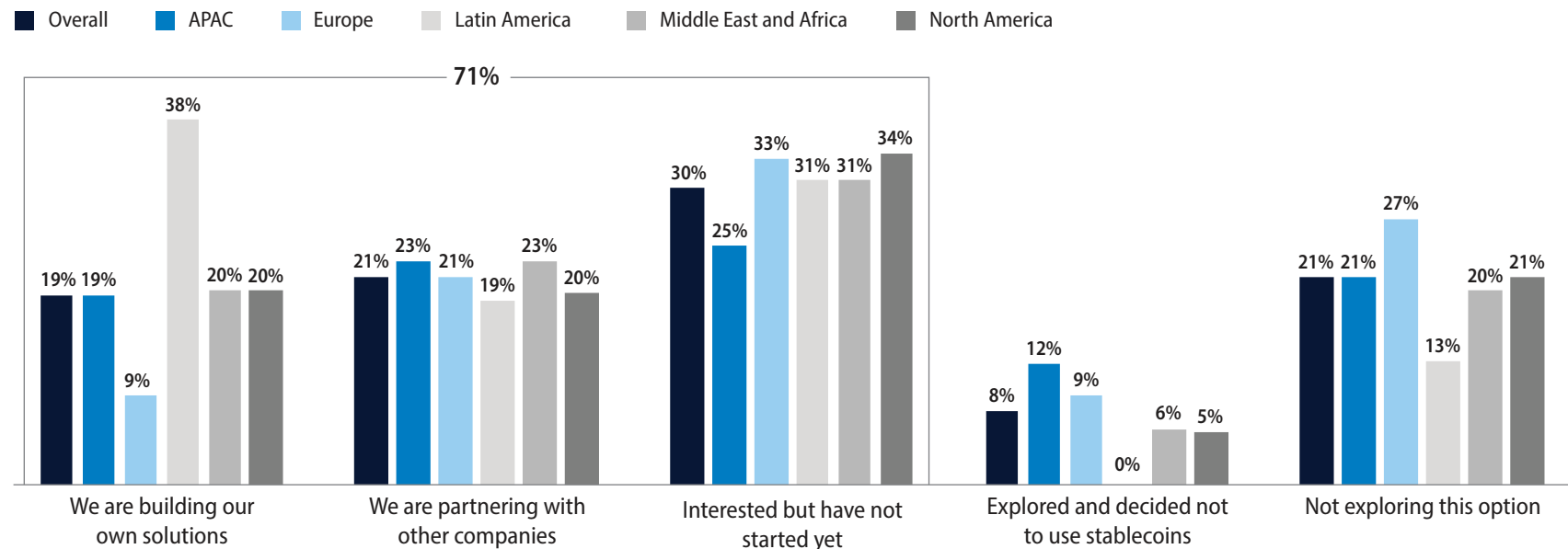
Stablecoin opportunity outweighs threat:

threat: Stablecoins present an opportunity for banks to enable faster, lower-cost, and programmable payments, but they also threaten traditional payment revenues, deposit bases, and customer relationships by creating alternative payment ecosystems.

Nearly 77% see stablecoins as an opportunity, and within that 48% see stablecoins as both an opportunity and a threat.

Stablecoins drive interest and activity

Share of banks exploring use of stablecoins for payments by region



$N = 197$, where N is the number of banks that responded to cards and payments questions in Volume 6 (Dec 2025). Values do not total to 100 due to rounding.

Stablecoins emerging as a payments capability: With 71% exploring and 40% executing, stablecoins are no longer a fringe experiment. They are becoming a strategic payments option, especially for cross-border settlement, e-commerce,

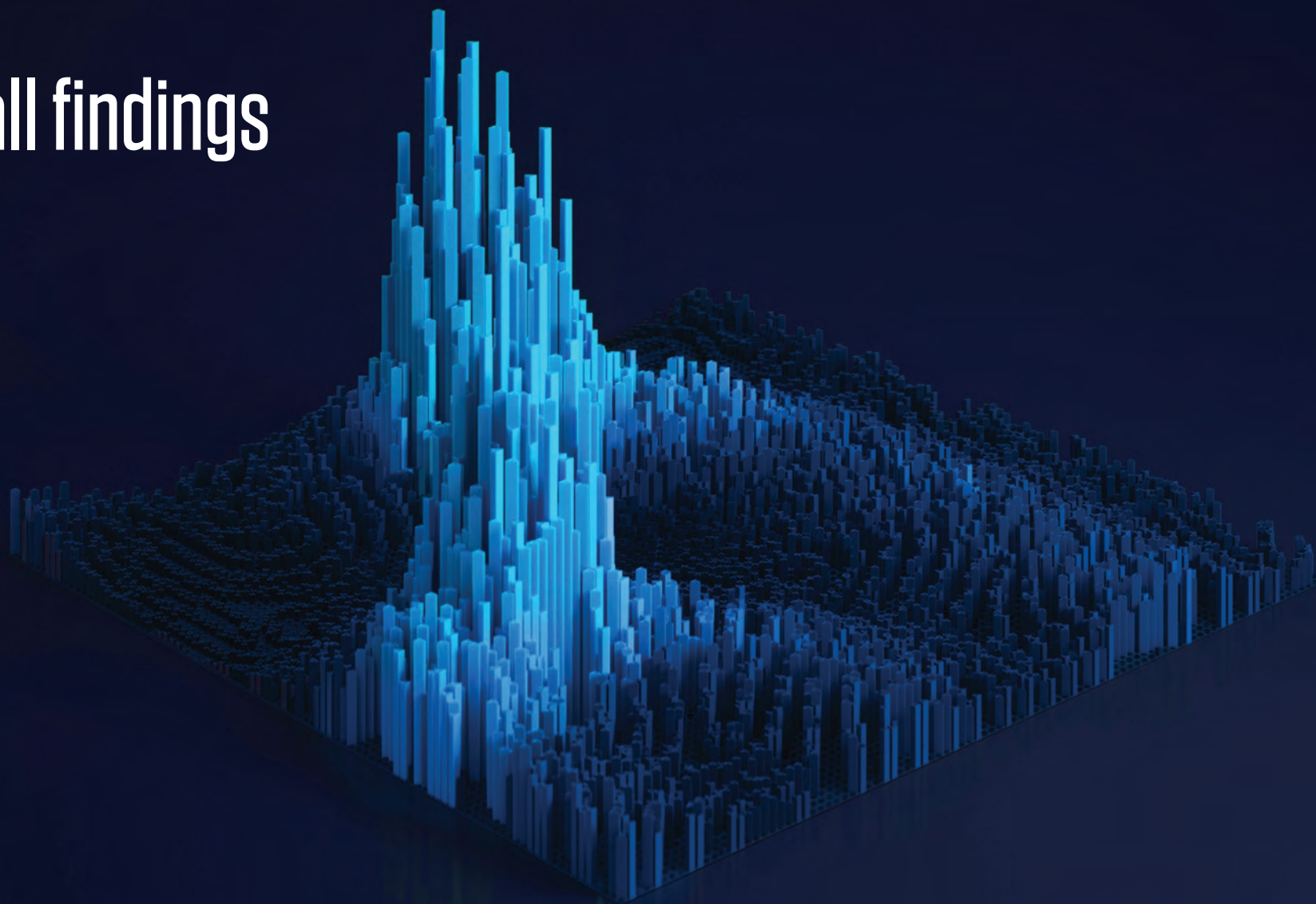
treasury operations, and liquidity movement.

