STATE OF THE BANKING INDUSTRY

Research and outlook for 2024

WIPFLI

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Executive summary

Banks are backing off aggressive growth strategies and projections. And while AI continues to be the buzzword of the year, many banks are still hesitant to use it.

Wipfli surveyed 390 financial institutions across 28 states to reveal a snapshot of where financial institutions are headed in 2024, including the industry's top growth strategies and biggest areas of concern.

Some results were expected: Bank leaders are worried about cybersecurity, recruiting/retaining staff and meeting evolving customer needs.

But some reflected a definite shift, especially around growth.

390 financial institutions

surveyed across **28** states

Key findings

56% of banks expect growth of only 1%-5%.

78% of banks plan to buy, down from 91%.

56% of banks have no strategy to serve unbanked or underbanked populations.

43% cite both cybersecurity and employee issues as a top concern.

61% cite digital customer engagement as a top strategy.

51% say risk is a top barrier to using AI.

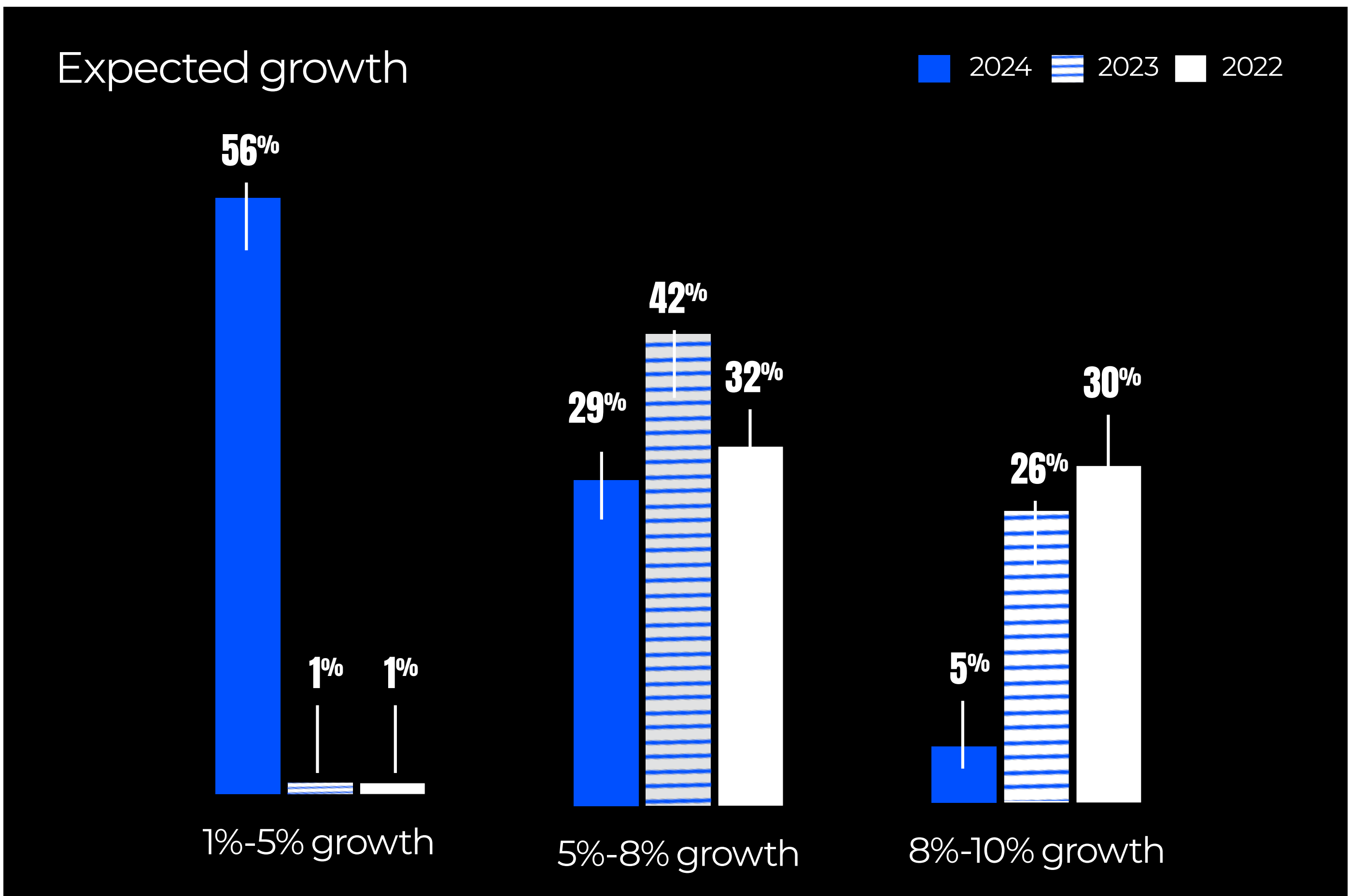
After a roughly three-year wave of unfettered mergers and acquisitions across the banking industry, this year, banks are expecting smaller growth projections and a slight retreat from the M&A fervor in the previous year's survey.

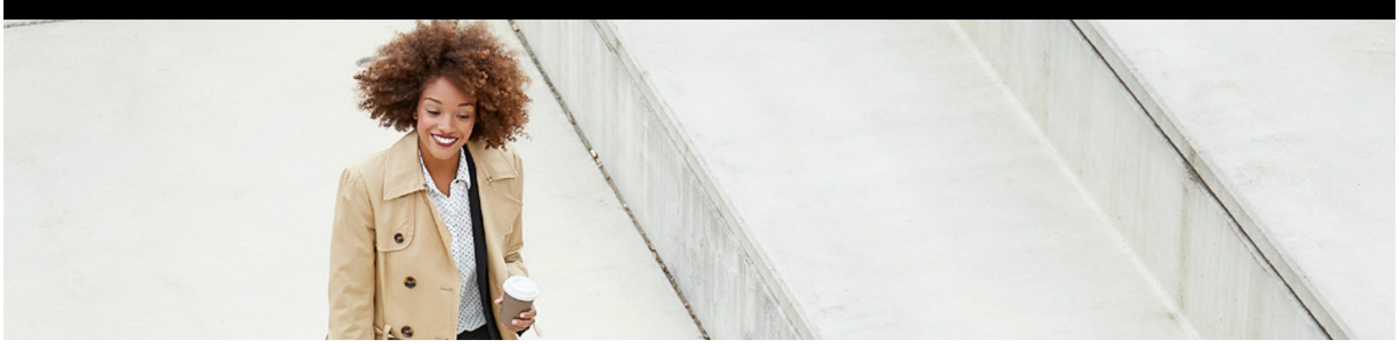
More than half of the financial institutions surveyed said their projected growth for 2024 is only in the 1%-5% range. Last year, 77% of those surveyed predicted growth of 5%-10% or more, and in 2022, that number was 62%.

Five percent of banks this year said they expect to retract in the coming months.

Those lower growth projections are clear evidence that higher interest rates, inflation, reduced money supply, geopolitical tensions and increasing regulation are continuing to test revenue models for banks.

They might start feeling the pinch in interest income from more people falling behind on payments and setting aside more money for potential loan losses. And in the U.S., when student loan payments start up again, it's just going to add more pressure on consumers who are already struggling with the high cost of living.

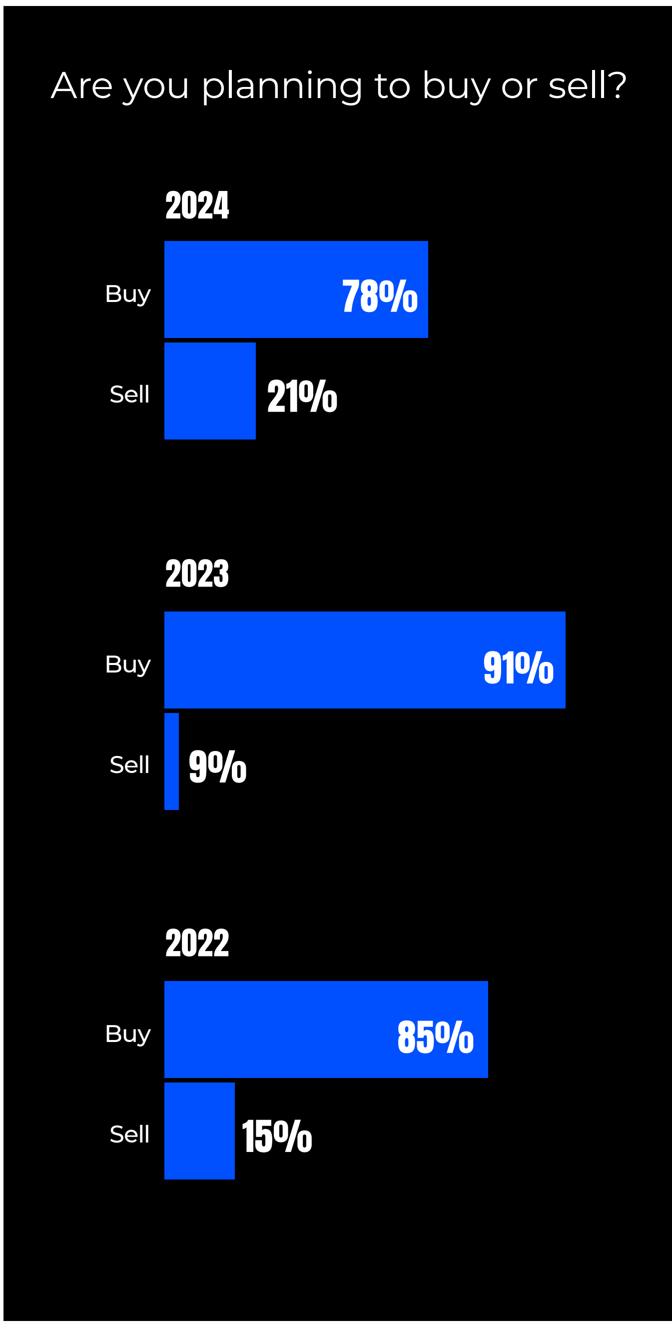




When it comes to M&A, in previous years, virtually every bank was looking to expand and acquisitions were commonplace. But this year, the pendulum appears to have swung as more bank leaders are easing off plans to buy while more are looking to sell.

Those numbers reflect that some banks are still growing into their new operations after previous M&As or believe they've grown to be an ideal purchase. Others may be looking to sell because they've hit their growth peak and now must decide if they want to innovate to compete in this competitive market, build a succession plan and invest in new technology — or sell to someone who does.

But smaller banks stand out from the rest because their leaders don't expect to hit the pause button on M&As. Normally, we expect to see the biggest banks gobbling up smaller ones, but this year, we're seeing banks in the range of $1 billion looking to grow by buying larger banks.

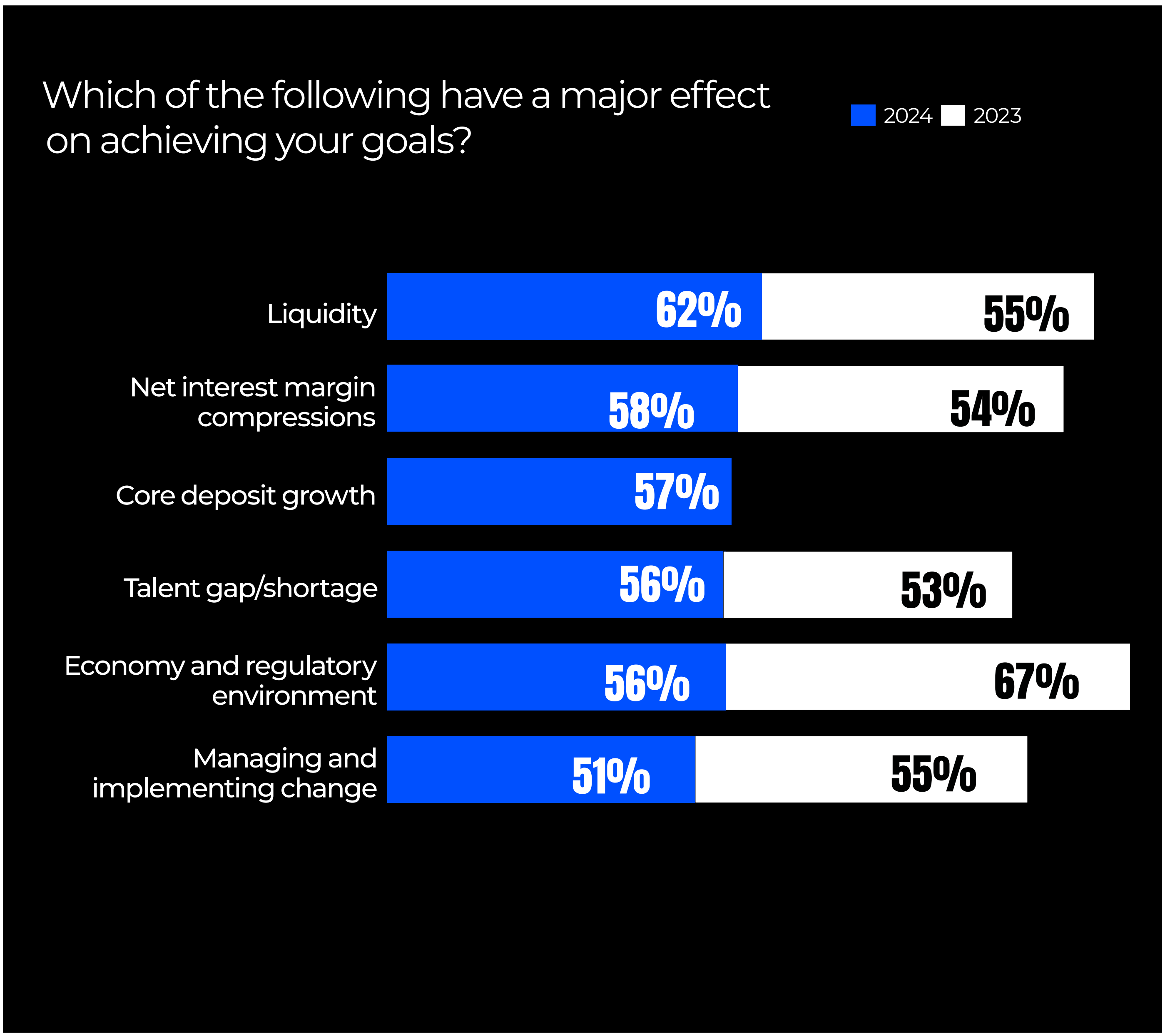


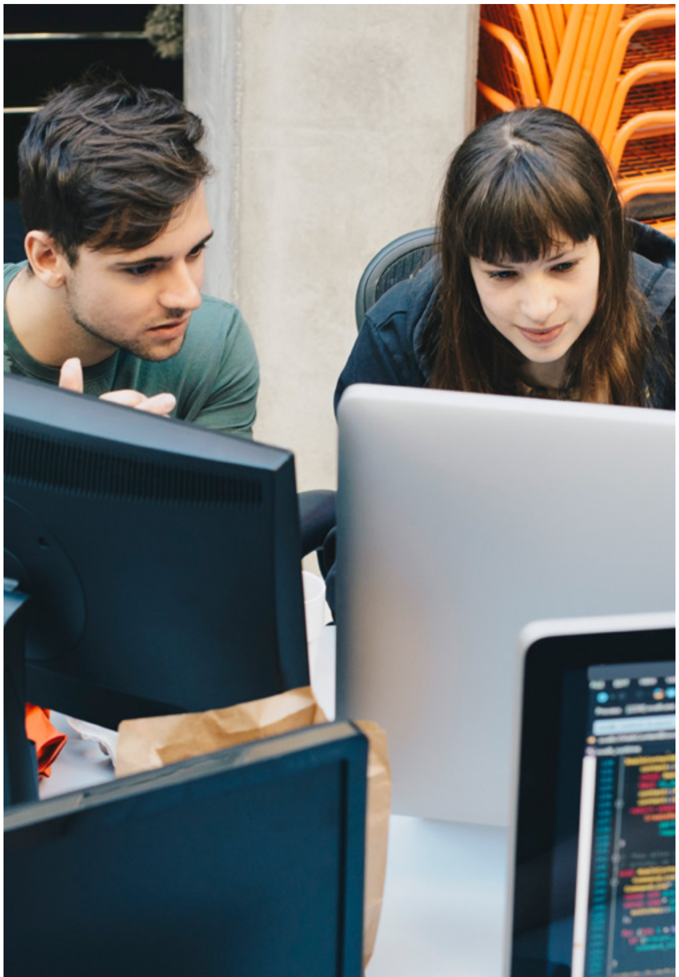
Bank leaders see financial factors as their biggest barriers to achieving goals.

Last year, regulatory environment was listed as a top barrier, but this year, it didn't make the top three on the list.

In this year's survey, banks reported liquidity, net interest margin compression and core deposit growth as having a major effect on achieving goals.

We can expect to see more banks reevaluating how capital and deposit dynamics factor into risk modeling as they try to scale with stability.





For top concerns, cybersecurity and employee recruitment/retention are still at the top of the list.

Cybersecurity and staffing tied, with 43% of bank executives reporting both are issues they are worried about.

For the past three years, cybersecurity has ranked in the top three, but a deeper dive into those numbers reflects an increasing maturity in most banks' cybersecurity defenses and the increasing threat from AI.

Nearly all banks have invested in cybersecurity in the past 12 months, from implementing better safeguards to hiring/outsourcing to get more expertise. More than half have implemented new safeguards and are investing more, and nearly half are focusing on shoring up their systems through testing, education and detection.

But ultimately, banks are not prepared for the unknown and hackers are continuing to use new ways — including AI and voice phishing — to both hack into their systems and cause fraud.

