

A photograph of two men in business suits. The man on the left is older with white hair, and the man on the right is younger with dark skin and a beard. They are both smiling and looking at a tablet held by the younger man. The background is a blurred office interior with large windows.

2026 AICPA & CIMA

Conference on Banks & Savings Institutions
and Conference on Credit Unions

forv/s
mazars

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Introduction

The 2026 AICPA & CIMA Conference on Banks & Savings Institutions and Conference on Credit Unions brought together regulators, standard setters, economists, financial institution executives, accounting professionals, and industry advisors to discuss the risks and opportunities shaping financial services. Forvis Mazars was once again honored to sponsor the event.

Across the three-day conference, a consistent message emerged: The industry is not becoming less complex, but the way institutions are expected to manage that complexity is changing. Regulatory supervision is being right-sized toward institution-specific material risk, and CECL programs are moving past implementation into a period of sustained model governance, assumption support, and portfolio-level scrutiny. Balance-sheet strategies continue to be tested by inflation, funding competition, and interest-rate uncertainty, requiring earnings, liquidity, capital, and interest-rate risk to be managed as connected trade-offs rather than separate exercises. At the same time, AI and digital assets are moving from emerging concepts toward practical implementation, creating new questions related to governance, data quality, operations, accounting, and competitive positioning.

We have included selected summaries from conference speakers, but did not capture every discussion presented during the event. The observations below highlight recurring themes and developments relevant to banks and credit unions. They represent our interpretation of the sessions and do not necessarily reflect the opinions of Forvis Mazars.



Regulatory Direction & Operational Implications

A More Focused Supervisory Posture

The regulatory direction described throughout the conference was generally characterized as regulatory right-sizing rather than broad deregulation. Regulators continue to emphasize safety and soundness, but supervisory expectations are increasingly being tied to institution-specific material, financial, and operational risks rather than applied through a uniform approach across institutions.

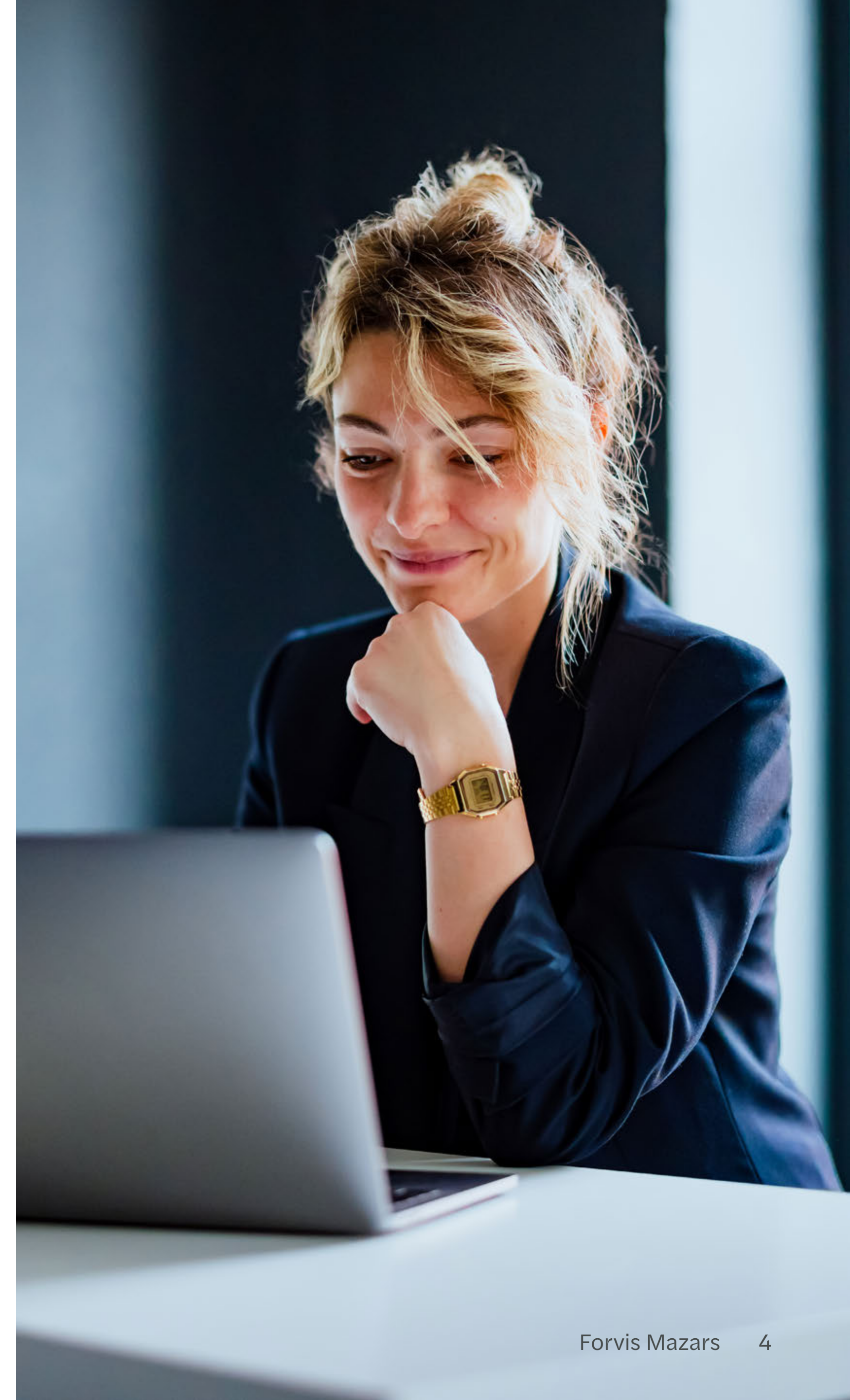
There has been a noticeable effort by the federal banking agencies to clarify examiner priorities and better communicate expectations throughout the exam cycle. Speakers from federal banking agencies spoke of their efforts to tailor requirements to institutional risk profiles and better connect examination concerns to identifiable financial risks. Specific to credit unions, regulators are focused on removing obsolete, duplicative, and overly prescriptive requirements while retaining core safety-and-soundness and information-security obligations. The result is greater flexibility in how credit unions manage risk, paired with a stronger expectation that governance and controls are demonstrably effective.

