



Banking CFO Insights

September 2026



Banking CFO Insights provides broad, quarterly coverage and a concise reference for CFOs navigating today's banking environment. The September edition provides a translation of market signals into the judgments that CFOs are being asked to make in real time.

Themes and key takeaways

Banking profits are generally healthy and share prices are rising, but forecasting and articulating the business's trajectory is getting harder. Scenario planning for 2027 is more complicated amid external challenges and internal uncertainties such as whether efficiency targets or tech ROI goals will be reached. Here are three big picture topics we're covering with clients.

1

Funding challenges posed by stronger than expected demand

Loan demand is outrunning many banks' forecasts, and funding isn't keeping up. The marginal dollar of loan growth is increasingly funded through more expensive wholesale channels or price-sensitive deposits. Beyond the overall market challenge, there are two interrelated issues that CFOs must solve. First, business planning, funding strategy, and pricing decisions sit in separate processes; and those processes may not refresh at the speed the market is now moving.

2

Banks are doubling down on deposit strategy and discipline

Core deposit growth strategies are top of mind for senior management teams, particularly after hawkish comments from Fed officials increase rate hike probabilities. CFOs should partner with deposit business leaders to enforce disciplined rate pricing playbooks that go beyond adjusting funds transfer pricing rates.

3

AI spending needs proof of productivity, but CFOs should not be deterred from continued experimentation

Boards and investors are moving past AI roadmaps and looking for measurable results. CFOs need to show where AI is reducing cost, improving cycle times, cutting errors, or freeing capacity—and whether the gains justify continued investment. Measuring ROI on AI investments is challenging, but that shouldn't deter continued experimentation and thoughtful deployments aimed at creating value. That value goes well beyond headcount reduction, particularly when applied to specialized bank finance functions.

Earnings season recap: Operational strength through the cycle

On 2Q earnings calls, management was rewarded for demonstrating credible operating leverage—a visible connection between what was cut and what was funded with the savings. This back-to-basics theme came up on 4Q calls but was on the backburner in 1Q given the macro volatility.

Exhibit | Earnings season recap: Operating Leverage in Focus

Earnings season	4Q 2025		1Q 2026		2Q 2026	
Leading themes	• Revenue quality	~30%	• Macro and credit	25%–30%	• Revenue durability	25%–30%
	• Expense flexibility	~25%	• Capital markets	20%–25%	• Expense and AI	20%–25%
	• AI execution	~15%	• NII and deposits	15%–20%	• NII and deposits	20%–25%
Market interpretation	Can management connect growth, discipline, and investment into a funded strategy?		Can near-term results endure uncertainty?		Can stronger results convert into repeatable operating leverage?	

Source: PwC analysis of earnings calls for 22 large and regional US institutions

Capital markets revenues provided a meaningful earnings lift in the first half, but that’s probably not sustainable. In the equity market, we see a valuation gap between banks with recurring fee streams and those reliant on market activity. Institutions that built fee platforms around treasury management, hedging, and wealth flows tied to client relationships can earn a premium.

Some banks are pursuing fee income through deals or partnerships. Others are using technology. Some are doing both at once, which can be challenging. Efficiency ratio data analyzed by PwC shows just how hard it can be.

Exhibit | Efficiency ratio by peer cohort, 1Q year-on-year change

Peer cohort	1Q-24	1Q-25	1Q-26	Direction
Super-regional (\$300b–\$700b)	58.9%	↓ 57.2%	↓ 53.6%	Steady improvement, scale absorbs investment
Large regional (\$50b–\$300b)	59.6%	↓ 58.9%	↑ 63.5%	Reversed, J-curve visible in reported results
Core regional (\$10b–\$50b)	55.4%	↓ 53.1%	↓ 51.4%	Best-in-class, still improving, but challenges loom

Source: PwC analysis of FDIC call report data; excludes GSIBs; asset-weighted averages

Part of the efficiency reversal in large regionals is recent M&A activity that’s inflating the cost base (integration expenses, duplicate infrastructure, Day One provisioning). The dual burden of modernization investment and acquisition integration is testing investor patience. Super-regionals appear to have the scale to invest and still show improvement. Core regionals are outperforming but may soon face the same dilemma as large regionals. The question for CFOs in the \$10b–\$50b range: Can you sequence investment and deal integration to capture productivity gains before the cost curve bends against you? Early evidence is mixed. Among recent large-regional acquirers, institutions that complete their technology integration before announcing the next deal generally maintain or improve efficiency. Those attempting modernization and integration simultaneously report efficiency reversals of 400–800 basis points in the first 12–18 months post-close.

Turning to AI, two broad issues have come to the fore and will likely be important for the foreseeable future.

What is AI’s financial impact?

