



From legacy to leading: The future of regulatory reporting

2026 EY regulatory reporting target operating model survey



The better the question. The better the answer.
The better the world works.



Shape the future
with confidence

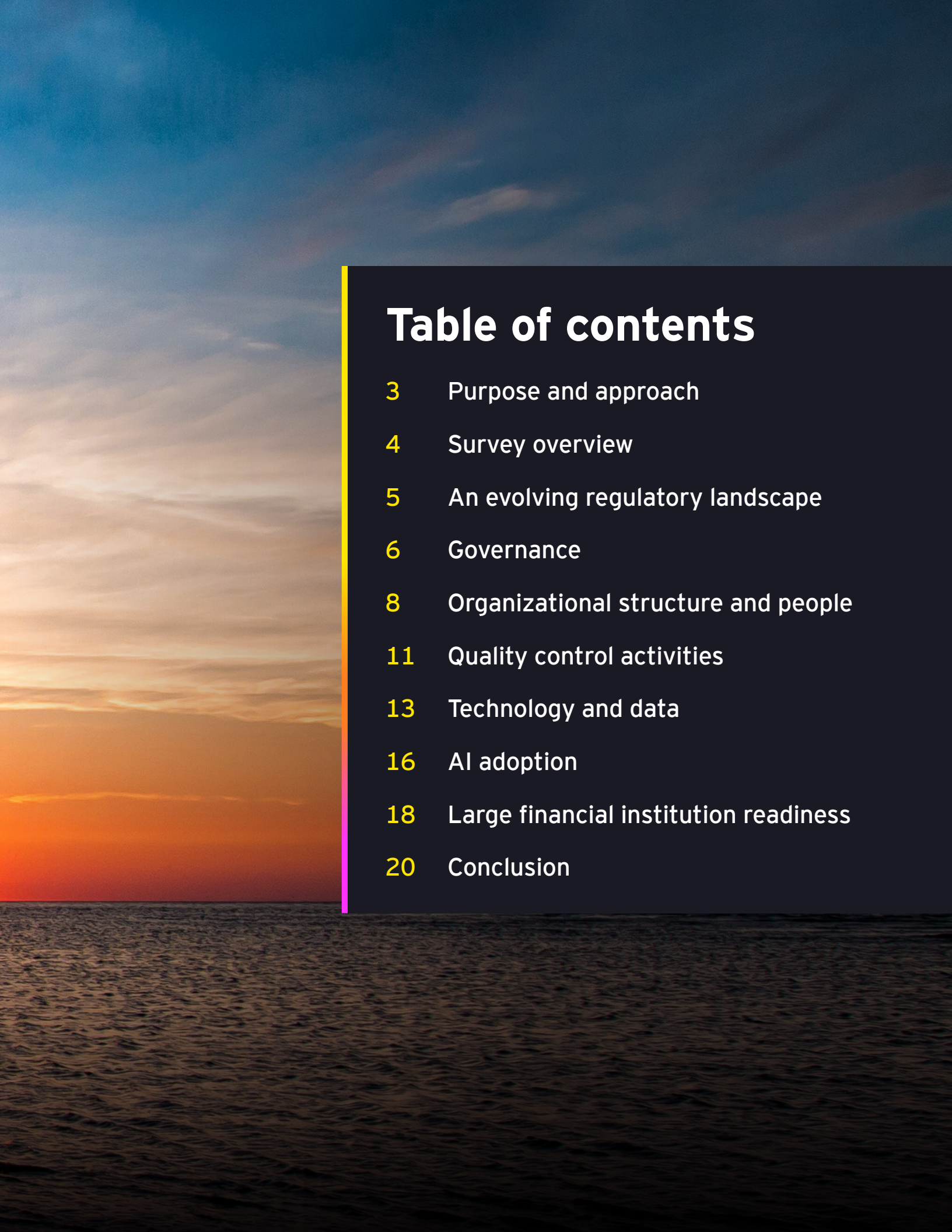


Table of contents

3	Purpose and approach
4	Survey overview
5	An evolving regulatory landscape
6	Governance
8	Organizational structure and people
11	Quality control activities
13	Technology and data
16	AI adoption
18	Large financial institution readiness
20	Conclusion

Purpose and approach

We are pleased to present Ernst & Young LLP's highly anticipated 2026 regulatory reporting target operating model survey, building on five prior publications to provide insights into industry practices and emerging trends across regulatory reporting. This year's survey was focused on regulatory reporting operating models, including governance, organizational design, report ownership, automation, the introduction of AI and broader data readiness.

