

Defining the Bank of Tomorrow



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How conversational AI, AI agents and intelligent automation are driving the next era of digital banking – with insights from Temenos Community Forum 2026.

The best banking experiences may well be the ones that customers barely notice because they work so smoothly. Needs are understood quickly, problems are resolved early, and outcomes are achieved with minimal friction.

In that sense, banks are building a new standard of digital experience, shaped by the simplicity, speed and contextual intelligence customers already get (and expect) from their favorite digital brands.

AI is raising the bar for efficiency on both sides, empowering banks to innovate faster while delivering slicker, more compelling customer experiences.

What does the bank of tomorrow look and feel like?

The bank of tomorrow will leverage AI in an almost native way, becoming more intelligent and centered on helping customers achieve their goals.

Instead of navigating through menus and forms, often in repetitive loops, customers will be able to express what they need directly in their own words; the bank will then interpret and act on that intent in real-time.

The emphasis will shift from individual tasks, such as transferring money or checking balances, to the wider intent behind actions (saving for a big purchase, for example). Engagement will also become increasingly proactive, with AI helping banks detect customer needs earlier, reduce service friction, and respond with greater relevance.

Screens will certainly not disappear, but interactions will become more fluid and intuitive.

Behind the scenes, development teams are embracing conversational and generative AI to transform how applications and journeys are built and maintained, with incremental development approaches being replaced by intent-driven, AI-assisted creation.

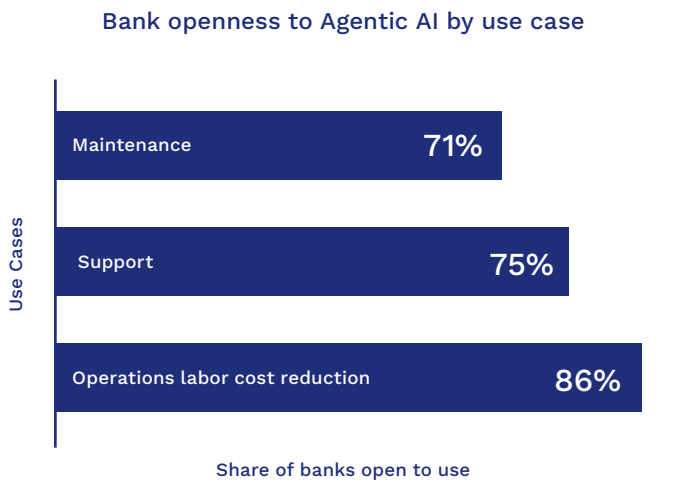
Instead of working across fragmented systems and spending an unnecessary amount of time preparing, searching for and reconciling information, employees can work through conversational workflows where they express what they need in natural language rather than extensively coding by hand.

AI agents, meanwhile, will help banks detect issues and resolve friction early-on before they have the chance to reach the customer. A payment flagged incorrectly, for example, can be identified and repaired before it becomes a service issue. This kind of optimization is precisely where banks are prioritizing agentic AI.

Digital banking will no longer be built line by line, back and forth. It will be described, generated and continuously evolved — powered by intent, intelligence and deep banking expertise.

Erik Johnson,
Global Head of Product Design, Temenos

Industry research shows where banks are most open to using agentic AI:



Looking ahead, we expect customers' own AI assistants to begin interacting directly with banking systems – negotiating offers, verifying transactions and managing, or even executing, financial tasks (within defined guardrails).

Crucially, these advancements do not signal a replacement of existing digital banking processes – they augment and extend them. History shows that new channels rarely eliminate existing ones. The arrival of internet banking did not remove the need for branches, and mobile banking did not make web banking obsolete. Instead, each innovation expanded how customers interact with their banks.

We are seeing the same with AI. As banking becomes more deeply embedded in customers' lives, AI can help banks to deliver more continuous, context-rich services while also unlocking new revenue opportunities, such as hyper-personalization ([read more in our Banking Technology Trends report](#)).

Reinventing the front office with human and AI collaboration

Banking will always be a business centered on trust and human relationships, with the front office positioned as the defining element of this. Applied thoughtfully, AI can strengthen these relationships by streamlining routine processes and reducing administrative burden. This allows bank employees to dedicate more time to high-value interactions and deliver a more personalized service.