This more risk-based posture does not translate into lower expectations for management or boards. Instead, institutions should expect greater flexibility in how they manage risk, accompanied by an expectation that governance, controls, and risk-management decisions are demonstrably effective. Examiners are likely to remain interested in whether management can clearly identify material risks, explain how those risks are monitored, and connect controls and strategic decisions to the institution's risk profile.

Fraud, Technology, & Operational Resilience

Fraud and scams affecting customers and institutions remain an elevated concern with the regulators. While check fraud continues to affect many banking customers, there is an increase in technology-enabled scams and vulnerabilities that may arise as AI tools become more integrated with core systems and operating processes. Regulators encouraged institutions to continue evaluating whether fraud monitoring, customer education, authentication controls, incident response plans, and third-party oversight have kept pace with changing threats.

AI and digital assets are also becoming part of routine supervisory conversations. Although the technologies are new, expectations to manage risks are familiar in that institutions remain responsible for appropriate risk assessment, due diligence, governance, compliance, cybersecurity, and ongoing monitoring.





Regulatory Direction & Operational Implications

Conclusion

Boards and management teams should not interpret regulatory simplification as a reason to reduce attention to core risk-management disciplines. Institutions should instead use the evolving environment as an opportunity to reassess whether policies, controls, reporting, and committee structures are aligned with the risks that could materially affect the organization.

Institutions may be better prepared to respond when they can demonstrate informed decision making, effective challenge, and timely escalation of emerging risks.

Credit Risk & CECL Model Maturity

Moving Beyond Implementation

The CECL conversation has shifted from implementation to maturity. Institutions are no longer being evaluated solely on whether the model runs, required documentation exists, or the allowance calculation complies with minimum requirements.

The more important question is whether management can explain and defend why the recorded reserve is appropriate for the institution's current portfolio, credit strategy, economic outlook, and emerging risk profile.

A defensible reserve gets to the “why,” not just the amount. In practice, that means management can connect reserve changes to observable drivers such as portfolio growth, credit migration, collateral value changes, underwriting changes, economic forecast updates, product strategy, or borrower affordability pressures. The allowance conclusion should tell a coherent story: what changed, why it changed, how the model responded, and what management did to challenge whether the response was reasonable.

In addition, FASB's CECL post-implementation review is evaluating whether, for community banks, the standard provides relevant information that justifies the cost of producing it. Economic forecasting remains particularly challenging for smaller institutions. Questions continue about the relevance of broad economic forecasts to individual community-bank portfolios, the precision expected in applying forward-looking information, and whether certain challenges originate in the accounting standard, its application, or regulatory oversight.



Credit Risk & CECL Model Maturity

Governance, Assumptions, & Qualitative Adjustments

As CECL models mature, the quality of governance is becoming as important as the underlying methodology. Strong governance is proactive rather than reactive and includes a defined model risk management framework, scheduled model and assumption reviews, sensitivity testing, back-testing, transparent oversight of vendor or model-provider assumptions, and clear board or governance committee reporting. Management should be able to explain significant assumptions, identify the factors driving period-over-period changes, evaluate model sensitivity, and support decisions to add, retain, modify, or remove qualitative adjustments.

Corporate governance is most effective when CECL is treated as an enterprise credit risk process rather than an accounting-only calculation. Finance, accounting, lending, credit administration, collections, and risk management should participate in the process because each function may identify risks before they are visible in model outputs. For example, lending may identify new product or underwriting changes, collections may identify early borrower stress, and risk management may provide perspective on concentrations or emerging macroeconomic trends.