Banks in experimentation mode:

Nearly 40% of cards and payments providers indicated that they are already

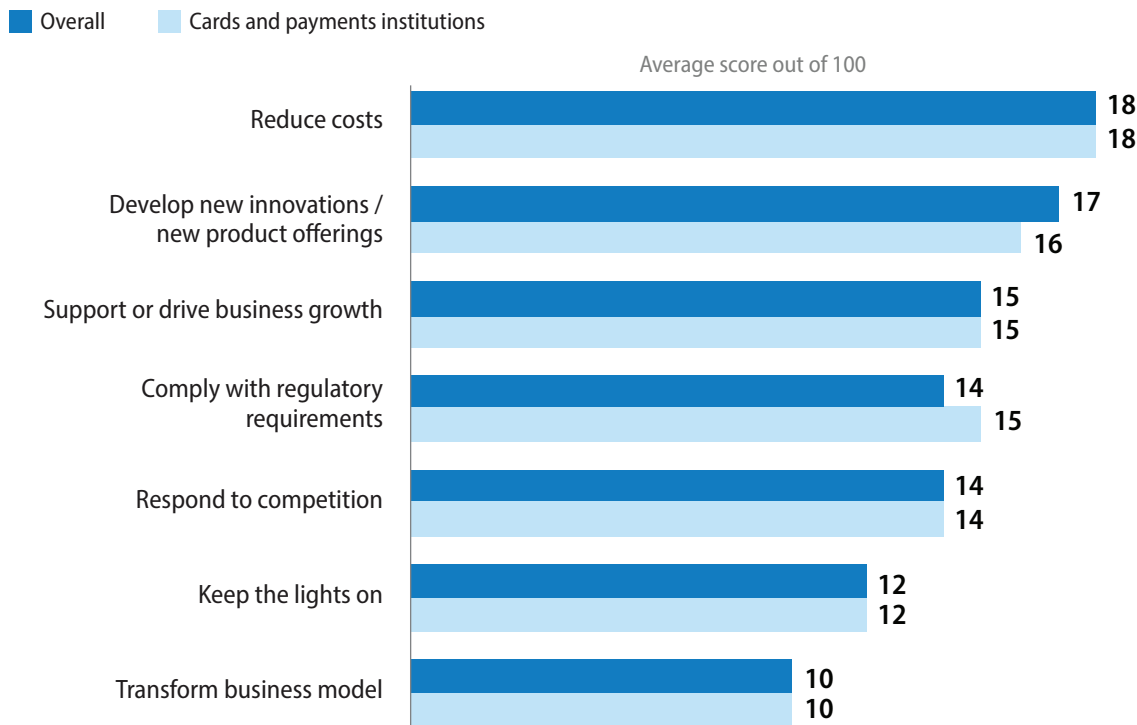
partnering or building solutions. This indicates that they are past the hype and into “selective experimentation.” Nearly six in 10 Latin American banks are already partnering or building solutions.

Overall findings



Cost reduction is the priority

Comparison of strategic priorities



$N = 400$, where N is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions.

Cost reduction is the top focus: While cards and payments institutions view reducing costs as a top priority, most of the strategic priorities are in line with the overall sample.