Survey respondents included 39 banking institutions: all eight US-based Global Systemically Important Banks (GSIBs), along with a wide variety of Large and Foreign Banking Organizations (LFBOs) and Regional Banking Organizations (RBOs), as well as US branches of Foreign Banking Organizations (FBOs).¹ All individual responses are confidential, and results are presented in aggregate form. We extend our thanks to the participants of the survey.

The survey was organized around 16 topics designed to assess the regulatory reporting environment and identify industry practices across the reporting operating model.

GSIB

Global Systemically Important Bank

Eight large, globally active banks with the most complex operations and highest regulatory requirements.

LFBO

Large **and** Foreign Banking Organization

Domestic institutions with assets of \$100 billion or more that are not included in the GSIB program (Large Banking Organizations, or LBOs) and Foreign Banking Organizations (FBOs) with combined US assets of \$100 billion or more.

Asset size: \$100b+

RBO

Regional Banking Organization

Midsized domestic banks with moderate complexity and evolving reporting requirements.

Asset size: \$10b-\$100b

US branches of FBO

US branches of Foreign Banking Organizations

Entities contained within and controlled by a foreign banking organization without an Intermediate Holding Company (IHC).

¹ "Approaches to Bank Supervision," Federal Reserve Board website, <https://www.federalreserve.gov/supervisionreg/approaches-to-bank-supervision.htm>, accessed July 15, 2026.

Survey overview

Notable highlights from this year's survey include:

- Regulatory reporting is transforming from legacy, siloed teams to integrated, tech-enabled operating models.
- Focus has expanded to include optimization, data quality, governance and scalability in addition to report production and execution.
- AI usage is moving from experimentation and proof-of-concept building to execution and integration at the forefront of production.

Regulatory reporting is at an inflection point. A continuously evolving regulatory environment combined with rapid advances in technology have resulted in an opportunity for regulatory reporting functions to evolve. As firms race to modernize by improving data quality, implementing AI and developing stronger governance, the real differentiator will be who can move fastest from legacy processes to scalable future-ready operating models.

Years of investment in regulatory reporting data preparation has set the stage for it to become a rich source of information for management decision-making and insights. Firms are realizing there are value-adds and synergies that can be achieved through their investment in the regulatory reporting space. Regulatory reports remain a critical element of trust between banks and regulators – both as a mechanism by which regulators monitor changes in bank financial and risk profiles, and as a key supervisory lens into institutions' data quality.

Data and technology

Technology in regulatory reporting is no longer just about vendor tools for report production and submission. Participants are looking to build data-first architecture that can scale, integrate and reflect underlying risk, with firms doubling down on authorized data sources and data quality and enhancing end-to-end automation of the regulatory reporting process. Firms continue to invest heavily to ensure reporting reflects true financial risk, not just compliance outputs.

- **68%** of surveyed firms identified authorized data sources as a technology priority.
- **53%** of firms have reported plans for enhancing their regulatory reporting vendor tools. This includes plans to upgrade or expand their use of existing platforms, switching vendors entirely or exploring options to develop internal platforms for reporting.

- **51%** of regulatory reporting teams are actively engaged in data lineage activities.

AI

The rapid development and enterprise-level integration of AI has prompted institutions to actively explore use cases and applications for regulatory reporting. While the industry may still be in the early stages of its AI adoption journey, survey results indicate a clear shift toward AI-enabled reporting functions. We have observed that the pace of AI adoption has accelerated significantly since survey interviews were conducted, with many firms reassessing their target operating models and launching transformation programs to reimagine the future state of regulatory reporting. As AI capabilities continue to mature, firms' AI usage will evolve rapidly over the next 12-18 months.

- **87%** of firms are building AI capabilities now for use in the next 1-3 years.
- **50%** of respondents plan to build AI capabilities in-house rather than engage with third-party tooling.

Governance

A continued emphasis on the importance of sound governance has been noted across the industry, with nearly all firms reporting that they have a regulatory reporting governance committee (RRGC) in place. Firms are embedding strong governance, issue management and data accountability at the core of reporting.