Qualitative adjustments may remain appropriate when unique, emerging, or forward-looking risks are not fully reflected in the quantitative model. A well-supported qualitative adjustment is supported by data, connected to a specific risk factor, applied using a consistent methodology period over period, grounded in forward-looking rationale, and quantified where reasonably possible. Examples include inflation trends affecting borrower payment capacity, a new lending strategy not yet reflected in historical loss experience, or emerging collateral value pressure not yet captured in charge-off data.

By contrast, a qualitative adjustment is less defensible when it is used simply to reach a desired reserve balance, smooth earnings, or compensate indefinitely for a known model weakness. Judgment remains necessary under CECL, but judgment should not be arbitrary. If the driver is temporary or not yet captured in historical data, a qualitative adjustment may be appropriate. If the issue reflects outdated assumptions, poor calibration, ineffective segmentation, or a methodology that no longer captures actual risk drivers, management should evaluate recalibration, challenger analysis, or a methodology change rather than relying on a recurring overlay.

Audit, validation, and supervisory observations continue to reinforce the importance of this discipline. Recurring areas of focus include segmentation that is either too broad to capture meaningful risk differences or too narrow to produce stable results; insufficient testing of significant inputs and assumptions; inadequate evaluation of sensitivity analyses; limited transparency into service organization or vendor assumptions; and insufficient procedures to determine whether model outputs respond logically to changes in portfolio or economic conditions.

Credit Risk & CECL Model Maturity

Portfolio Risk Remains Central

Asset quality remains a priority, particularly for delinquent loans, concentrations, collateral-dependent portfolios, consumer portfolios with elevated losses, and segments exposed to changing economic or refinancing conditions. Stress testing and sensitivity analysis should be tailored to the institution's actual portfolio rather than performed solely as a broad or standardized exercise. Institutions may consider focusing on sensitivity analyses for assumptions that are most significant to their portfolios and methodologies and should periodically evaluate how reserves respond to changes in key assumptions such as credit scores, loan-to-value ratios, recovery rates, prepayments, unemployment, inflation, and collateral values.

When model results diverge from actual portfolio performance, management should first diagnose the cause before changing the reserve conclusion. Potential explanations include seasonality, data quality issues, portfolio growth or mix shifts, new products, strategy changes, emerging risk trends, or structural model limitations. Coverage ratios, benchmark reserve estimates, independent reserve estimates, and comparison to historical ranges can help management avoid overreacting to one short-term metric while still identifying when the reserve no longer aligns with observed risk.

The most mature CECL programs will not necessarily be those with the most complex models. They will be those with reliable and relevant data, meaningful segmentation, transparent assumptions, effective challenge, disciplined qualitative adjustment frameworks, strong documentation, and a clear connection between allowance conclusions and the institution's underlying credit risks. Where independent model validation is warranted, the scope should go beyond recalculating the model to consider conceptual soundness, outcome analysis, sensitivity testing, and whether results make sense in light of actual portfolio behavior. For board and governance committee reporting, the objective should be clarity rather than model detail. Effective reports summarize reserve drivers, changes from the prior quarter, significant assumption changes, sensitivity analysis results, portfolio trends, emerging risks, and management's conclusion on whether the reserve remains reasonable and supportable. A strong board-level explanation ties the allowance movement directly to known drivers, e.g., expansion into a higher-loss product, deterioration in credit quality indicators, updated recovery expectations, or an economic factor such as inflation affecting borrower affordability.



Earnings, Liquidity, Interest-Rate Risk, & Balance-Sheet Trade-Offs

A Tenuous Economic Environment

Mark Zandi of Moody's Analytics characterized the current economic environment as one of continued, but tenuous, growth. The economy has been expanding at approximately 2%, but job creation remains limited and concentrated largely in healthcare. The outlook is being shaped by competing forces: de-globalization, geopolitical risk and inflationary pressure are creating headwinds, while AI-related investment and market activity are providing support. However, those same AI-related tailwinds also present downside risk, particularly if elevated stock valuations correct sharply.

Doug Duncan also painted a similar picture of the economy. Growth has been slow but steady, but there are still

uncertainties within the economy stemming from political pressures as well as advancements in technology. While the indicators are not pointing to a near-term recession, there are also no expectations for significant growth.

A central theme was the challenge facing the Federal Reserve as it balances still-elevated inflation against a labor market that remains relatively tight but is not generating broad-based job growth. De-globalization was cited as an important source of slower growth and higher inflation, as wage growth has not kept pace with increases in consumer prices and household purchasing power has weakened. This dynamic complicates monetary policy because actions that support the labor market could worsen inflation, while actions aimed at controlling inflation could increase unemployment.