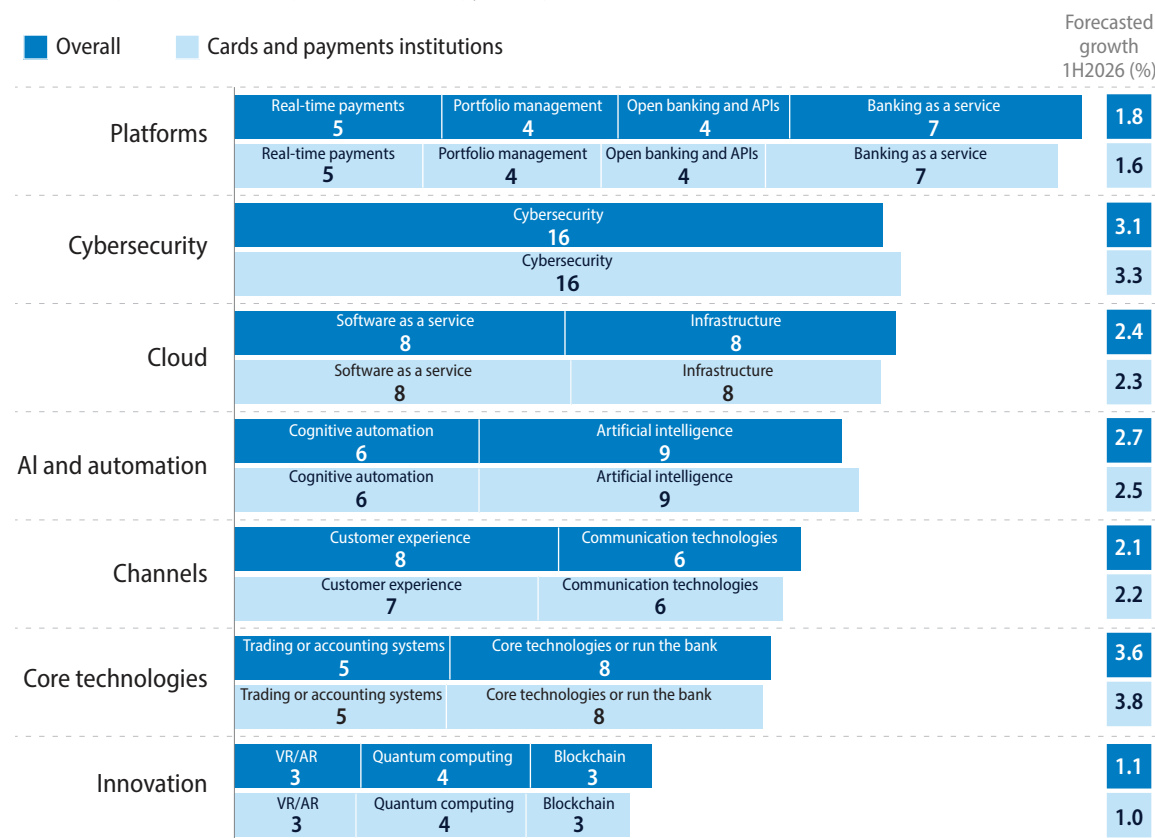
Innovation and business growth remain key priority: For cards and payments institutions AI innovation helps modernize infrastructure, strengthen compliance, and unlock insights from ISO 20022 data while creating smarter payment experiences, launching new products faster, and delivering personalized, data-driven services at scale.

Technology budget analysis

Payments modernization and security drive tech spend

Spend on core technologies and cybersecurity expected to increase

Spending as a percentage of technology budget



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Core modernization strengthens

payment capabilities: Spend on core technologies is expected to increase by 3.8% between January 2026 and June 2026 from December 2025. They are increasing core technology spend to modernize payment infrastructure, support real-time and cross-border capabilities, and strengthen compliance, resilience, and AI-enabled operations.

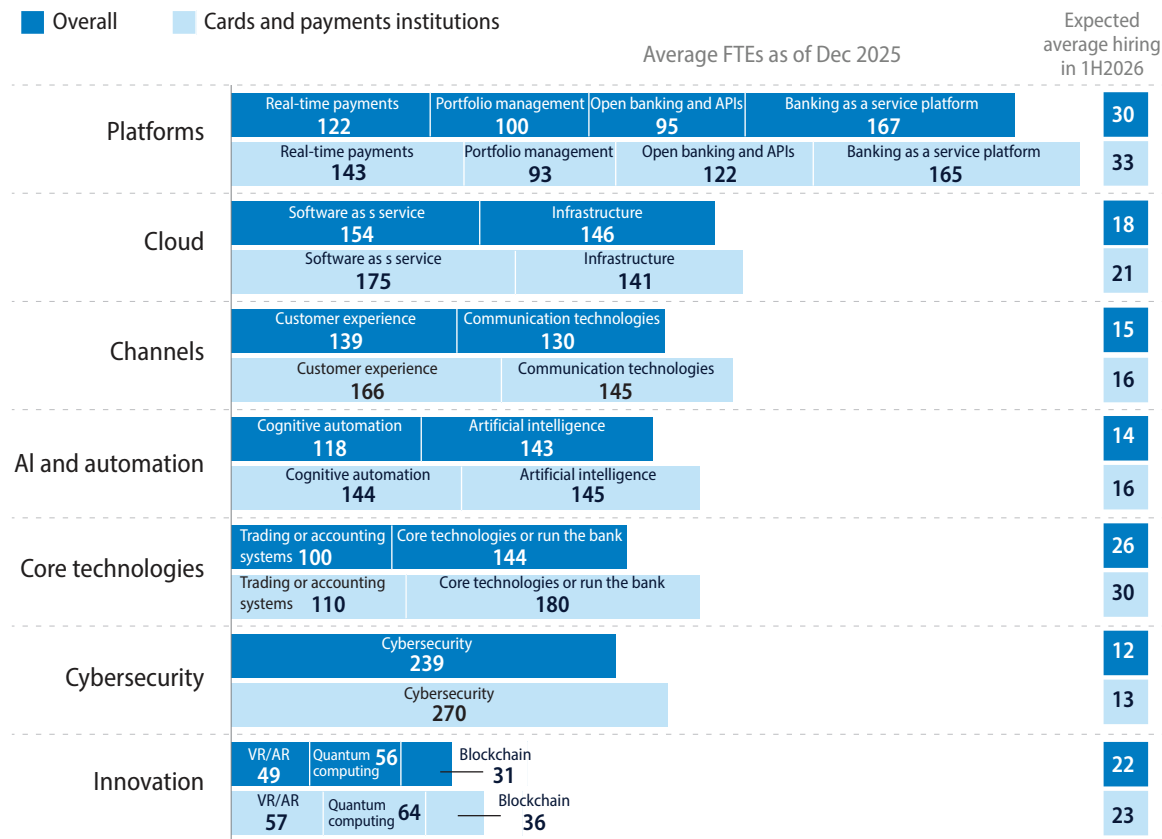
Spend on cybersecurity expected to rise:

Cards and payments institutions will increase spend on cybersecurity by 3.3% to protect high-volume digital payment flows, strengthen fraud detection, secure sensitive transaction data, and improve resilience across always-on payment infrastructure.

