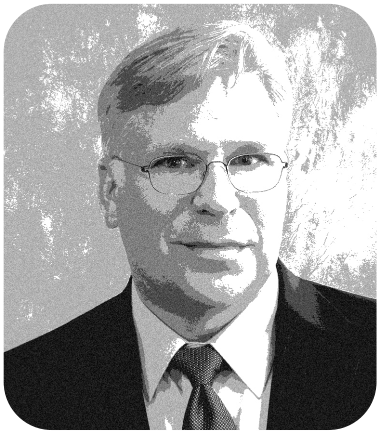
BANK EXECUTIVE BUSINESS OUTLOOK SURVEY REPORT

Q2 2026

INTRODUCTION



Welcome to IntraFi's Bank Executive Business Outlook Survey report for the second quarter of 2026. In this edition of the survey, bank executives share their thoughts on interest rates and regulatory policy under Kevin Warsh, the new Chair of the Federal Reserve; the potential impact of stablecoin legislation on bank deposits; and the consequences of banks using AI tools to interface with customers.

This report, with responses from 402 executives, discusses these results and other issues in more detail.

We hope the information provided is insightful and helpful. As always, if you have any thoughts or questions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357, or visit IntraFi.com.

MARK JACOBSEN
Cofounder & CEO
IntraFi

EXECUTIVE SUMMARY

For the first time in eight years, there is a new chair of the Federal Reserve Board of Governors. Kevin Warsh has already begun to make his imprint by forming five committees of outside executives to weigh in on a host of potential alterations. The bankers surveyed were broadly supportive of efforts by Warsh to make changes, with 54% saying that the central bank should look at additional forms of data when crafting monetary policy. Although the Fed has already decreased its balance sheet by $2 trillion in recent years, 43% also supported further reductions. But support fell quickly when it came to giving less guidance, with just 18% saying they want the Fed to communicate less.

Something most senior bank executive respondents don't foresee is the Fed cutting interest rates again in 2026. Sixty-eight percent of survey respondents said that the Fed will maintain its current target rate through the rest of the year.

In the first quarter survey of 2026, we noted that many executives in the banking sector were concerned about growing levels of cybersecurity and fraud driven by artificial intelligence (AI). But AI also concerns banks when it comes to customer relationships. Seventy-three percent of bank executives said that if AI is used to provide customers with financial guidance, customer relationships will be damaged and confidence in the quality of advice that banks provide will suffer.

A plurality of C-level bank executives (41%) said that stablecoin/crypto firms and fintechs that directly compete with commercial banks

EXECUTIVE SUMMARY (CONTINUED)

are equally bad for their business in the long term. Furthermore, bankers' responses indicate they are steadfast in their belief that stablecoin issuers should not be allowed to offer rewards that mimic deposit interest. Sixty-three percent of respondents reported that if the loophole that allows stablecoins to offer rewards is not completely closed, it will lead to a significant drop in operating deposits at traditional banks over the next two years.

Most bankers (55%) expect economic conditions to remain the same over the next 12 months. The number of pessimistic bank executives dropped, with only 23% expecting worsening economic conditions.

HIGHLIGHTS

Deposit Competition: Looking ahead 12 months, 99% of bankers expect deposit competition to increase or stay at their current, relatively high levels. Only 6% of bankers saw an improvement (decline in competition) over the past year.

Funding Costs: Less than half (45%) of bank respondents saw funding costs decline in the past 12 months, and only 9% project further reductions going forward.

Loan Demand: Just under 40% of banks think loan demand will improve in the next 12 months, and only 45% saw an improvement over the past year.

Access to Capital: Ninety-five percent predict either no change or improved access to capital in the 12 months ahead. About 80% of respondents indicated that access to capital held steady over the past 12 months.

Fewer bankers anticipated conditions to worsen this quarter—though few expect them to improve either.