AI investment is both a meaningful economic driver and a potential vulnerability. The expansion of data centers and increasing AI adoption, particularly in professional services, education, and financial services, are supporting capital investment and market optimism. At the same time, AI-related equity valuations appear stretched, with valuation multiples approaching levels seen during the technology bubble. There are also several potential key downside scenarios, including an AI-driven stock market selloff, escalation of conflict involving Iran, a bond market selloff tied to concerns over the U.S. debt-to-GDP ratio, and the risk of an AI-related cyberattack.



~2%
economic expansion

Earnings, Liquidity, Interest-Rate Risk, & Balance-Sheet Trade-Offs

Managing the Risk Tripod

Earnings, liquidity, and interest-rate risk should not be managed independently. Actions intended to improve one component may create pressure elsewhere. Deposit pricing decisions can protect liquidity but reduce margins. Extending asset duration may support earnings under one rate scenario while increasing exposure under another. Rapid loan growth may improve revenue but consume liquidity and capital.

Funding strategy remains particularly important. Competition for deposits, changing customer behavior, and uncertainty around future rates continue to affect deposit costs and deposit betas. Deposit quality and stability remain key differentiators, while technology and new payment alternatives are creating additional competition for customer balances.

Capital Flexibility & Strategic Choice

Capital decisions are also becoming more closely connected to growth strategy. Institutions are evaluating whether capital should be used defensively to strengthen the balance sheet or offensively to support organic growth, acquisitions, technology investment, and other strategic priorities.

Effective asset-liability management requires more than forecasting a single rate path. Institutions should evaluate the interaction among deposit behavior, asset yields, funding concentrations, liquidity availability, credit performance, and capital capacity. The objective is not to eliminate risk, but to understand and manage the trade-offs created by strategic decisions.



3,700

data centers in operation in the U.S.

AI Governance & Execution

From Experimentation to Production

AI was one of the most prominent themes of the 2026 conference. Unlike earlier discussions centered primarily on future possibilities and broad awareness, this year's sessions focused on implementation, governance, execution, and measurable business outcomes. One presenter cited rapid U.S. data center growth, noting there are now 3,700 data centers in operation in the U.S., which is more than the rest of the world combined.

Presenters described AI as an opportunity to create capacity, improve speed, and strengthen decision support. Examples included process automation, anti-money laundering (AML), and Know Your Customer (KYC) support, enhanced testing and sampling, fraud detection, underwriting package preparation, disclosure checklist support, variance analysis, call transcription, document aggregation, workflow monitoring, bank reconciliation preparation, journal entry support, and customer service enhancements. These examples shared a common theme: AI is most effective when applied to repeatable, data-intensive processes where it can improve consistency and reduce manual effort while allowing employees to focus on higher-value judgment, advisory, and customer-facing activities.

AI Governance & Execution

Match Governance to Autonomy

Conference speakers emphasized integrating governance into AI adoption from the outset, not added after deployment. Humans remain accountable for outcomes, particularly in areas involving financial reporting, compliance, credit decisions, fraud monitoring, and other judgment-based activities. Effective governance includes clear policies, defined ownership, approval points, documentation of AI-assisted processes, output review, audit trails, monitoring, and escalation procedures. As institutions begin using AI agents or “digital workers,” management should define their authority, limitations, required supervision, and accountability in the same disciplined manner used for human roles.

Data Quality Is the Foundation

Data readiness is a prerequisite for scalable AI. Fragmented systems, inconsistent data definitions, weak lineage, and limited auditability can undermine both the accuracy and defensibility of AI-enabled outputs. In a regulated banking environment, institutions must be able to demonstrate where data originated, how it was transformed, how conclusions were generated, and how exceptions were reviewed. Strong data governance, evidence capture, cybersecurity controls, and third-party oversight are, therefore, foundational components of responsible AI adoption.

Many institutions have AI strategies or pilots, but fewer have successfully moved solutions into production, and even fewer have achieved scaled, governed adoption across functions. Institutions should start with practical use cases, leverage capabilities already embedded in existing vendor platforms when appropriate, measure return on investment, and expand only as governance, data quality, and control frameworks mature. This approach may create a near-term “J-curve,” where investment, process redesign, and change management precede visible productivity gains.

Conclusion

Financial institutions are no longer asking whether AI will affect their business, but how to deploy it responsibly, measure its value, and maintain trust in a highly regulated environment. The most successful institutions are approaching AI as an enterprise capability rather than a standalone technology initiative, aligning use cases with strategy, data readiness, risk appetite, and human accountability. That requires coordinated involvement from operations, finance, accounting, risk, compliance, cybersecurity, internal audit, and business leadership. The near-term priority is not simply to use AI more often, but to use it in ways that are controlled, measurable, explainable, and aligned with the institution’s strategy.