- **91%** of firms identified issues management and escalation as a responsibility of their RRGC.

Organizational structure and people

Survey respondents reported that their regulatory reporting teams have an average of 63 full-time equivalents (FTEs) across all institution types.

- **50%** increase in GSIB FTEs, from an average of 111 in 2023 to 167 in 2026. The average use of offshore resources at GSIBs also increased from a 2023 average of 50 FTEs to 82 FTEs in 2026.
- RBOs also saw an increase from an average of 7 to 9 FTEs between 2023 and 2026. RBOs have not yet ventured into utilizing offshore resources to support their teams.

Further sections will dive into more detail across the operating model and how the industry has been changing since the 2023 iteration of the survey.

An evolving regulatory landscape

In May 2026, the Federal Reserve Board (FRB) released an updated version of its supervisory operating principles that largely aligned with the principles released in the fall of 2025. Overall, the updated principles aim to make supervision more effective, transparent and proportionate by focusing on material financial risks and outcomes rather than process compliance. Regulatory reporting continues to be a primary tool through which regulators monitor banking system activity and risk.

Greater reliance on internal audit

Supervisors are placing increased reliance on firms' internal audit functions to validate remediation of supervisory findings. Supervisory validation will typically occur only where internal audit has not performed validation, the firm lacks an internal audit function or the function is assessed as ineffective or unsatisfactory. Updated supervisory principles provide additional clarity on these expectations. Regulatory reporting functions are likely to experience heightened engagement from internal audit during business-as-usual (BAU) reviews and in closing findings in response to this change.

“

[Examiners] should rely on an institution's internal audit for validations when that function is rated satisfactory.” — Board of Governors of the Federal Reserve System Division of Supervision and Regulation.¹

Updates to the Uniform Financial Institutions Rating System (CAMELS)

On May 19, 2026, the Federal Financial Institutions Examination Council (FFIEC) proposed targeted updates to the Uniform Financial Institutions Rating System (also known as CAMELS) to better align supervisory ratings with material financial risk, financial condition and transparency, strengthening the link to safety and soundness and reflecting the evolution of the banking sector and supervisory practices. With ratings increasingly anchored in financial condition and material risk, emphasis shifts to how reported data captures underlying exposures. In this environment, quality assurance and control activities play a critical role in supporting highly material balance sheet and P&L impacts.

Despite updated supervisory operating principles, examination activity is likely to continue across the federal banking agencies (FRB, Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC)), with the pace and rigor of examinations remaining unchanged.

“

The proposal would strengthen the link between ratings and a financial institution's safety and soundness by focusing ratings on material financial risks.” — Federal Financial Institutions Examination Council.²

¹ “Updated Statement of Supervisory Operating Principles,” Federal Reserve Board website, <https://www.federalreserve.gov/supervisionreg/updated-statement-of-supervisory-operating-principles.htm>, accessed July 15, 2026.

² “Agencies Request Comment on Financial Institutions Rating System,” FFIEC website, <https://www.ffiec.gov/news/press-releases/2026/pr-05-19>, accessed July 15, 2026.

Governance

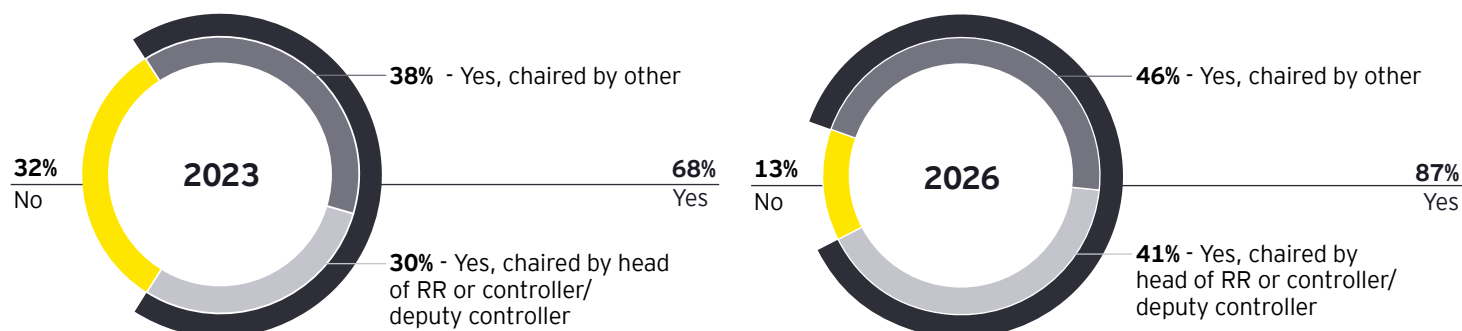
Governance is foundational to the regulatory reporting (RR) control environment and is a key factor in report accuracy, issue remediation and overall success of the regulatory reporting function. Firms are expanding governance into issue management, data accountability and enterprise-wide risk visibility as regulators increasingly prioritize material risks and outcomes.