Spending growth on the top two areas are expected to outpace inflation:

IMF forecasts global inflation to moderate at 4.4% for 2026 and inflation in the US at 3.2% for the year.

Cards and payments institutions hiring to outstrip the overall group



$N = 400$, where N is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions.

Payment platforms drive more hiring:

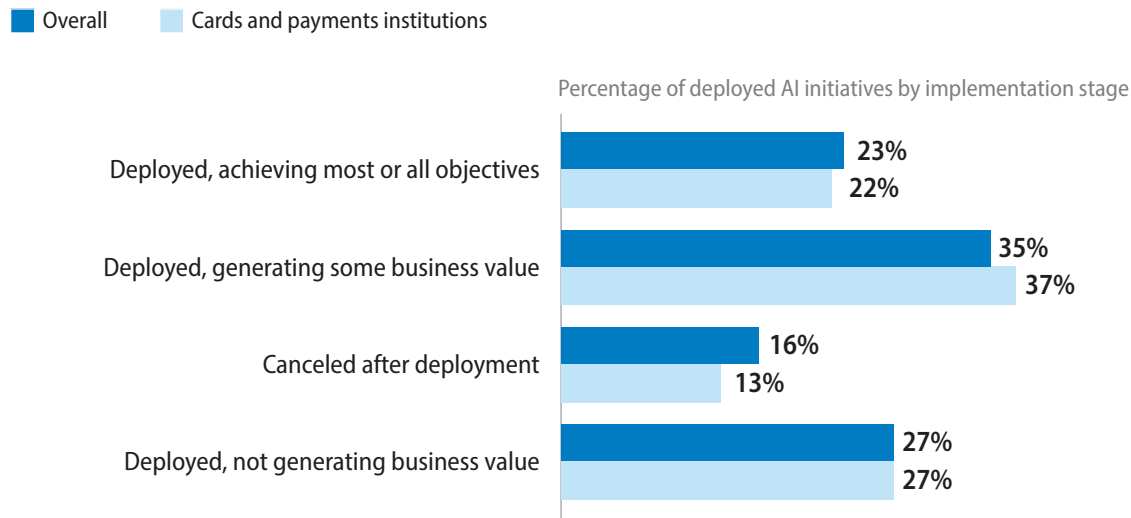
Higher relative hiring is concentrated in core technologies, platforms, and cloud infrastructure, reflecting the need to build and run modern payment platforms that support real-time transactions, cloud-based scalability, stronger resilience, and faster payments innovation.

AI and automation hiring are broadly in line with or slightly below the overall sample, signaling a measured, use-case-led approach rather than aggressive expansion.

AI insights

Outcomes prompt scrutiny

Outcomes from AI initiatives slightly higher than overall banks



$N = 400$, where N is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions. The total number of deployed AI initiatives was 25,289 for overall and 12,863 for cards and payments institutions.

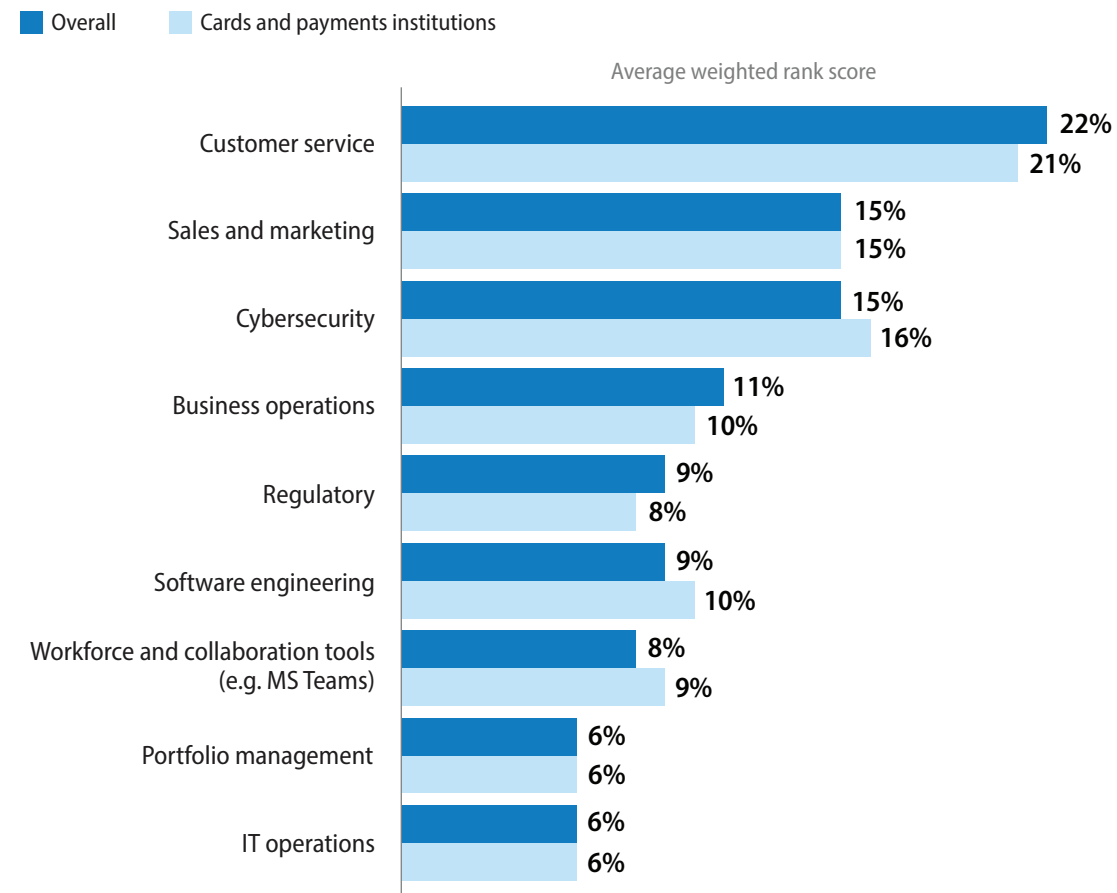
Cards and payments institutions are realizing slightly more business value from deployed AI initiatives:

AI initiatives generating business value across the overall banking sample have improved year-on-year. Nearly 59% of AI deployed initiatives in cards and payments institutions generate measurable business value, compared with 58% across the overall banking sample. However, comparable historical data for cards and payments institutions is unavailable.

Similar AI value leakage: Cards and payments institutions report almost the same share of AI initiatives that fail to deliver business value, at 27%, compared with the overall banking sample.

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), of which 197 banks responded to cards and payments questions.

Customer service generates the most business value:

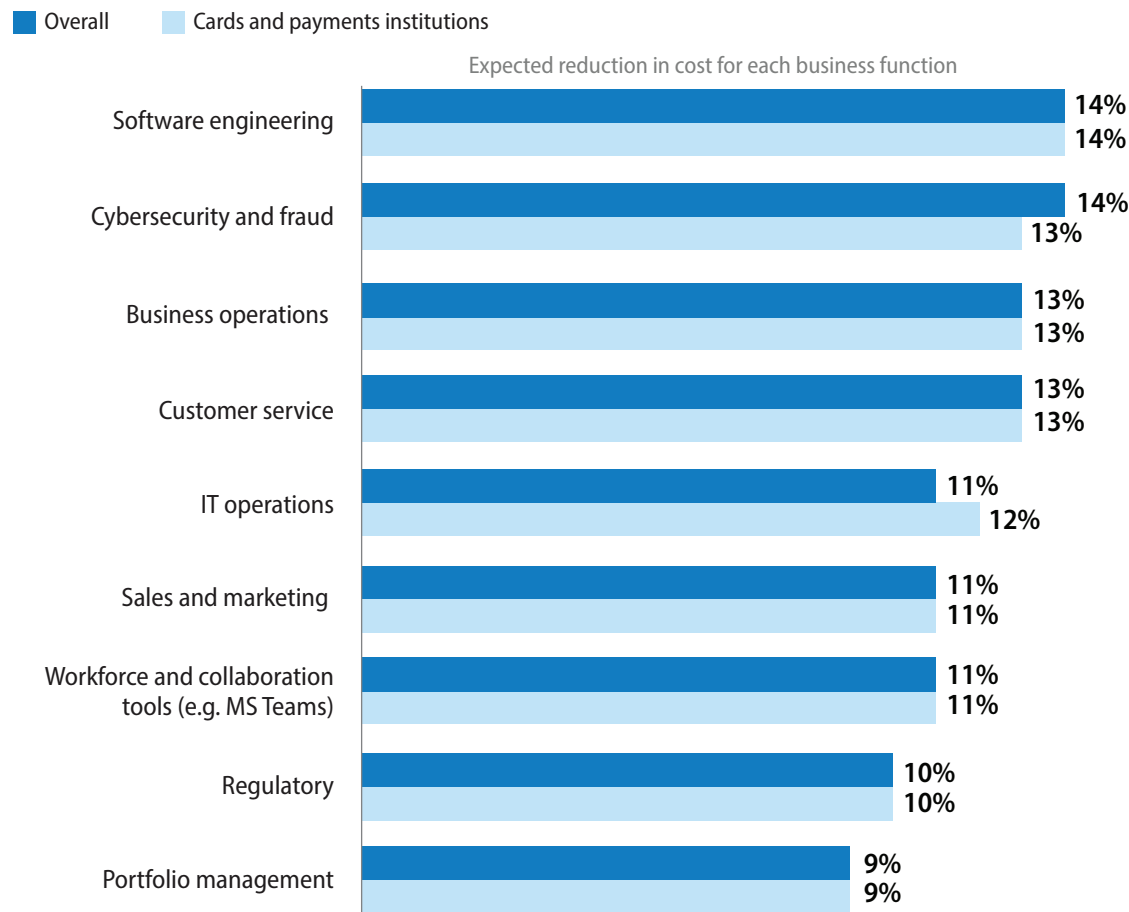
AI can cut response times, automate routine queries, provide agents with real-time context, and improve dispute resolution. This directly improves customer trust and retention — payment issues are urgent and often affect access to money, purchases, or business cashflow.

In sales and marketing the technology helps by using transaction insights to personalize offers, improve card and merchant acquisition, increase payment usage, and strengthen customer loyalty.

AI also strengthens security by detecting anomalies and threats in real time, reducing fraud risk while improving response speed and accuracy.

AI used in cybersecurity detects suspicious payment activity in real time, identifies unusual customer or merchant behavior, and flags potential fraud. It also helps improve threat monitoring across digital wallets, cards, merchant platforms, and real-time payment channels.