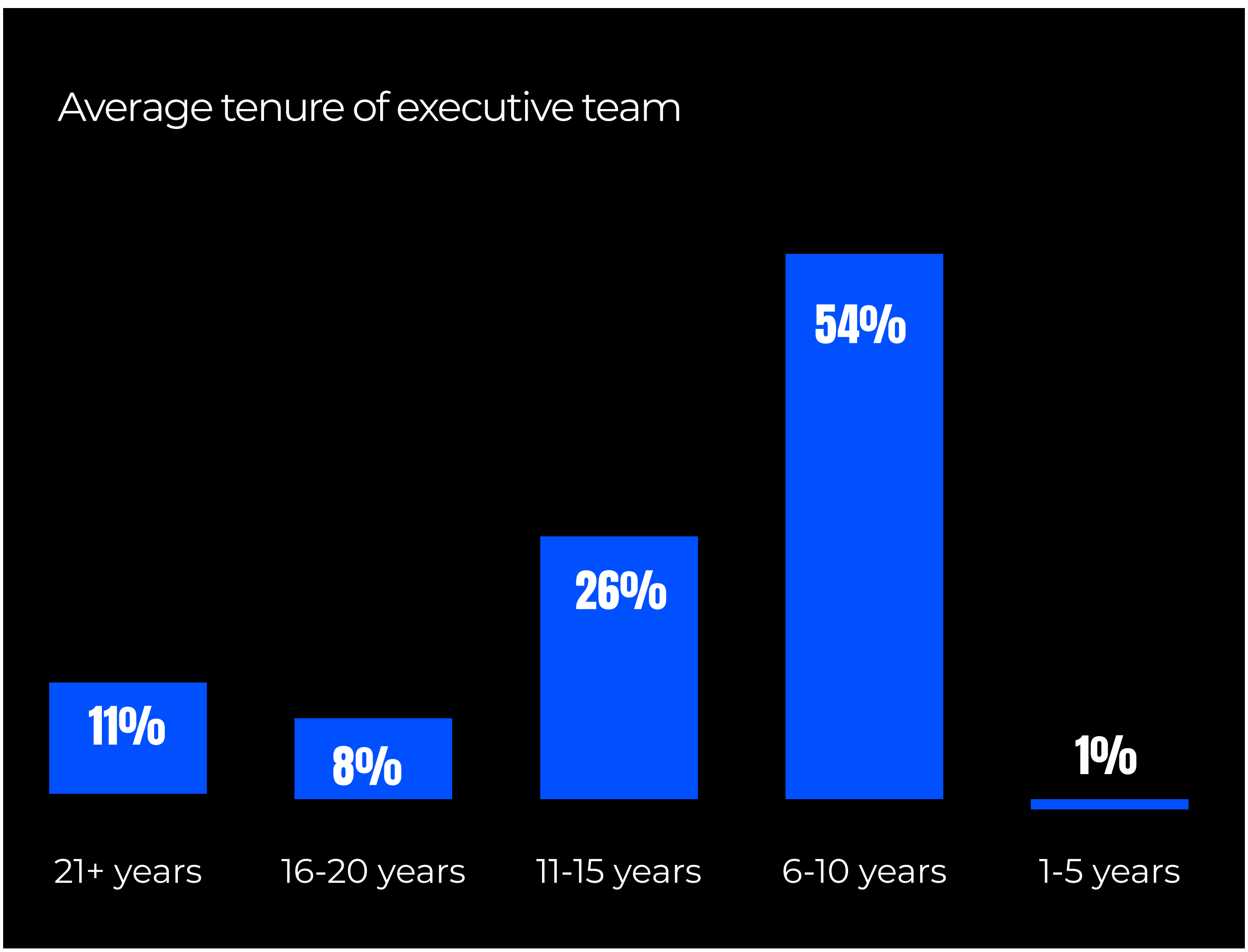
Top cybersecurity efforts

1. Safeguards
2. Financial investment
3. Processes, testing
4. Customer education
5. Hiring experts/vCISO

While employee recruitment/retention continues to be a top concern, how banks are dealing with it has shifted in a post-COVID world where banks are struggling to get people back into the office. Banks are also focusing more on culture as they tighten belts on salaries in light of smaller growth projections.

Banks are also facing a significant talent challenge as the demand for specialized expertise — such as in the area of combating AI cybersecurity threats — is increasing across all industries.

Another interesting trend emerging from the data is the role succession planning is playing in fears about talent and growth. Only 11% of banks' executive teams have 21+ years of experience, while the majority (54%) have six to 10 years of experience.



AI — how to use it and how to protect from it.

Only 23% of banks say they are very likely to implement or expand AI services in the next 12-18 months, and 51% cite risk as a key factor in that decision.

Some conflicting numbers also represent confusion and uncertainty about AI. While the majority of banks are hesitant to use AI, 46% of executives said data analytics/AI is a top strategy in the coming year, and more than half plan to use AI for financial reporting.

Those numbers reflect that some traditional forms of machine learning (ML)/AI tied to mining data or increasing efficiencies are taking hold in banks, while more innovative customer-direct generative AI tools — like using OpenAI for customer support — are still lagging.

Top concerns

Cybersecurity, employee recruitment/retention and meeting customer needs again rank among concerns among all financial institutions — although they swapped positions.

The consistency of these three top concerns reflects a systemic shift in the banking landscape.

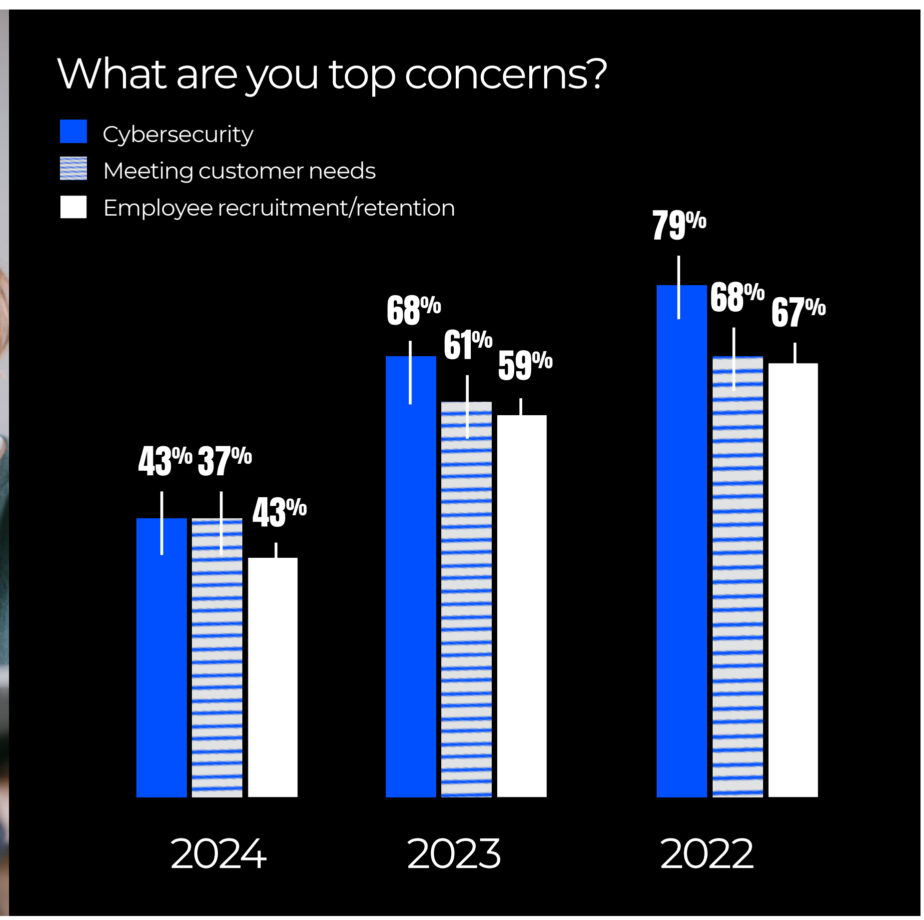
Fighting off cybercriminals, finding quality employees and enhancing services for an increasingly demanding customer base are now just a part of doing business — not a temporary challenge that banks can rise to.

And the juggling of their position as the top three concerns reflects that they are intertwined. You need the tech to fight criminals and provide new digital experiences. But you also need the staff to not just run the tech, but also see into the future to build the tech of tomorrow.

It's worth noting that for regional banks, regulatory compliance beat out cybersecurity as a top concern, but the cluster of numbers for banks reflects how closely intertwined they are

- Regulatory compliance: 37%
- Meeting customer needs: 34%
- Cybersecurity: 33%

People, processes and technology. While the specifics might change, concerns also circle back to these three foundational things.



#1: Cybersecurity

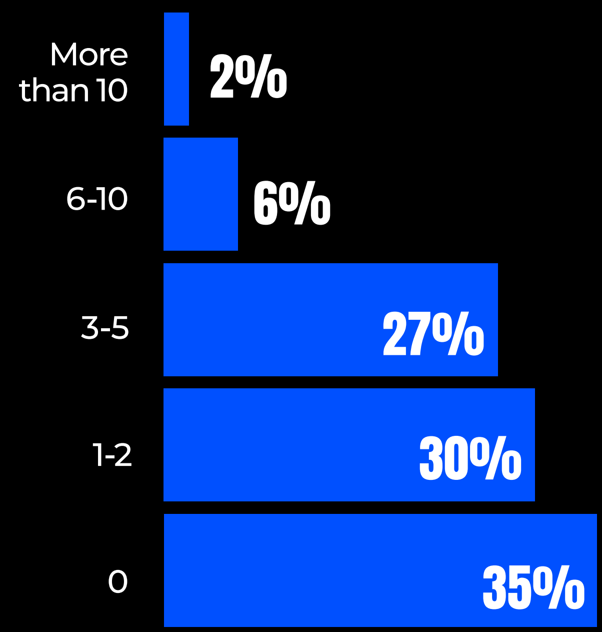
While the majority of banks have enhanced their cybersecurity options in the past year and view their security architecture as secure, the number of breaches is still startling.

Sixty-five percent of respondents said they've identified at least one unauthorized access to their systems within the past 12 months.

While major breaches and ransom demands continue to fill headlines, what's not clear is whether banks are experiencing more unauthorized access or just detecting more. But what is clear is that they are investing more in their infrastructure, staff and education.

As banks are fighting for customers, it's paramount that they invest in cybersecurity to mitigate the threat to their integrity and trust in their ability to protect customer data.

Unauthorized accesses to systems in the past year



What cybersecurity measures have you implemented in the past 12 months?

- **59%** New safeguards to protect networks and data
- **51%** Increased investment
- **48%** Conducted penetration tests
- **48%** Developed/revised cyber risk policy and communication
- **47%** Improved detection systems
- **46%** Conducted cyber risk assessment
- **40%** Increased customer fraud education
- **33%** Adopted industry-standard cyber framework
- **25%** Hired cybersecurity expertise or added vCISO

And bank executives still feel they are maturing their cybersecurity architecture.

When asked about instances of fraud, the results were fairly evenly split. Thirty-eight percent of banks say it's decreasing, 36% say increasing and 25% say there's been no change.

There's an interesting story underneath those numbers. During COVID-19 and its aftermath, PPP loan fraud was rampant (more than 4.5 million of the 22.1 million loans and grants have been identified as fraudulent). We would expect to see a higher decrease in fraud as those cases fall off the board. The fact that we haven't indicates the fraud threat is simply shifting — mostly due to phishing attempts.

That is evident in the 40% increase in banks that reported adding fraud education to customers. Some have also implemented warnings customers are required to read/check off on before doing digital transfers.

It's also reflected in the high number of banks that are now realizing implementing technology isn't enough. Ongoing testing, education and maintenance are critical to keeping up their defenses. And it's clear from how high they rank on their list of cybersecurity investments that they are working to keep their guard up.

But it does come at a cost — especially in terms of staffing.

How would you rate your security architecture maturing?

2024	2023
51%	56%
Very mature	Very mature

#2: Employee retention/recruitment

Hiring a team that keeps up on the latest threats and platforms is costly, not to mention meeting the evolving compliance requirements to have a chief information security officer (CISO) and new cybersecurity regulations coming down from Washington. And those staffing challenges banks are seeing also tie back to this challenge because the competition to hire those experts is immense.

We see the confluence of hiring, outsourcing and barriers to goals numbers in our survey results:

- 25% report hiring cybersecurity expertise and adding a CISO in the past year.
- 57% report considering outsourcing IT.
- 42% report considering outsourcing information security.
- 56% report talent gap and shortage as having a negative impact on achieving goals.
- 38% report insufficient technical expertise as a barrier to digital maturity.

While these trends will be overshadowing 2024 for all banks, it's likely to be most evident in banks in the $3 billion-$5 billion range as they weigh a reduction in workforce to protect their dividends.

Employee recruitment and retention challenges extend well beyond the technology teams in banks.

More than 40% report employees are a top concern, but results show a shift in how they are approaching this issue. Banks flush with cash were able to increase wages and bonuses, plus enhance benefits, to attract and keep top talent in recent years. Now, as liquidity tightens, banks — especially at the regional level — are shifting to workplace culture changes to address the talent issue.

It's difficult to find employees to bring up from the community bank level who have the skills to deal with regional bank operational issues, and regional banks can't really attract talent from the bigger banks. Their best option is to develop their talent pool from within or outsource to experts, especially in cybersecurity and technology.

#3: Meeting customer needs

Banks that are no longer flush with cash are shifting to improving workplace culture as a top employee recruitment/ retention strategy.

In the past few years, banks have been expanding services, re-imagining the use of brick and mortar, and enhancing digital experiences to ward off the loss of clients to competitors.

After a focus last year of providing wealth advisory, this year, banks are focusing on financial well-being programs like financial literacy.

Not only do financial education programs deepen relationships with customers, they also have lower bank risks because those customers are less likely to make decisions that could lead to losses or loan defaults.

Having a decent foundation of financial knowledge also helps customers who are demanding digital, self-service options make smarter decisions without in-person guidance.

Last year, cryptocurrency was the biggest buzzword, but the failure of two big crypto exchanges and regulatory crackdown have now made it taboo. Crypto is still the wild, wild west with little oversight and high risk. The number of banks adding crypto has dropped 7 percentage points, and we expect that number to be significantly smaller — if not completely disappear — from next year's report.

It's possible the rise and fall of crypto as the "must do" for banks last year is having a chilling effect on this year's top buzz to meeting customer needs — AI.

What services have you added in the past three years?

48% Financial well-being

42% Instant payments

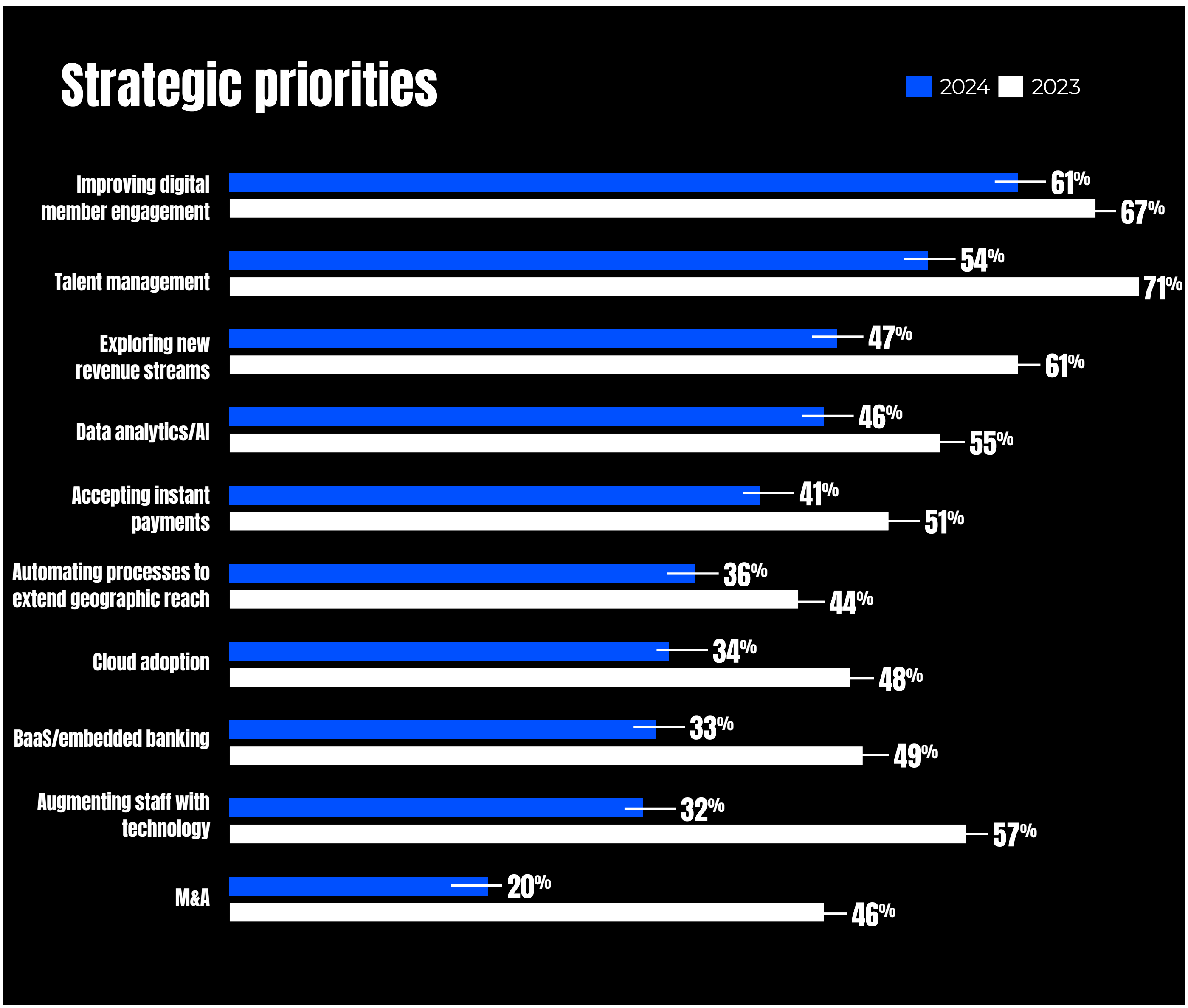
39% Wealth advisory

31% Automated investing /robo-advisors

31% Insurance

Top strategies

Not surprisingly, the top strategies banks are focusing on in 2024 to address their top concerns are: customer engagement, talent and revenue streams. While these top priorities are in line with last year's numbers, we are seeing more diversity in the focus banks are placing on each.



#1: Digital customer engagement

This year, improving digital customer engagement supplanted talent management as the top strategy to drive growth and financial stability — and deepen customer engagement — in 2024.

While digital customer engagement is a priority, how to accomplish that still is murky for most banks.

Last year, faster loan approvals/account opening tied with digital customer engagement for the top ranking. Tools like AI can help further those goals, although the risk appetite for new technologies, like AI, is low.

