

Precision Banking in 2026

Why Relevance, Dynamic Insights, and Strategic Partnerships Will Define the Winners

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Executive Summary

The banking industry is entering one of the most decisive periods in its history. In 2026, banks and credit unions will no longer compete primarily on product availability or scale, but on precision, the ability to deploy data, technology, and expertise in highly targeted, real-time ways that drive measurable growth.

Consumer loyalty is eroding. Operational margins are tightening. At the same time, mergers and acquisitions are returning to the U.S. banking landscape, increasing the complexity of integration and execution.

This paper examines why many banks and credit unions are structurally unprepared to operate with precision, and the operating decisions leaders must make now to close that gap.

To stay relevant and win in this environment, financial institutions must rethink how they make decisions, deploy resources, and partner for capability. Precision is no longer a competitive advantage. It is a survival requirement. Closing this precision gap requires more than incremental improvement; it demands an operating model that aligns real-time intelligence, economic decisioning, and execution, and a leadership choice about how quickly that capability is built.

The Precision Gap: Why Most Institutions Are Falling Short

While nearly every bank and credit union recognizes the need for greater precision, far fewer are equipped to deliver it. The gap is not awareness: it is execution.

Most financial institutions are attempting to operate with precision using operating models designed for scale. Legacy core systems, fragmented data architectures, static reporting, and siloed decision-making prevent institutions from acting with the speed and specificity today's environment demands.

As a result, many organizations experience the same pattern:

- Precision initiatives stall after pilot phases
- Data investments fail to translate into measurable performance gains
- Product, pricing, and vendor decisions remain disconnected from real-time economics
- Leadership teams lack a unified view of where capital, effort, and attention should be concentrated

This creates a dangerous illusion of progress. Institutions believe they are modernizing, yet the underlying decision system remains unchanged.

In a market defined by shrinking margins, rising complexity, and increasing customer volatility, this execution gap is no longer sustainable. Precision cannot be layered onto legacy models; it requires a fundamentally different approach to how decisions are informed, prioritized, and executed.

Defining Precision: What It Really Means for Growth

Precision goes beyond broad, one-size-fits-all strategies, as well as approaches that are merely “tailored” at the segment level.

True precision means being:

- Data-driven
- Hypergranular
- Real-time
- Targeted at the account and customer level

Rather than grouping customers into large segments and adjusting offers broadly, precision banking uses live data to focus resources exactly where they create the highest return. It enables banks to identify which customers to retain, which to deepen, which to cross-sell, and which to exit with clarity and speed.

Even small steps ahead of competitors can trigger a powerful cycle of:

- Better decisions
- Better outcomes
- Increased reinvestment
- Wider performance gaps over time

In 2026, precision doesn't just improve performance. It reshapes the entire performance curve.

When precision breaks down at the individual customer and account level, the impact is felt first in loyalty, then in revenue stability and balance-sheet performance.

The Loyalty Crisis: Why Product Precision Now Drives Survival

Consumer behavior has already shifted.

According to a 2025 McKinsey & Company Banking Consumer Decision Journey Survey, **96% of consumers lack true loyalty** to their financial institution (FI).

This means that FIs cannot rely on brand trust or tenure to protect their balance sheets. Growth in 2026 will be dictated by the precision of:

- Credit card strategies
- Checking account design
- Pricing and reward structures
- Bundled relationship offers

Winning institutions will not offer more products. They will offer more precise products deployed to the right customer, at the right time, with the right economics.

In this environment, generic checking and “me-too” card products are no longer defensive assets. They are liabilities.

This level of customer volatility turns imprecise product, pricing, and relationship decisions into a balance-sheet risk, not just a marketing challenge.

2026 Demands Bold Leadership, Not Incremental Change

The institutions that outperform in 2026 will not be the ones that make cautious, incremental upgrades. They will be the ones that make deliberate, strategic moves across three areas:

1. Technology modernization
2. Operational precision
3. Data infrastructure maturity

According to a Jack Henry CEO Benchmark Study, for the first time, **increasing operational efficiency is now a top 2 strategic priority** for banks and credit unions. This signals a major shift from growth-at-all-costs thinking to precision-led performance.

At the same time, **Net Interest Margin (NIM)** for banks and **Return on Assets (ROA)** optimization for credit unions have moved to the center of board-level decision making.

Together, these shifts signal that institutions relying on static data, fragmented execution, or incremental change are structurally misaligned with today's margin and efficiency realities.

Precision is now measured in basis points, seconds, and system-level efficiencies not just annual growth rates.

A Precision Operating Model for 2026

Delivering precision at scale requires more than technology upgrades or incremental process improvements. It requires an operating model designed to align intelligence, decision-making, and execution.

Leading institutions are converging on a four-layer Precision Operating Model:

1. Intelligence: Unified, Real-Time Insight

Precision starts with data that is unified, continuously refreshed, and economically relevant—replacing static reports with live insight across customer behavior, product performance, pricing, vendor economics, and operational costs. Without this foundation, institutions operate on hindsight rather than foresight.

2. Decisioning: Economic Prioritization

Insight alone does not drive performance. Precision requires translating intelligence

into clear economic decisions—where to invest, optimize, or exit—so leaders can confidently prioritize customers, products, vendors, and initiatives based on return.