99% predict deposit competition will increase or remain the same

78% expect overall economic conditions to worsen or remain the same

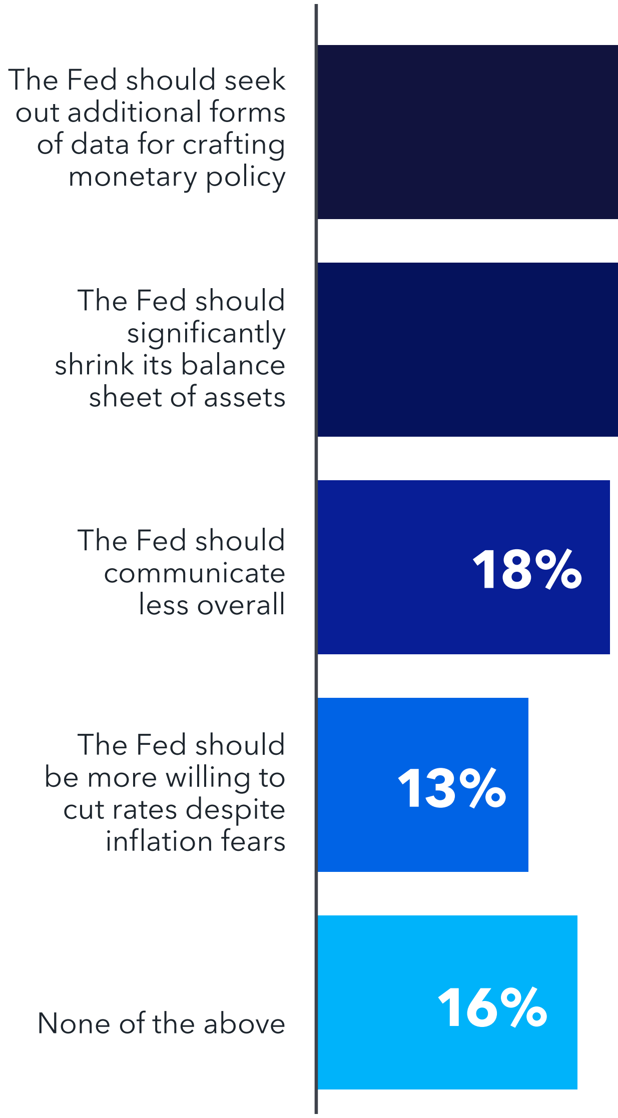
38% expect loan demand to improve

BANKER PERSPECTIVES

Each quarter, we pose a series of questions based on current events affecting the banking sector. This quarter, we asked bankers about their expectations for Kevin Warsh's term as Fed Chair, the impact of stablecoin rewards on deposits, and the long-term risks posed by AI as a customer interface.

FED POLICY CHANGES

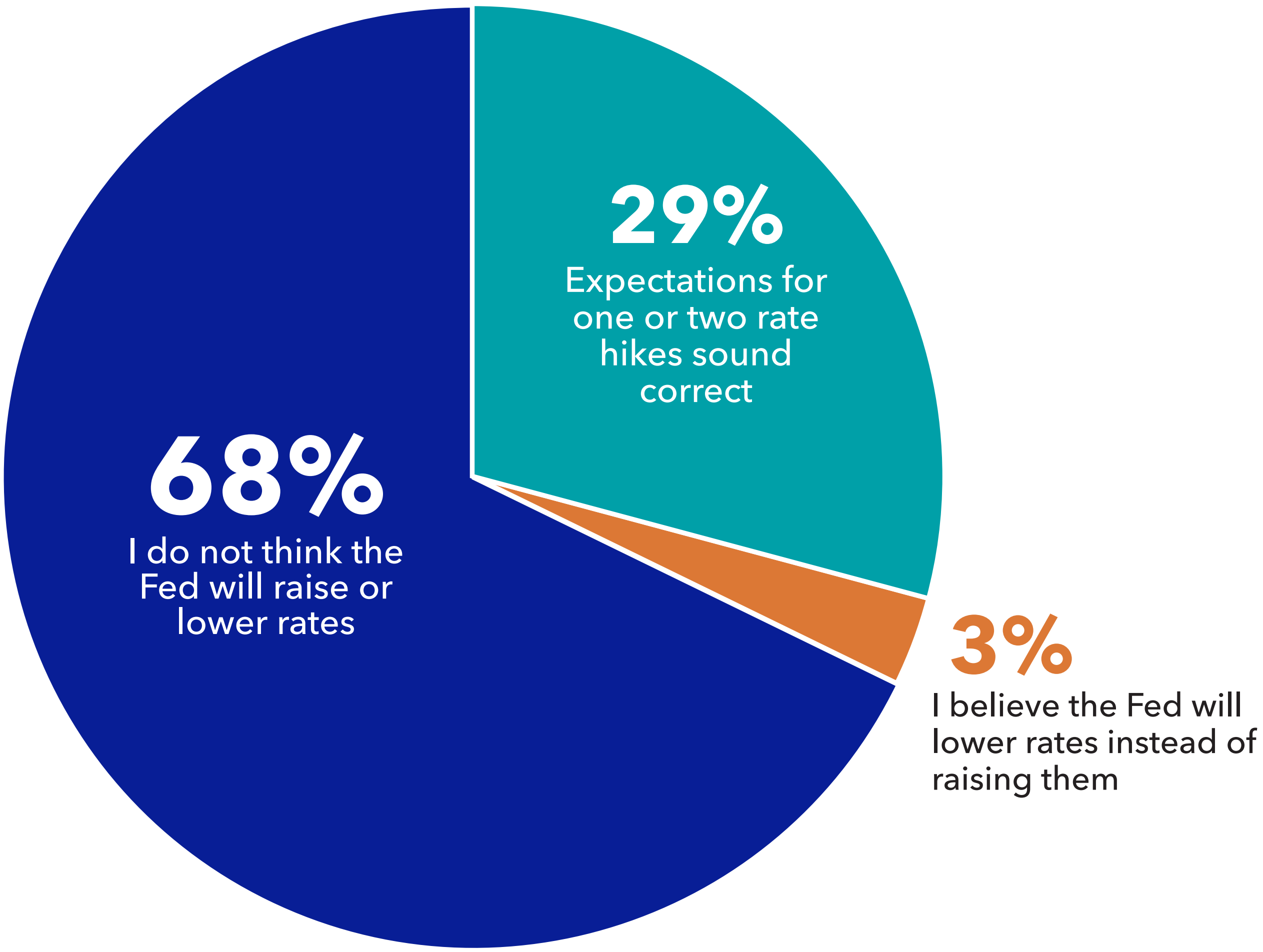
At his first press conference as Fed Chair, Kevin Warsh said he is exploring changes to the way the central bank operates. What ways do you think Fed policy should change over the next year? (Pick all that apply):



When asked what changes they would like to see over the next year, a majority of respondents replied that they would like the Fed to consider additional forms of data when considering monetary policy. This might include private employment metrics, supply chain stress proxies, and granular alternative price data. Another 43% responded that the Fed should significantly shrink its balance sheet of assets, although this would potentially tighten the money supply. The Fed has already cut its balance sheet by $2 trillion from a high of $9 trillion in 2022.