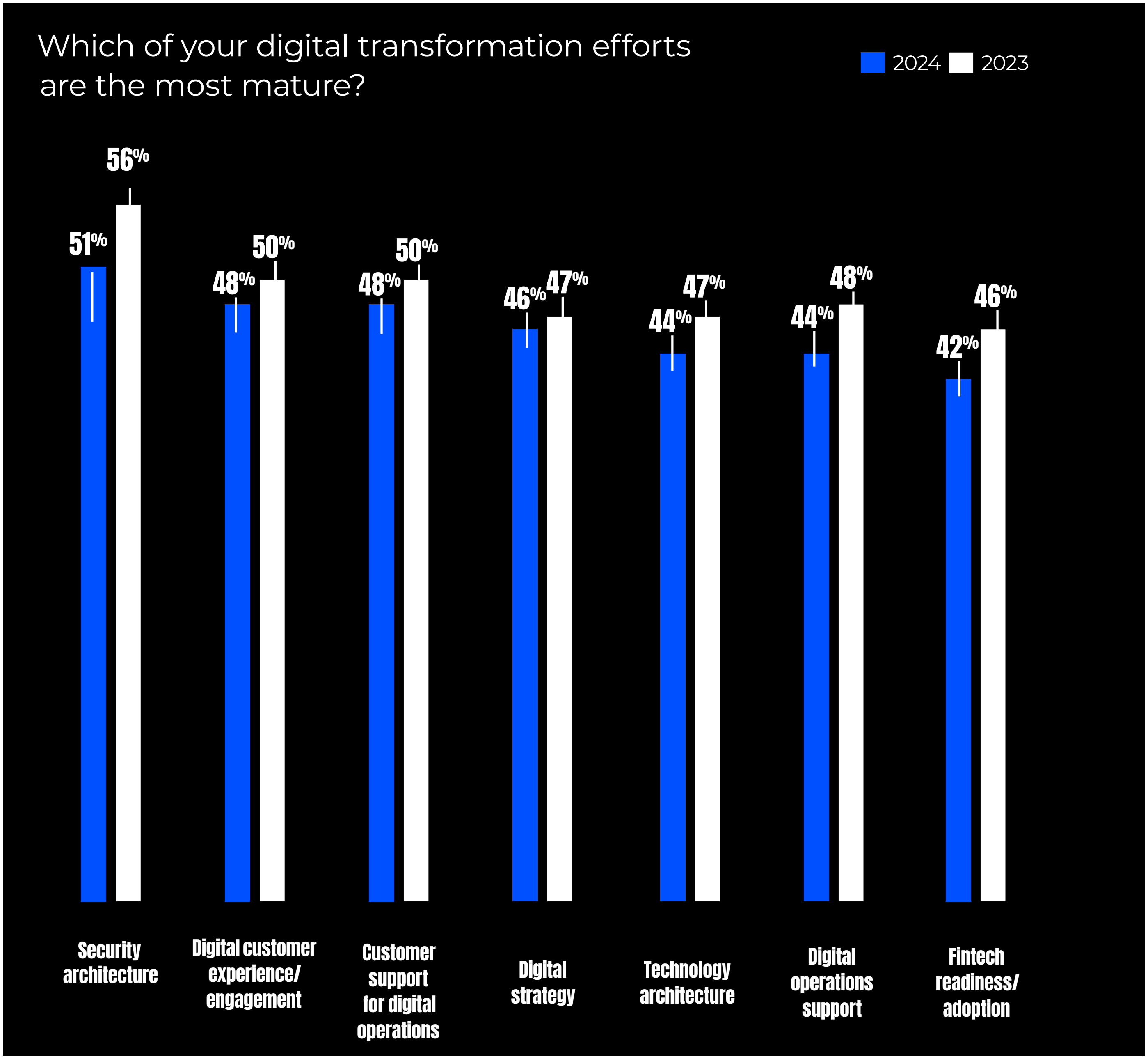
But the rapid rate of technology advancements, like AI, is impacting bank leaders' opinions on the maturity of their digital transformation efforts.

How do you define digital transformation?

65%	Digital customer engagement
58%	Faster loan approvals/account opening
56%	Payment transactions
53%	Digital branch
46%	Open banking
45%	Digital financial advisor
43%	BaaS participation

What are the top causes for lack of maturity in digital transformation?

60%	High costs
38%	Insufficient technical expertise
30%	Integrating with existing systems
28%	Data and cybersecurity concerns
21%	Resistance to change
17%	Risk aversion



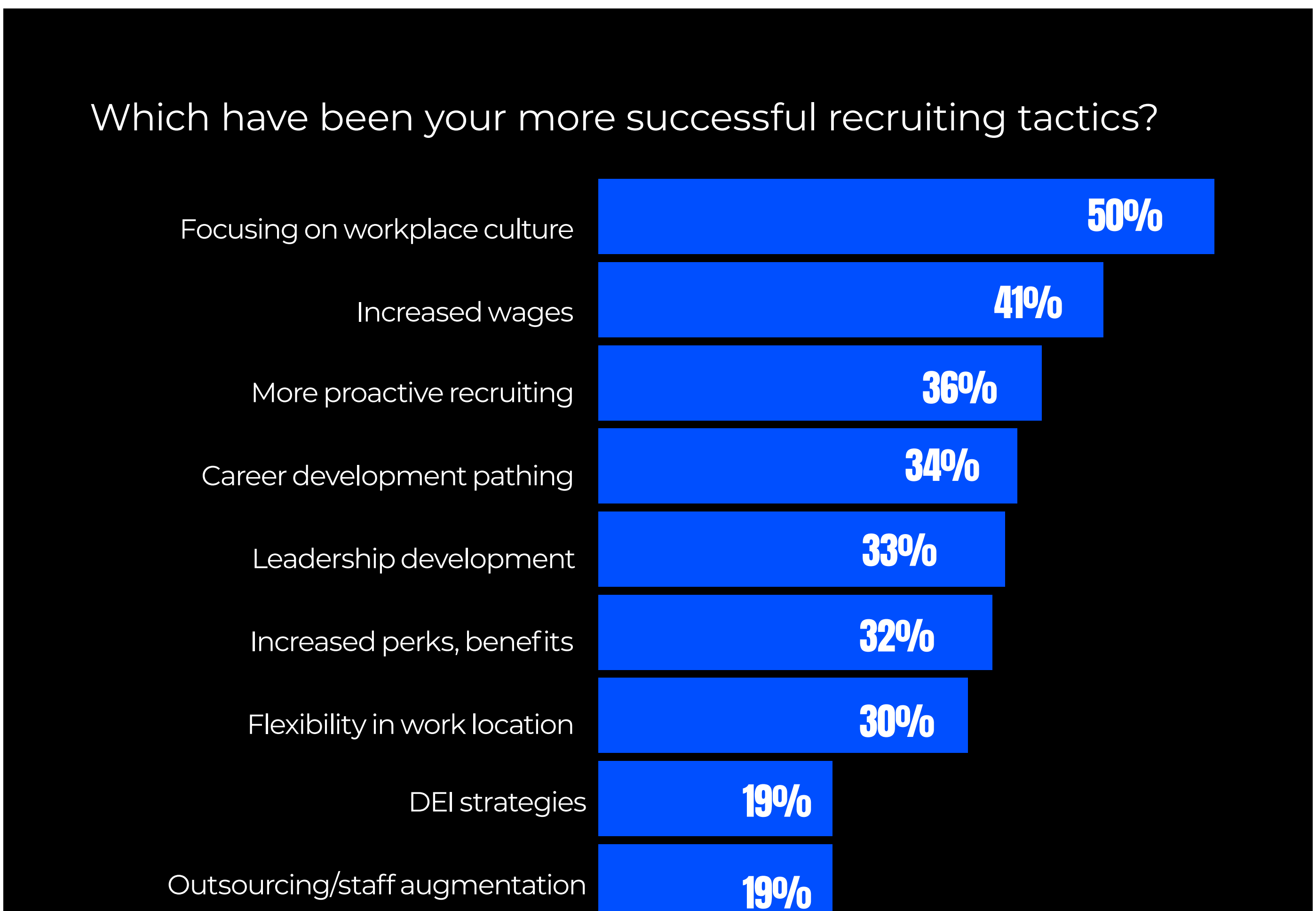
While digital customer engagement is a priority, how to accomplish that still is murky for most banks.

#2: Talent management

Financial institutions, particularly regional banks, continue to grapple with finding and retaining top talent.

Between the great resignation, the great reevaluation and aging boomers, turnover and retirements are adding pressure to bank executive's staffing concerns. More than 52% have lost 1%-5% of their leadership and the numbers only go up for frontline workers.

Having more than half of their leadership being in place less than five years, is another reason why banks are focusing more on culture in the coming year as a retention strategy.



A breakdown of results by bank size can be found in the appendix.

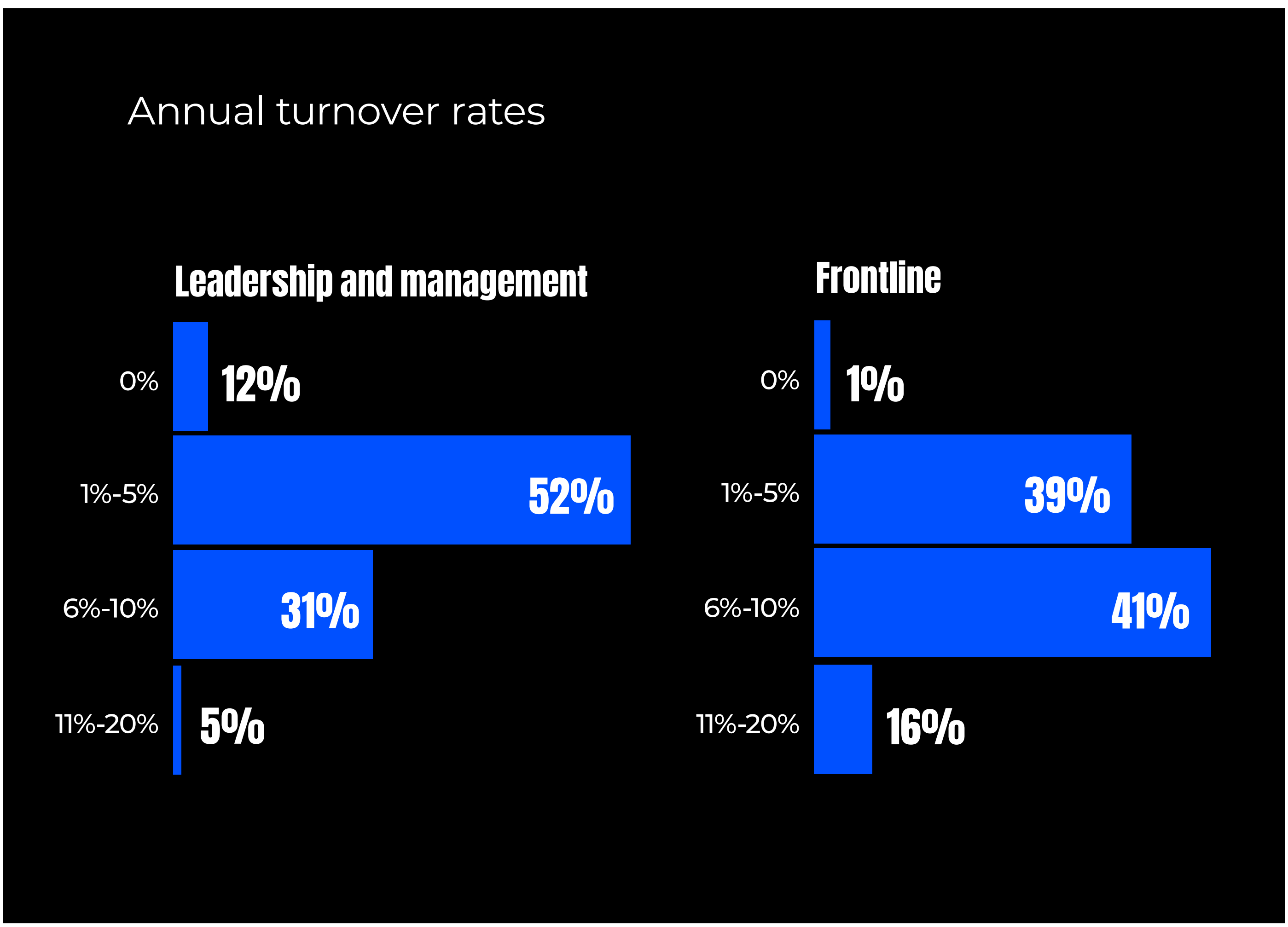
With a revolving door of staff, they in essence are forced to function like a startup where the culture has to be constantly taught and reinforced.

Higher rates of turnover increase stress on teams and reduce productivity — impacting banks' profitability at a time when they cannot afford that extra cost.

Once you also factor in the additional costs of recruiting, onboarding and training new employees, it can add up to a significant financial drain.

High turnover rates can also hurt customer loyalty and reduce retention rates.

Regional banks, in particular, are offering alternative incentives to higher salaries, like leadership training, career development and diversity, equity and inclusion strategies to help solve their employee pipeline shortages.



#3: Exploring new revenue streams

Interest rate pressures and tightening liquidity will force financial institutions to look at new services for revenue growth.

As evidenced in our section on meeting evolving customer needs, banks are adding new services they hope will meet those needs and add new revenue streams.

Among those are wealth advisory, insurance and trusts.

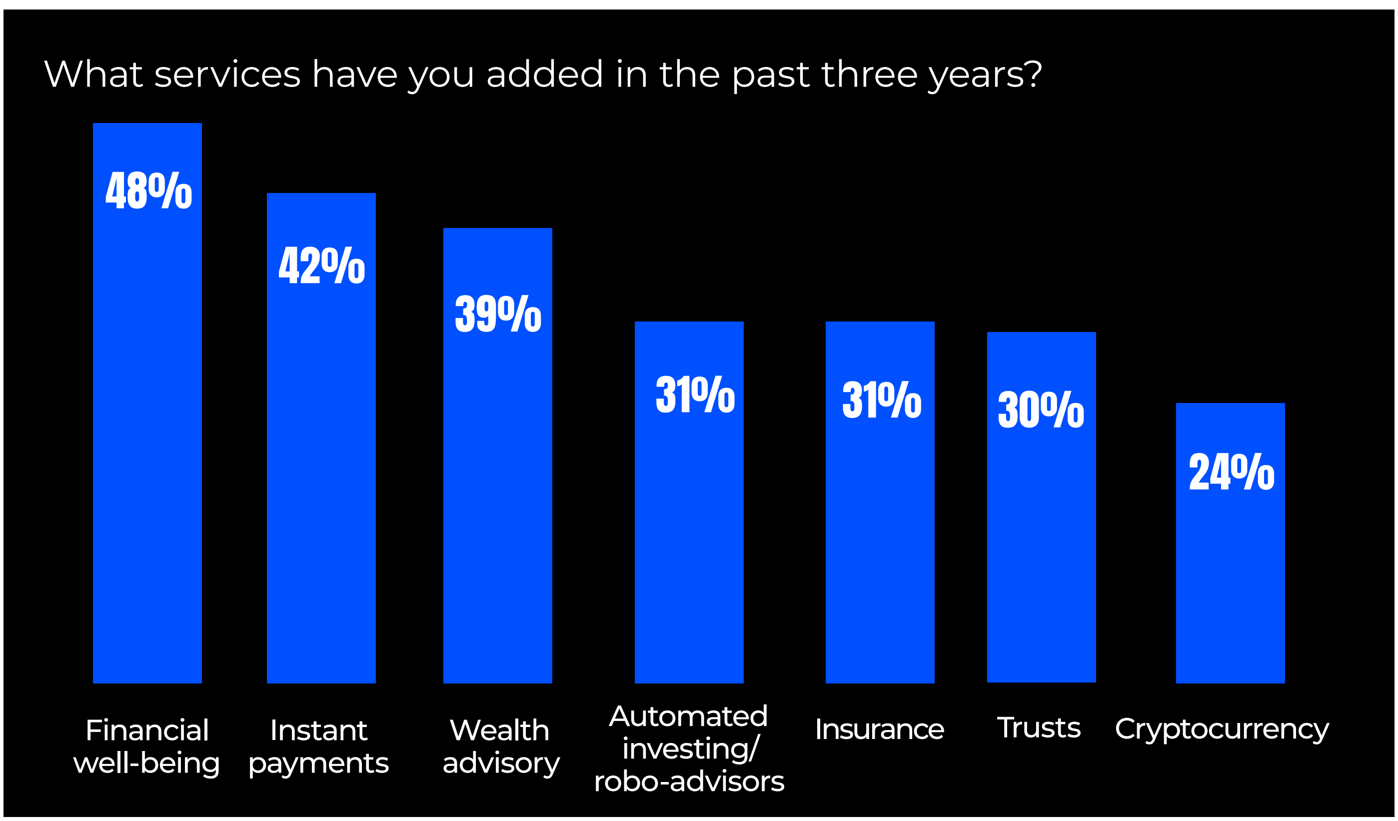
With shrinking margins, geopolitical shifts and increased regulation, banks need to get serious about a future-proof strategy that involves new revenue streams.

Those that embrace tech and data will be able to more successfully embed themselves in the daily lives of customers to provide real-time, vital services.

New competitors and global tech giants have raised the bar on customer expectations, and future bank success will be determined in four key areas:

1. **Everyday banking:** This includes e-commerce, loyalty programs, discounts and open banking, but it also goes beyond and uses AI/ML and smart digital platforms that are constantly crunching data to evolve and personalize customer experiences.
2. **Investment advisory services:** This includes financial planning, brokerages, trusts, insurance and retirement plans.
3. **Complex financing:** This goes beyond mortgages and loans to the real estate journey. It guides customers through the buying or renting process or coordinating additional services like insurance. It also includes expanded guidance through business loans, including supporting customers through financing, insurance or resale of products.
4. **Banking as a service (BaaS):** While not customer facing, BaaS can enhance customer experiences by giving customers robust, secure and efficient services. With BaaS, financial institutions can generate new revenue through partnerships with tech companies instead of losing customers to the fintechs.

With these innovations, banks need to evolve their definition of success. New KPIs should include customer engagement time, number of touchpoints and data collected.



Generative AI is supercharging customer engagement and automated efficiencies.

Adopting AI

It's hard not to be jaded or nervous about AI in the wake of the popularity and crash of cryptocurrency in the banking industry last year.

Both crypto and AI have been disrupting the industry, but AI innovators aren't looking to completely decentralize the financial industry, they're looking to enhance (and automate) it.

But it's understandable that risk-averse banks are hesitant to immediately jump on the AI bandwagon.

Those that plan to use AI are more comfortable using more established AI tools for tasks such as financial reporting and sales and growth.

Many have used enterprise data solutions like ERPs or CRMs to automate tasks like compiling data for analysis.

What are the main barriers to using AI tools?

65%	Cybersecurity concerns
62%	Data readiness
55%	Fraud risk
45%	Liability

How likely are to you use or implement AI tools in the next 12-18 months?

23%	Very likely
35%	Likely
28%	Somewhat likely
15%	Not likely

What's supercharging these tools is generative AI, which takes automation a step further by generating new content and making intelligent decisions based on patterns and trends identified by vast volumes of data.

Regional banks — often more nimble and quicker to innovate — are more likely to push beyond the traditional data roles for AI. Sixty-five percent said they plan to use AI for credit decisioning and ranked sales/growth usage lower at #3.

For those willing to look beyond the traditional uses of AI, generative AI can give them a competitive advantage.

Some banks are using generative AI in the background to help improve efficiencies, such as summarizing service calls or assisting software engineers in code development.

But AI — whether you build or buy — is a significant investment for banks, and executives will need to be thoughtful about how to measure success and ROI of that investment.

How do you plan to use AI in the next year?