Survey findings indicate continued strengthening of governance structures across regulatory reporting functions. Robust governance of regulatory reporting and interactions across data, technology, quality assurance and internal audit will be key as the FRB signals an increased reliance on banks' internal audit functions to monitor and mitigate risk across the reporting process.

Of the 39 institutions surveyed, 34 (87%) reported having a RRG, up 19 percentage points from 68% in 2023.

- Among the 34 firms with an RRG, 16 said the committee is chaired by either the head of regulatory reporting or the controller/deputy controller.
- Of the remaining 18 firms, eight reported that the RRG is led by the chief accounting officer (CAO) or chief financial officer (CFO).
- The remaining 10 cited a range of alternative leadership models, including an entity or regional CFO, an executive director or production head, co-chair arrangements (such as the head of regulatory reporting, head of finance transformation, head of data governance, CFO or group finance chief operating officer (COO)) or a regulatory reporting forum.
- Five firms indicated that they do not have an RRG, and none of these firms were GSIB institutions (three LFBO, two RBO).

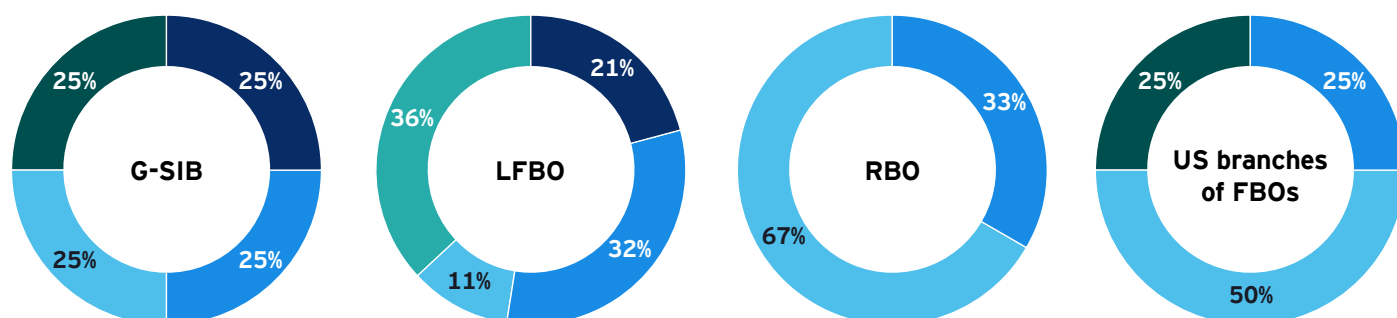
Do you have a RRG?



If yes, who chairs it?

By firm designation

■ Controller or deputy controller
 ■ Head of regulatory reporting
 ■ CAO or CFO
 ■ Entity CFO
 ■ Other



The 2026 survey results also point to a meaningful expansion in governance responsibilities compared with 2023.

- **91%** of firms identified issues management and escalation as a responsibility, up from 50% in 2023.

This growing emphasis reflects the increasingly central role of issue management in strong regulatory reporting governance. Unsurprisingly, the size and complexity of governance committee responsibilities are directly influenced by the size of the institution.

- **88%** of RRGs at GSIBs cited issues management and escalation, and key performance indicators (KPIs) and metrics, as core focus areas – the highest level of emphasis among this group.
- **68%** of firms with assets greater than \$100 billion placed the greatest emphasis on monitoring reporting changes and reviewing transversal financial and regulatory reporting issues.
- **67%** of firms with assets between \$50 billion and \$99 billion were most focused on policy enforcement.

Among survey respondents, 59% indicated the firm files regulatory reports outside of the US. Of the firms that file internationally, 26% of the regulatory reporting functions are governed by a global standard, 30% are governed by a local standard and 43% are governed with a hybrid of global and local standards.