INTEREST RATE HIKES

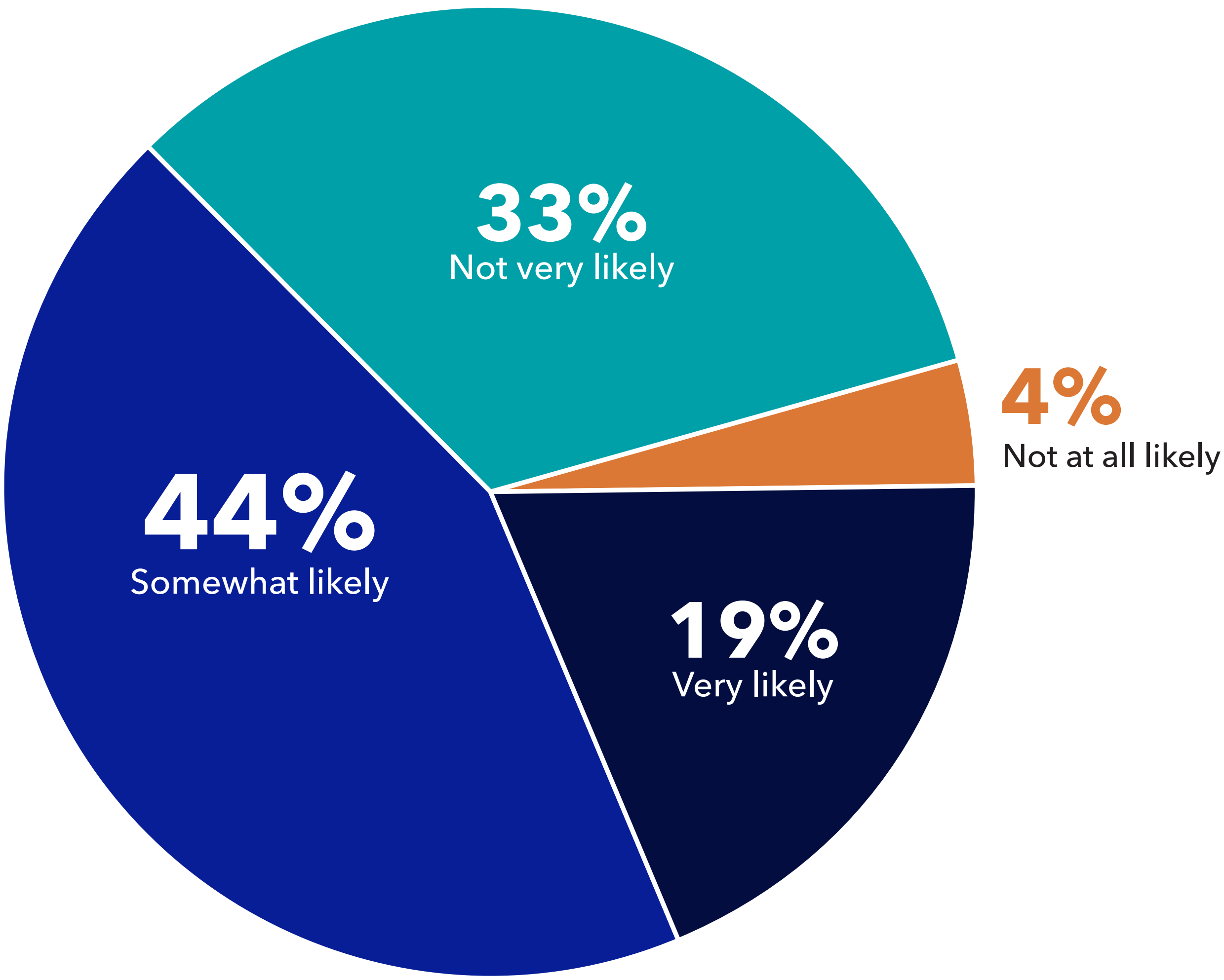
The market is now expecting one to two interest rate hikes by the end of the year. Which statement is closest to what you believe:



While some in Washington are hoping Fed Chair Kevin Warsh will push to lower interest rates, most senior bank executives (68%) reported that they expect the central bank will leave rates alone for the rest of 2026. In fact, only 3% anticipate that the Fed will cut rates again this year.

WILL STABLECOIN REWARDS EFFECT DEPOSITS?