59% Financial reporting

56% Sales and growth

53% Credit decisioning

46% Operations

35% Loan underwriting

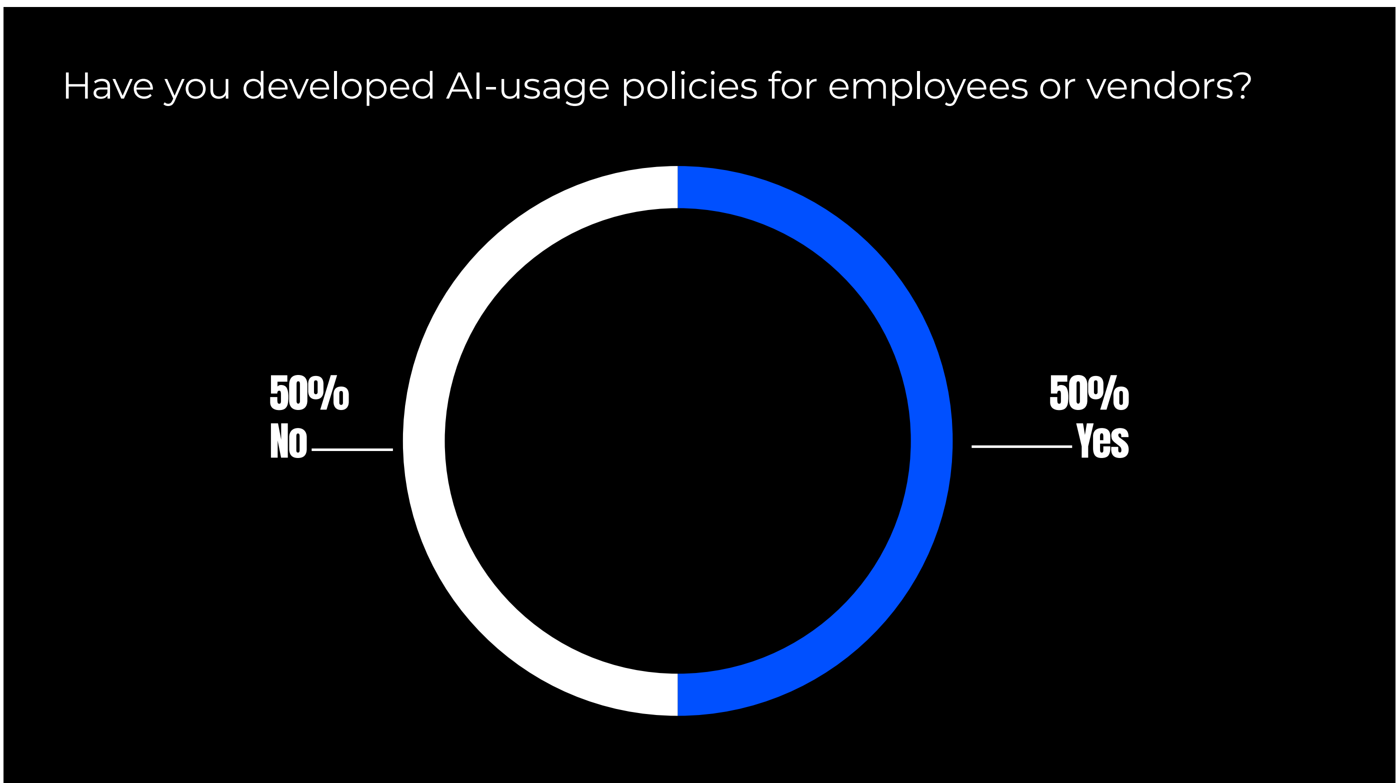
It's important to note banks are rightfully concerned with AI in terms of cybersecurity, fraud and liability. Implementation processes, ongoing governance, privacy policies and employee training are also crucial elements to lowering that risk — not to mention meeting compliance and regulatory reporting standards.

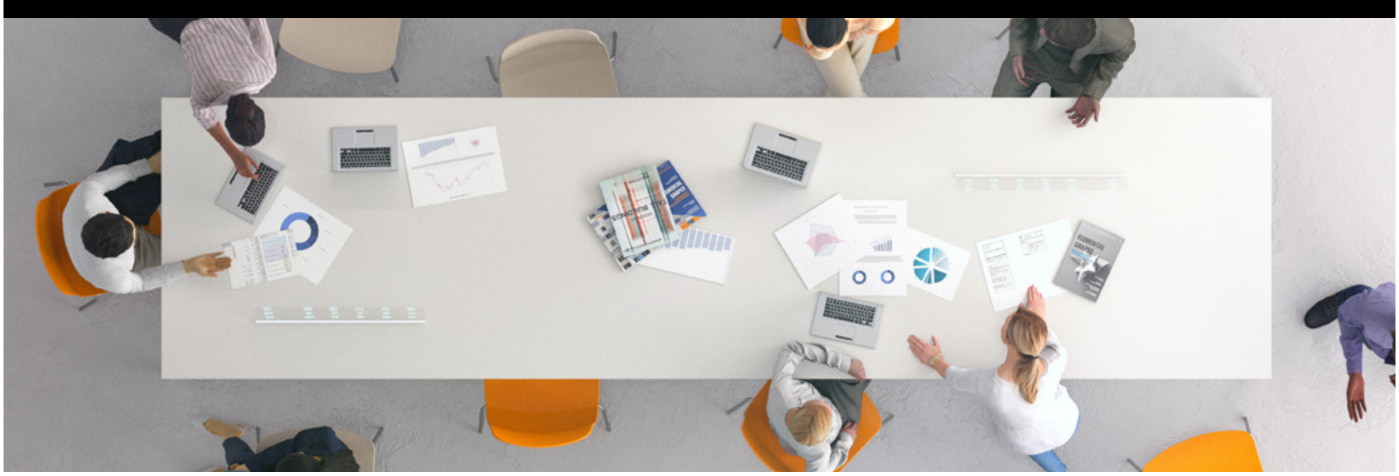
For example, generative AI can analyze market data, customer behaviors and credit histories to provide insights into investment opportunities, risk management strategies and portfolio optimization.

But banks need to ensure data governance and information controls are established so no sensitive data is exposed.

Data governance is also crucial to ensure incomplete or biased data doesn't cause unfair lending practices or poor product recommendations.

Banks that are dipping their toes into AI are smart to have developed policies for employees and vendors for using AI. While only half reported doing that so far, we expect that number to continue to climb as more innovative uses of generative AI are adopted.





Unbanked and underbanked populations

Describe your strategies for reaching unbanked and underbanked households

35% Financial inclusion and accessibility

20% Community engagement and partnerships

15% Digital banking and technology

10% Financial education and literacy

10% Product offerings and discounts

10% Housing and loan programs

How familiar are you with challenges of unbanked or underbanked populations?

57% Somewhat familiar

39% Very familiar

4% Not familiar

Most financial institutions — a full 56% — said they don't have a strategy to serve underbanked or unbanked populations.

The U.S. government estimates there are millions who need more bank services:

- **5.9 million** people in the U.S. are unbanked because they do not have an FDIC-insured checking or savings account.
- **18.8 million** householders in the U.S. are underbanked because, although they have an FDIC-insured account, they regularly use alternative financial services, such as payday loans or money transfer services.

Our research results show that more than half the banks don't have any strategies to serve those individuals. Of the 44% that do, those strategies include focusing on accessibility, education, technoloy and loan programs.

It's surprising to see only 15% of those strategies involve digital banking and technology because almost every household has a cellphone, which would help banks reach those in rural areas that don't have easy access to brick-and-mortar facilities.

For the 56% that don't have a strategy, the root issue may be a lack of familiarity with those populations.

Many unbanked and underbanked people could benefit from banks investing in enhancing digital experiences since many live in areas without easy access to banks. Distrust of banks and poor financial self-image are two other reasons that keep people away from banks.

Hopefully, banks' financial well-being efforts and more proactive outreach to gain new customers will help combat those blockers so these populations don't continue to fall victim to predatory financial services.

Thoughts on the future

Impatient customers will not stand still, and technology will not stop evolving while banks wait to take action.

Succession planning cannot wait.

More than 12,000 people will turn 65 *every* single day in 2024. Banks are already seeing higher turnover and shorter tenures in their leadership ranks, and that's likely to only increase as more hit retirement age or just opt out of learning new skills in an increasingly complex and regulated industry.

If not already, banks need to build succession planning into their strategic plans and ensure they find, distribute and develop the talent they need for tomorrow as much as the talent they need today.

Effective strategic succession plans start with an enterprise risk evaluation that identifies the talent gaps that pose the most risk, which oftentimes can be well below the executive leadership level. The best succession planning strategies also evaluate continuity of operations and knowledge management.

On a brighter note, employment experts are dubbing 2024 the year of the "great stay" and are predicting that the mass resignations and career changes will stabilize this year.

But banks that are already facing talent pipeline shortages can't afford to cross their fingers and hope that we won't see another 50.5 million people quit their jobs this year.

They need to invest in making sure employees are engaged, happy and see a future in their current roles by investing more in their internal brand strategy to ensure they are showcasing their strengths to those who are already in their ranks, not just new recruits.

Banks should continue to focus on providing mentoring, career pathing and learning opportunities.

AI evolution is supercharged.

Whether it thrills you or terrifies you, generative AI is here and evolving faster than we humans can keep up. But falling behind – which is what's happening to banks who are doing nothing – won't lead to success.

Email was invented in 1971 but didn't become mainstream for another 15 to 20 years. AI won't move that slow and banks can't afford to watch in the wings. Yet moving forward doesn't mean throwing caution to the wind. AI policies, data governance and cybersecurity are critical.

The deluge of AI products and promises flying around make it hard to sort fact from fiction, secure from insecure. That's why it's worth investing in hiring the right expertise to guide you. AI is evolving so rapidly that it requires specialized, focused knowledge that many in-house traditional tech teams in banks don't have.

Consultants and vendors who live in the AI space can help banks clear cost and expertise hurdles. By ensuring everything from their data and processes to their people are ready for AI, experts can help banks get the ROI they need from AI, both safely and securely.

So, whether you buy, borrow or rent it, it's here to stay.

Cybersecurity breaches aren't slowing down.

Cybercriminals are only getting smarter, many using generative AI tools to launch more sophisticated and brute attacks to get at banks' and their customers' sensitive data.

If banks don't have a dedicated cybersecurity team and chief information security officer, they should consider outsourcing that work to a knowledgeable team that is focused solely on cyberdefenses. Like AI, cybersecurity isn't something that can be left to technology generalists. It requires a high-level expertise and focus that never wavers from potential threats.

As the cost to hire in-house experts escalates and employment pipelines continue to run dry, outsourcing is an increasingly viable (and smart) alternative for banks.

AI policies, data governance and cybersecurity are critical.

Open banking will bring new challenges and responsibilities.

Open banking is focused on empowering consumers and businesses with better financial services and experiences, all of which start with trust.

Open banking is designed to make our lives easier by allowing consumers and businesses to enable third-party apps to access relevant financial data instantly and securely.

- Want to open a new account and transfer your funds into it? Easy.
- Want to use a fintech partner for a specialized service? Done.
- Want to change your bank due to convenience and better service? Click here.

In all of these cases and many more, open banking allows customers to access innovative digital banking and financial services through the web or any smart device.

The Consumer Financial Protection Bureau's march toward the shift to open banking is not something banks can ignore. It's already prevalent in Europe and likely to get clearance in the U.S. early in 2024.

That means banks will feel the pressure to adopt technologies to support open banking — and will increase the competition they face from fintechs and other financial institutions.

But banks that have a strong customer focus and frictionless customer experiences will have an advantage in the relationship and trust they have with customers. Customers demand banks to deliver safe and secure digital services. Institutions can reinforce that trust through transparent consent management practices that give consumers the power to authorize an app's access to their financial data and rescind that access at any time.

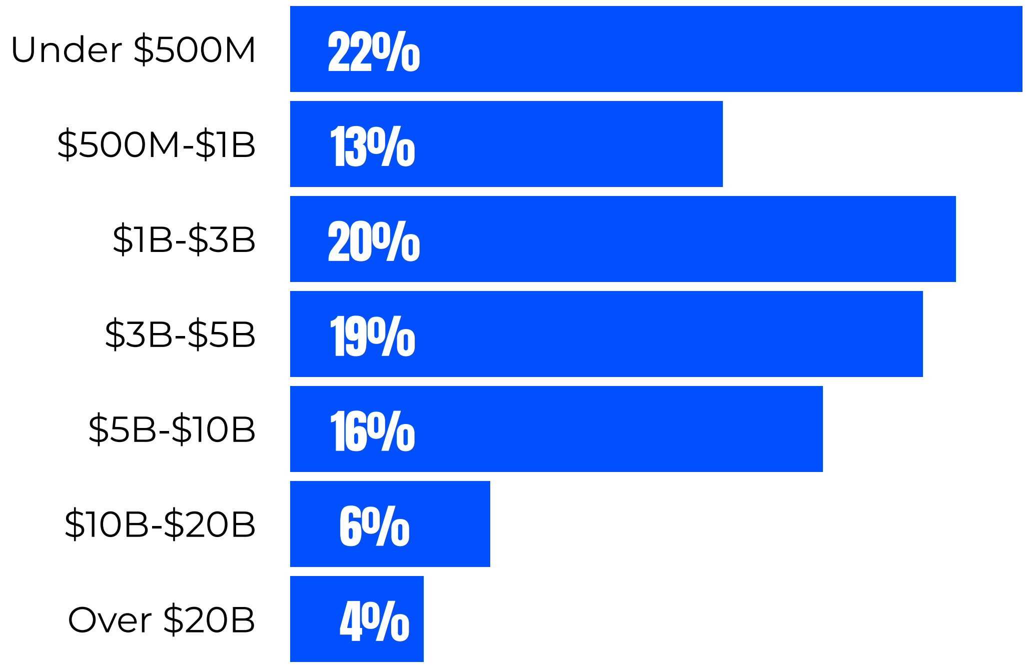
Likewise, financial institutions can give their customers better insights and more convenient services through open banking platforms while fintechs continue to innovate, design and build better consumer and business solutions and experiences through open banking technology.

Open banking will make it easier for customers to switch from a bad experience to a good one. So, banks need to start changing today — or they'll likely find themselves without a tomorrow.

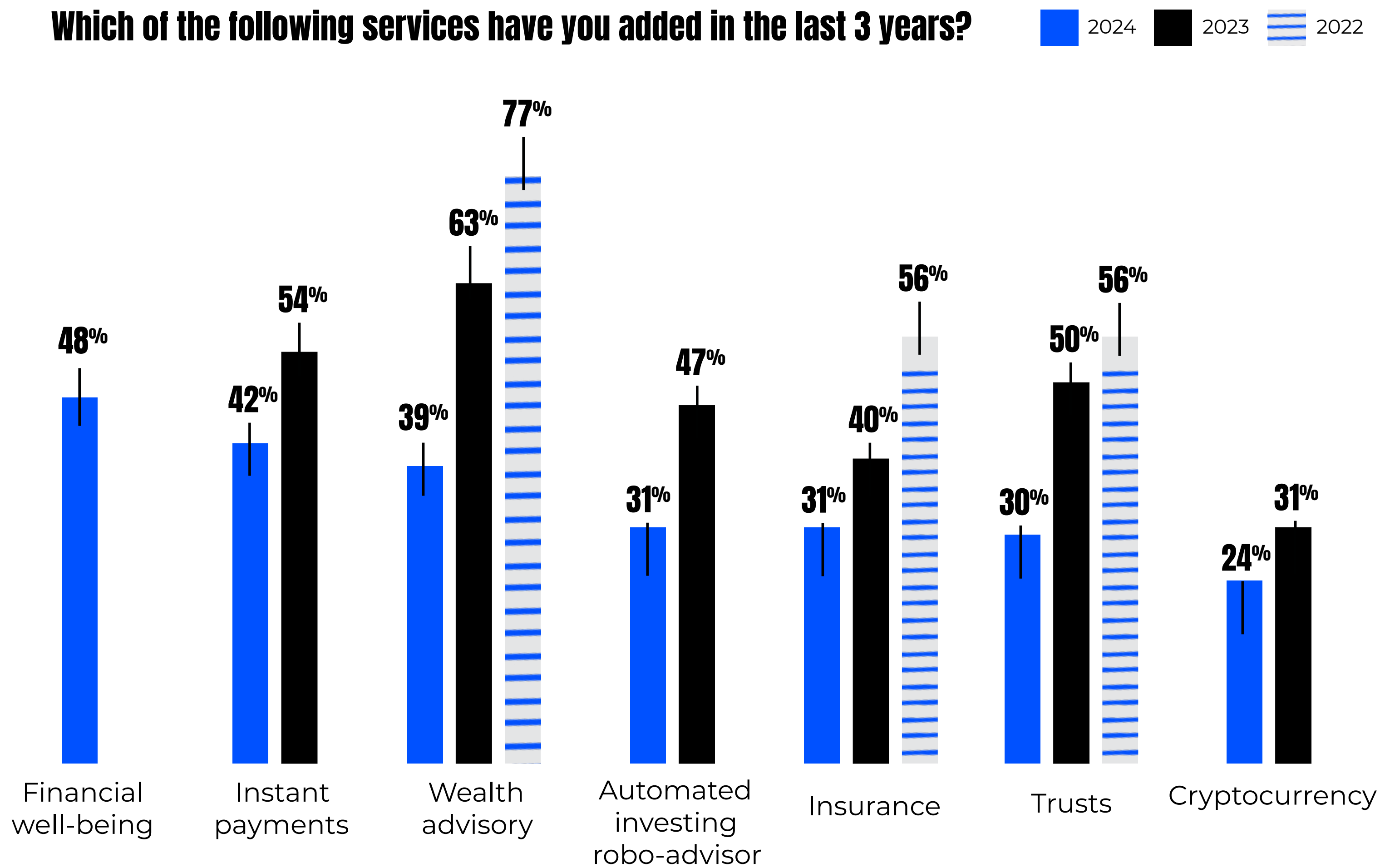
Appendix: The raw data

Wipfli received survey responses from 390 bank leaders in 28 states. The online survey responses were collected in October 2023. All responses were confidential and anonymous. Due to rounding, data may not add up to 100 in every instance.

