2026 Commercial Banking Market Outlook Report

Introduction:
From Speed to Scale, Trust, and Differentiation

In 2025, commercial banking proved it could move fast. Real-time payment networks went mainstream, ISO 20022 became the global data standard, and artificial intelligence began transforming everything from compliance to customer engagement. But 2026 poses a more nuanced challenge: how to sustain that speed responsibly while scaling innovation, deepening trust, and monetizing the infrastructure banks have built.

Across North America, nearly every institution has entered the real-time era. FedNow has connected more than 1,500 institutions, while the RTP Network surpassed $481 billion in transaction value in a single quarter. ISO 20022 migration has been completed for Fedwire and Swift, unlocking structured, actionable data at unprecedented scale.

Yet many banks are realizing that implementing technology is not the same as extracting value from it. This year will be the year where institutions shift from deployment to differentiation. In 2026, we'll see savvy banks using the rails, data, and digital platforms to drive measurable business outcomes: new revenue models, better liquidity management, and more meaningful customer engagement.

The trends defining this transformation share three through-lines: scale, value, and trust. Each represents the next chapter of digital maturity — it's not about moving faster but moving smarter.

107 million RTP transactions, totaling $481 billion in Q2 2025[1].

1. Instant Payments at Scale: From Adoption to Monetization

Instant payments reached a new milestone in 2025. With both the RTP Network and the FedNow Service gaining significant traction, real-time settlement has moved from a promising innovation to an established industry capability. As of 2025, more than 1,500 financial institutions had connected to FedNow, and the RTP Network processed 107 million transactions worth 481 billion dollars in a single quarter [1].

Banks that once treated real-time payments as a required feature are now exploring how to turn these rails into sources of value. Many institutions are reassessing pricing strategies, evaluating tiered service levels, and investing in new ways to deliver real-time capabilities within existing commercial platforms. The question is no longer whether to offer instant payments. The question is how to integrate them into customer journeys that improve engagement and generate revenue.

The most meaningful opportunities for 2026 involve expanded use cases. Corporate finance teams are beginning to adopt real-time payments to improve liquidity visibility and shorten receivables cycles. Treasury groups are exploring how instant settlement can reduce funding costs and provide more accurate cash positioning. Request-for-payment capabilities are starting to gain interest within B2B and government use cases, particularly as agencies and large payers look for faster, more traceable disbursement methods. These developments signal that instant payment adoption will increasingly be driven by operational value rather than consumer behavior alone.

Momentum is also shifting toward embedded use within accounting and ERP environments. Businesses want real-time payment initiation built directly into the systems they already use, which increases the importance of API connectivity and integration maturity. As use cases expand, the competitive advantage will come from how seamlessly banks can bring real-time capability into the broader workflow of commercial clients.

The Bottom Line:

Real-time rails are firmly established. The focus for 2026 is not on speed itself but on the business outcomes that speed can unlock.

Strategic Action for 2026:

Monetize instant payments through tiered pricing, liquidity visibility tools, and embedded real-time features. Help business clients optimize working capital and improve cash flow predictability through real-time analytics.

[1] The Clearing House. (2025a, Jul 17). *RTP Q2 value surge: $481B and 107M transactions; avg ticket >$4,000*.

Fedwire and Swift completed ISO 20022 migration in 2025.

2. ISO 20022: Post-Migration Innovation

The global migration to ISO 20022 marks one of the most significant milestones in payments modernization. With the technical transition complete, the focus in 2026 shifts from compliance to value creation. Banks that spent the past two years meeting deadlines now have access to structured, standardized payment data that can transform efficiency, transparency, and insight across their operations.

The opportunity ahead lies in operationalizing the data advantage. ISO 20022 messages contain far more detail than legacy formats, providing the clarity needed for faster reconciliation, improved cash-flow forecasting, and predictive liquidity management. When integrated with analytics and artificial intelligence, this data becomes the foundation for smarter decision-making and early-warning capabilities for fraud and compliance risk.