Accounting & Reporting Developments

FASB: A Broad Standard-Setting Agenda

The FASB session focused on several accounting and reporting projects that could have meaningful implications for banks and credit unions over the next few years. FASB emphasized that many of its current projects are being driven by feedback received through its agenda consultation process and reflect a broader effort to improve the operability, consistency, and decision usefulness of financial reporting in addition to addressing emerging issues related to digital assets, hedging, and private credit. FASB also continues to research broader topics such as consolidation, derivatives, intangibles, and financial institution cash flow reporting. The Board expects to publish an agenda consultation report later in 2026 summarizing stakeholder feedback and how that feedback is influencing future standard-setting priorities.

FASB continues to maintain an extensive technical and research agenda with numerous topics particularly relevant to financial institutions, including the following proposed changes and enhancements to current GAAP:

Hedge accounting flexibility: Proposed changes would permit interest-rate-risk hedge accounting for held-to-maturity (HTM) securities, allow any Secured Overnight Financing Rate (SOFR) tenor, and permit certain float-to-float cross-currency swaps.

Portfolio layer method for liabilities: FASB is researching an expansion intended to better align liability reporting with risk-management activities.

Private credit and non-traditional lending: Private-credit disclosures are on the technical agenda for Topic 946 investment companies, while non-traditional lending remains an emerging-issues research focus.

Mortgage servicing rights (MSR) measurement: A proposed approach would treat a residential mortgage servicing right and recapture as one unit of account and include recapture value in fair value.

Goodwill impairment: The Board is evaluating whether impairment testing could occur only upon triggering events and potentially at a higher reporting-unit level to reduce compliance costs.



Accounting & Reporting Developments

Digital Assets

Digital assets continue to emerge as a significant standard-setting focus. The Board noted that investor demand for transparency is driving proposals related to stablecoins and other digital assets. FASB recently issued a proposal that would clarify when certain digital assets may qualify as cash equivalents under existing guidance and would require disclosure of significant components of cash equivalents, including digital assets. The initiative is intended to address increasing use of stablecoins and tokenized financial instruments while improving consistency in reporting and disclosures.

CECL Post-Implementation Review

A significant topic in numerous sessions was FASB's CECL's post-implementation review (PIR). FASB is evaluating whether CECL has achieved its goal of providing more timely recognition of credit losses while balancing implementation costs. Feedback from regulators, preparers, and other stakeholders continues to indicate that forecasting requirements remain one of the most challenging aspects of the standard, particularly for community institutions. While concerns about complexity persist for community banks, most noted that a return to the incurred loss model appears unlikely and that FASB remains committed to evaluating potential improvements rather than abandoning the framework. The final PIR report is expected later in 2026, but FASB emphasized that ongoing CECL discussions will continue beyond the report's release.

Accounting & Reporting Developments

SEC & PCAOB Considerations

The SEC's Division of Corporation Finance (Corp Fin) and Office of the Chief Accountant (OCA) emphasized that regulators are increasingly focused on ensuring financial reporting remains relevant as business models, technologies, and capital markets continue to evolve.

A significant discussion centered on the SEC's three recent proposals from 2026; however, no definitive target dates were discussed.

- 1 Semi-annual reporting:** The proposal provides companies with the option of semiannual reporting rather than quarterly reporting and received a record amount of comment letters. The election would be voluntary rather than mandatory and could be reconsidered each year. Any reduction in reporting frequency would create important governance considerations for management, audit committees, and boards. The SEC encouraged companies to reconsider the content included in quarterly filings and evaluate whether disclosures that remain unchanged quarter after quarter continue to provide meaningful information to investors and are still required to be disclosed.
- 2 Changes in filer status:** The SEC's broader regulatory flexibility agenda also includes proposals to simplify filer status classifications and reduce compliance burdens for smaller public companies. The filer-status proposal would revise filer categories and extend certain accommodations, including the existing 404(b) exemption for nonaccelerated filers, to a broader group if adopted.
- 3 Registered offering reform:** The SEC's proposal is the most significant modernization of the registered offering framework in more than 20 years. The goal is to reduce barriers to raising capital, expand access to shelf registration, and simplify the registration process while maintaining investor protections. More companies would qualify for Form S-3 and shelf registration, more companies would receive benefits currently reserved for well-known seasoned issuers (WKSIs), and Form S-1 would become easier to use through expanded incorporation by reference.

Accounting & Reporting Developments

The PCAOB discussed its focus on the increasing importance of audit firm quality control systems and inspection modernization. Inspectors indicated that future examination efforts will place greater emphasis on firms’ systems of quality control (QC) rather than solely engagement-level compliance. Similar to other regulators, the PCAOB is also moving toward a more risk-based inspection approach, including the use of sampling techniques instead of reviewing all compliance-related procedures.

In 2026, the PCAOB introduced a new consultation process that allows registered firms to seek informal guidance directly from PCAOB staff on the interpretation and application of auditing standards. While adoption of the process has been limited, it represents a potentially valuable resource for resolving complex or emerging audit issues.