As AI adoption grows, the division of responsibilities between humans and AI is becoming more defined. AI excels at volume, automation, synthesizing data, and

providing real-time insights and decision support. Humans, meanwhile, bring strengths that are harder to replicate – nurturing customer relationships, working through complex or nuanced situations, providing strategic direction or guidance, and showing empathy. This dynamic allows banks to increase productivity without losing accountability or trust (and, ultimately, amplifying the latter). It reflects a more collaborative model in which humans and AI agents work together. The result is a more efficient, intelligent front office that enhances employee effectiveness as well as customer trust.

Building – and banking – intelligently with Temenos Conversational Studio

Building and maintaining digital experiences has historically been (and, in many cases, continues to be) slow, complex, and resource intensive. In fact, 70% of digital banking programs fail to deliver on their intended outcomes,¹ with delays impacting areas such as sales pipeline and even Net Promoter Scores. However, innovations like Temenos Conversational Studio are helping to remove many of these longstanding challenges, making it easier to deliver the experiences discussed so far in this article.

Rather than starting with the question of what a screen should contain, Conversational Studio is all about customer intent – what they are trying to achieve in a specific moment, whether opening an account, applying for a loan,

or managing their finances. The goal is to create outcome-driven journeys that can adapt to context. By incorporating signals such as life stage, financial behavior, or recent life events, banks can propose relevant products, insights, and guidance at the right time. Customers in turn enjoy a more personal and proactive banking experience, fostering stronger engagement and long-term loyalty.

This directly relates to the way in which journeys are designed and built. Instead of developing applications via line-by-line code, teams can use Conversational Studio to simply describe their vision in natural language, upload design assets, or use prompts to get started.

¹<https://www.mckinsey.com/capabilities/tech-and-ai/our-insights/tech-forward/why-most-digital-banking-transformations-fail-and-how-to-flip-the-odds>

Crucially, humans are always in the loop, with product managers and designers able to effortlessly refine and optimize the details, while embedded compliance checks help to mitigate common risks or missteps. With full ownership of the code generated, teams also maintain full transparency and control, with the ability to move from ideas to deployable MVPs in days.

Conversational Studio shares its reasoning, with the design plan broken down into discrete steps.

Erik Johnson,
Global Head of Product Design, Temenos

As well as accelerating innovation, collaboration is also greatly enhanced. Teams across engineering, security, operations and beyond can align around a shared language of intent, supported by unified data and workflows. With everyone on the same page, AI further strengthens this by surfacing insights instantly, automating cross-functional processes, and reducing delays caused by relying on fragmented tools.

As digital banking continues to evolve, tools like Conversational Studio allow organizations to focus less on technical requirements and more on designing meaningful customer journeys. Banks are beginning to innovate faster than ever before while also seeing a significant reduction in the cost of experimentation.