Across North America, financial institutions are beginning to quantify the impact. **Datos Insights (2025) reports that banks achieving higher straight-through processing (STP) rates from ISO-enabled workflows are realizing operational cost reductions of up to 25 percent and significantly fewer exception cases.** Enhanced data quality also strengthens sanctions screening and KYC validation, creating new efficiencies for both payments and compliance teams.

Beyond internal benefits, the enriched data standard opens opportunities for client-facing innovation. Treasury and finance leaders increasingly expect more detailed, real-time information about payments and liquidity positions. Banks are responding with ISO-driven reporting dashboards and premium data-as-a-service offerings. These tools not only meet corporate expectations for visibility but also establish new revenue streams built on insights rather than transactions.

As adoption matures, ISO 20022 is also reshaping global interoperability. With Swift CBPR+ and Fedwire now aligned to the same messaging format, cross-border transactions are becoming faster and cleaner, with reduced manual intervention and improved fraud detection through consistent data structures. The long-term effect is a more connected and predictable global payments ecosystem.

The Bottom Line:

Compliance was the destination in 2025. Value creation is the journey in 2026.

Strategic Action for 2026:

Leverage ISO 20022 data to build new business intelligence. Develop analytics and client-facing dashboards that use enriched payment information to enhance reconciliation, liquidity management, and forecasting. Treat ISO 20022 not as a regulatory requirement but as the operating language of modern commercial banking.

3. AI 2.0: The Rise of Intelligent Banking

Artificial intelligence has entered its second generation in financial services. The early wave of automation proved its efficiency in back-office processes and compliance tasks. Now, AI is becoming a trusted intelligence layer that is deeply integrated into payments, reconciliation, fraud detection, and customer engagement. The adoption of ISO 20022, which standardizes rich payment data, has made AI more predictable, reliable, and trainable, fueling a new phase of data-driven intelligence across financial operations.

Purposeful Innovation Over Hype

As the industry matures, institutions are moving beyond pilots and prototypes to meaningful, scalable deployment. **Research suggests that more than 70 percent of banking executives expect AI to play a central role in product development, risk modeling, and fraud prevention by 2026[3].** The difference now lies in purpose. Rather than using AI to accelerate outdated workflows, forward-looking banks are redesigning them entirely. They are reimagining what reconciliation, credit underwriting, or treasury forecasting should look like in a digital-first world. They're not just doing the same work faster, but doing it smarter.

This shift also reflects a mindset change. The most successful institutions view AI as a way to reengineer financial services from the ground up, creating processes that are adaptive, data-informed, and customer-centered. It is not about replacing human expertise but amplifying it.

Balancing Trust and Transformation

Adoption, however, comes with complexity. Banks face the dual challenge of deploying AI quickly enough to stay competitive while managing growing concerns around bias, data privacy, and regulatory scrutiny. **Fraud detection is already the top use case for AI in U.S. banking, with more than 70 percent of institutions using or planning to use AI to monitor anomalies and patterns across payment flows[4].** Yet as adoption expands, governance is emerging as the defining success factor.

Institutions that lead in this area are embedding model risk management frameworks, explainability tools, and ethical oversight into their AI programs. These safeguards allow banks to innovate without compromising transparency or compliance, two qualities increasingly required by regulators and customers alike.

AI and automation could add $200–$340 billion annually to banking value[2].

The Human Element: AI-Assisted Expertise

Contrary to early predictions, AI is not replacing people. It is empowering them. In 2026, commercial banking teams are using AI-driven insights to improve portfolio recommendations, accelerate underwriting, and strengthen client relationships. Treasury officers use predictive modeling to anticipate liquidity shifts. Fraud teams use adaptive algorithms to flag risks before they become losses.

This collaborative model, often described as "AI-assisted humans," represents the true promise of intelligent banking: blending human judgment with machine precision to enhance both trust and productivity

The Bottom Line:

AI will not replace bankers. Instead, it will elevate them. Every decision will have greater intelligence and every action greater impact.

Strategic Action for 2026:

Embed AI not as a surface-level feature but as an invisible operating system within the bank. Integrate intelligent automation into reconciliation, onboarding, fraud monitoring, and liquidity forecasting. Build governance frameworks that ensure responsible use, transparency, and continual learning.