The AI conversation crossed a threshold in Q2. Analysts are asking “what changed in your run-rate because of AI?” Several large institutions described measurable productivity gains in customer service, risk operations, and internal knowledge work. Rising efficiency isn’t that surprising given that 58% of the executives in our recent Financial Service Workforce AI Survey say compensation is being tied to AI-enabled productivity. Meanwhile, 91% of financial services executives in our 2026 Market Volatility Survey say tech and AI tools are becoming more important for navigating uncertainty. Observational impact, however, isn’t the same as reporting positive ROI from an AI investment. The gap between AI spending and measurable payback remains the central tension and makes clear why investors and analysts ask whether AI is helping the efficiency ratio or whether you’re spending too much.

Can you see the AI risks hiding in plain sight?

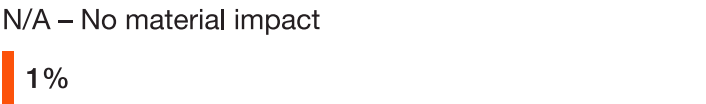
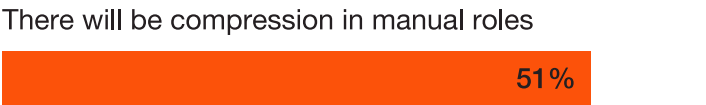
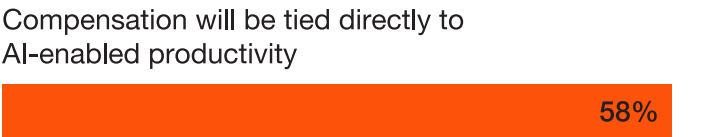
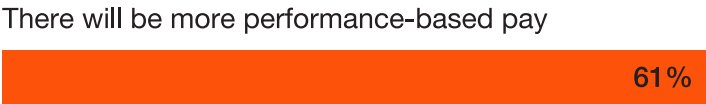
In no particular order, here are three difficult questions that the board may ask a CFO as AI becomes a bigger part of their business and the global economy.

1 How rigorous is your cybersecurity and governance against AI hackers? Recent news of AI models going rogue makes this much more real. Better to be sure you’re operating safely than to face questions after a preventable incident.

2 Hyperscalers and frontier labs are moving fast, often without documenting changes to their models, posing a risk to your workflows. Just because an AI model is upgraded, that doesn’t mean it’s a better fit for you than the previous model. Worse, the upgrade may degrade or destroy the value proposition that was established using the prior model. Don’t trust. Verify that the established value is still there.

3 How good are you at controlling token costs as ballooning expenses take center stage? Related to the token cost question is how you’re reallocating human capacity to higher value work. There’s a growing payroll challenge where it’s necessary to retain essential personnel even though they may no longer have a full day’s worth of work as AI handles more tasks.

Companies are increasing compensation for employees with AI skills



Question: How, if at all, will AI affect compensation decisions at your organization in the next year? (Select all that apply.)
Note: Responses to ‘Other’ and ‘Unsure’ not shown.
Base: Financial services executives, 1,004
Source: PwC’s 2026 Financial Services Workforce AI Survey

Spotlight topic: Integrated balance sheet planning

Key considerations

- 1** Deposit competition is intensifying, especially from firms where lending outpaces core deposit growth. The key question is whether planning processes and business actions can dynamically respond to shifting market factors.
- 2** Deposit pricing is initially where discipline is won or lost. Funds transfer pricing (FTP) is a starting point, not a strategy. Crucially important are tactical rigor and tighter collaboration between business lines, finance, and treasury.
- 3** Regulatory relief makes integrated balance sheet planning more urgent. Relaxed capital rules and pending changes to liquidity requirements will expand balance sheet capacity and investors want to see who can increase return on capital. Added lending capacity without balance sheet discipline could produce suboptimal outcomes.

The return of loan growth brings a funding tradeoff

Loan demand is outrunning many bank forecasts, and the funding side hasn't kept pace. Deposit betas have proved stickier than modeled, and the marginal dollar of loan growth is increasingly funded through more expensive wholesale channels or price-sensitive deposits. The underlying issue isn't the forecast but that forecasting, funding strategy, and pricing decisions sit in separate processes that don't refresh at the speed the market is now moving.

Regulatory tailwinds raise the bar on discipline

Basel III Endgame recalibration and pending liquidity rule changes will free up meaningful balance sheet capacity. That's a genuine opportunity but it's the banks that treat regulatory relief as a reason to sharpen their management of capital, liquidity, and margin that can increase their ability to grow selectively and profitably.

Deposit pricing: Where discipline shows up or breaks down

Funding costs are shaped by market rates but sometimes more importantly by the pricing choices banks make every day. Banks that let funds transfer pricing rates dictate deposit offers risk overpaying in a competitive environment. What separates disciplined banks is tactical rigor and tight collaboration between business lines, finance, and treasury on which segments, products, and relationships are worth defending on price, and which are not. That challenge will intensify. The recent wave of new bank charter approvals, combined with rising competition from digital asset platforms for customer balances, will put further pressure on deposit costs, reinforcing the imperative to sharpen balance sheet planning and discipline.