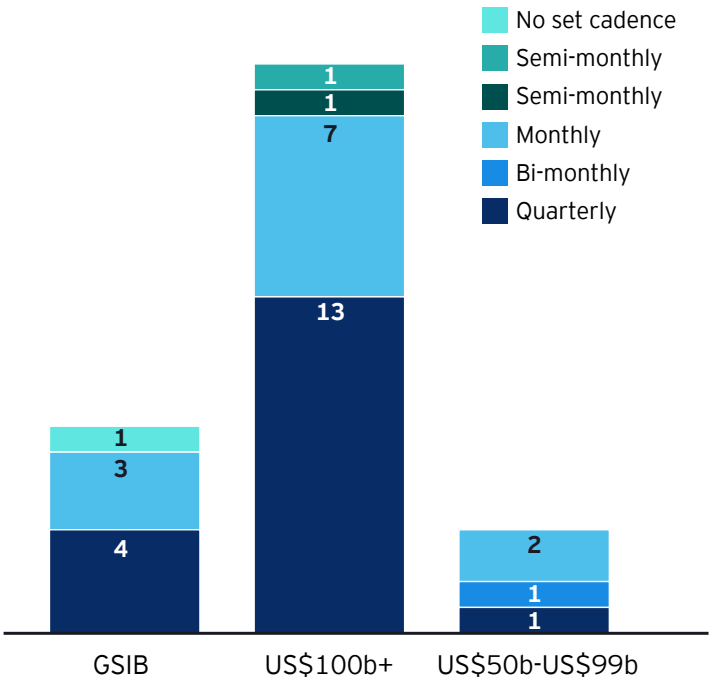
Among firms that only have domestic regulatory reporting, all but one have a regulatory reporting policy in place.

The visual to the right present the breakdown of firms based on whether they report exclusively on a domestic basis or include international reporting.

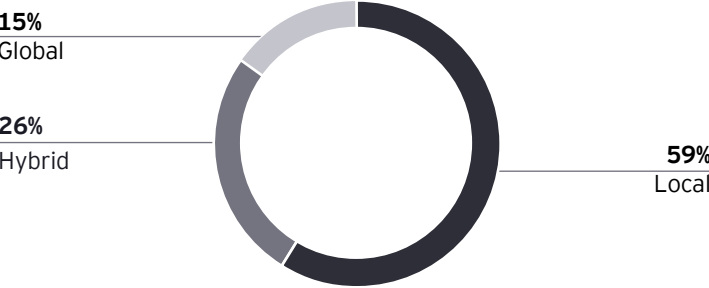
- Firms that report solely domestically were asked about the existence of a formal regulatory reporting policy.
- Firms that file internationally were asked about the governance structure of their regulatory reporting function.

Q: How frequently does your RRCG meet?

By asset size



Q: How is your regulatory reporting function governed?



Note: Of the 59% with local governance, a majority are firms that only file domestic regulatory reports (41% domestic only, 18% international)

Organizational structure and people

Regulatory reporting is no longer a siloed function. Investment from firms across the data supply chain in data quality and controls have given regulatory reporting teams the opportunity to review their organizational structure. Team size is surging, the use of offshore teams and alternative delivery models is accelerating, and responsibilities are expanding far beyond production into quality assurance, data quality, remediation and governance.

How are production teams organized?

Survey respondents were asked how their production team is structured, including whether the team is:

- Report-based, with resources aligned to specific reports
- Product-based, with resources owning products across reports, or
- Hybrid, with both approaches leveraged.

These results are consistent across this year's respondents with a majority of firms selecting report-based or hybrid models regardless of institution type. This suggests, for the first time since this survey has been published, that there is a growing consistency in production team structure across the industry. Results of the 2021 and 2023 surveys still noted that there was not a consistent model for production team structure across respondents.

46%

Report-based

54%

Hybrid

Headcount trends

Institutions are continuing to evolve their organizational models to support their regulatory requirements and commitments. This includes expanding headcount domestically and internationally to align with broadening responsibilities, pressure to modernize the regulatory reporting function and improve data quality. These efforts are most effective when paired with proactive identification and remediation of internal deficiencies, which can significantly reduce the long-term costs associated with regulatory feedback.