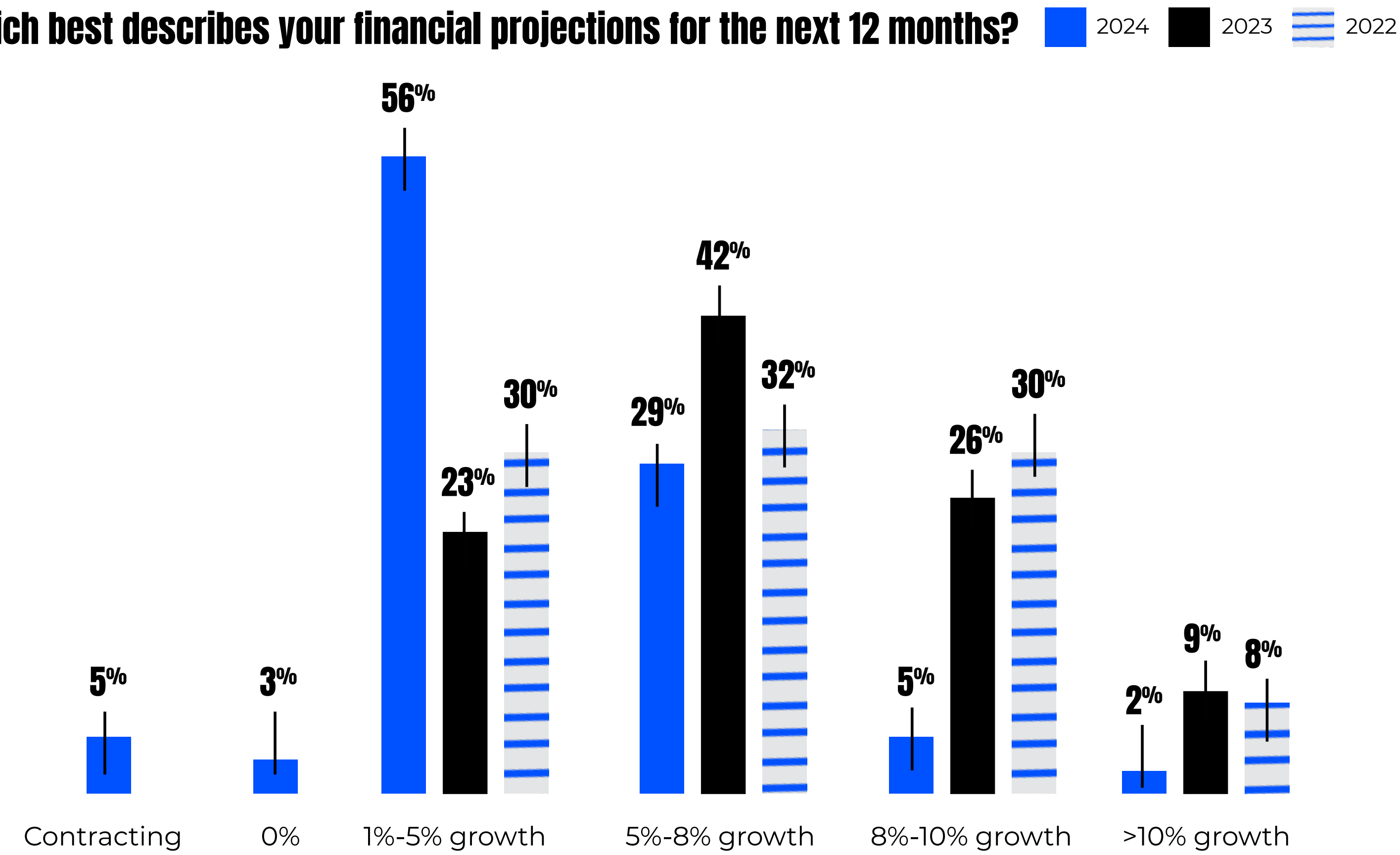
What is your current asset size?



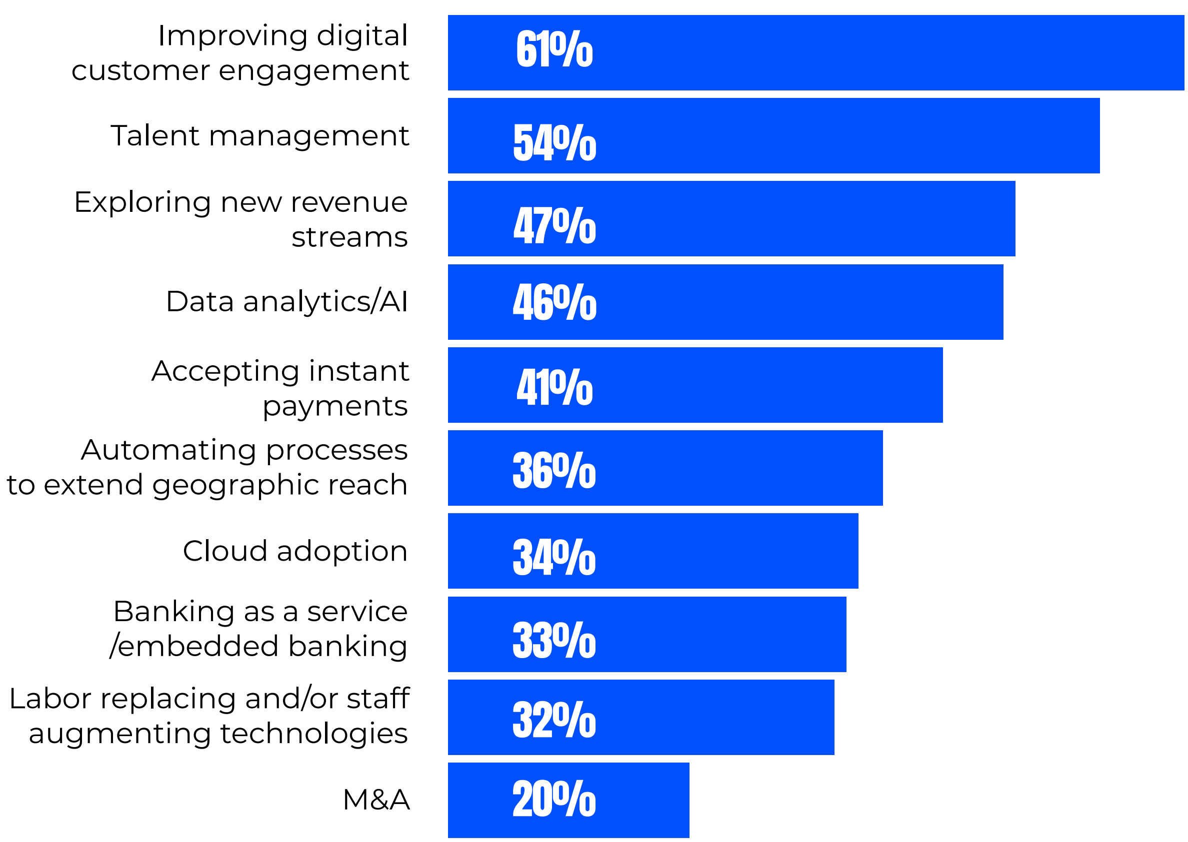
Which of the following services have you added in the last 3 years?



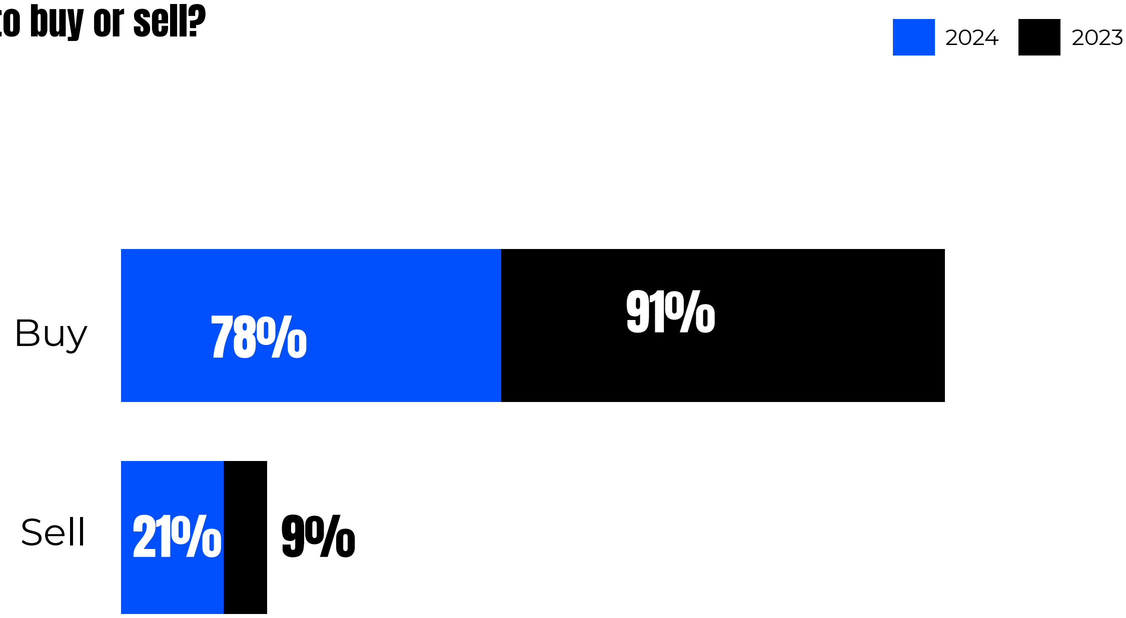
Which best describes your financial projections for the next 12 months?



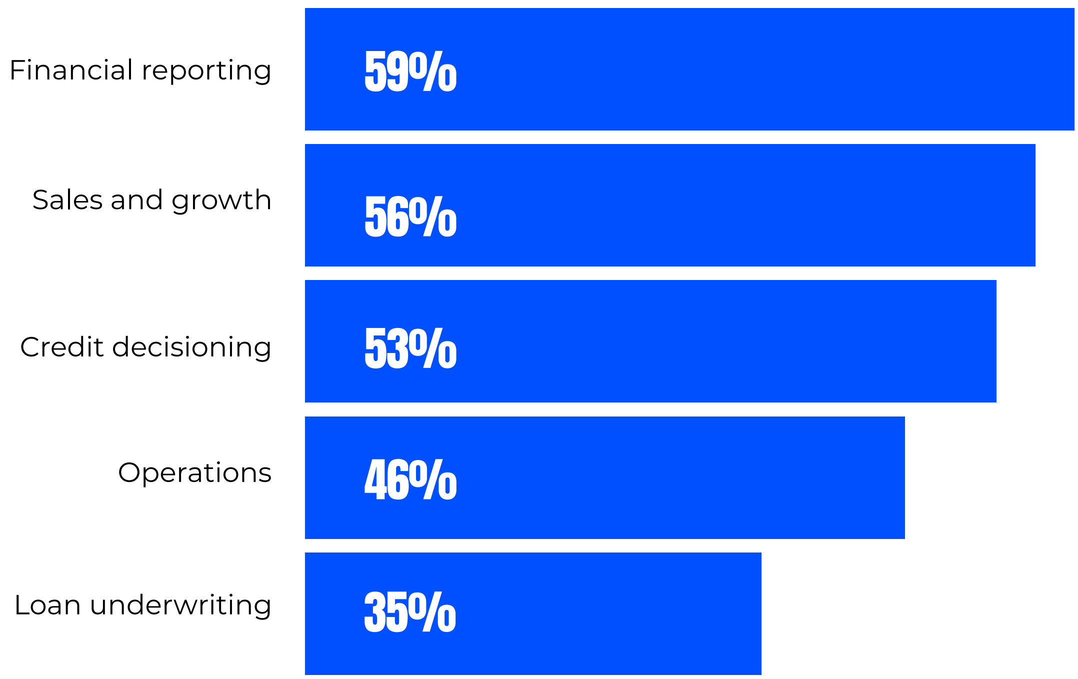
Of the following, please select the Top 5 strategies most important to your bank in 2024.



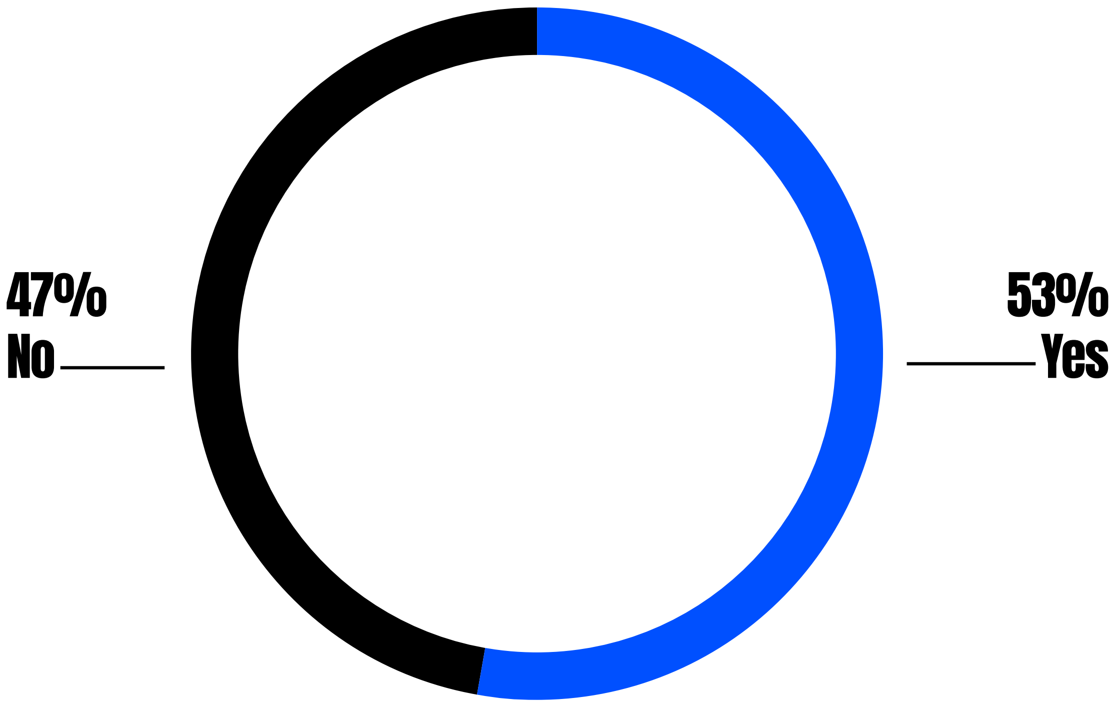
Are you planning to buy or sell?



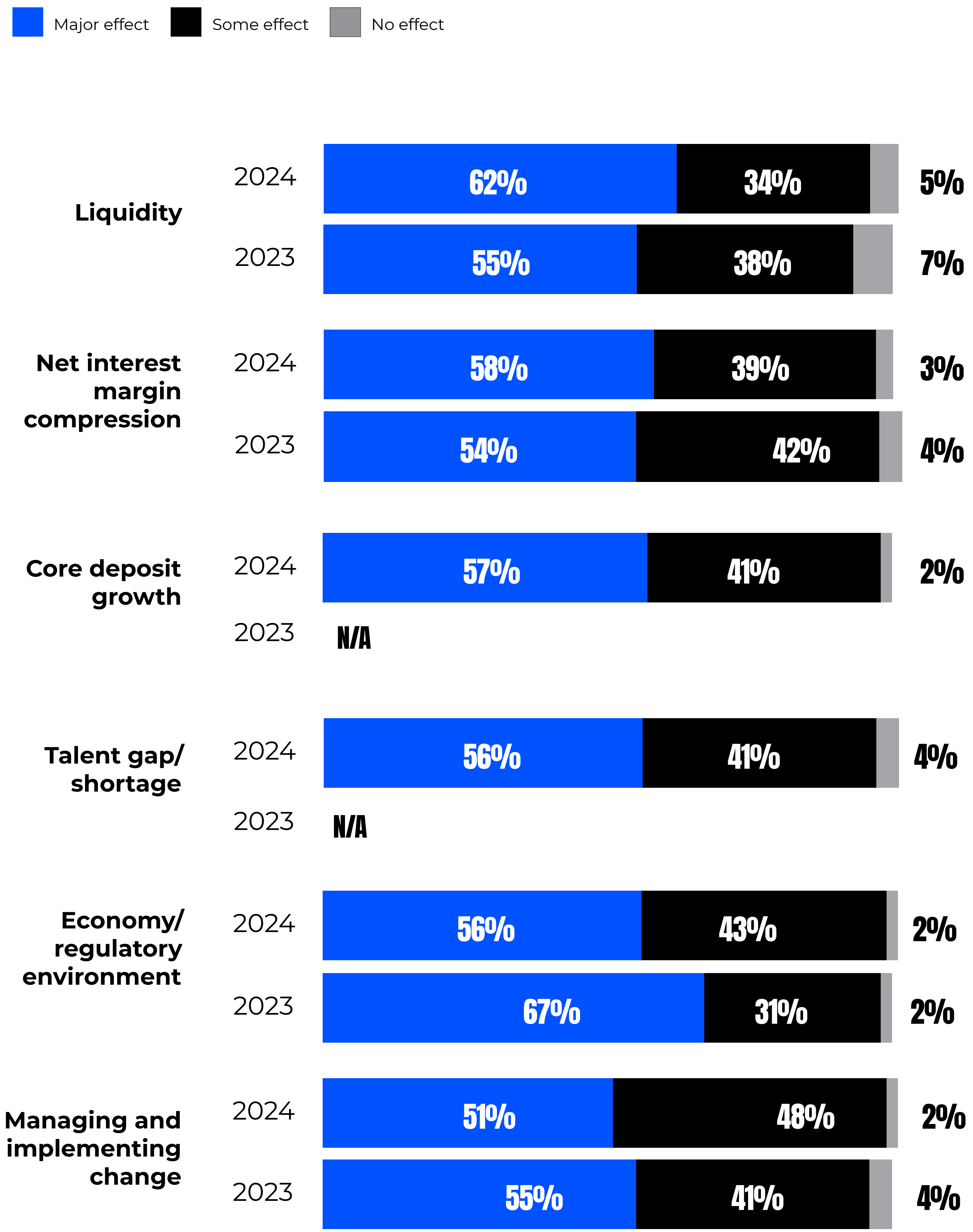
For which of the following areas does your institution plan to leverage AI in the next year?