Related to recurring inspection themes for financial institutions, inspection priorities continue to include allowance for credit losses (ACL) assumptions and the level of documentation, investment classification and valuation, deposit stability, real estate exposures, technology, AI, cybersecurity, and business combinations. Institutions should evaluate whether controls address the completeness and accuracy of data used in

estimates and disclosures, particularly when information is produced by service organizations, automated systems, or AI-assisted processes. Inspectors also noted a correlation between specialist involvement and lower inspection findings, suggesting that firms leveraging subject matter specialists more extensively may be better positioned to address complex audit areas and improve overall audit quality.

Auditing Standards Board

The Auditing Standards Board (ASB) has been focused on quality management. Firms were required to design and implement their quality management systems under Statement on Quality Management Standards (SQMS) 1 through 3 by December 15, 2025, with the first annual evaluation due within one year, so attention now shifts from design to monitoring and remediation. Statement on Auditing Standards (SAS) 146, Statement on Standards for Accounting and Review Services (SSARS) 26, and Statement on Standards for Attestation Engagements (SSAE) 23 extend quality management to the engagement level and leverage the firm’s system for periods beginning on or after December 15, 2025.

Other recent auditing standards to note:

SAS 149

Revised group-audit model, including component and referred-to auditors, aggregation risk, component materiality, and consolidation controls.

SAS 150

External confirmations: risk-based requirements for cash, cash equivalents, and receivables; intermediary and direct-access guidance.

SAS 151

Fraud standard with stronger risk assessment, professional skepticism, responses, communications, and internal-control considerations.

In conclusion, the practical focus is to complete the first annual quality management evaluation, strengthen monitoring and remediation, update engagement methodologies for SAS 146 and SAS 149, and begin planning for the 2028 confirmation and fraud standards while monitoring the other ASB proposals.

Digital Assets: Accounting, Reporting, & Regulatory Developments

From Speculative Products to Financial Infrastructure

Digital assets are rapidly evolving from speculative investments into foundational financial infrastructure. Technologies such as stablecoins, tokenized deposits, and tokenized securities are beginning to reshape payments, settlement, custody, and treasury operations, creating both opportunities and challenges for financial institutions.

Recent regulatory developments have provided greater clarity and are moving digital asset activities into traditional supervisory frameworks. As a result, the conversation has shifted from whether institutions should pay attention to digital assets to where and how these innovations may impact customers, operations, and competitive positioning.

For banks and credit unions, success will depend on focusing on customer needs and business objectives rather than specific technologies. Institutions should evaluate digital asset use cases through the lens of strategic value, risk management, compliance, and operational readiness. While the technology is changing, the core principles of sound governance, controls, and oversight remain essential.

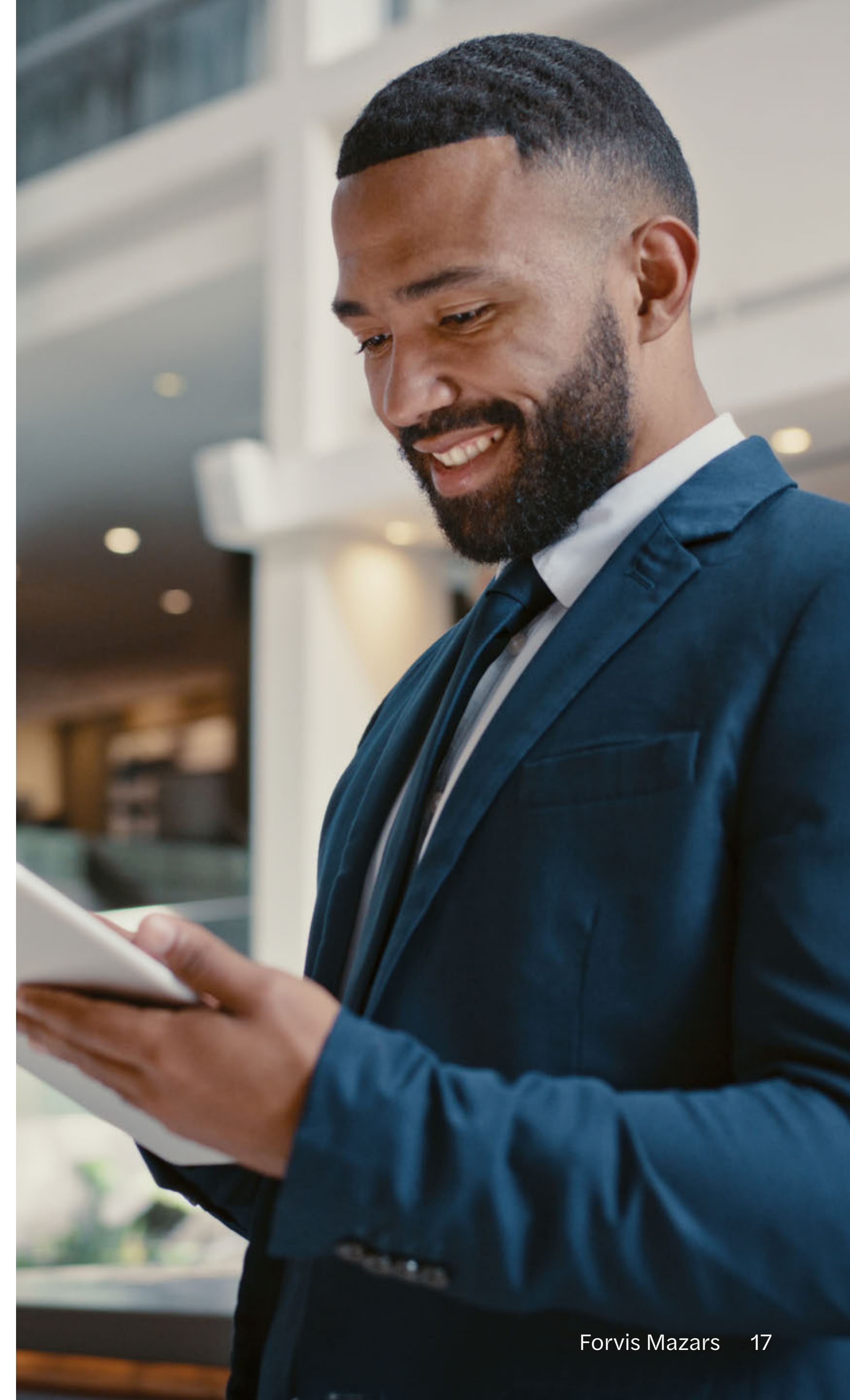
Stablecoins, tokenized deposits, and tokenized securities have different legal, regulatory, accounting, and balance-sheet characteristics. Institutions should avoid treating “digital assets” as a single homogeneous category. Strategy and risk assessment should begin with the nature of the underlying claim, the customer need being addressed, and the institution’s intended role.