[2] McKinsey & Company. (2023, June 14). *The economic potential of generative AI*.

[3] Experian plc. (2025, July 30). *Experian's 10th annual survey finds over a third of businesses report using AI to fight fraud*.

[4] PYMNTS. (2024, December 3). *71% of financial institutions turn to AI to fight faster payments fraud. PYMNTS Intelligence*.

Embedded finance is projected to reach $250–$385 billion globally by 2029[5].

4. Embedded Banking and Bank-as-a-Service: From Experiment to Ecosystem

As more business clients manage cash flow, invoicing, and payments directly within enterprise resource planning (ERP) or accounting software, banks are re-evaluating how they deliver financial services. Embedding payment and treasury functionality directly into these platforms has become one of the most effective ways to retain relevance, visibility, and loyalty within customer workflows.

Rather than competing for website traffic or user log-ins, forward-thinking institutions are positioning ERP and accounting integrations as their new digital front door. While open APIs remain the backbone for large corporates and fintech partners, embedded channels scale naturally across the mid-market and small-business segments. For 2026, the emphasis will move beyond simple access to branded embedding, maintaining the bank's presence and value proposition even when customers transact through third-party environments.

The Expanding Ecosystem

The global market momentum supports this shift. **Analysts project that embedded finance will grow from approximately 66 billion USD in 2024 to as much as 385 billion USD by 2029, driven largely by B2B and commercial use cases [5].** What began as a retail or consumer-focused concept is now defining corporate banking strategy. APIs that connect payment initiation, working-capital loans, and cash-flow analytics into ERP and e-commerce systems are quickly becoming standard features.

This evolution reflects a broader convergence between banking and business software ecosystems. Banks that once guarded proprietary platforms are now pursuing partnerships with technology vendors and fintechs to deliver integrated solutions. The goal is no longer to own the user interface, but to own the primary customer relationship. Embedding services makes the relationship stickier.

Institutions that succeed in this model are reframing embedded finance as a defensive and growth strategy. It helps prevent disintermediation by fintech competitors while expanding distribution into digital ecosystems that clients already trust. The most advanced implementations go a step further, providing white-label capabilities that let banks offer tailored experiences for specific industries or verticals, such as construction, healthcare, or manufacturing.

The Bottom Line:

Embedding isn't losing control; it's extending the relationship.

Strategic Action for 2026:

Strengthen partnerships with ERP, AP, and CRM providers to integrate payment and treasury capabilities directly within customer systems. Develop branded embedded experiences that protect visibility, enhance client stickiness, and create scalable, recurring revenue channels.

[5] MarketsandMarkets. (2024, May 7). *Embedded finance market size to $251.5B by 2029*.

CFPB's Section 1033 rule expected to reshape U.S. data sharing by 2026[6].

5. Open Banking to Open Everything: Preparing for Section 1033

Open banking in the United States is no longer a question of if but when. While the Consumer Financial Protection Bureau's (CFPB) rulemaking process for Section 1033 of the Dodd-Frank Act has faced procedural delays and ongoing industry feedback, the direction is unmistakable. Section 1033 will establish a formal right for consumers and businesses to access and share their financial data securely through standardized APIs. This change will bring the U.S. market closer to the open finance ecosystems already adopted in the United Kingdom, the European Union, and parts of Asia.

The regulatory shift represents a structural transformation in how financial data flows. Under the proposed rule, banks and data aggregators will be required to provide secure, permission-based access to account and transaction data. According to the *Federal Register*, the CFPB's goal is to "promote competition, innovation, and consumer choice" while reducing reliance on screen scraping and other high-risk data-sharing methods[7]. For financial institutions, this will mean investing in modern data-exchange frameworks, user-consent management tools, and secure API infrastructure capable of handling increasing data volumes in real time.

The most forward-thinking banks should view this as an innovation opportunity rather than a regulatory burden. By building commercial data-sharing capabilities that extend beyond basic compliance, these institutions are positioning themselves to deliver new forms of value. Premium APIs can provide real-time risk scoring, aggregated analytics across multi-bank relationships, and integrated portfolio monitoring for corporate clients. This level of transparency strengthens business insight, supports predictive modeling, and enhances the overall customer experience.