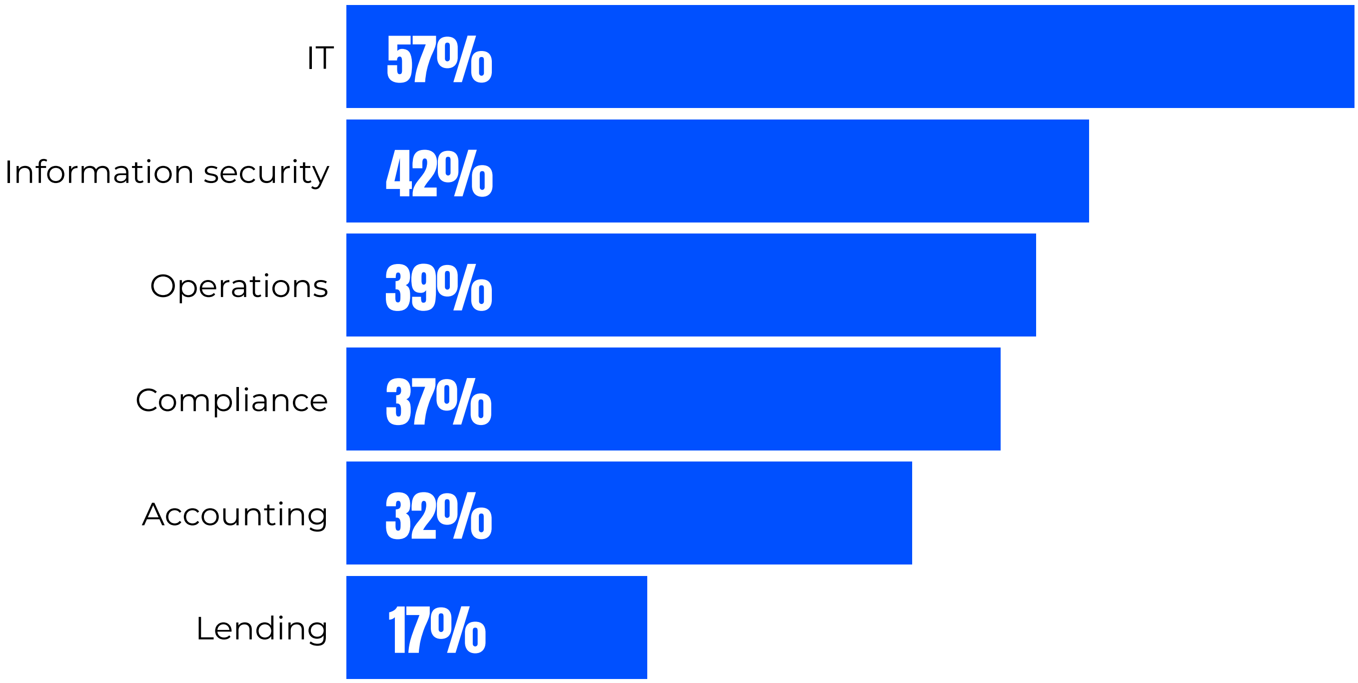
Overall, does your institution tend to embrace risk?



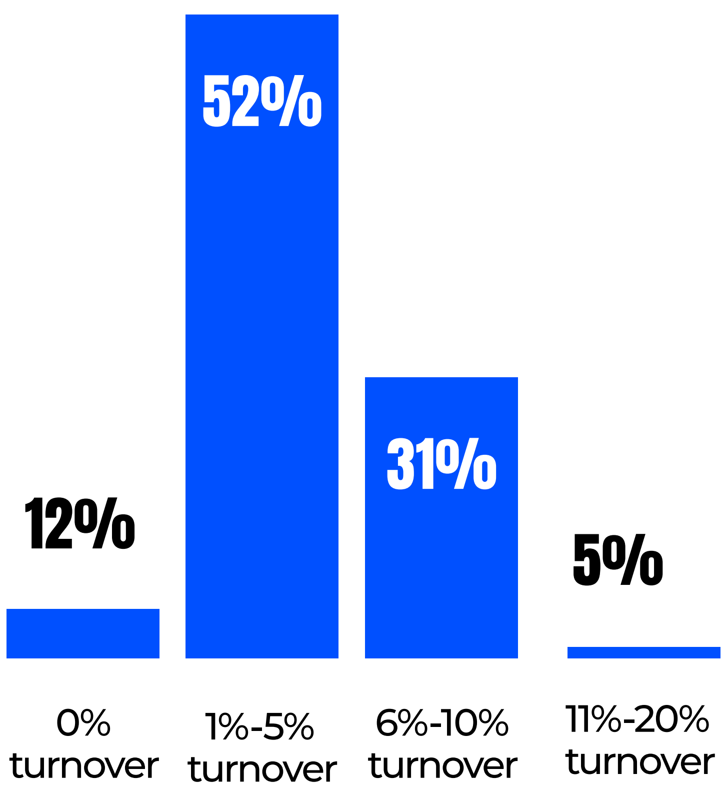
What effect do the following factors have on achieving your goals?



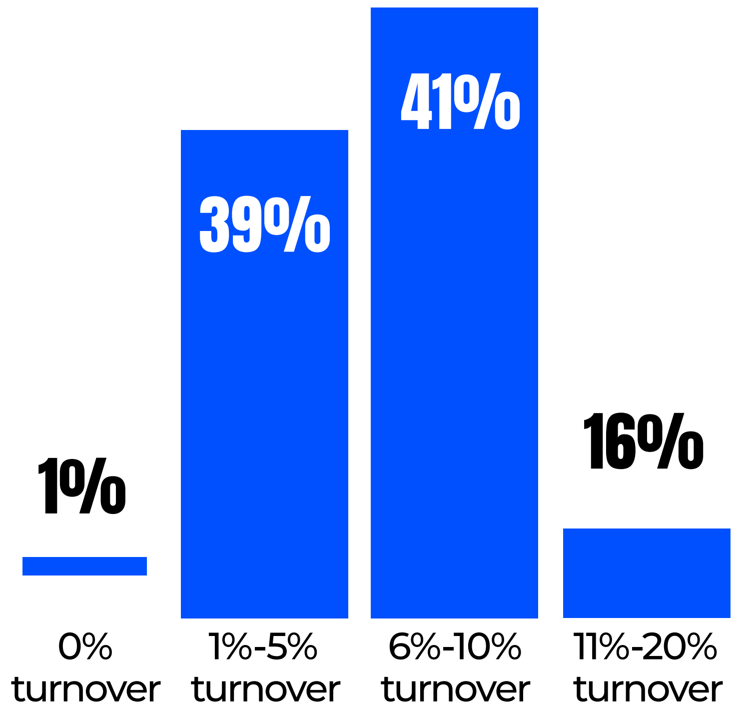
Which of the following departments have you considered outsourcing?



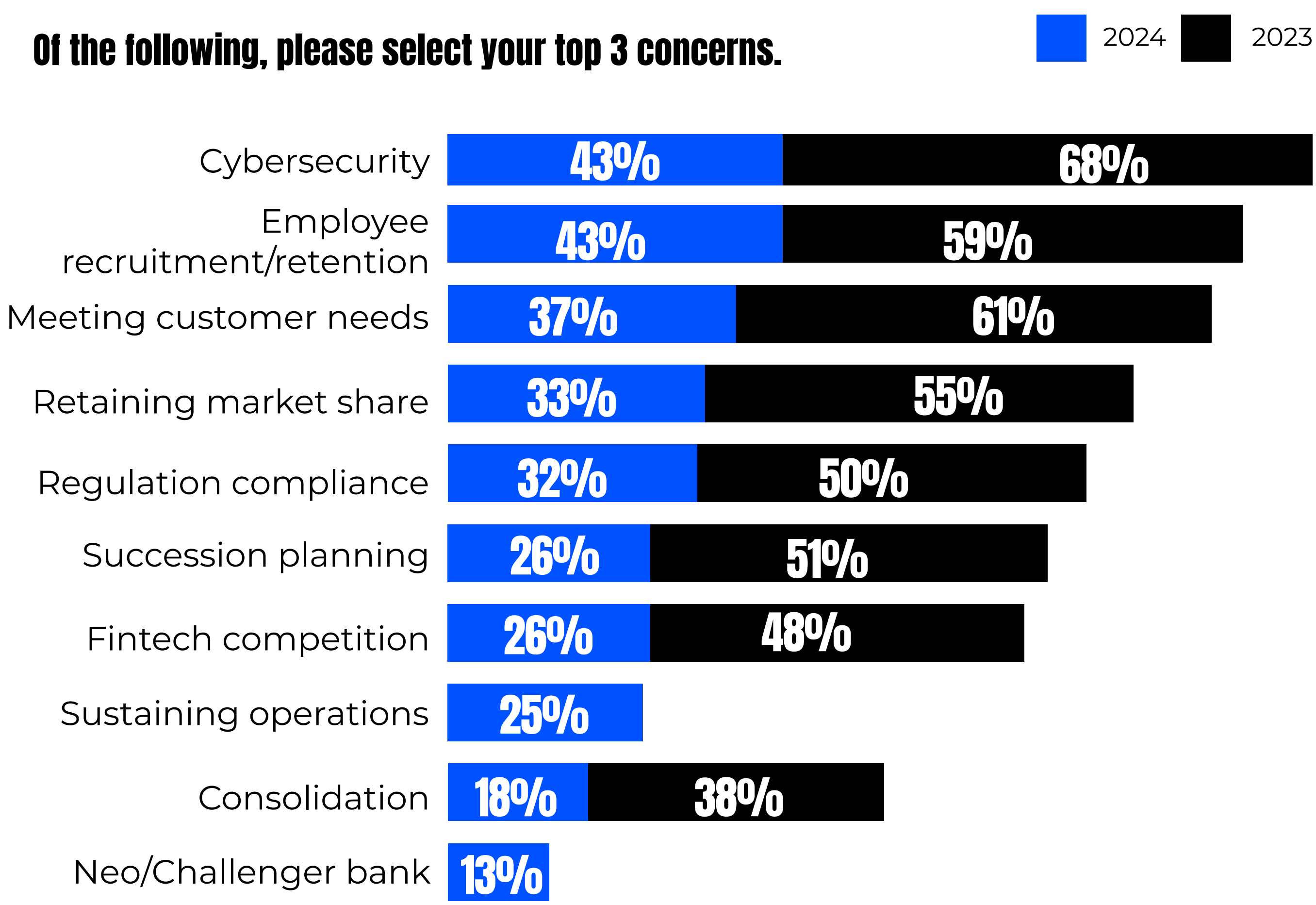
What is the annual labor turnover for leadership and management employees?



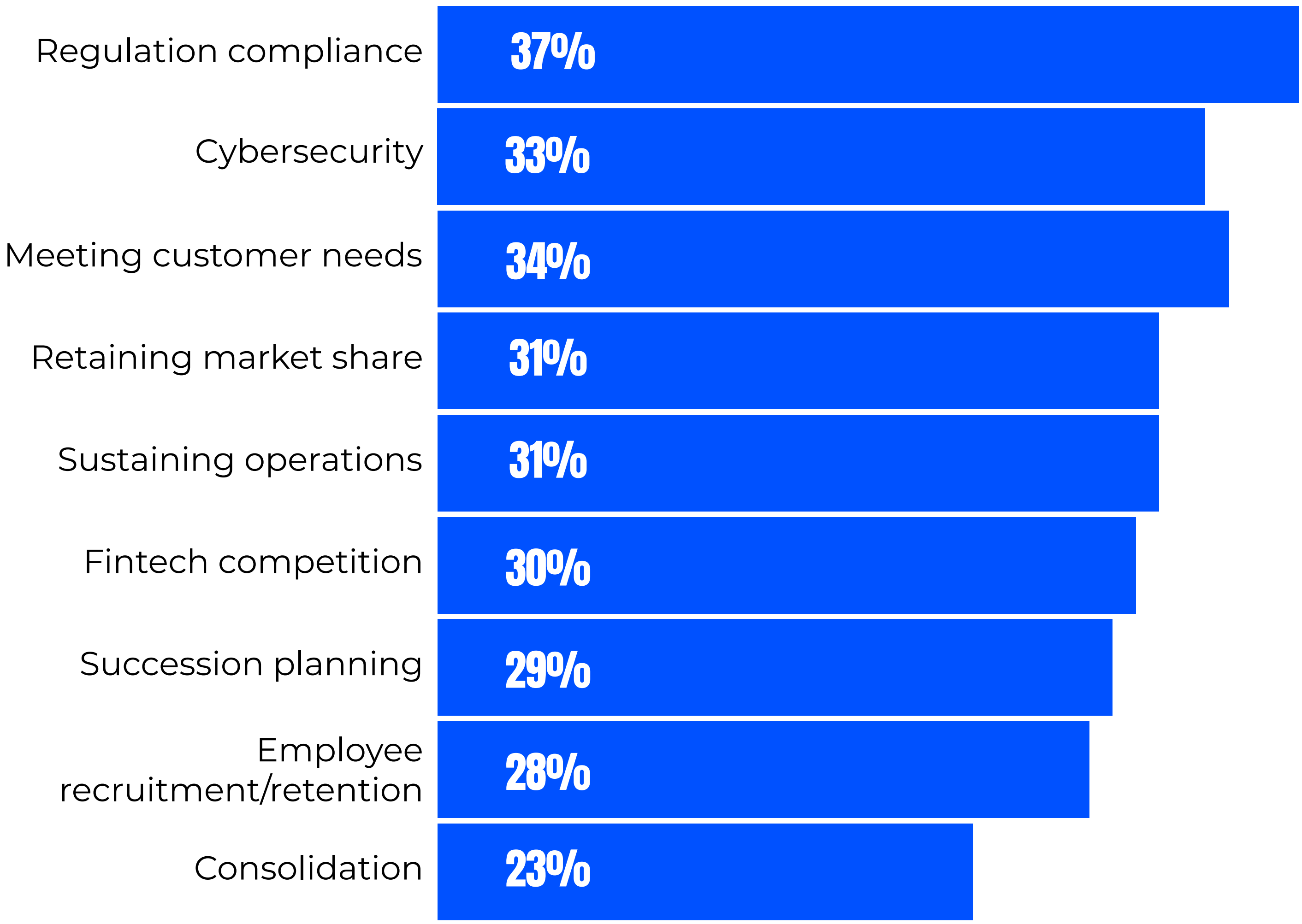
What is the annual labor turnover for frontline employees?



Of the following, please select your top 3 concerns.

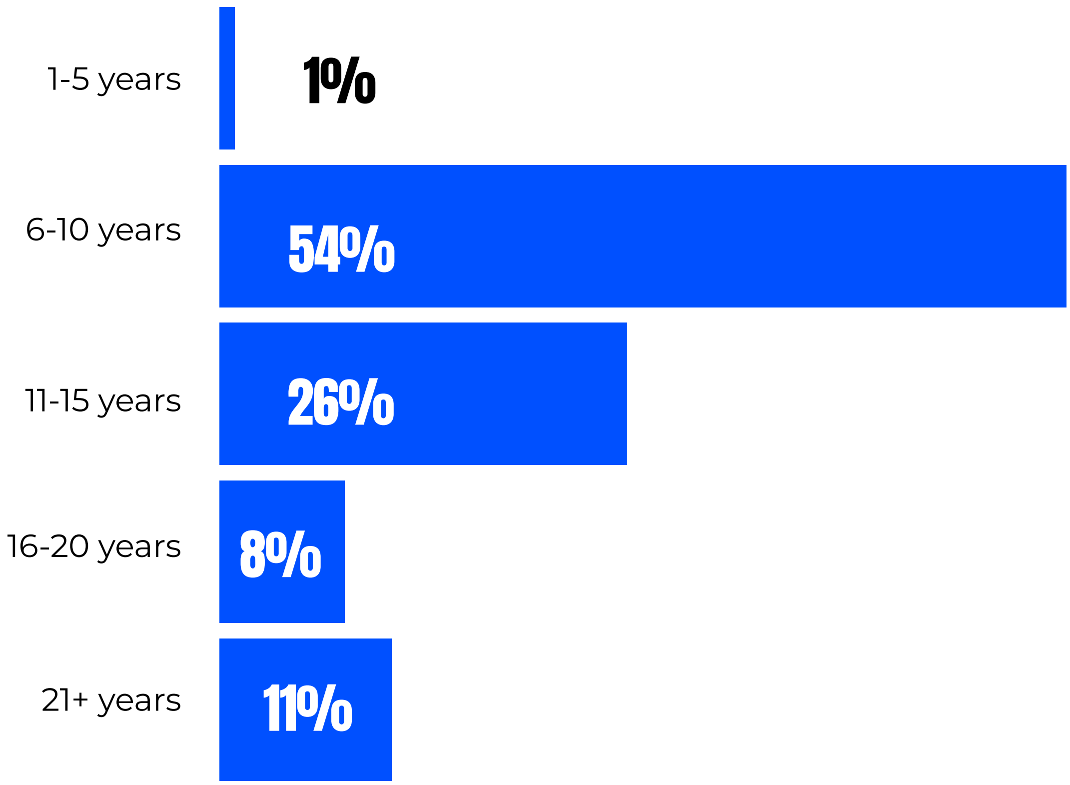


Top three concerns for regional banks with $3B-$5B in assets



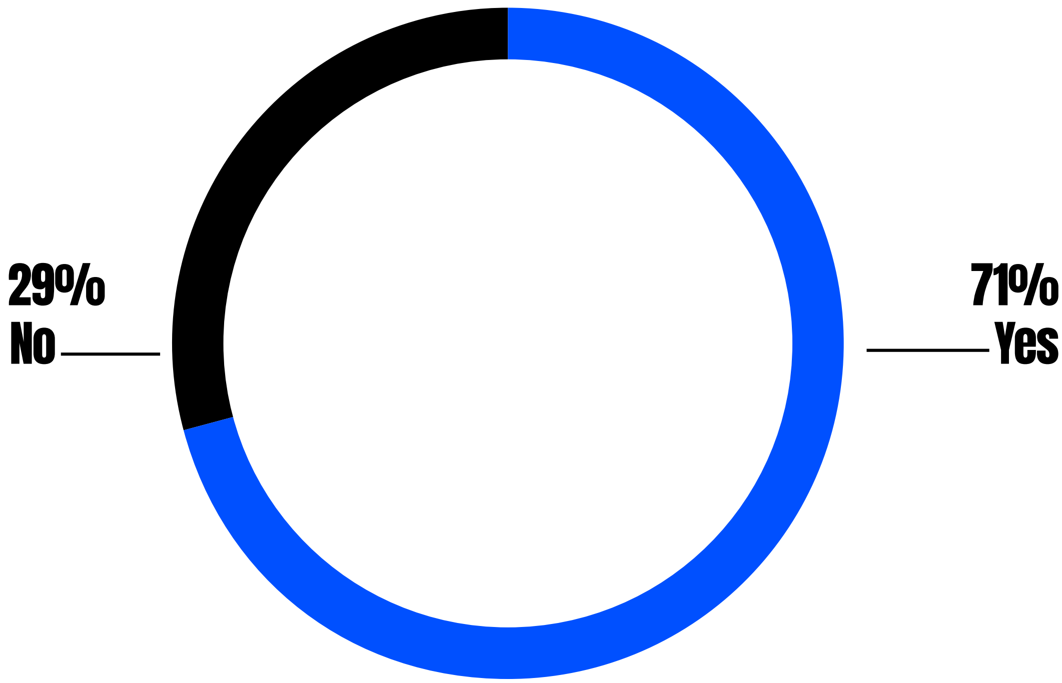
What are the average years of tenure of your executive team?

(Only asked of those selecting "succession planning" in prior question.)