Software engineering is the key focus for AI-driven cost reduction



Cards and payments institutions largely align with the overall sample:

There is a clear tilt toward AI-driven savings in IT operations, software engineering, cybersecurity, business operations, and customer services where AI helps save costs. These functions are high-volume, process-heavy, and directly tied to operational efficiency, resilience, and service quality.

$N = 400$, where N is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions.

Data privacy and security inhibit wider AI adoption

Weighted average ranking of AI challenges

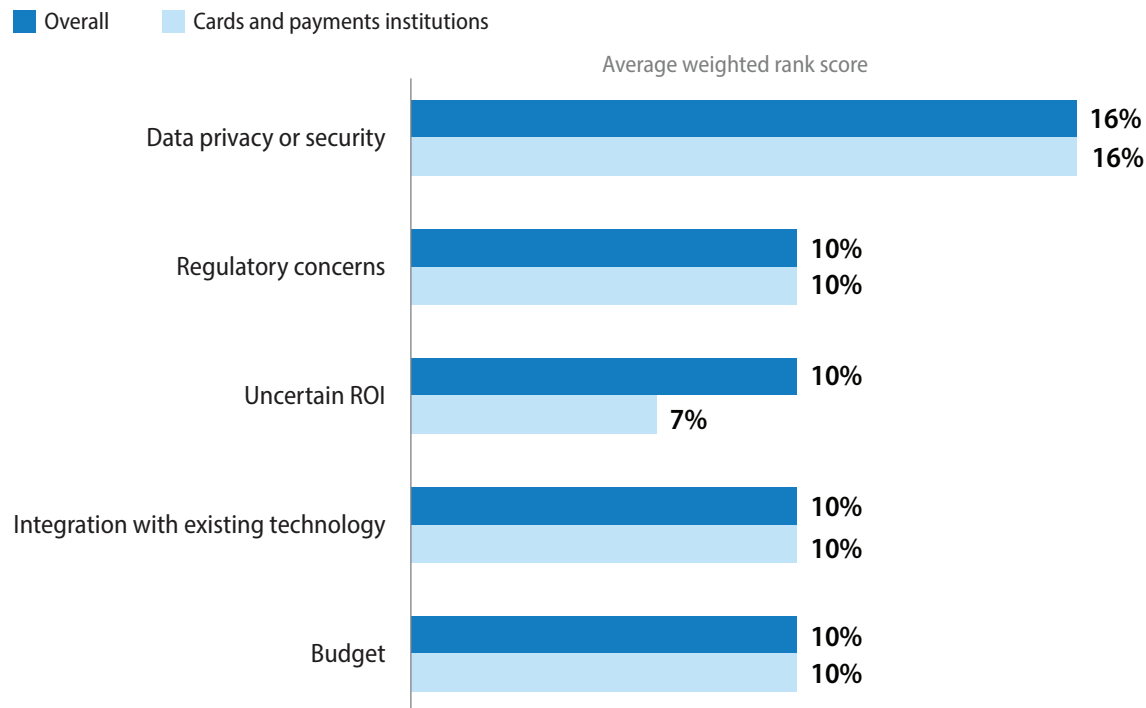


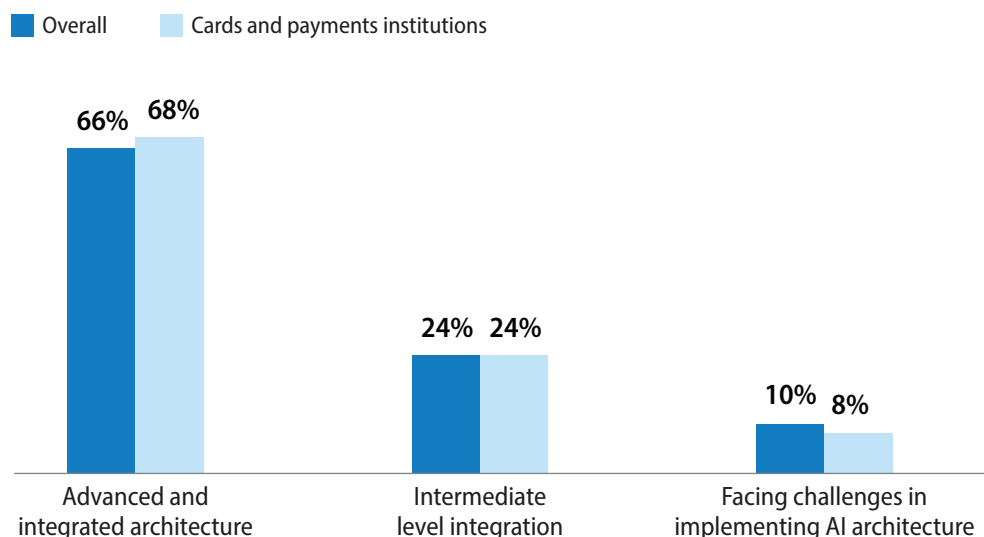
Chart shows only top five of 12 challenges. The values show the average weighted score of each challenge ranked top three. $N = 400$, where N is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions.

Cards and payments institutions view data privacy or security as more of a challenge: Issues around data, including privacy and security, continue to 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.

Cards and payments institutions less concerned on ROI: These institutions show lower uncertainty around AI ROI because AI benefits are easier to measure in high-volume payment flows, fraud reduction, dispute handling, customer service, and targeted growth use cases.

Most banks believe they have the architecture in place to scale AI

Data architecture maturity by proportion of banks



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.

$N = 400$, where N is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions.

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 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).