Survey results across all respondents both onshore and offshore (average)

	FTEs	Minimum	Maximum
GSIB	167	51	400
LFBO	41	5	121
US branches of FBOs	37	12	60
RBOs	9	4	12

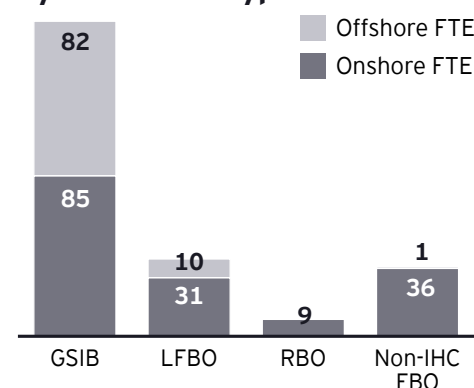
Offshore models vary widely across institutions. Some firms, particularly larger ones, are deploying significant offshore capacity in key locations such as Hyderabad, Bengaluru and Gurugram in India and Manila, Philippines.

Of the 39 institutions surveyed, 23 (59%) reported having no offshore resources. Among the largest institutions, however, offshore staffing appears to be more concentrated: two of the eight GSIBs reported having more than 100 offshore FTEs.

Top 4 offshore locations

1. Bengaluru
2. Hyderabad
3. Manila
4. Mumbai

2026 average FTE, by institution type



Report ownership

Core financial reports (e.g., FR Y-9C, FFIEC 031/041/051, FFIEC 002/030) remain fully owned by regulatory reporting teams. Across seven key regulatory report types, all respondents said their regulatory reporting teams own core financial reports, which account for a majority (58%) of total reported FTEs. A majority of respondents also reported that capital (66%), comprehensive capital analysis and review (CCAR) (63%), compliance (76%) and systemic risk (91%) reports sit within the regulatory reporting team. Liquidity and structure reports, however, are more often owned by teams outside the regulatory reporting function (e.g., Treasury, Legal, HR).

Aligned with the 2021 and 2023 surveys, the findings suggest that ownership of reports continues to become less centralized, with various teams owning different

types of regulatory reports. Institutions continue to create dedicated teams, reflecting a growing need for subject-matter knowledge to interpret complex regulatory requirements including risk-based capital and liquidity risk management standards. In cases where regulatory reporting is not the primary owner of CCAR reports, there is a mix of ownership across the capital, treasury and credit risk teams. Capital reports not owned primarily by the regulatory reporting team are owned by a separate capital team.

All firms reported maintaining a formalized inventory of reports. Compared with the 2023 survey, this reflects an increase of approximately 13 percentage points among US branches of FBO firms and 43 percentage points among GSIB firms.

Regulatory reporting ownership by report type

Report type	Examples	2023	2026
Core financial reports	FR Y-9C, FFIEC 031/041/051, FFIEC 002/030	100%	100%
Capital reports	FFIEC 101, 102, RWA	74%	69%
CCAR reports	FR Y-14 Q/M and FR Y-14 A Actuals	79%	83%
Liquidity reports	FR 2052a, NSFR, LCR	38%	28%
Structure reports	FR Y-10, FR Y-6, FR Y-7	55%	50%
Compliance reports	FR Y-8	73%	76%
Systemic risk reports ¹	FR Y-15	-	91%

¹ Systemic risk reports were not asked about in 2023.

Across seven key regulatory report types, all respondents said their regulatory reporting teams own core financial reports.

Outsourcing

Outsourcing remains limited but has been gradually increasing year over year, with report production-related activities being the most outsourced activity. This is in line with production teams taking on broader non-production responsibilities, such as quality assurance (QA)/testing, regulatory reporting input/output (RRIO) and training.

Across all firm types, approximately 15% reported outsourcing as part of their reporting process by engaging third parties to perform activities that would otherwise be conducted

in-house. This represents a 4% increase from the 2023 survey. In 2023, report generation and reconciliations were the most outsourced activities. By 2026, report production had become the leading outsourced function.

Among the six firms that outsource:

- **Five** delegate a portion of report production.
- **One** fully outsources regulatory interpretation among several others across the industry that outsource on an ad hoc basis.