Stablecoins & the Balance Sheet

Stablecoins have direct implications for deposits, payment economics, liquidity, treasury services, and customer relationships. Their ability to transfer value outside traditional settlement windows may affect assumptions about the timing and movement of customer funds.

Institutions should consider whether stablecoins could influence where customers hold transaction balances, how liquidity behaves in a 24/7 environment, and which payment or treasury relationships could migrate to new platforms.

A stablecoin is not the same as a tokenized bank deposit. Stablecoins may represent claims against bank or nonbank issuers backed by reserve assets, while tokenized deposits remain deposit liabilities of insured depository institutions represented using new technology. Those distinctions affect legal rights, deposit insurance, reserve treatment, accounting, and regulatory requirements.



Digital Assets: Accounting, Reporting, & Regulatory Developments

Regulation Is Becoming More Familiar

Digital-asset activity is increasingly being incorporated into established supervisory frameworks, including capital, third-party risk, *Bank Security Act* (BSA)/AML compliance, cybersecurity, and safety-and-soundness examinations. This may provide greater regulatory clarity, but it does not make the activities risk-free.

The GENIUS Act was enacted in July 2025. It established the first federal framework for payment stablecoins and limits issuance to permitted payment stablecoin issuers, which include subsidiaries of insured depository institutions, nonbank issuers approved by the Office of the Comptroller of the Currency (OCC), and state-qualified issuers below \$10 billion.

The CLARITY Act, which has recently faced some headwinds on approval in the Senate, would establish the first comprehensive federal framework for digital assets. Several provisions would apply directly to banks and credit unions, including confirmation that financial holding companies, national and state banks, and certain credit unions may use digital assets and blockchain technology for otherwise permissible activities such as payments, lending, custody, and trading. The legislative path, however, remains uncertain. Unresolved issues included ethics provisions addressing digital-asset holdings of government

officials and the treatment of stablecoin rewards and yield, which banking industry groups have argued could draw deposits away from community institutions. While negotiations continue, the SEC and federal banking agencies are continuing to advance digital-asset rulemaking and interpretive guidance.

Risk, Governance, & Audit Considerations

Speakers repeatedly cautioned institutions not to begin with a digital asset strategy, but instead to start with customer needs, business challenges, and opportunities to improve the operating model. Boards should be asking what customer exposure already exists, what the revenue and deposit implications are, what legal considerations apply, and what third-party dependencies are being created.

These activities also raise audit questions that differ from those in traditional processes. What constitutes ownership of a digital asset, and what controls that ownership? Who approves transactions, and who governs the smart contracts that execute them? How are smart contracts tested and how are external data sources controlled? Can transaction histories be independently reconstructed? As a result, audit focus shifts toward governance controls, smart contract oversight, ownership verification, the sufficiency of digital evidence, and the operational controls surrounding these processes.

Looking ahead, there is an emerging intersection between AI agents, programmable money, and autonomous transactions. If software agents are able to initiate and settle transactions without direct human involvement, governance will need to address agent identity, accountability, auditability, and authorization controls, which are many of the same questions institutions are already working through in their broader AI governance efforts.