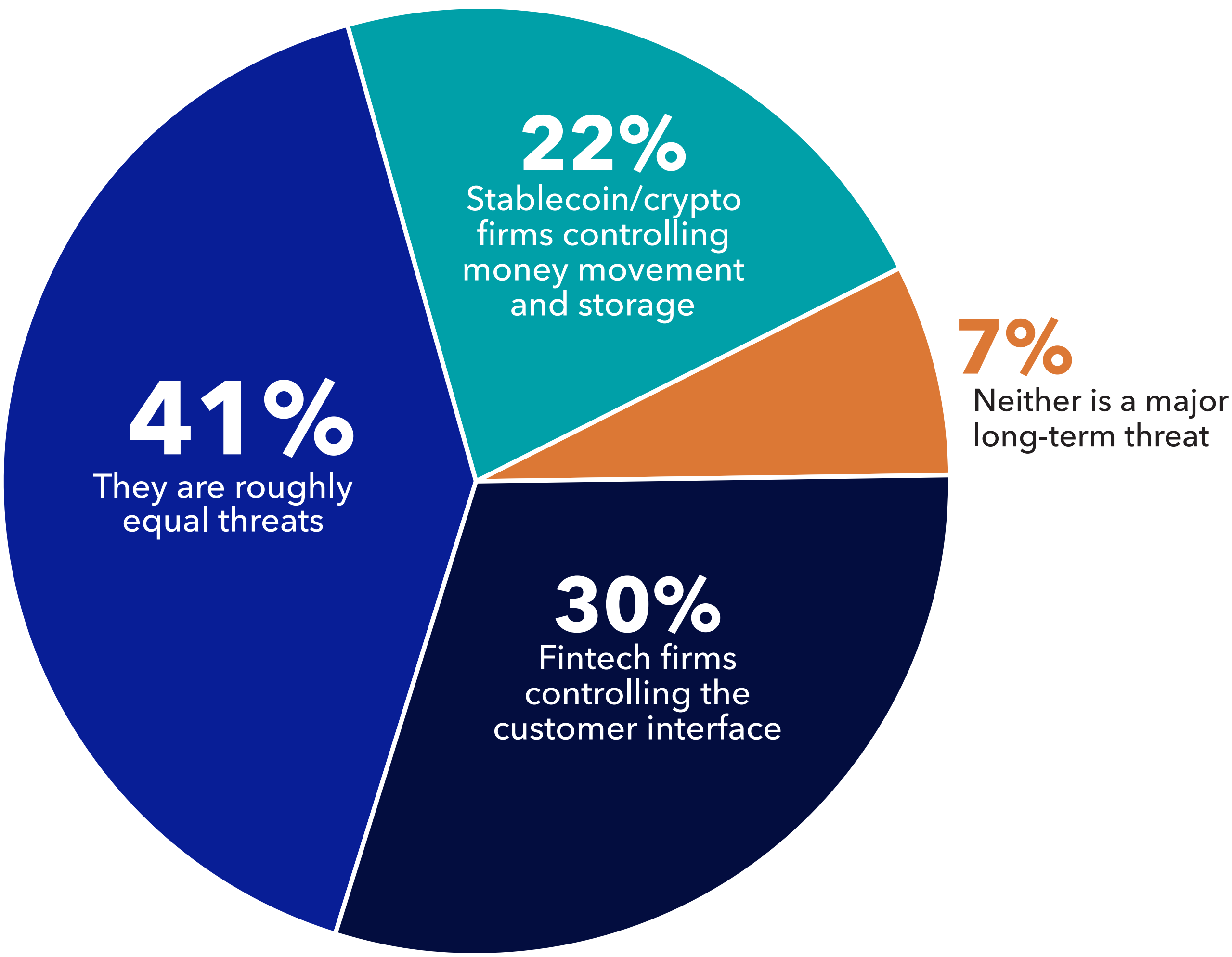
If Congress ultimately allows stablecoin issuers or related platforms to offer rewards that are economically similar to deposit interest, how likely is it that your institution would lose meaningful operating deposits within two years?



Although it is still unclear whether Congress will advance cryptocurrency legislation (e.g., the CLARITY Act) this year, bankers remained steadfast in their view that allowing stablecoin issuers to offer rewards that mimic deposit interest will measurably hurt their banks. Sixty-three percent of respondents reported that stablecoins that offer rewards will likely cost them meaningful operating deposits over the next two years. Only 4% answered that it would have no impact.

