PREDICTIONS REPORT

Predictions 2026: Banking And Investing

AI Impact Continues To Ripple Through Financial Services

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By Aurelie L'Hostis, Peter Wannemacher, Alyson Clarke, Meng Liu, Zhi-Ying Barry with Oliwia Berdak, JT Thykattil, John Buten, Nikhil Lai, Bernhard Schaffrik, Diego Lo Giudice, Indranil Bandyopadhyay, Kayla Freeman, Hadley Beeken, Frank Harris

Summary

In 2026, AI will continue to transform financial services, reshaping how consumers engage, how firms operate, and how competition unfolds. Despite trust concerns, generative AI (genAI) usage is rising fast — including in financial decisions — while AI agents and tools are streamlining operations and modernizing legacy systems. Vibe coding and modular architectures are powering a new wave of digital banking upstarts keen to disrupt the industry — though few of them will succeed. This report outlines our 2026 predictions for banking and investment to help leaders navigate the current uncertainty.

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AI's Impact Will Be Tangible Across Engagement, Operations, And Competitors

In 2026, the effects of AI will continue to ripple through financial services, transforming how consumers seek advice, discover products, and interact with firms — while also driving operational change and intensifying competition. Despite lingering trust concerns, usage of genAI tools continues to grow, especially among younger consumers. Financial institutions (FIs) are deploying AI agents across front and back offices, modernizing legacy systems, and preparing for a future shaped by machine-initiated interactions. In 2026:

- **Over half of under 50s seeking financial advice will turn to genAI tools.** People claim they don't trust AI-generated outputs, yet usage keeps growing: About half of US and UK online adults use genAI tools like ChatGPT; of those, over half use genAI tools to receive recommendations or advice. This shift is driven by consumers' need for affordable and accessible advice and their growing savvy with genAI. Most financial services firms have launched in-app chatbots — for example, Bank of America's Erica manages billions of customer interactions — but their capabilities remain limited, hamstrung by regulation or low-risk appetite. But consumer preferences are changing: Just 16% of US Baby Boomer online adults (born between 1946 and 1964) who are investors and aware of genAI are comfortable with investment firms using AI to provide financial advice directly to customers; however, this rises to 37% for US Millennial investors (born between 1981 and 1996). Brands must continue to experiment in this area, not by simply unleashing genAI on consumers but by working within the confines of rule-based systems to mitigate AI risks.
- **AI-powered search and genAI tools will reduce human web traffic by 20%.** GenAI is transforming acquisition: Forrester's 2025 data shows 39% of US and 43% of UK online adults who have heard of genAI say that they've discovered new products or services through it. In metro China, 10% of online adults who've taken

out a loan in the last year said genAI was one of the most important resources in their provider research. In 2026, FIs will see human traffic — page views of financial services sites — drop by 20%, with a parallel 40% rise in machine-initiated traffic. Consumers will turn to AI-powered search and genAI tools to research products and make informed financial decisions. For now, this shift will be mostly evident in informational queries like "best mortgage rates" or "how much to save for retirement." However, this is just the first step toward the agent-to-agent future, where personal AI agents consume content, evaluate offers, negotiate, and transact on customers' behalf. To stay competitive in a zero-click world, FIs must double down on machine-readable content, real-time APIs, and transparent products and pricing.

- **Just under half of tier 1 banks will launch AI agents specialized in back-office tasks.** AI agents are transforming back-office operations, automating over 35% of manual tasks like data processing, reporting, and reconciliation. According to Forrester's 2025 data, 33% of AI decision-makers in financial services saw a positive AI impact on employee time savings and 28% saw automation efficiency improvements in the past 12 months. Tier 1 banks have embraced AI for general bankwide workflows; however, in 2026, 40% will deploy specialized back-office agents, boosting efficiency, accuracy, and competitiveness. OCBC has developed role-specific AI agents for IT coding, compliance, and contact center tasks in the back office. Many modern CRM and workflow process automation platforms now come with AI copilots to assist front-, middle-, and back-office teams; however, not all will succeed. Banks should align AI agent strategies with internal skills, risk appetite, and data sensitivity; then deploy agents to mature use cases and calibrate autonomy to employee comfort to mitigate risks.

- **Half of tier 1 banks will use genAI to modernize legacy code.** Banks need modern core banking to improve CX, innovate products and services, and reduce costs; however, transformation costs and risks have deterred many. According to Forrester's 2025 data, upgrading and migrating code from older versions of languages to newer versions and migrating code to newer languages were among the most frequently cited cases for developers from financial services firms automating with TuringBots. Some 45% of AI decision-makers in financial services whose organizations are working on the development of AI for software development said that the modernization of legacy code was in full production — compared to 33% in 2024. However, tech executives should manage their expectations — coding TuringBots require a lot of training on old languages. Explore genAI for documenting legacy code first: Once the code and the legacy system are well documented with business and architecture requirements, other

TuringBots can generate a new architecture, translate code, and generate test cases — prepping the ground for change.

- **Dozens of new digital banking entrants will delay much-needed consolidation.** Just as most incumbents have shelved their digital-only brand plans, the market is poised for a surprising resurgence, driven by a new wave of technologists keen to disrupt banking. Modular fintech infrastructure — ranging from noncustodial wallets and embedded payment rails to card issuance platforms and vibe coding environments, like Lovable and Replit — makes it easier than ever to launch a digital banking proposition. APAC, EMEA, and LATAM will lead the charge, fueled by regulatory support and a push for financial inclusion. However, most of these new entrants will follow in the footsteps of their predecessors, failing to recognize that technology alone can’t deliver a compelling value proposition, a viable business model, or successful customer acquisition in a crowded market. Banks should monitor the market for acquisition opportunities and adopt open architectures to seamlessly integrate fintechs, accelerate innovation, and reduce costs.

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Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140 USA
Tel: +1 617-613-6000 | Fax: +1 617-613-5000 | forrester.com