Accounting Developments

FASB is evaluating whether certain digital assets meet the definition of cash equivalents and whether financial statements should disclose significant components of cash equivalents. The Board is also addressing accounting for transfers of crypto assets and monitoring other digital-asset classification issues with more guidance expected in the fourth quarter of 2026.

The bottom line is that digital assets are becoming increasingly relevant to the financial-services ecosystem. Institutions that assess these developments through the lens of customer value, governance, risk management, and operational readiness will be better positioned than those that pursue the technology without a defined purpose.

Consolidation & Competitive Positioning

Scale, Technology, & Competition

The competitive environment continues to reward scale, consistency, technology investment, and access to stable funding. Larger institutions continue to benefit from their ability to invest more heavily in technology, infrastructure, and AI. For smaller institutions, the strategic question is not simply whether to grow. It is whether scale creates meaningful value or whether the institution has the capital, talent, data, and governance required to execute its strategy successfully.

Bank M&A activity rebounded meaningfully in 2025 after reaching historically low levels during the pandemic period, and activity has continued into 2026 across both community and regional institutions. Credit union consolidation has followed a different pattern, with fewer transactions than pre-pandemic peaks but larger average targets.

A More Constructive M&A Environment

Several presenters described a shift toward a more permissive regulatory environment, including streamlined application procedures for qualifying community banks and reduced transaction approval timelines. A more constructive regulatory posture does not, however, eliminate the need to address fair lending, BSA/AML, capital, asset quality, concentrations, information technology, and other regulatory issues early in the process.

Transaction timelines have also compressed, with recent deals averaging approximately 90 days from announcement to close. That shorter window is demanding on the acquiring institutions, as public announcements, customer and member notifications, vendor arrangements, and conversion planning all must be completed within it. With roughly two years remaining in the current administration, this creates uncertainty about how future policy changes could affect deal activity and regulatory attitudes. Institutions evaluating strategic opportunities over the next several years should factor that window into timing and sequencing decisions.

A recurring message was that successful transactions begin well before a deal is announced. Institutions should engage experienced advisors, clearly define strategic objectives, and thoroughly document their decision-making process. Boards and management teams should also establish realistic expectations, understand the full range of available strategic alternatives, and address governance and compensation matters early rather than allowing them to become late-stage obstacles.





Consolidation & Competitive Positioning

Data Quality

Reliable loan-level data is central to due diligence, valuation, purchase accounting, and integration. Data integrity matters throughout the transaction life cycle, not only at the diligence stage. Strong reconciliation processes and well-controlled due-diligence procedures support the determination of purchase accounting marks, CECL estimates, and credit-related fair value adjustments.

Most critically, institutions should maintain data consistency among credit due diligence conclusions, day-one credit marks, and the initial CECL estimate as the loan valuation is typically the most significant accounting consideration during an acquisition. Institutions should obtain clean loan trial balances early and keep consistent across work streams. The data should be provided with as much underlying detail as possible to valuation specialists in order to develop supportable cash flow projections. Similarly, core deposit intangibles warrant closer attention as recent core deposit intangible (CDI) valuations have been more volatile given current market funding rates. Obtaining clean deposit trial balances early allows key valuation inputs to be validated early for discussions with valuation specialists.

Execution Does Not End at Closing

Post-close execution deserves the same attention as regulatory approval and transaction pricing. Data conversion, system

integration, access controls, acquired-loan tracking, employee retention, purchase-accounting implementation, and ongoing governance can determine whether expected transaction benefits are ultimately realized.

In particular, institutions should get on their core provider's calendar early, as providers are increasingly backed up in the current M&A environment and delays can leave an institution operating two separate systems longer than planned.

Non-traditional transactions, including credit union acquisitions of banks and transactions involving fintech or nonbank investors, may create additional structural, capital, tax, and regulatory considerations. These transactions require specialized expertise, early regulatory engagement, and transaction terms designed for the specific execution risks.

Consolidation may provide a path to greater scale and operating leverage, but a transaction is not a substitute for strategy. While market and regulatory conditions may support increased M&A activity, the conference reinforced that transaction success depends as much on preparation and execution as it does on pricing. Institutions that invest early in governance, data quality, due diligence, and integration planning will be better positioned to navigate an evolving M&A landscape and realize expected transaction benefits.

How Forvis Mazars Can Help

Forvis Mazars can help your financial institution tackle issues inherent to the industry, including market growth, AI, digital asset transformation, industry consolidation, and compliance. Forvis Mazars is a leader when it comes to audit work for financial institutions, holding the number two position as auditors of public banks in the U.S., according to data from S&P Global. Our team of dedicated professionals has concentrated experience in the financial institutions, credit union, mortgage banking, broker-dealer, specialty finance and asset management industries.

Combine our focus on **Unmatched Client Experience**® with the resources of a global firm, and you will find that Forvis Mazars is the trusted advisor your institution needs. Serving you is our passion and privilege.

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