LONG-TERM COMPETITIVE THREAT

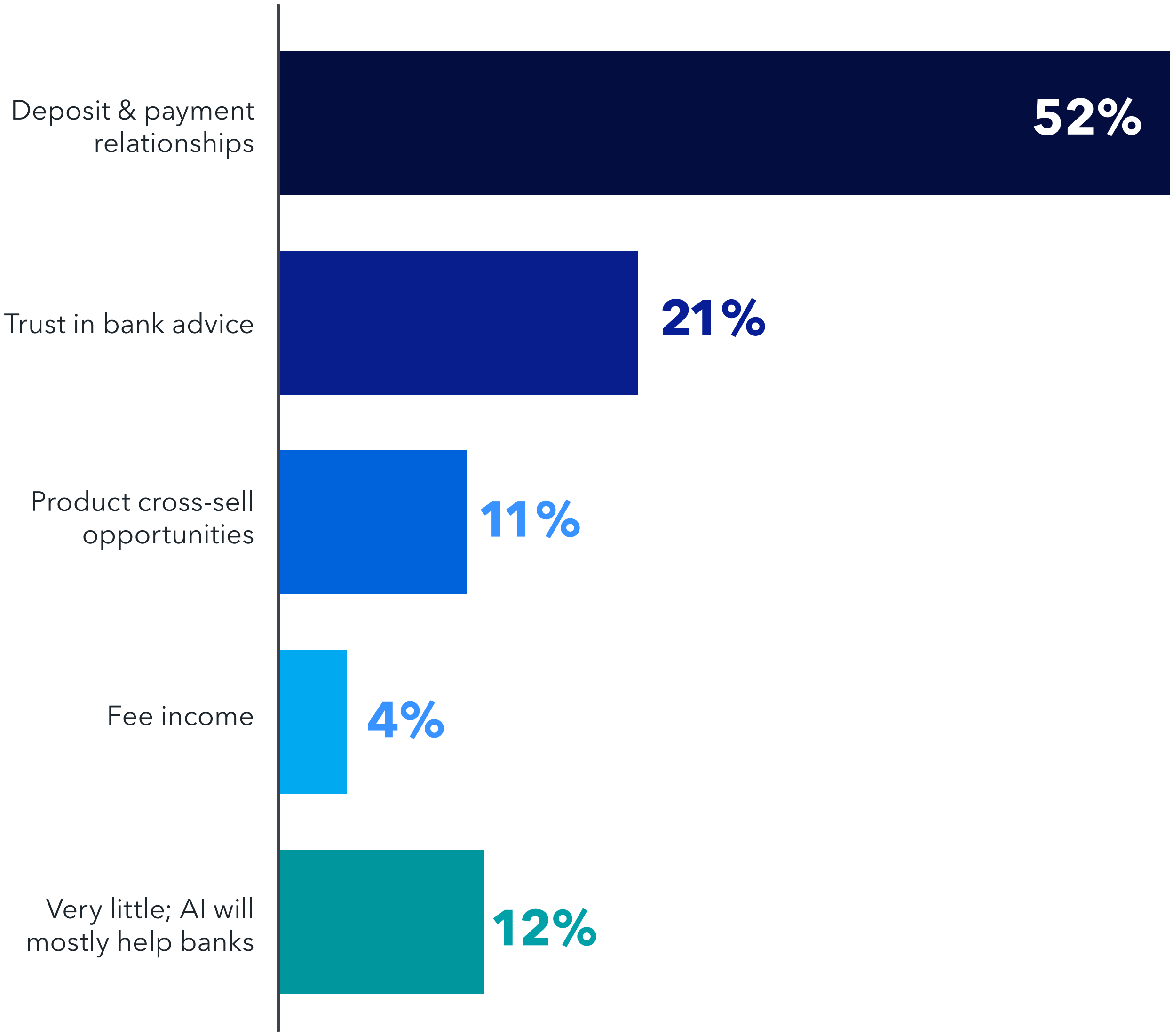
Which is the bigger long-term competitive threat to your institution: fintech firms that own the customer relationship, or stablecoin/crypto firms that could begin to own the movement and storage of money?



While bankers reported that stablecoin/crypto firms are a serious long-term threat, they also view fintechs that compete with traditional banks as equally problematic. Forty-one percent replied that they see both as having potentially the same negative impact on banks. Another 30% identified fintechs that control the customer interface as more problematic, followed by stablecoin/crypto firms (22%) controlling money movement and storage.

RISK FOR BANKS IF AI TOOLS ARE USED FOR GUIDANCE

If AI tools become the first place customers go for financial guidance, what is most at risk for banks?

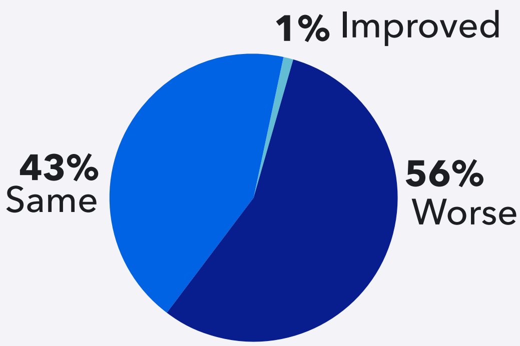


Artificial intelligence (AI) is becoming increasingly prevalent. But according to survey respondents, too much AI is not always a good thing, particularly when it comes to customer relationships. Fifty-two percent of bank executives indicated that if AI is used to provide customers with financial guidance, deposit and payment relationships will be harmed. Another 21% responded that customer confidence in bank advice will suffer.

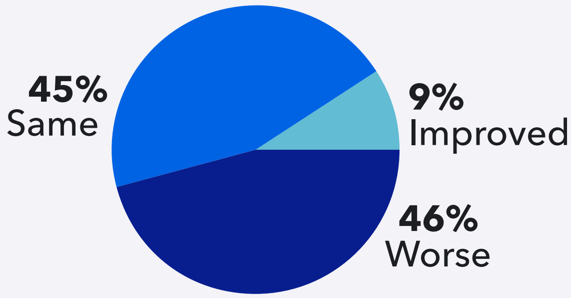
Toplines

This is a topline overview of banker expectations for the 12 months ahead in four key categories.

