Allied Solutions®

The State of Technology Readiness in Financial Institutions

2026 Executive Pulse Report

Executive Summary

Financial institutions have reached a pivotal moment in digital transformation. The question is no longer whether to modernize, but how to execute modernization while balancing growth priorities, operational capacity, cybersecurity risks, and rising member expectations.

At the center of this transformation is one foundational capability: connected data. Insights from executive discussions, industry polling, and technology readiness research reveal a consistent challenge. While institutions continue adopting digital technologies, fragmented systems, implementation complexity, and limited organizational capacity are slowing progress.

The institutions best positioned for the future will not necessarily be those adopting the most technology, but those that can connect data, simplify execution, govern AI responsibly, and translate investments into measurable business outcomes.

The Industry Has Reached an Inflection Point

Technology has become inseparable from business strategy. Across executive discussions, survey findings, and readiness research, leaders consistently linked modernization efforts to broader priorities including revenue growth, operational efficiency, member retention, fraud prevention, and organizational resilience.

The challenge now is execution: advancing transformation amid limited resources, competing priorities, and increasingly complex technology environments.

Connected Data

71%

Institutions operating in **partially integrated** environments

Modernization

Action

not technology is biggest modernization barrier

Growth

100%

ranked **Revenue Growth & Profitability** among their top institution priorities

Member Experience

88%

cited **digital experience** among top member needs

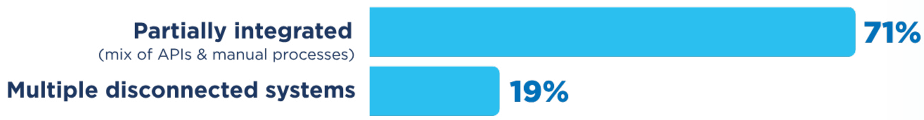
Artificial Intelligence

75%

rated **AI security preparedness** 5/10 or lower

1 Connected Data Is the Foundation of Modernization

State of Data Connectivity



What the Research Shows

Our findings indicate that partial integration remains strong as the industry norm. More than seven in ten financial institutions (71%) rely on a combination of APIs and manual processes, while 19% operate across multiple disconnected systems. Only 5% report achieving real-time connectivity, and another 5% report little to no integration at all. Together, these numbers point to integration as one of the industry's largest bottlenecks. The fragmented data environments they describe limit personalization, workflow automation, fraud detection, AI scalability, and timely decision making.

Executive Takeaway

Connected data has become foundational infrastructure supporting nearly every institutional priority. With only 5% of FIs operating at real-time connectivity, the vast majority are leaving performance, risk management, and AI readiness on the table, which makes integration modernization more than a back-office IT project.

2 Modernization Has Become an Execution Challenge

Primary Modernization Barriers

What the Research Shows

Cost remains the biggest hurdle to modernization. More than one-third of respondents (38%) cited budget limitations as their primary challenge, followed by implementation complexity (28%) and bandwidth (22%). Core system limitations and competing organizational priorities also continue to slow modernization initiatives. Taken together, these findings suggest financial institutions largely understand what needs to be modernized. Their challenge lies in executing those initiatives, as the pace of technology change continues to exceed many organizations' ability to implement, integrate, and operationalize new capabilities.

Executive Takeaway

Competitive advantage increasingly depends on execution rather than technology acquisition. Institutions that simplify implementation, improve interoperability, and reduce operational complexity will be positioned to move faster than peers still working through budget, complexity, and bandwidth constraints.

3 Technology Investments Must Deliver Business Outcomes

Top Executive Priorities for the Remainder of 2026

What the Research Shows

Growth initiatives continue to dominate strategic priorities. Every respondent ranked Revenue Growth and Profitability among their top three priorities (100%), followed by Member Growth and Retention (71%). Digital Transformation, AI and Automation, and Lending Growth and Portfolio Performance tied for the third most cited priority, each selected by 43% of respondents. This ranking reflects an important shift: technology investments are increasingly measured by business impact rather than technical capability. Institutions expect their technology initiatives to accelerate growth, strengthen operational performance, improve member retention, and increase organizational resilience.

Executive Takeaway

Successful institutions connect technology strategy directly to measurable organizational outcomes. With revenue growth and profitability topping every respondent's list, the institutions that translate their technology roadmaps into clear business results, not just capability upgrades, will be the ones that pull ahead.

4 Member Expectations Continue to Rise

Key Member Priorities Anticipated

What the Research Shows

Loan affordability emerged as the leading member priority (62.5%), followed by faster, simpler digital experiences (50%). Financial institutions also identified seamless omnichannel experiences, competitive savings options, and trusted financial guidance as key member expectations (37.5% each). These priorities reflect a member base that expects institutions to deliver both financial value and digital convenience, which is precisely what modernization enables. Connected systems allow institutions to offer more personalized experiences, faster service, and greater flexibility in meeting evolving member needs.

Executive Takeaway

Member experience has become the business case for modernization. When affordability, speed, and convenience rank as members' top priorities, the institutions that connect their systems to deliver on all three will be the ones members choose and stay with.

5 AI Has Entered the Execution Era

Where Financial Institutions Are in Their AI Journey

What the Research Shows

Artificial intelligence remains a strategic priority, but executive conversations have shifted from exploring AI's potential to executing it responsibly. Three out of four (75%) Advisory Council participants indicated their organizations have progressed beyond initial experimentation through deployment, scaling initiatives, or governance development. Despite this progress, respondents rated their preparedness for emerging AI-related information security risks at just over four on a ten-point scale. Open-ended responses consistently identified AI governance, cybersecurity, deepfake fraud, stablecoins, fintech dependency, and data governance as the issues most likely to shape technology strategy through 2027.

Executive Takeaway

The conversation has shifted from adopting AI to governing AI responsibly. Progress on deployment has outpaced confidence in security and oversight, meaning AI readiness now depends less on new tools and more on trusted data, strong governance, connected systems, and organizational confidence.

Strategic Implications

Collectively, these findings mark a shift where every technology choice carries direct business consequences. For financial institutions, the implications are clear:

Connected data has become strategic infrastructure. It enables faster decisions, better member experiences, stronger fraud prevention, and scalable AI.

Execution is becoming the competitive differentiator. Budget, implementation complexity, and organizational capacity now present greater barriers than technology availability.

Technology investments must produce measurable outcomes. Executive priorities increasingly center on growth, operational performance, and member value rather than technology adoption alone.

Member expectations continue to rise. Financial institutions must simultaneously deliver affordability, personalized guidance, and seamless digital experiences.

AI raises the stakes. Organizations that invest in governance, cybersecurity, and data readiness today will be better positioned to scale AI responsibly tomorrow.

About This Research

This Executive Pulse Report synthesizes proprietary research and insights collected by Allied Solutions during the first half of 2026, drawing on perspectives from executive leaders across financial institutions of varying asset sizes and functional disciplines.

The research explored technology modernization, connected data, modernization priorities, AI readiness, and the future of financial services technology. Across these areas, remarkably consistent themes emerged around the opportunities and challenges facing financial institutions as they modernize.

The findings are intended to provide directional insight rather than statistically representative industry benchmarks.

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