Training

Training plays a critical role in keeping teams up to date on reporting requirements, regulatory changes and overall team processes. Ongoing education helps reduce execution risk and improve operational effectiveness. Regulators expect that firms have robust and comprehensive training programs in place for all participants in the end-to-end regulatory reporting process.

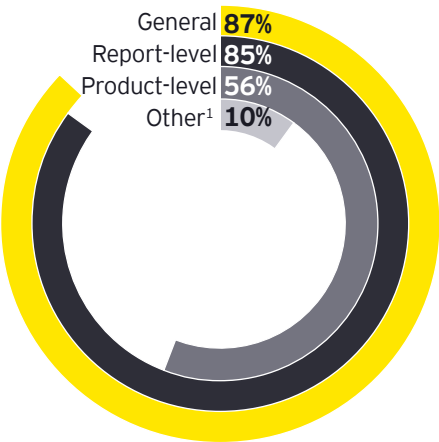
Over the past several issues of the survey, it has been clear that firms are increasingly recognizing training as foundational to a sustainable, well-controlled reporting operating model, especially as regulatory expectations and reporting requirements continue to rise.

Since 2023, the share of firms offering formal regulatory reporting training has increased by 8% to a total of 90%. Firms with established training programs typically provide both general awareness sessions and report- and product-specific training for data providers, report preparers and report owners.

90%

of respondents have implemented some kind of regulatory reporting training

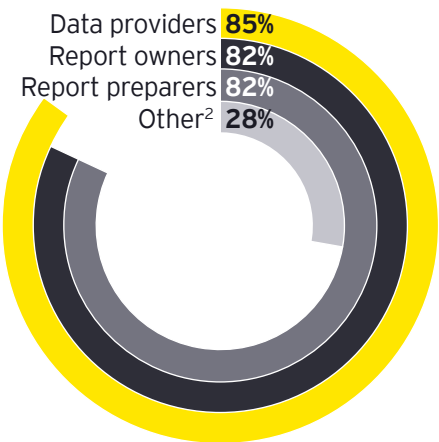
Types of training offered



¹ Other training includes regulatory reporting vendor trainings, role-specific trainings and QA trainings.

² Other includes second and third LoD teams, chief data office, controllers and risk management.

Q: Who's required to take training?



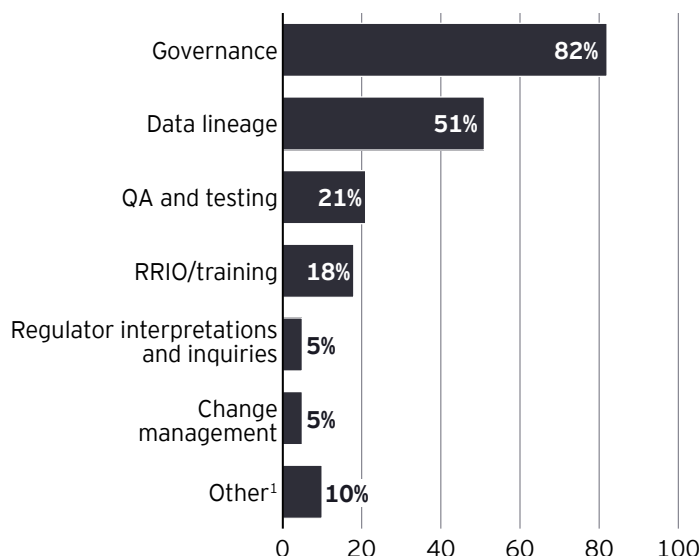
Quality control activities

Firms have embedded quality controls, attestations and ownership deep into the data supply chain, forcing accountability to start at the source. Survey respondents were asked about the processes and control mechanisms embedded in their regulatory reporting operating models, including third-party outsourcing, non-production activities and attestations.

Roles and responsibilities

All firms indicated that their regulatory reporting production teams are engaged across multiple aspects of the reporting lifecycle, with responsibilities extending beyond report submission to include governance, controls and supporting activities required to ensure accurate and timely delivery. Governance was the most common, cited by 82% of firms, reflecting oversight responsibilities embedded within reporting processes. Data lineage, reported by 51% of teams, highlights the importance of tracking data from source to report to support transparency and data integrity. In addition, 21% of teams reported performing QA and testing, while 18% contributed to RRIO and training.