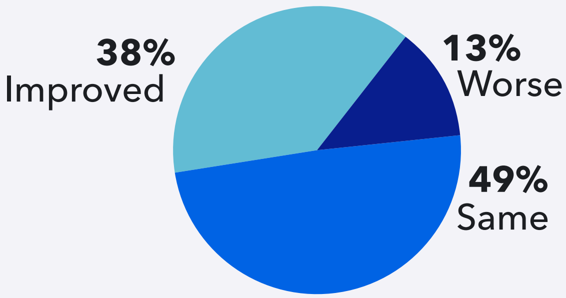
DEPOSIT COMPETITION



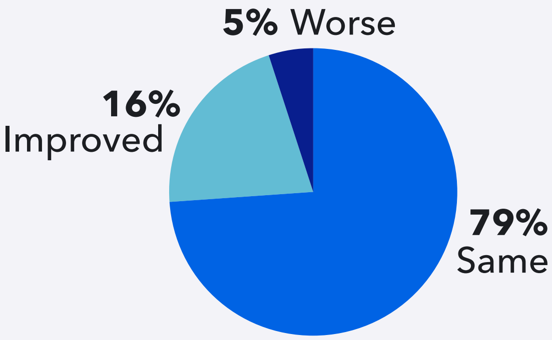
FUNDING COSTS



LOAN DEMAND



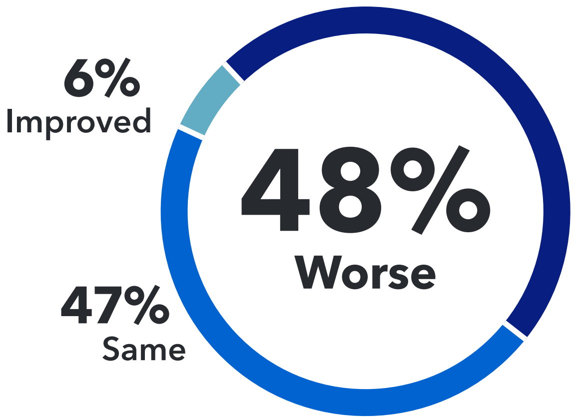
ACCESS TO CAPITAL



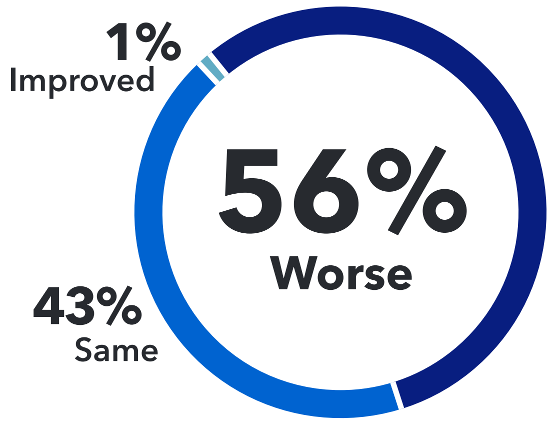
DEPOSIT COMPETITION

Forty-eight percent of bank executives report deposit competition has increased, up 17 points from a year ago. This result is generally consistent among banks across all regions. A majority of all respondents (56%) expect competition to increase going forward, compared to only 38% a year ago. Less than 1% believe deposit competition will lighten in the next twelve months.

Experience
Compared to 12 Months Prior



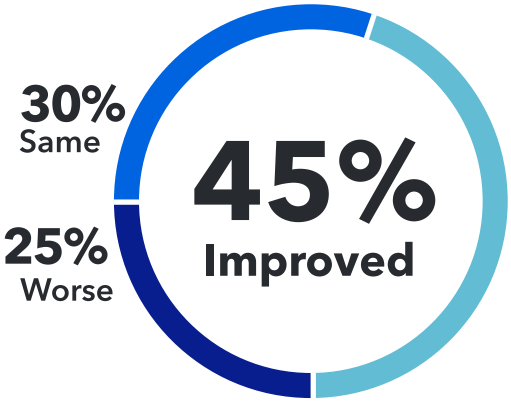
Expectation
Looking 12 Months Ahead



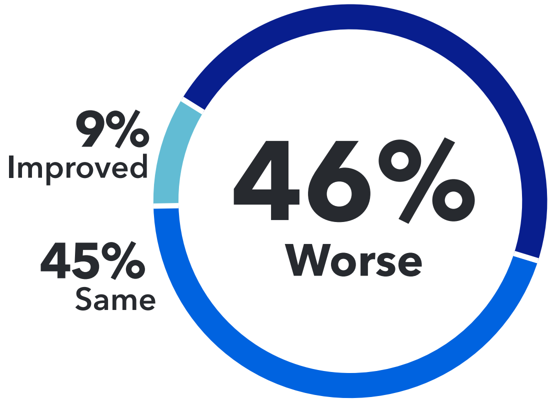
FUNDING COSTS

Only 9% of bank executives believe funding costs will decrease in the next twelve months, a whopping 53-point drop from a year ago. The number of respondents who noted funding costs had dropped at their bank over the past year fell to 45% from 66% last quarter.