Open banking will also act as a catalyst for broader ecosystem collaboration. Fintech partnerships, data intermediaries, and payment processors will play an expanding role in shaping how banks monetize and protect shared information. As these relationships deepen, the line between compliance requirement and competitive advantage will blur. The institutions that thrive will be those that turn mandated openness into measurable differentiation, while at the same time balancing innovation with security, and customer empowerment with trust.

The Bottom Line:

Data access is the requirement. Data value is the differentiator.

Strategic Action for 2026:

Treat open banking as a data-innovation strategy rather than a compliance exercise. Develop premium API products that deliver analytics, verification, and real-time visibility for business customers while reinforcing transparency and control. Invest in consent-management tools and governance frameworks that build trust into every exchange.

[6] Consumer Financial Protection Bureau. (2025, August 22). *Personal financial data rights—Reconsideration/ANPR & timeline update*.

[7] Federal Register. (2024, October 25). *Personal financial data rights (12 CFR Part 1033): Proposed rule by the Consumer Financial Protection Bureau*.

6. Fraud and Security in an Always-On World

As the pace of payments accelerates, fraud has evolved just as quickly. Faster rails, open APIs, and cross-border connectivity have created new vectors for exploitation. What was once an operational concern has become an existential one, becoming a defining test of resilience and reputation in the digital era.

The New Reality: Fraud at the Speed of Payments

Instant settlement means instant exposure. As real-time and open banking infrastructures expand, fraudsters have learned to exploit the same advantages banks worked so hard to build: immediacy, convenience, and data transparency. The Association for Financial Professionals found that nearly four out of five organizations were targeted by payments fraud last year[8], with check fraud still the leading channel and ACH debit and business email compromise (BEC) gaining momentum.

In 2026, threats are more sophisticated and much more personalized. Deepfake voice scams, synthetic identities, and AI-generated communications blur the line between legitimacy and deception. Fraud attempts are no longer isolated events but coordinated campaigns that adapt in real time to an institution's defenses.

From Reactive to Predictive Defense

The industry is shifting from post-event investigation to pre-transaction prevention — detecting anomalies before money moves. Modern platforms now fuse behavioral analytics, device intelligence, and transactional context to evaluate risk dynamically rather than relying solely on static rules. The goal is not just to catch suspicious activity, but to understand intent and act before loss occurs.

This approach reflects a broader transformation toward data-driven, layered intelligence. Leading banks are establishing cross-channel visibility across wire, ACH, RTP, and check payments, allowing them to identify fraud patterns that would be invisible in siloed systems. Advanced analytics compare behavioral baselines (how, when, and from where users transact) to flag deviations that merit review.

Crucially, these systems are learning continuously. The combination of ISO 20022's structured data and AI's pattern-recognition capabilities enables near-instant model updates, improving both accuracy and response times.

79% of organizations experienced payments-fraud attempts in 2024[8].

The Power of Collaboration

A defining 2026 trend is the industry's renewed willingness to collaborate. Financial institutions are realizing that no single organization can detect every threat on its own. Shared intelligence networks (anonymized data exchanges and voluntary fraud consortiums) are emerging as a vital layer of protection. These networks create an ecosystem effect: when one bank identifies a new pattern, others can block it before it spreads.

This cooperative mindset is not regulatory compliance. It's a competitive strategy. Banks that can assure clients of proactive, ecosystem-wide protection will stand out as the safest place to move money.

The Bottom Line:

In an environment where payments move in seconds, fraud prevention must act in milliseconds.

Strategic Action for 2026:

Adopt a multi-layered, pre-transaction defense strategy that integrates behavioral analytics, federated intelligence, and adaptive authentication across all payment channels. Replace reactive alerts with proactive insight and participate in fraud-data collaboration networks to strengthen resilience across the industry.

[8] Association for Financial Professionals. (2025, April). *2025 AFP Payments Fraud and Control Survey—Press release & highlights*.

The Anatomy of a Modern Fraud Defense

How leading financial institutions are protecting trust in an always-on world

1. Detection: Unified Visibility Across Channels

Real-time insight begins with full cross-channel coverage.