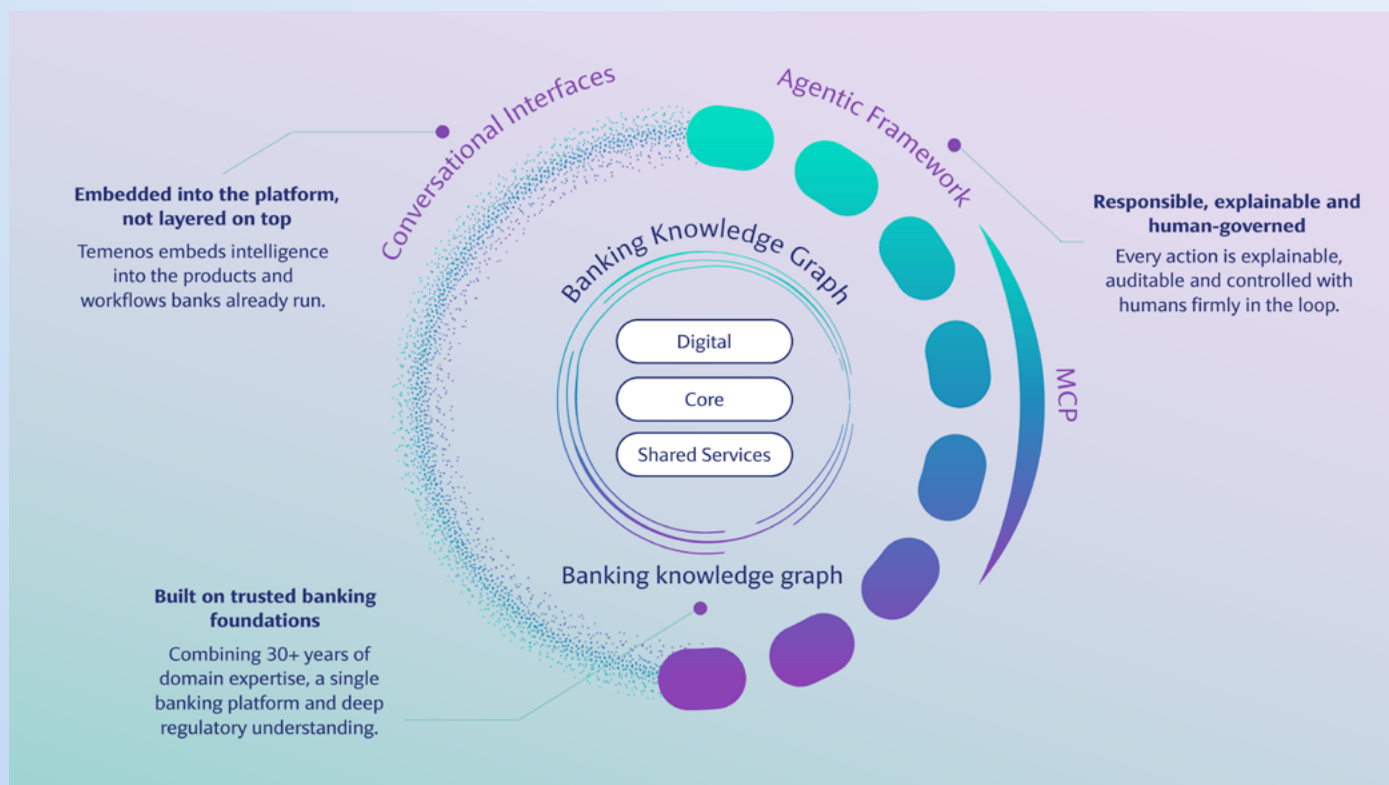
The foundations of an AI-ready bank

As outlined, AI is revolutionizing how banks operate, empower employees, and engage with customers. But competing successfully requires more than adopting new tools. It requires architectural modernization as well as a cultural shift in how banks lead on digital transformation. As Shireesh Thota, Corporate Vice President for Azure Databases at Microsoft, said: “It’s important to think of AI not just as an additional software feature. You’ve got to think of it as a fundamental institutional change.”

From a technology perspective, there are nonetheless essential requirements. These include a conversational

interface to enable natural, intuitive interactions; agentic AI frameworks to orchestrate tasks and decisions across systems; and unified data, underpinned by a knowledge graph, to provide the banking context and data the AI depends on.

These capabilities should be supported by API-first, event-driven architectures that connect front-office experiences to core banking systems in real-time. Connectivity is enabled through Model Context Protocol, which standardizes how context is shared between systems, models, and workflows.



Without these, and particularly if core systems are outdated and run in batches, AI will, inevitably, be constrained by delayed, incomplete or siloed data. As was noted at TCF, while AI and automation can be applied to legacy systems, the results are likely to be limited. Modern platforms that support the above foundations are therefore critical because AI does not just elevate modern systems, it requires modern systems to be capable of delivering real value at all.

Data strategy is at the heart of it all. Banks need to be able to access data in real-time that reflects customers' needs and circumstances (not just access to raw data, but the ability to interpret and act on it). Entities should also be connected through a usable ontology.