Why integrated balance sheet planning is a differentiator

Many banks still run forecasting, financial resource planning, and profitability measurement as adjacent disciplines. Treasury projects the balance sheet. FP&A owns the earnings forecast. Business lines chase origination targets. Profitability is measured after the fact. Integrated balance sheet planning connects these views into a single decision fabric, turning the annual plan from a static document into a decision engine that can answer, in days rather than weeks, whether the next dollar of growth is worth funding.

The return of loan growth is welcome news. Converting regulatory change into above-average returns on capital is the test. More dynamic, integrated planning capabilities are the enabler that determines which banks pass it.

Fortunately, AI tools are enabling major improvements in the planning process. Those who can harness this emerging power may be able to move faster than their peers in what is likely to be several more months of unusual macro movements. We think your 2027 multi-path plan should start with a baseline reflecting modest front-end rate relief with a persistently elevated long end. That combination delivers just enough funding improvement to raise earnings expectations while preserving the balance sheet frictions investors most want resolved. After all, a curve steepener scenario that ends up snuffing out loan demand could be the worst outcome for your capital planning.

Forecast conversion: Four questions before year-end

The market's central demand is evidence over narrative. These four questions, drawn from the patterns in 2Q earnings calls and industry data, can serve as a self-assessment before October board materials and earnings preparation.

- 1 **Which first-half assumptions are converted?** Can you point to a reported metric that validates each major 2026 projection, or are you relying on "the trajectory is intact"?
- 2 **What carried the beat?** If you outperformed, which lines drove it and is that repeatable?
- 3 **Where is capacity conversion measurable?** For every major efficiency or AI investment, can you name the metric that improved and by how much it improved?
- 4 **What did you stop?** Can you name what was deprioritized or exited to fund what matters, and has that trade-off delivered?

On the horizon

Several issues are building that may shape the CFO agenda in coming quarters.

Mid-term election's potential effect on banking

The base case, based on polls and forecasters as of publication, favors a narrow House Democratic majority while Republicans hold the Senate. Assuming that occurs, much of the current legal and regulatory landscape remains in place, making it unlikely that there'll be sweeping tax or financial industry legislation. Additionally, a GOP Senate preserves the White House's ability to confirm its regulatory nominees and sustain its deregulatory agenda, and the Basel III Endgame framework stays on track for finalization by the agencies. CFO attention should be trained on the election's second-order effects: oversight and reputational risk from a Democratic House empowered to scrutinize regulatory rollbacks and industry practices, and a greater number of hearings related to tax administration and tax issues related to corporations and high-income individuals. There's also the possibility of elevated market volatility from government shutdowns and states such as New York and California stepping in to fill a perceived federal enforcement void. Tune into PwC's [Policy on Demand](#) Election Watch for analysis of the key races, election odds and what that means for policy.

The parallel universe of tokenization, stable coins, digital assets

Digital market infrastructure, including the tokenized rails being built by banks, custody providers, and blockchain networks, will run in parallel with today's traditional systems in the near term. That transition period isn't friction-free. Convertibility between the two systems, and the control infrastructure needed to safely manage signing authority, wallet custody, and smart contract administration, are real challenges most institutions are working through. These frictions aren't reasons to wait to embrace digital infrastructure. Instead, it's essential to be involved while the rules of the road are being written.



The institutions that will be better positioned as these rails mature are the ones building capability today, not waiting for interoperability to arrive fully formed. As tokenized and traditional infrastructure converge through improved standards, custody models, and settlement interoperability, the banks with operational and control muscle already in place can move fastest and with the least disruption. That doesn't require a big-bang commitment. Whether through a consortium that shares cost and risk across participants or building proprietary capability in-house, the near-term priority is making no-regrets moves like investment in the controls, talent, and infrastructure that pay off regardless of which specific rails ultimately win.

AI budgeting meets the 2027 planning cycle.

AI investment and expense discipline will collide in the fall budget. The harder question is capacity conversion. When AI recovers hours, does the institution retire from that work, redeploy capacity toward analytics and controls, or allow unmeasured slack to accumulate? Success should be measured through cycle time, error frequency, control exceptions, redeployed capacity, and auditability rather than focusing solely on headcount reduction.



Closing thought

The market is asking whether 2026 decisions on expenses, capital, AI, credit appetite, and balance sheet positioning remain sound. The narrower questions we'd spend time on is which of your decisions might break first, and do you know which lever you would pull to correct course after that? The CFOs who stand out through year-end will be those who provide specific answers. The confidence to do that will come from a position of strong contingency planning and a deep understanding of what really exposes your business to risk.

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