Modern systems consolidate payment data across wire, ACH, RTP, and check transactions to create a single risk picture. Unified detection eliminates blind spots and enables earlier anomaly recognition.

2. Decision: Context-Driven Intelligence

Rules alone can't keep up with modern threats. AI-based models analyze behavioral patterns, device fingerprints, and transaction histories to determine whether activity is typical for that user or context. This transforms fraud detection from a binary flag into a probability-based decision engine that improves with every transaction.

3. Defense: Proactive Controls Before the Payment Moves

The future of fraud prevention lies before the transaction, not after. Institutions are embedding adaptive authentication, multi-factor verification, and real-time interdiction directly into payment workflows. This reduces false positives and stops suspicious activity without delaying legitimate business.

4. Data Collaboration: Shared Intelligence, Shared Strength

Fraudsters share data…banks should too! Emerging industry consortiums are enabling secure, anonymized sharing of fraud indicators and behavioral signals across institutions. Shared intelligence strengthens detection accuracy and helps the entire network defend faster against evolving schemes.

7. Payment Hubs and Orchestration: Scaling the Cloud Core

The modern payments landscape is no longer defined by a single rail; it's now defined by orchestration. As instant, ACH, wire, cross-border, and card rails converge, banks are realizing that siloed systems can't deliver the agility, resilience, or intelligence that customers expect. The next phase of modernization isn't just about connecting rails. In 2026, it's about intelligently routing transactions across them.

This year, institutions across North America will begin shifting from legacy "one-platform-for-one-rail" models toward smart payment orchestration layers that analyze cost, timing, and compliance in real time before selecting the optimal route. This kind of orchestration transforms payments from back-office plumbing into a strategic differentiator, improving straight-through processing (STP) rates, optimizing liquidity usage, and enhancing customer experience through transparency and control.

From Fragmentation to Fluidity

Historically, banks built separate technology stacks for each payment type, leading to duplication and inefficiency. That model cannot keep up with today's demands for speed and resiliency. Cloud-native payment hubs now offer a unified control layer capable of processing transactions across all rails, both domestic and international, from a single, API-enabled environment.

According to Datos Insights, more than two-thirds of mid-to-large U.S. banks have made modernization of their payments hub a top-three strategic priority[6]. **A parallel study from Capgemini found that 73% of financial institutions believe orchestration will be "critical or highly critical" to maintaining competitiveness within two years[10].** The consensus is clear: the cloud is becoming the operational core of modern payment ecosystems.

The Cloud Imperative

Cloud-based orchestration isn't just about scale; it's about resilience and adaptability.

In a 24/7 payment world, uptime, redundancy, and configurability are non-negotiable. Modern hubs leverage microservices and containerized architectures to allow for continuous deployment and instant scaling. This is a stark contrast to the monolithic systems that required downtime for every update.

67% of banks plan to modernize or replace their payments hub by 2026, and 58% are accelerating cloud migration to support real-time processing[9].

At the same time, cloud-native hubs enable banks to integrate emerging technologies, such as AI-driven routing, real-time analytics, and ISO 20022 enrichment, faster and with fewer dependencies. This flexibility allows institutions to respond immediately to regulatory changes, new rails, or customer needs, rather than waiting for multi-year transformation projects.

Intelligence in Motion

The most advanced orchestration models have moved beyond just processing payments to fully optimizing them. AI and machine learning are now being used to evaluate factors like liquidity positions, cut-off times, and fees across rails, dynamically choosing the "least-cost, best-fit" route. This intelligence can also enhance fraud detection by analyzing behavioral data across networks, identifying anomalies before funds are released.

The result is a self-learning payment ecosystem, one that continuously improves efficiency, reduces operational costs, and minimizes exceptions over time.

The Bottom Line:

Orchestration is where speed meets strategy. It means transforming payment execution into competitive advantage.

Strategic Action for 2026:

Prioritize cloud-native orchestration as the foundation of payments modernization. Consolidate disparate systems into a single intelligent hub capable of cross-rail routing, real-time monitoring, and AI-driven optimization. The banks that master orchestration will define the standard for scale, agility, and resilience in 2026 and beyond.