3. Execution: Targeted Action at Speed

Precision only materializes when decisions are operationalized quickly and consistently. This layer ensures insights flow directly into product design, pricing actions, vendor negotiations, integrations, and customer engagement through repeatable, measurable execution.

4. Enablement: Expertise and Partnership

Few institutions can sustain this model entirely in-house. Specialized expertise, proven frameworks, and strategic partnerships accelerate capability, reduce execution risk, and scale precision without permanent overhead.

Institutions that align all four layers operate with true precision. Those that address them in isolation do not.

M&A Is Returning and Precision Will Separate Winners from Survivors

Mergers and acquisitions are picking back up in U.S. banking.

But success is no longer guaranteed.

FIs that struggle most during consolidation are those that fail in:

- Technology integration
- Core system alignment
- Data unification
- Customer experience continuity

The winners will be those that treat integration as a precision exercise, not a bulk migration. Institutions that can:

- Rapidly cleanse and unify data
- Act on customer behavior in real time
- Preserve client experience through system transitions

will emerge stronger. Those that cannot, will lose share, increase costs, and expose their balance sheets to long-term risk.

The Talent Gap Is Now a Strategy Risk

According to the American Bankers Association, 65% of FIs report difficulty finding the talent they need to stay competitive.

This is not an HR problem. It is a strategic risk.

The specialized skill sets required to deliver precision in areas such as advanced analytics, data engineering, fintech integration, performance marketing, and transformation leadership are scarce and expensive.

FIs that attempt to solve this gap through hiring alone will move too slowly.

The institutions that win will be those that embed expertise through partnerships rather than trying to build everything internally.

Why Fintech and Consulting Partnerships Are No Longer Optional

The need to partner with experts has reached its highest point in modern banking.

Industry challenges include:

- **45% of banks having no formal core data management strategy** as reported by a Jack Henry 2025 Strategy Benchmark survey
- Fragmented system architectures
- Siloed decision-making
- Limited real-time intelligence

Fintechs and specialized consulting partners bring three critical advantages:

1. Speed to Capability

Partners provide:

- Proven frameworks
- Pre-built accelerators
- Battle-tested integration models

This dramatically shortens time-to-value.

2. Precision by Design

Rather than retrofitting precision into legacy processes, leading partners help design:

- Real-time decisioning architectures
- Hypergranular segmentation models
- Intelligent offer and pricing engines

3. Scalability Without Overhead

FIs can scale innovation without permanently expanding internal teams, reducing:

- Fixed labor risk
- Technology debt
- Execution delays

Strategic partnerships allow institutions to move at fintech speed while maintaining bank-level governance.

The Strategic Choice Leaders Must Make

As precision becomes a requirement rather than an advantage, executive teams face a defining decision: attempt to build precision internally over time, or embed it through experienced partners.

Internal-first approaches often struggle due to:

- Long implementation timelines
- Scarcity of specialized talent
- Rising technology debt
- Delayed time-to-value

By contrast, institutions that embed precision through partnerships gain immediate access to:

- Proven operating frameworks
- Real-world execution experience
- Scalable infrastructure
- Objective economic insight

This is not a question of control versus outsourcing. It is a question of speed, risk, and sustainability.

In 2026, the cost of delay is no longer theoretical. Institutions that move too slowly will find themselves managing declining performance rather than shaping outcomes.

Precision as the New Competitive Standard

Macro-focused, scale-driven strategies once promised resilience. In 2026, they no longer suffice.

Precision is the decisive differentiator. It separates:

- Leaders from slow movers
- Scalable institutions from fragile ones
- High-performing portfolios from stagnant balance sheets

FIs that embrace precision will experience:

- Stronger NIM performance
- Higher ROA
- Lower operational friction
- More profitable customer relationships

Those that delay will find themselves reacting instead of leading.

The Road Forward: Decisions That Cannot Be Deferred

The competitive divide in 2026 will not be defined by who invests the most—but by who decides the best.

Bank and credit union leaders must now answer a set of unavoidable questions:

- Do our data and decision systems support real-time precision, or retrospective analysis?
- Are we allocating resources based on economics—or legacy assumptions?
- Can we execute targeted action at speed across products, pricing, vendors, and integration?
- Where do partnerships accelerate outcomes and reduce strategic risk?

Precision is no longer an initiative to evaluate. It is an operating requirement that must be designed into the institution.

Those who act decisively will create durable performance advantages. Those who hesitate will find precision imposed upon them by the market.

About Ceto

Ceto is a strategy, consulting, and software firm built specifically for banks and credit unions navigating complex growth, transformation, and performance challenges. For more than 30 years, Ceto has partnered with financial institutions across the U.S. to modernize operations, sharpen competitive positioning, and deliver measurable results.

Unlike traditional consulting firms or standalone fintech providers, Ceto delivers a hybrid model that combines:

- Strategic consulting to define direction
- Data-driven software to operationalize decisions
- Hands-on execution to ensure outcomes, not just recommendations

Ceto's proprietary solutions bring precision to product strategy, competitive intelligence, pricing, vendor performance, and operational efficiency, transforming fragmented data into dynamic, actionable insight. The result is faster decisions, lower risk, and sustainable performance improvement.

Ceto helps banks and credit unions move beyond strategy into execution by combining consulting expertise with software power to drive precision at scale. To learn more, visit www.ceto.com.