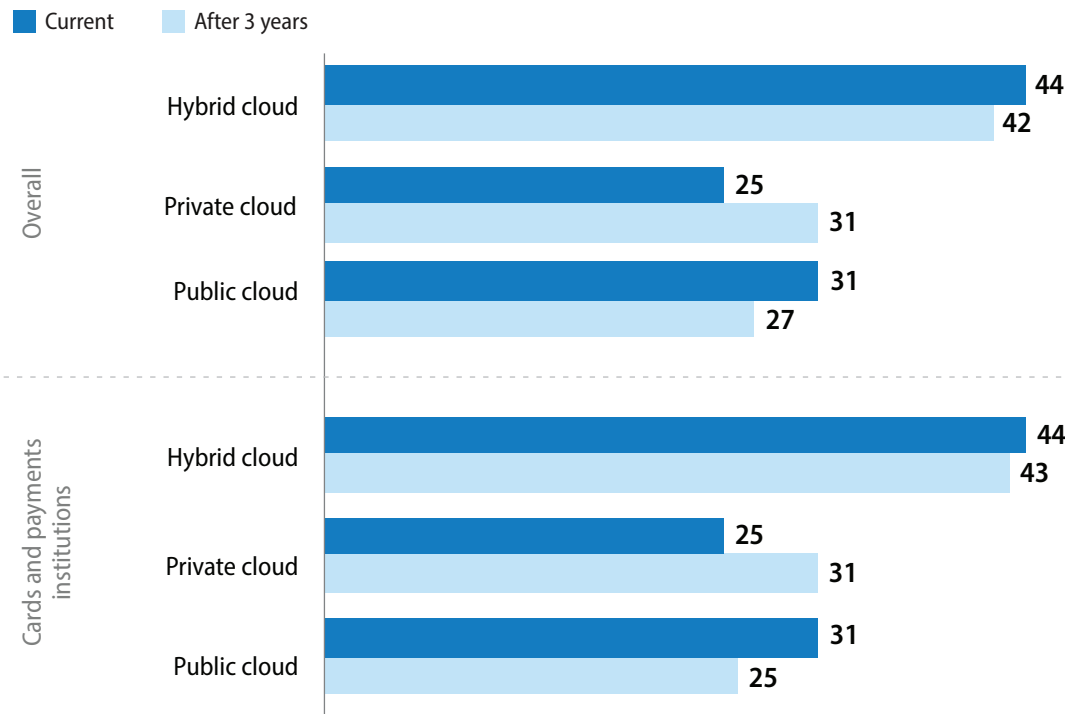
Facing challenges in implementing AI architecture means having fragmented data sources with minimal integration, making it challenging to support any AI or generative AI-based banking use cases effectively.

Cloud insights

Cost, data sovereignty, and security
push preference for private cloud

Cost, control, and AI drive private cloud adoption

Current and expected cloud service distribution



N = 400, where *N* is the number of banks surveyed in Volume 6 (Dec 2025), of which 197 banks responded to cards and payments questions.

Balance swings towards private cloud:

Usage of private cloud among cards and payments institutions 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: Led by AI and ML compute demand, data-transfer fees, vendor pricing complexity, and unoptimized modernization, while waste from idle or overprovisioned resources amplifies cost escalation in pay-as-you-go models in North America and Europe.

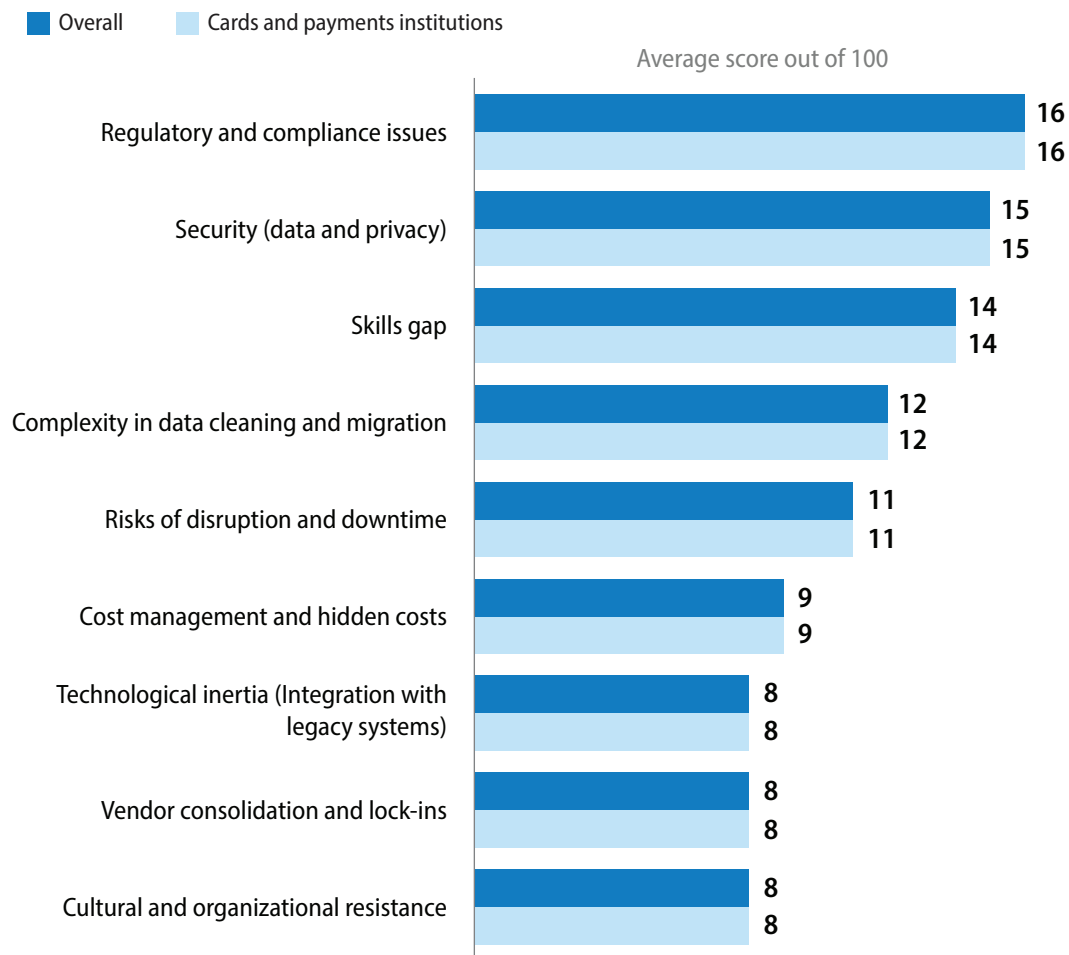
Heightened data sovereignty concerns:

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 small 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), of which 197 banks responded to cards and payments questions. 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:

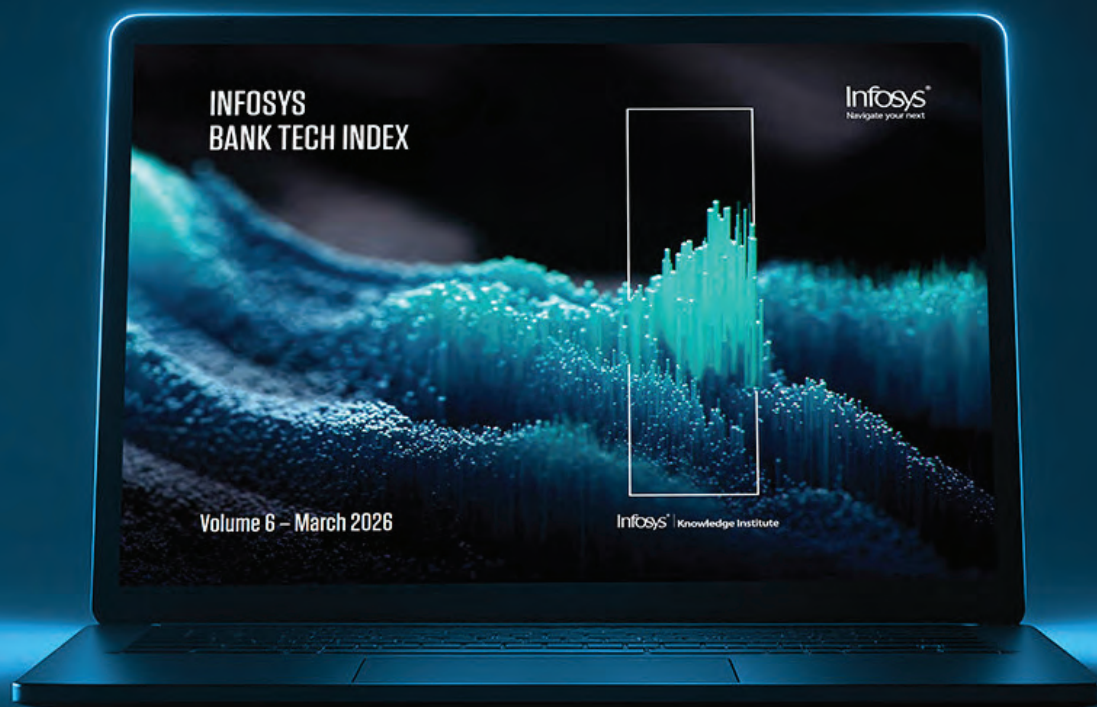
This is true for all banks, irrespective of size and region, with security challenges and skills gap as the next inhibitors.

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 for overall group: The skills gap challenge increased by four percentage points from December 2024. This trend is expected to increase in line with private cloud adoption.



Explore all findings from the Infosys Bank Tech Index now



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 delves into the following areas:

1. **Cards and payments insights:** Current priorities, challenges and technology spend.
2. **Technology strategic priorities:** Current priorities of banks related to growth, operational efficiency and transformation.
3. **Technology talent:** Current technology workforce and expected recruitment for technology roles.
4. **Technology budget analysis:** Current technology budget distribution and expected technology budget distribution.
5. **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.

6. **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.

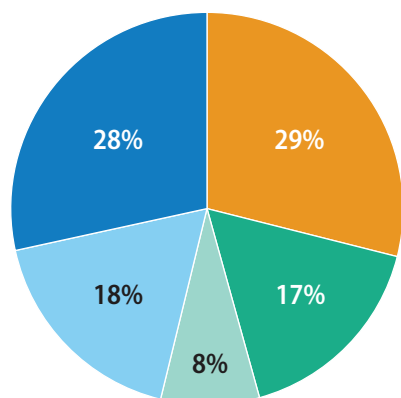
In Volume 6, we asked our panel to provide the expected total spending (including capital expenditure and operational expenditure), expected technology spending change, and expected technology recruitment for the first six months of this year, i.e., January 2026 through the end of June 2026.

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

Appendix B: Panel distribution

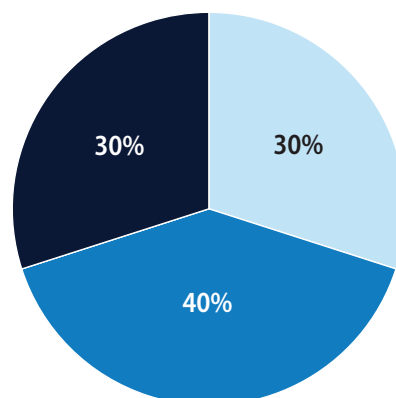
Cards and payments institutions
by region (197 banks)

APAC Europe Latin America
Middle East and Africa North America



Cards and payments institutions
by total assets (197 banks)

\$10bn-\$50bn \$50bn-\$250bn
More than \$250bn



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