[9] Datos Insights. (2025). *Payments modernization and infrastructure 2025 benchmark. Datos Insights.*

[10] Capgemini. (2025). *World Payments Report 2025. Capgemini Research Institute.*

Global sustainable debt surpassed $6 trillion cumulative issuance in 2025[11].

8. ESG and Purpose-Driven Banking

Environmental and social responsibility has moved from a marketing theme to an operational expectation. Corporate customers, investors, and regulators now evaluate banks not only on financial strength but also on their ability to drive sustainable outcomes. As a result, ESG-linked financial products are becoming integrated into core banking activities, including treasury management, lending structures, and even the way payments are processed and reported.

New global standards are also shaping expectations. The International Sustainability Standards Board's IFRS S1 and S2 disclosure requirements have created a uniform baseline for climate transparency across industries. These standards are prompting greater consistency in how banks measure environmental impact, assess climate risk, and communicate performance to stakeholders[12]. This shift has accelerated the need for clear, auditable ESG data within financial systems.

In 2026, the focus will evolve from green lending initiatives toward operational sustainability. Institutions are beginning to build sustainability metrics directly into digital infrastructure. Examples include APIs that calculate the environmental impact of transactions, analytics tools that aggregate carbon exposure across portfolios, and workflow enhancements that help commercial clients track their own progress toward sustainability targets. These capabilities reflect a larger trend: sustainability as a service, delivered through the same platforms that power payments, liquidity, and cash management.

Customer expectations are reinforcing this direction. Many businesses view ESG alignment as a differentiator when selecting banking partners. Institutions that can demonstrate measurable progress in carbon reduction, resource efficiency, and sustainable sourcing strengthen their credibility with both regulators and clients. Trust is increasingly tied to transparency.

The Bottom Line:

Purpose builds permanence. Banks that embed sustainability into operations, technology, and customer experiences will earn deeper loyalty and market relevance in the years ahead.

Strategic Action for 2026:

Embed ESG data into every layer of the digital experience, including reporting APIs and transaction analytics. Make sustainability part of the value proposition, not just the message.

[11] Climate Bonds Initiative. (2025, July). *Global sustainable debt volume hits USD 6 trillion.*

[12] IFRS Foundation. (2023). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.*

Conclusion:
Competing on Trust, Scale, and Intelligence

The coming year will challenge commercial banks to match the pace of innovation with the discipline of responsible growth. The groundwork laid in 2025 created new opportunities for speed, automation, and data clarity. In 2026, the institutions that succeed will be the ones that can turn these capabilities into outcomes that matter for customers, regulators, and the broader financial ecosystem.

Trust will become the currency that underpins every interaction. Customers expect real-time convenience, but they also expect security, accuracy, and transparency. Delivering services that meet these expectations requires clear governance, consistent controls, and a commitment to protecting data in an increasingly interconnected environment.

Scale will determine competitiveness. Banks that can modernize their infrastructures, harmonize payment channels, and integrate emerging technologies into their operations will be positioned to move faster and operate more efficiently. Scale is not only about capacity. It is about creating systems flexible enough to evolve with changing regulations, market conditions, and customer needs.

Intelligence will be the differentiator that brings it all together. With ISO 20022 data fully available, and AI tools maturing rapidly, banks have access to insights that can reshape decision-making across payments, fraud, liquidity, and customer engagement. The challenge is to apply these insights consistently and responsibly so that intelligence enhances experience rather than complicating it.

The institutions that combine these three elements will set the direction for the next phase of digital banking. Speed created the momentum. Scale, trust, and intelligence will carry the industry forward.

Bottomline.

About Bottomline

Bottomline helps businesses transform the way they pay and get paid. A global leader in business payments and cash management, Bottomline's secure, comprehensive solutions modernize payments for businesses and financial institutions globally. With over 35 years of experience, moving more than $16 trillion in payments annually, Bottomline is committed to driving impactful results for customers by reimagining business payments and delivering solutions that add to the bottom line. Bottomline is a portfolio company of Thoma Bravo, one of the largest software private equity firms in the world, with more than $184 billion in assets under management.

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