Experience
Compared to 12 Months Prior



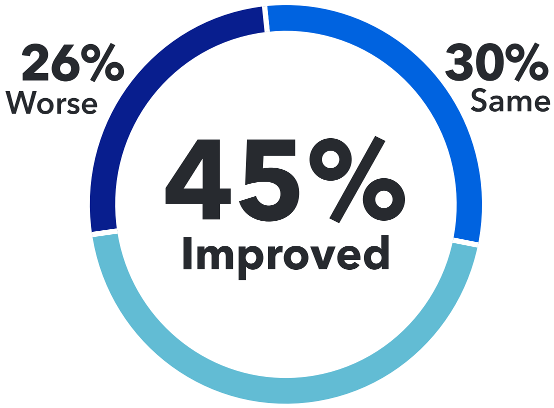
Expectation
Looking 12 Months Ahead



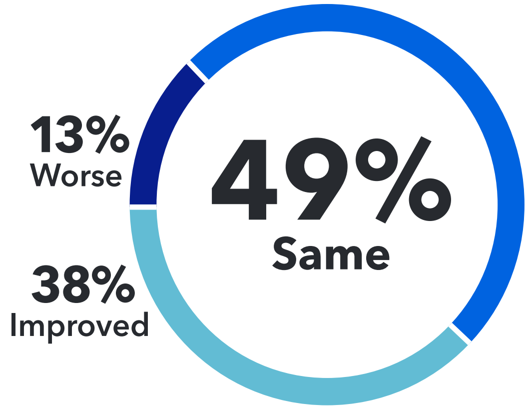
LOAN DEMAND

Senior bank executives continue to expect loan demand to weaken over the next year. At the end of 2025, 56% of bankers expected loan demand to improve. That data point dropped 18 points to 38% this quarter. Meanwhile, the number of bankers who reported an improvement in loan demand over the past 12 months (45%) remained roughly the same compared to the first quarter of 2025 (43%).

Experience
Compared to 12 Months Prior



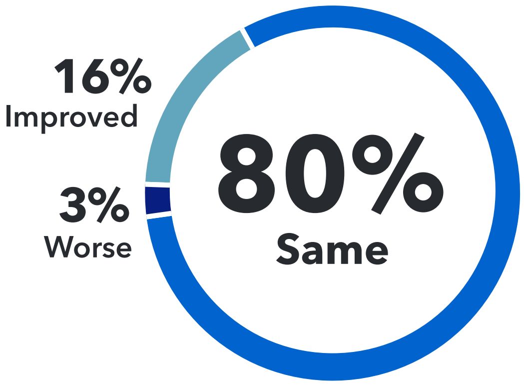
Expectation
Looking 12 Months Ahead



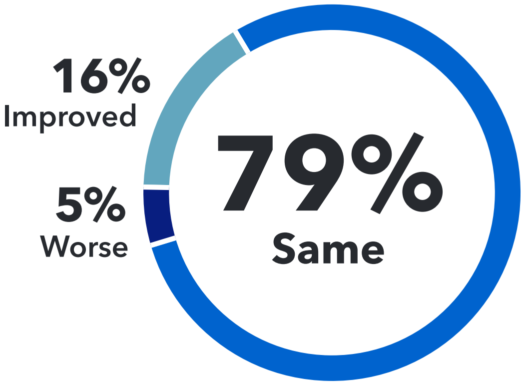
ACCESS TO CAPITAL

Bank access to capital remains steady according to respondents. Eighty percent of respondents experienced no change in their bank's ability to access capital, about 5 points higher than the first quarter of 2026. Those expecting access to capital to remain stable or improve in the coming year remained at 95%, approximately the same as last quarter.

Experience
Compared to 12 Months Prior



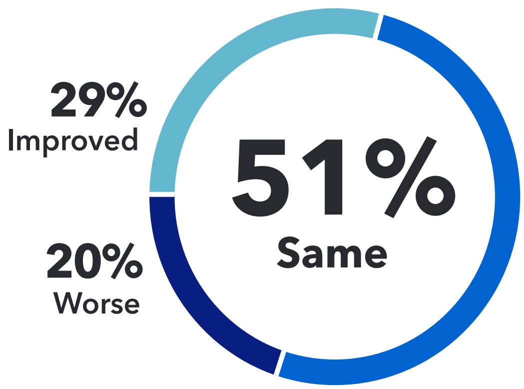
Expectation
Looking 12 Months Ahead



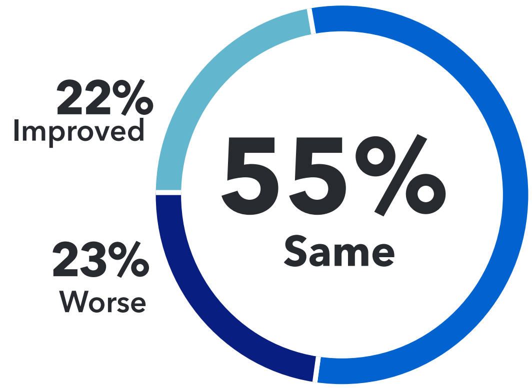
OVERALL ECONOMIC CONDITIONS

The number of bank executives who report that economic conditions are improving hit 29%, a modest 5-point improvement over the first quarter of 2026. Sentiment about the future of the U.S. economy and it's impact on the financial sector improved slightly, with the number of bank executives expecting worsening conditions dropping 15 points to 23%—but is still down year-over-year by 5 points. Only 22% of senior bank executives foresee better days ahead. Meanwhile, 55% predict conditions will remain the same.