You have to define entities, figure out the ontology, define the schema, and then instantiate a knowledge graph on which you can create a unified fabric of intelligence

Shireesh Thota,
Corporate Vice President for Azure Databases at Microsoft

Model choice and platform design are equally important. As highlighted by Jochen Papenbrock, Nvidia's EMEA Head of Financial Technology, open and interoperable models give banks flexibility, portability and control, making it easier to incorporate domain knowledge and tailor capabilities as needed.

Domain knowledge is important. To use domain knowledge, you need foundational, open-source models where you can tune them.

Jochen Papenbrock,
EMEA Head of Financial Technology, Nvidia

Customizing and fine-tuning models in this way is key to standing out, Papenbrock added. This is how banks "capture uniqueness and competitive advantage". Newer approaches such as sovereign cloud are also helping banks address local regulatory requirements while retaining control over their data and infrastructure.



Why trust is a strategic advantage

Customers may not (seemingly) focus on how a service or experience is built, but they do care deeply that it is safe, reliable and fair. In increasingly AI-driven banking environments, these expectations are even more critical. To ensure these expectations can be met, governance must be built into operating models and the way AI systems are designed and supervised. Without this, even the most advanced models will struggle to deliver the outcomes that customers and institutions can trust, and which truly serve the business.

That is why responsible AI is emerging as a source of competitive advantage as well as being in the regulatory

spotlight. Banks that can innovate safely and with confidence will be much better positioned to earn long-term trust. Several capabilities underpin this including explainability, so decisions can be readily understood, and the underlying logic is transparent, and traceability, so actions can be audited. Clear policy controls and appropriate human oversight are equally critical to ensure that AI operates within defined guardrails.

Particularly with regulations such as the EU AI Act, alongside frameworks like the NIST AI RMF, ISO/IEC 42001, and SEC disclosure expectations, AI governance has become a critical requirement for sustainable innovation.

AI has already changed the game in banking

AI is changing banking at a structural level, reshaping not only how banks operate, but also how they engage with their customers and nurture those relationships. The question is no longer whether or not this transformation is coming – the focus is now on how quickly and effectively banks adapt.

As IBM's AI Transformation Leader UKI, Sebastian Weir, noted: AI is advancing faster than most organizations can keep up with. Those successfully progressing from pilot to production, however, are not chasing every new development; they are focusing on the changes that matter the most to their organization – whether that's customer experience, employee experience, customer outcomes, or core systems. "It's very easy to get distracted by the latest frontier technology," he said, "but that's not where change sits". Instead, real transformation stems from how organizations embrace and apply technology.



Change sits with embracing technology, understanding it and using a combination of traditional machine learning AI technologies applied to generative and agentic capabilities to give you auditability, accountability and trust.

Sebastian Weir,
AI Transformation Lead UKI, IBM

Transformation of this magnitude also requires strong, consistent leadership. Banks must clearly demonstrate how AI is changing not just their technology, but how they think and work. This is essential to building trust and ensuring that employees truly understand and are equipped to embrace AI.

Now is the time to act. Research suggests that banks that consistently optimize customer experience grow 3.2 times faster than those that do not. Not only are banks under pressure in that respect, but they are also hard-pressed to accelerate time to market and maintain sustainable costs at a time when the competitive threat from digital-native players and other fintechs continues to intensify.

Historically, these priorities have involved trade-offs, with better experiences coming at a higher cost and faster delivery potentially compromising quality or control. But as AI changes how experiences are designed, built and run, banks can now pursue all three at the same time.

Tools like Conversational Studio are leveling the playing field between incumbents and digital natives – but the real pressure is no longer just from digital challengers, but from peers who are moving faster.

**Curious to see how intent-driven banking experiences are delivered?
Watch our demo.**

²<https://www.zendesk.co.uk/blog/customer-experience/expectations/customer-experience-in-banking/#georedirect>

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About Temenos

Temenos (SIX: TEMN) is a global leader in banking technology. Through our market-leading core banking suite and best-in-class modular solutions, we are modernizing the banking industry. Banks of all sizes utilize our adaptable technology – deployed on-premises, in the cloud, or as SaaS – to deliver next-generation services and AI-enhanced experiences that elevate banking for their customers. Our mission is to create a world where people can live their best financial lives.

For more information, please visit www.temenos.com