



# 2025 US Banking CEO Outlook



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December 2025

# Foreword

As we navigate the complexities of the banking industry in 2025, it's clear that CEOs are facing both challenges and opportunities. The 2025 US Banking CEO Outlook reveals that despite economic uncertainty, bank CEOs remain confident in their bank's and the industry's growth prospects, with 83 percent and 81 percent expressing confidence, respectively. However, this optimism is tempered by concerns over cybersecurity, with 43 percent citing it as a main driver of short-term decisions and 57 percent prioritizing investments in cybersecurity and digital risk resilience.

The report also highlights the significant role of AI in shaping the industry's future. 65 percent of bank CEOs are maintaining their focus on AI investment despite economic uncertainty, and 70 percent planning to allocate

10–20 percent of their budget to AI over the next 12 months. Combined with AI-driven workforce transformation, it is evident that AI integration is a top priority. As banks navigate these technological advancements, they must also contend with the pressure to ensure long-term prosperity, with 78 percent of CEOs feeling increased pressure in this regard.

The findings of this report underscore the need for banks to balance growth aspirations with the challenges posed by cybersecurity threats and AI disruption.



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# Economic and growth outlook

## Bank CEOs remain confident in growth outlook as they prioritize cybersecurity and AI integration

Bank CEOs remain confident in the growth prospects for their company, industry, and global economy

**83%** are confident in the growth prospects for their company

**81%** are confident in the growth prospects for the industry

**69%** are confident in the growth prospects for the global economy

### Cybersecurity is the top challenge banks are facing

**43%** of CEOs cite cybersecurity as the main driver of short-term decisions

**57%** of banks are prioritizing investments in cybersecurity and digital risk resilience over the next three years

### AI integration is a major focus

**35%** of banks are increasing investment in AI integration for operations and workflow

**78%** have already adapted their growth strategy due to challenges like the potential global recession and AI

While the banking sector is facing uncertainty, our findings show that the leading factors driving short term decision making are:

**27%** Global economic uncertainty

**19%** Macroeconomic uncertainty

**74%** of banks agree that rising costs and inflation will impact their banks prosperity

### Earnings and M&A outlook

Most CEOs expect modest earnings growth

**36%**

expect 0.01%–2.49% annual growth

**41%**

expect 2.5%–4.99% annual growth

**20%**

expect 5%–9.99% annual growth

### M&A

**41%** have a high appetite for M&A, expecting a significant impact on the bank

**46%** have a moderate appetite for M&A, expecting only a moderate impact

### Risks and operational priorities

#### Top risks over the next three years:

**86%** Cybercrime

**78%** AI workforce readiness/upskilling

**77%** Successful AI integration

#### Top three operational priorities

**20%** Advancing digitization and connectivity

**15%** Improving employee value proposition

**14%** Understanding/Implementing generative AI

# Technology and AI

## AI investment surges as banks prioritize security and rapid innovation

### AI is a top investment priority

- 65 percent of bank CEOs say that, despite economic uncertainty, AI remains a top investment focus.
- 70 percent expect to spend 10–20 percent of their budget on AI over the next 12 months.

### Confidence in AI adoption and board readiness

- 79 percent are confident in their organization's ability to keep pace with AI development and its impact on operations and workforce.
- 95 percent agree their board is equipped to navigate advanced technology adoption and strategic data use for growth.

### Top benefits of AI implementation in banking

**24%**

Fraud detection and cyberattack response

**22%**

Enhanced decision-making and data analysis capabilities

**13%**

Increased diversity of skills and capabilities

### Rapid ROI and impact of agentic AI

**69%**

anticipate seeing ROI on AI in one to three years.

**50%**

expect agentic AI to have a significant impact on banking.

### Challenges to AI implementation

 **56%**

Ethical challenges

 **55%**

Data readiness

 **55%**

Lack of regulatory clarity

 **61%**

Lack of GenAI regulations

### Primary drivers of AI adoption in banks over next one to two years

**25%**

strategic differentiation (innovation, customer experience, or new business models)

**22%**

operational efficiency (reducing costs through automation, process optimization, and workforce transformation)

# Workforce transformation

## Adapting to AI disruption: Workforce transformation and the future of banking talent

### Headcount growth expected

- Only 5 percent of CEOs expect headcount to remain the same over the next three years.
- 58 percent expect headcount to increase by less than 5 percent, and 24 percent expect an increase between 6 and 10 percent.