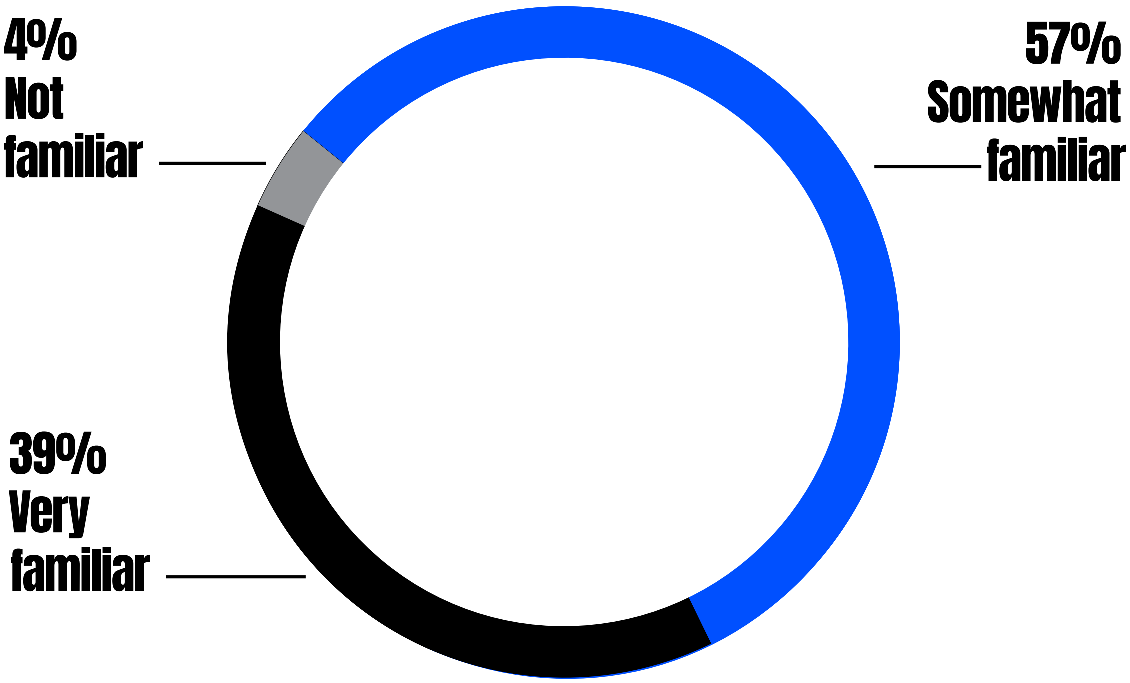


Does your bank provide leadership/executive training?

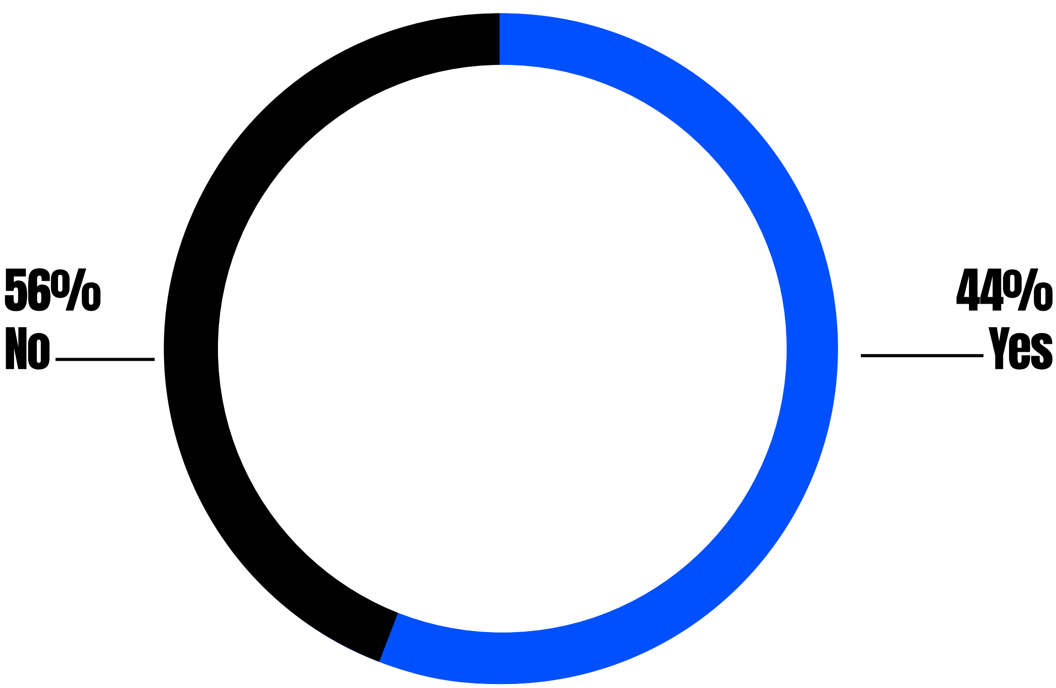
(Only asked of those selecting "succession planning" in prior question.)



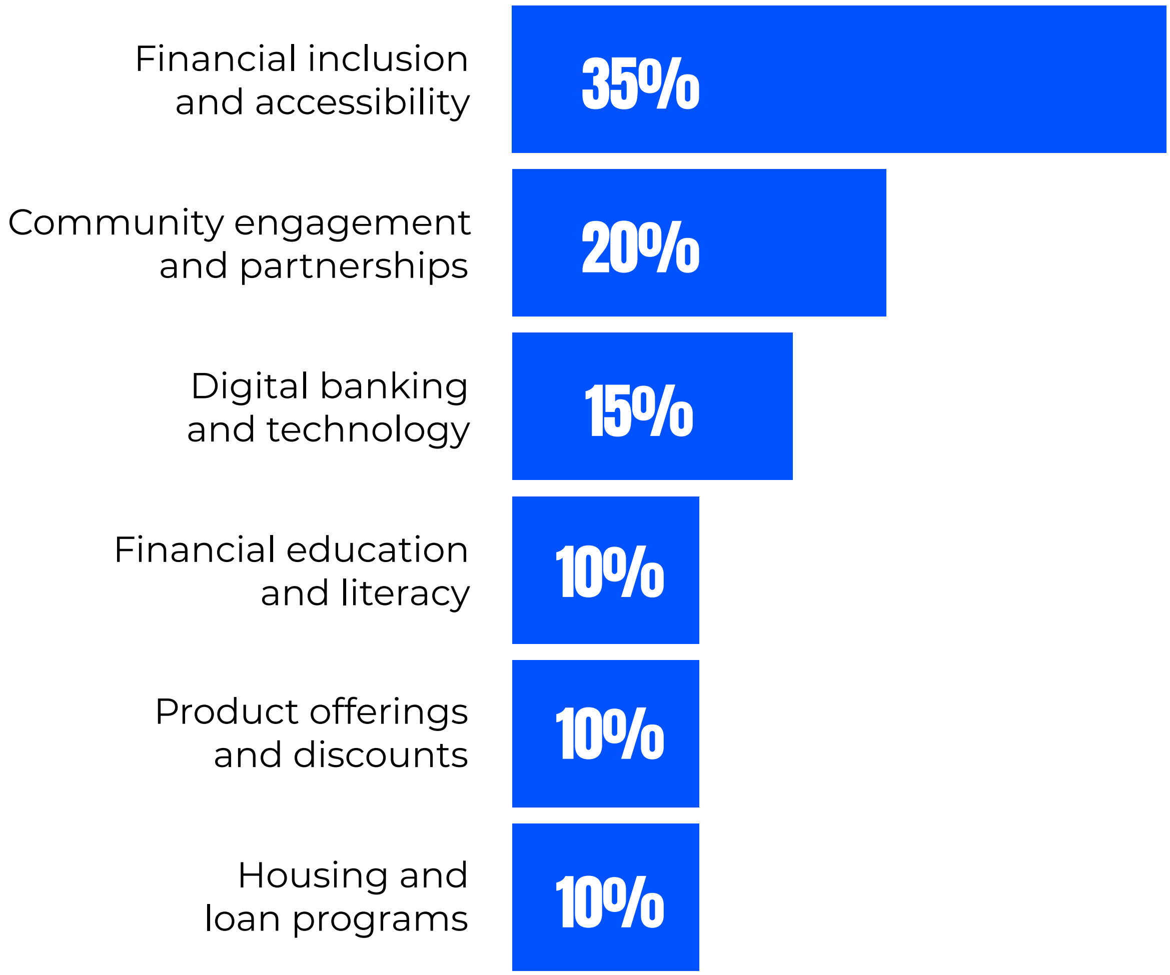
How familiar are you with the challenges faced by unbanked and underbanked populations in accessing financial services?



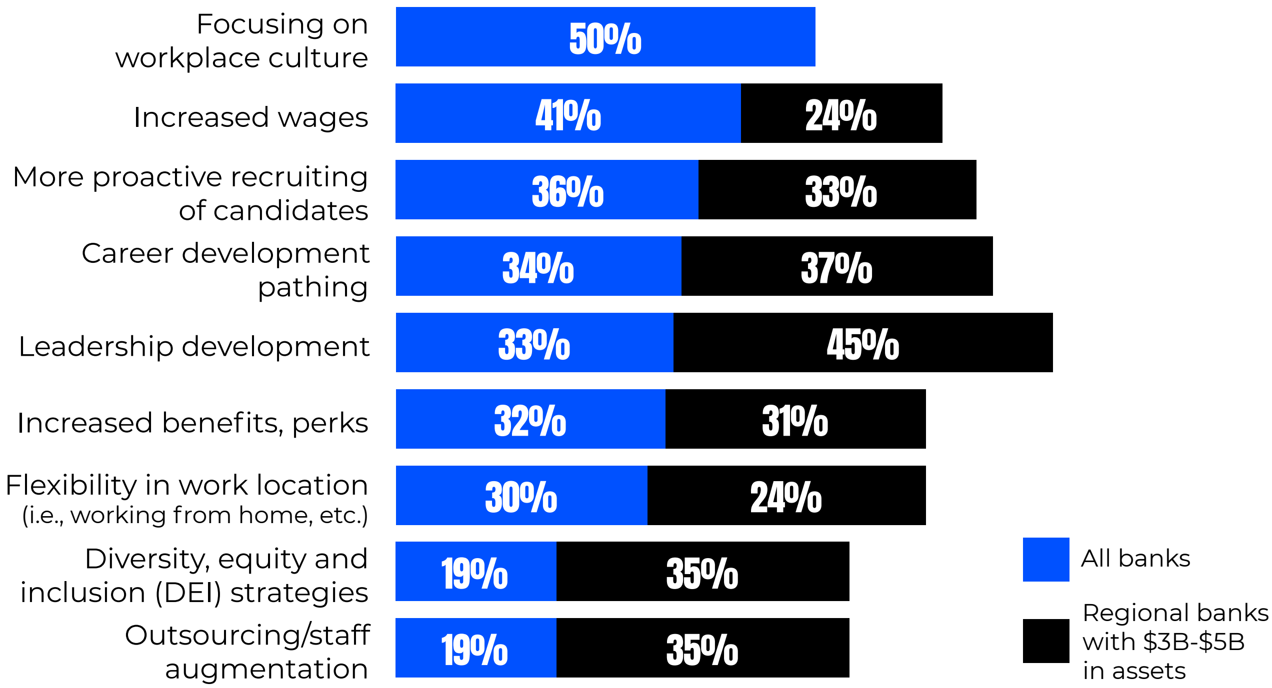
Does your bank have strategies in place to serve these individuals?



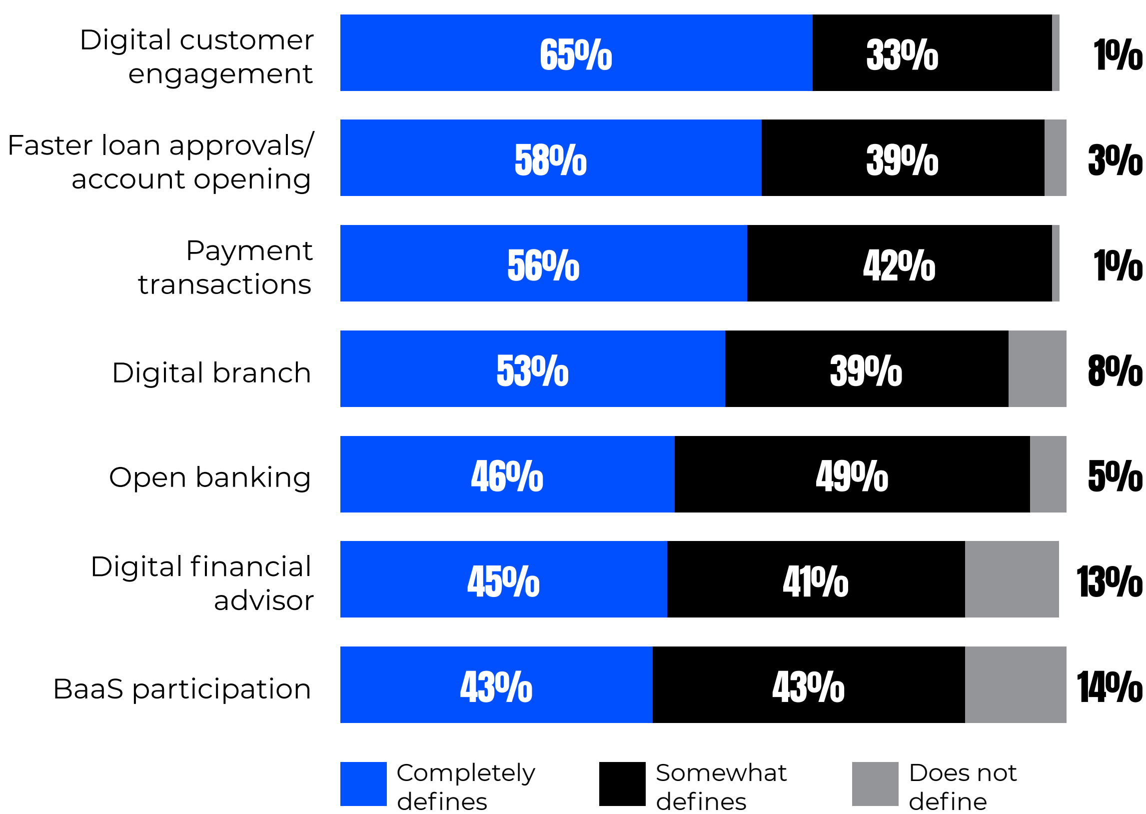
If yes, please describe these strategies:



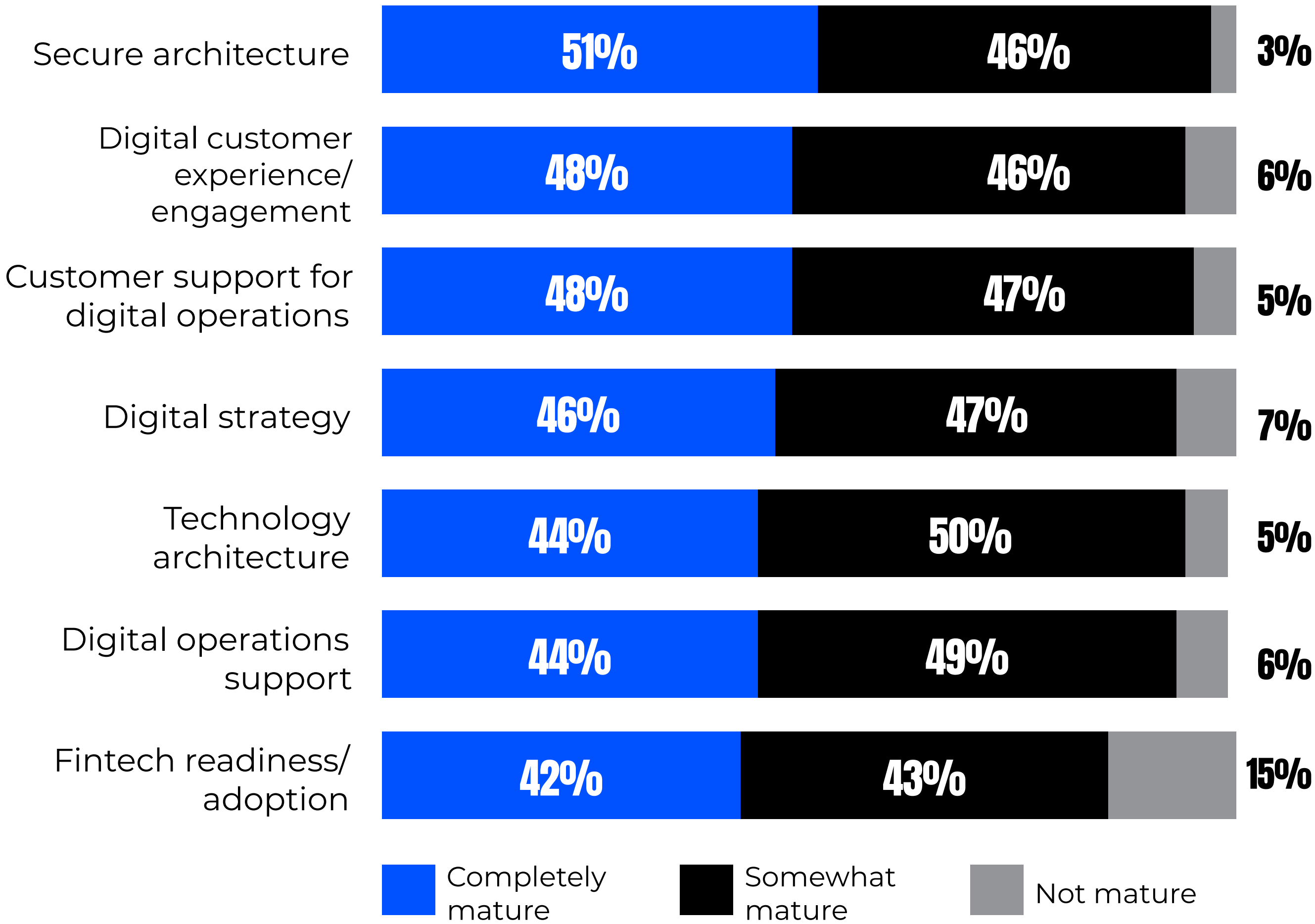
In the last 12 months, which of the following 3 actions have been most successful in addressing your recruitment/retention efforts? (Only asked of those concerned about “employee recruitment/retention.”)