Experience
Compared to 12 Months Prior



Expectation
Looking 12 Months Ahead

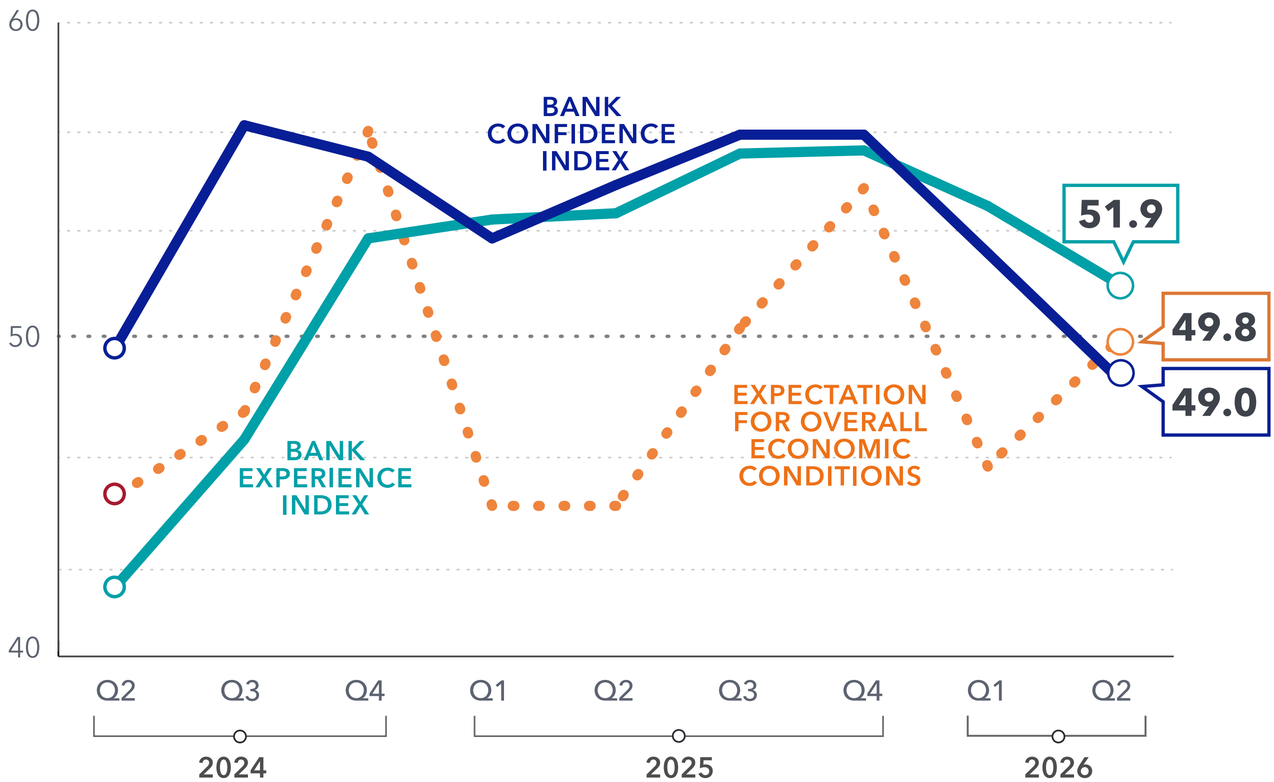


OVERALL ECONOMIC CONDITIONS OVER TIME

Fewer bankers anticipated economic conditions to worsen this quarter, though few expect them to improve either.

INDICES

IntraFi's proprietary Bank Experience Index℠ dropped for the second consecutive quarter to 51.9, while the Bank Confidence Index℠ fell to 49, the first time it has dropped below 50 since the start of 2024.



The Bank Experience Index and the Bank Confidence Index are meant to quantify bankers' experience over the last 12 months and expectation for the next 12 months. The expectation for overall economic conditions is a composite of broad expectations for the next 12 months.

These indices are calculated from responses by CEOs, presidents, CFOs, and COOs to survey questions relating to four key factors: access to capital, loan demand, funding costs, and deposit competition.

Charted on a scale of 0-100, a score of 50 represents the baseline expectation.

The Bank Confidence Index and Bank Experience Index are proprietary indices of IntraFi, calculated using IntraFi's proprietary algorithm. Bank Confidence Index and Bank Experience Index are service marks of IntraFi LLC.

METHODOLOGY AND RESPONSE

IntraFi's Bank Executive Business Outlook Survey was conducted online over the course of two weeks from June 30 to July 15, 2026.

The survey was delivered via email to bank CEOs, presidents, CFOs, and COOs. Four hundred and two leaders from banks throughout the United States completed the survey. Of these respondents, 99 were CEOs (25%), 60 were presidents (15%), 213 were CFOs (53%), and 30 were COOs (7%).

All percentages have been rounded to the nearest whole number unless reported otherwise. Total percentages may not total 100% for some questions due to respondents' ability to select more than one answer option.

Note: IntraFi has changed its methodology. Prior surveys only allowed for one bank executive per unique institution. Our survey now allows for up to three bank executives per institution to better reflect the diversity of opinion found within banks.

ABOUT INTRAFI

Since its founding over 20 years ago, IntraFi has been chosen by over 3,000 financial institutions. IntraFi's deposit network is the largest of its kind, and its tested, trusted services help its network members acquire high-value relationships, fund more loans, and seamlessly manage liquidity needs. IntraFi invented reciprocal deposits and is the #1 provider of deposit placement solutions, offering the largest per-depositor, per-bank capacity.

For more information about this survey, IntraFi, or its solutions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357 or rblackwell@intrafi.com.

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