### AI-driven workforce transformation

Banks are responding to AI disruption:

**54%** Providing education and training

**49%** Investing in reskilling and upskilling

**44%** Engaging external AI experts



### Challenges in attracting and retaining talent

The biggest challenges

**30%** Identifying candidates with suitable technical and collaborative skills

**30%** Bridging the gap between existing skills and desired capabilities

### Hybrid work model adoption

**55%** of banks will be hybrid, with employees working three days in the office within three years

### Impact of aging workforce

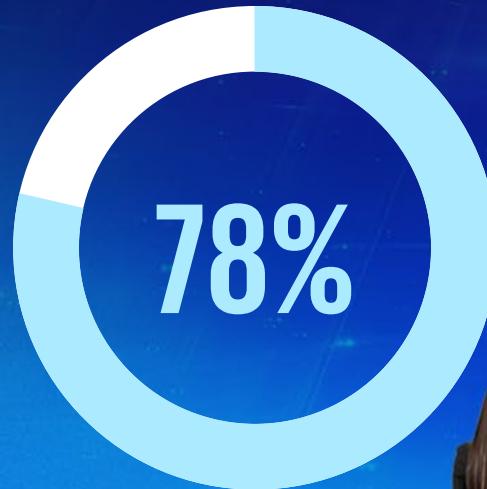
**92%** of bank CEOs believe that shifts in the aging workforce will affect recruitment, retention, and culture

**32%** see retirements and a lack of skilled replacements as the largest labor-market factor

# Leadership under pressure

## CEOs face rising expectations for long-term success

### Increasing pressure on CEOs for long-term success



of bank CEOs feel under more pressure to ensure the long-term prosperity of their business, reflecting heightened expectations in today's environment



### Leadership capabilities are rapidly evolving

The most essential leadership capabilities now include:

Greater regulatory understanding



31%

Risk management



27%

Agility and faster decision-making



25%

Broader digital/technological literacy



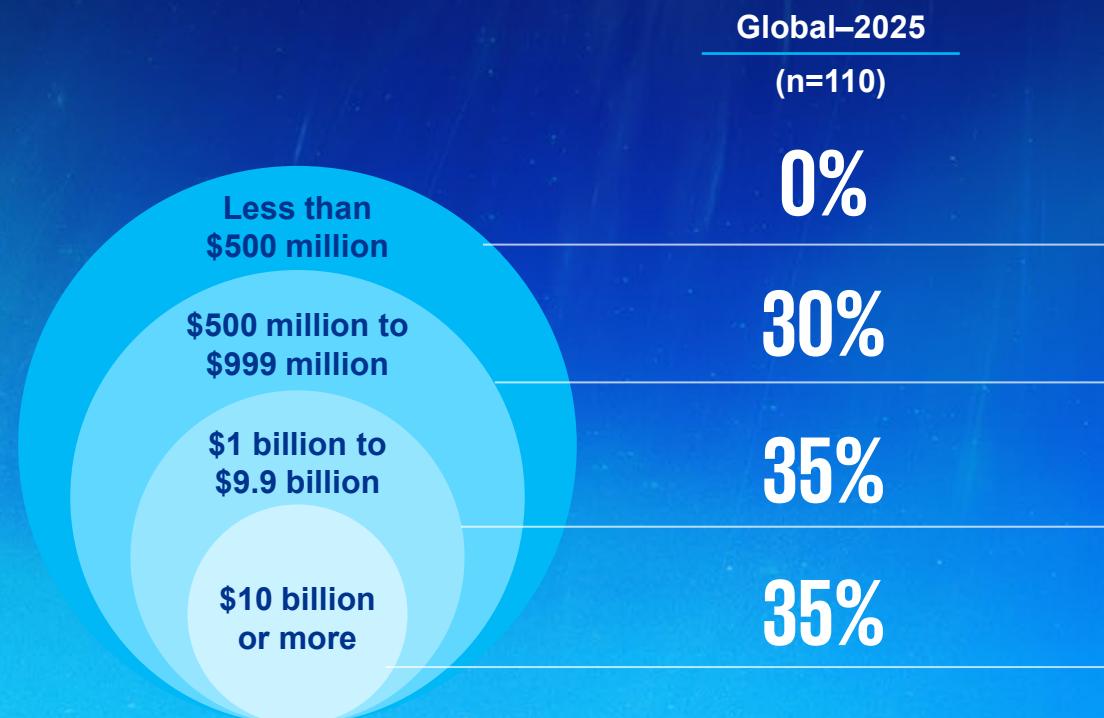
25%

Notably, 90 percent of CEOs feel their role and expectations have evolved significantly over the past five years.

# Demographics

Every year, the KPMG Banking CEO Outlook report provides leaders with insights from bank CEOs on the key challenges and opportunities driving business growth. This year we surveyed 110 bank CEOs globally.

## Revenues of survey respondents' banks in most recent fiscal year



## Subsector(s) in which survey respondents' banks operate





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