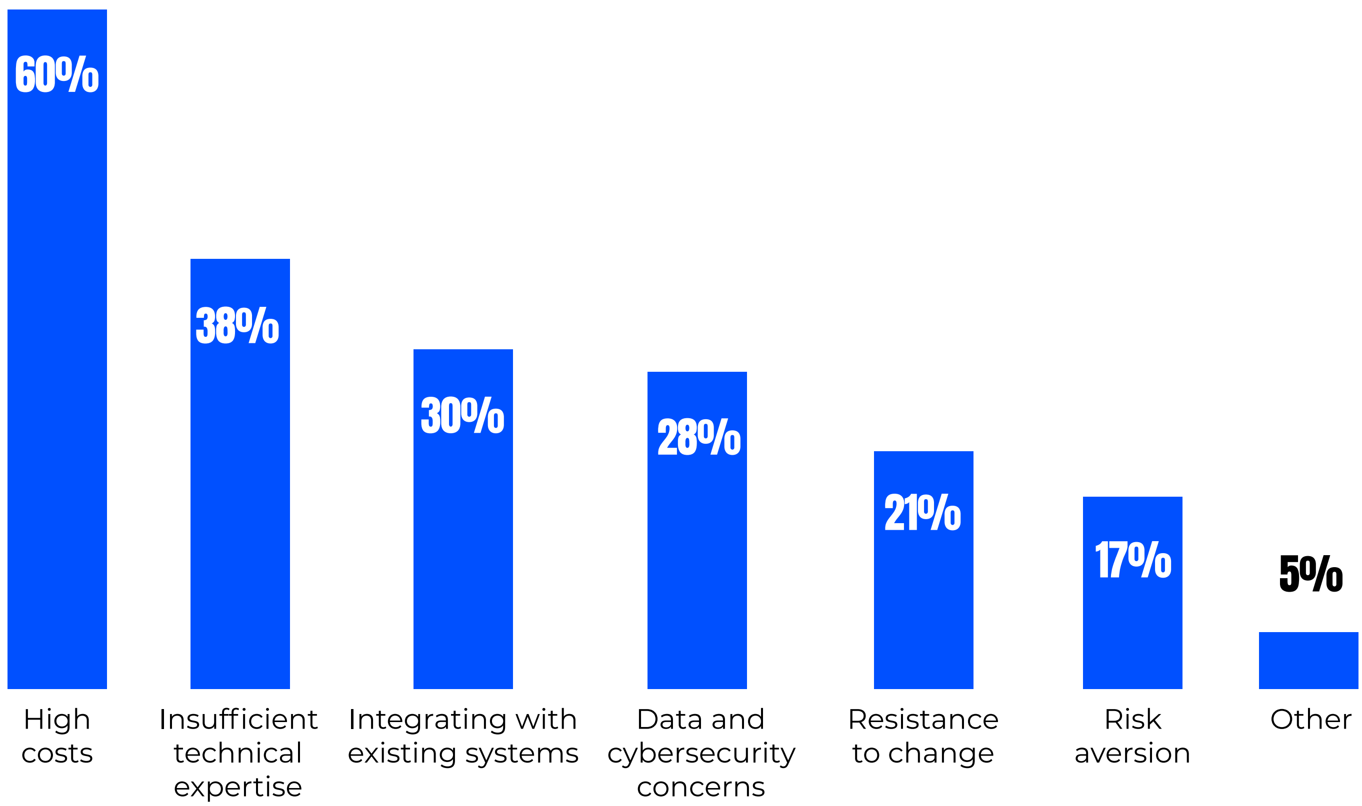
Of the following, which most closely defines digital transformation to you?



Please rate your institution's maturity level in the following digital transformation categories.



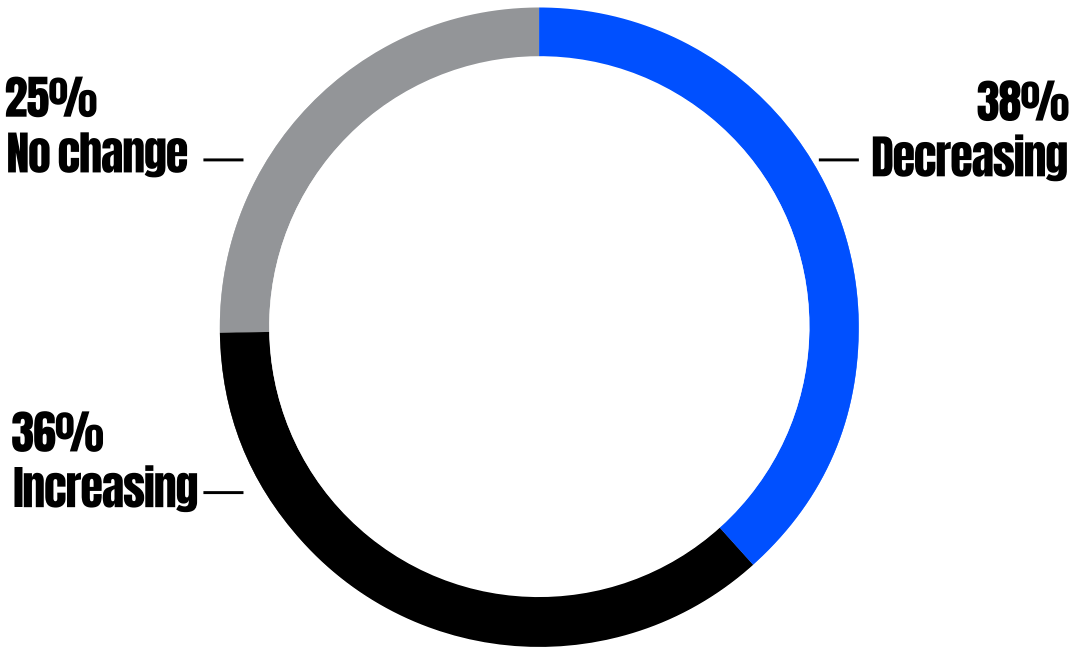
Of the following, what are the top 2 barriers to implementing the categories you rated as less mature? (Only asked of those rating one or more items in prior question to "not mature.")



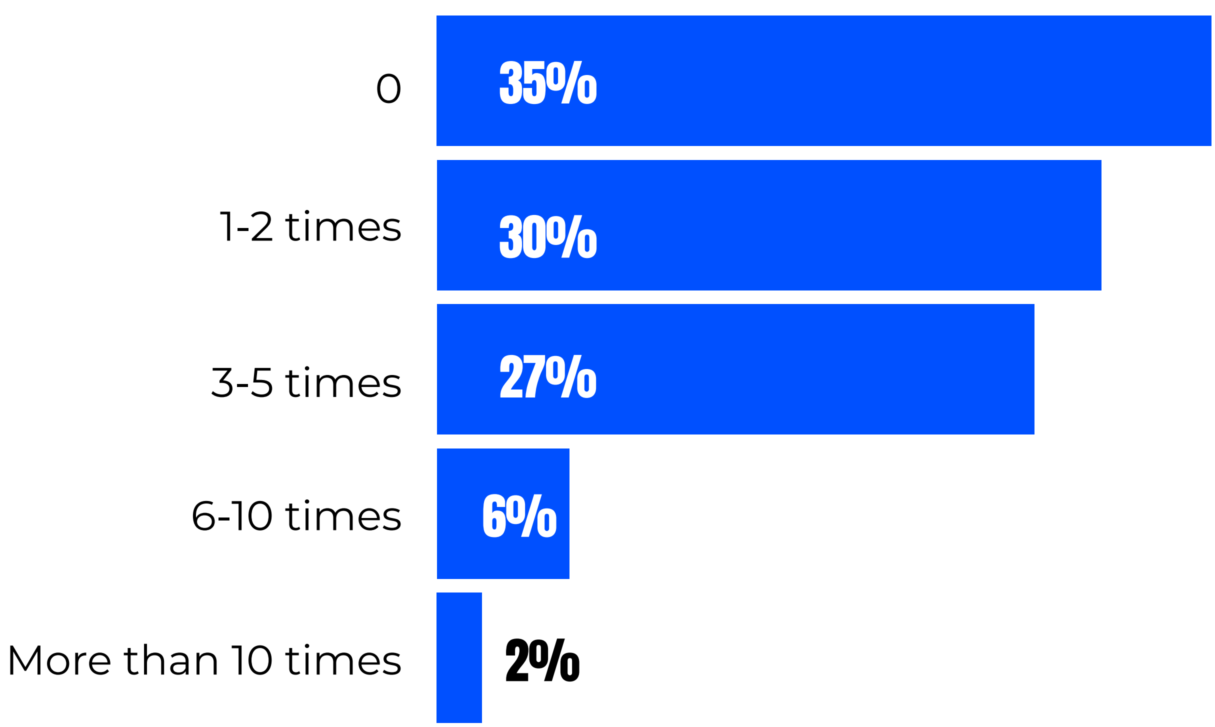
Cyberattacks continue to evolve at a record pace, compromising customer data and your institution's bottom line.

What actions has your bank taken in the past 12 months to ensure the security of its network and data?

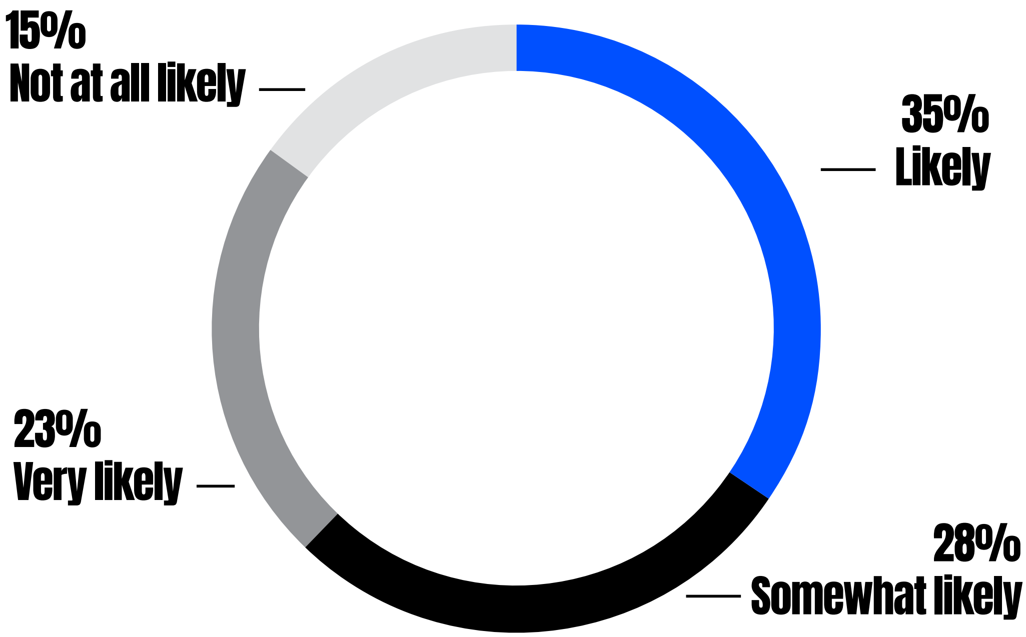
Which best describes the current level of fraud at your institution?



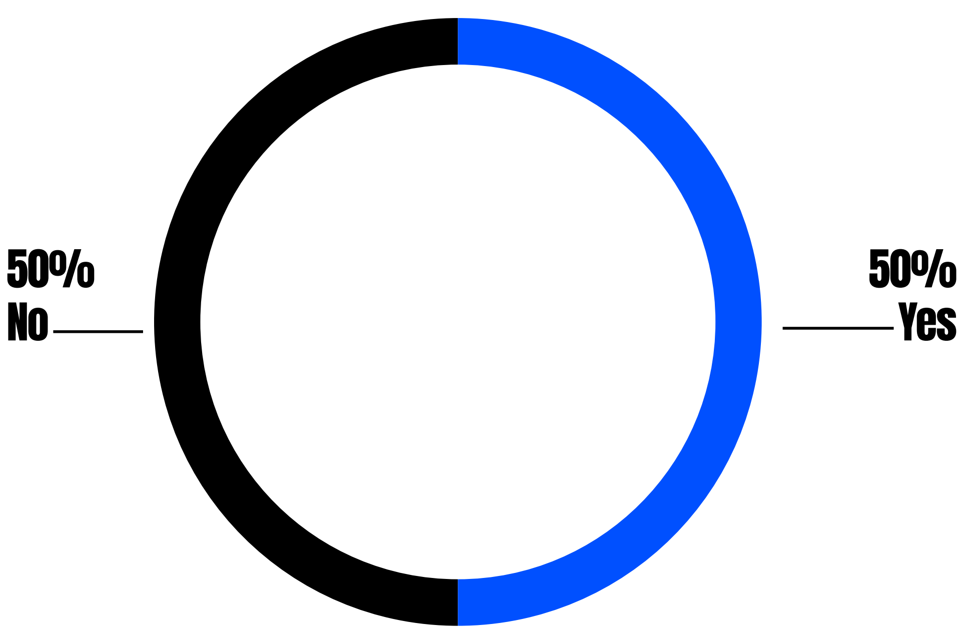
How many times in the past year has your bank identified unauthorized access to networks and data?



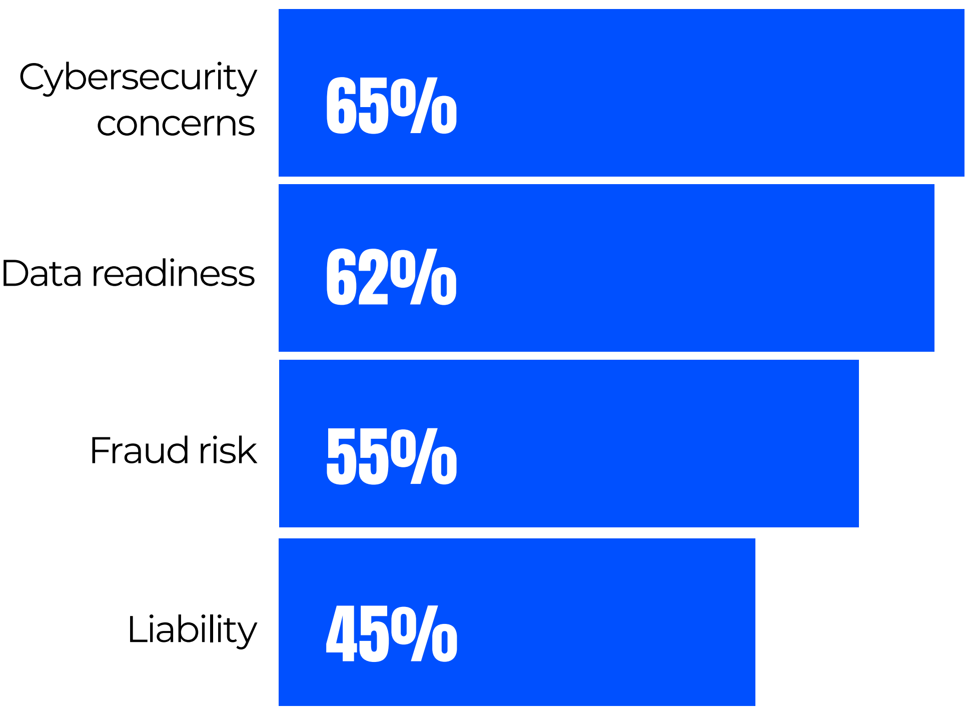
What is the likelihood that your institution will leverage or implement AI-based tools in the next 12-18 months?



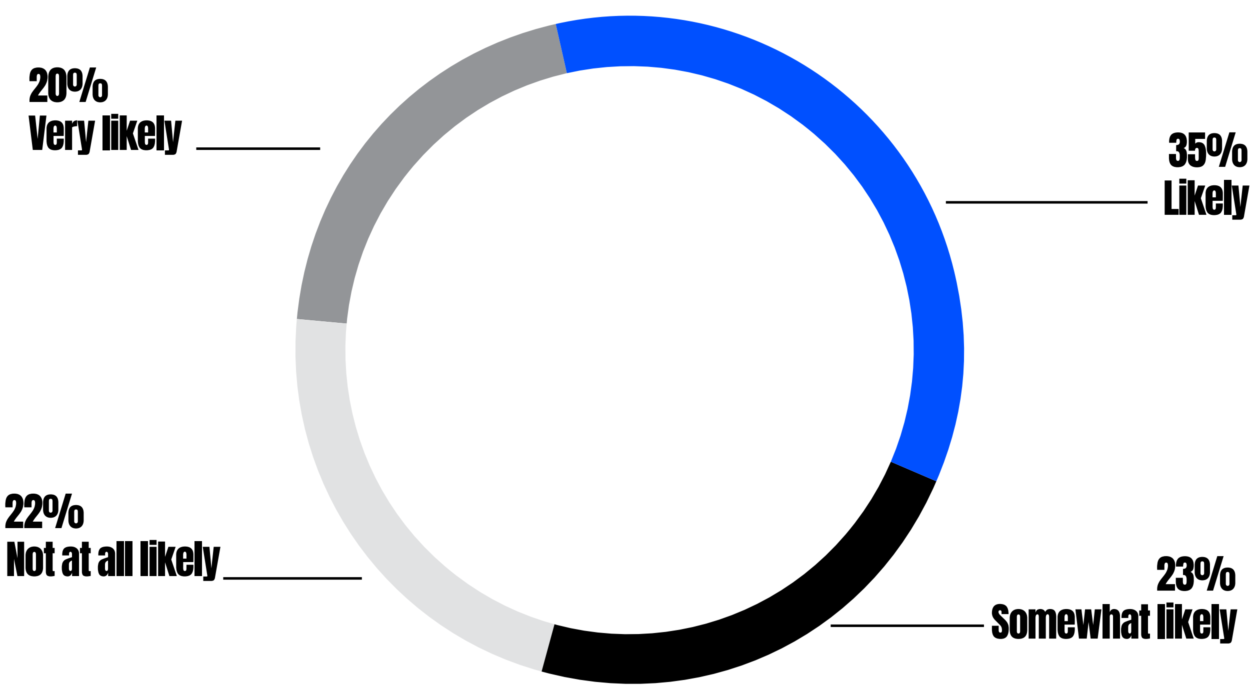
Has your institution developed policies on using AI-based tools (ChatGPT, etc.) for your employees and vendors?



What are the main barriers preventing your institution from implementing AI-based tools?

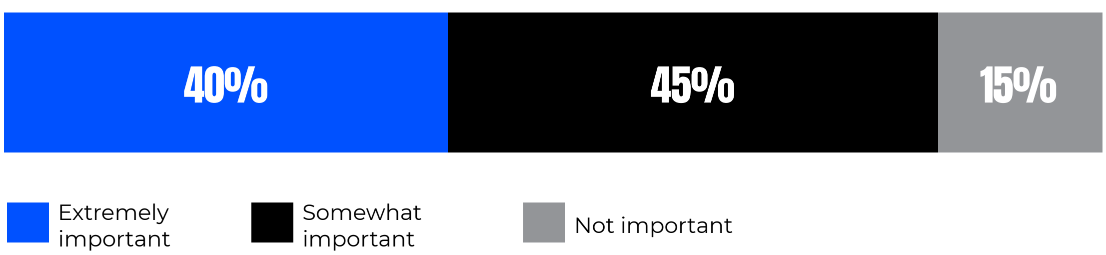


What is the likelihood that your institution will participate in BaaS or open AI services in the next 12-18 months?



If somewhat or not at all likely, what are the main barriers preventing your institution from participating in BaaS or open AI services?

How important is ESG (environmental, social and corporate governance) reporting to your bank?



Are you having difficulty quantifying any of the following ESG components at your bank?

(Only asked of those responding "very important" to previous question.)