Types of non-production activities performed



Attestations

Most regulatory reports require a formal attestation on the cover page, where the CFO or equivalent senior officer attests that the report has been prepared in good faith, the data is materially accurate to the best of their knowledge and that appropriate internal controls over reporting are in place and effective. In line with regulatory feedback, firms have shown a strong emphasis on upstream accountability and data quality; attestations play a key role in the reporting process and support the overall control environment. In some instances, such as the FFIEC 031 Report, signatures are also collected from directors or trustees of the bank. In this example, three members of the board of directors are asked to declare that the FFIEC 031 Call Report has been examined and prepared in conformance with regulatory reporting instructions.

Attestations collected for high-priority reports as part of report production, by institution type

100%
GSIB

100%
US branches
of FBOs

96%
LFBO

80%
RBO

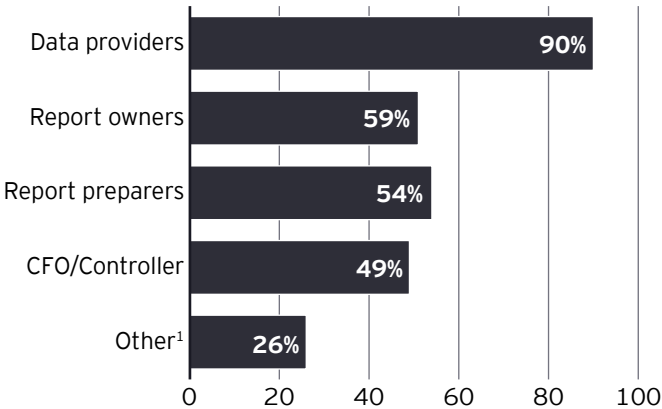
In addition to the cover page signatures, organizations often collect supporting attestations from individuals throughout the data supply chain to reinforce accountability for data quality, completeness and compliance.

- **95%** of firms require formal attestations as part of the report production process, representing a 4-percentage-point increase from 2023 across all firm types.
- **90%** of firms require attestations for core financial reports, bank reports and branch reports.

Formal attestations are most often obtained from data providers, report owners and report preparers. This pattern underscores the industry’s continued focus on data quality, particularly at the point of origination and upstream of the regulatory reporting function.

Q: From whom are formal attestations being collected?

Responsibility for attestations

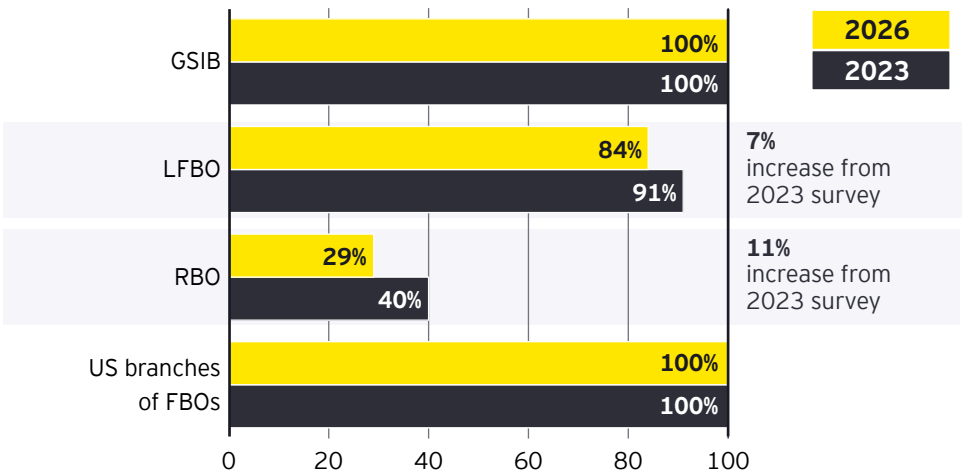


¹ Other includes second and third LoD teams, controllers and risk management.

Quality assurance

Eighty-seven percent of firms report having formal QA functions in place, up 7-percentage points from 2023. This increase was driven primarily by an 11-percentage-point rise among RBO firms and a 7-percentage-point rise among LFBO firms. In addition, all GSIB and US branches of FBOs reported having QA functions, consistent with the 2023 survey results.

Firms with QA functions



Note: For additional insights with respect to quality assurance, contact the EY Regulatory Reporting team for the 2026 RRQA Survey results.

Other attestation participants include second and third LoD teams, controllers and risk management.

Technology and data

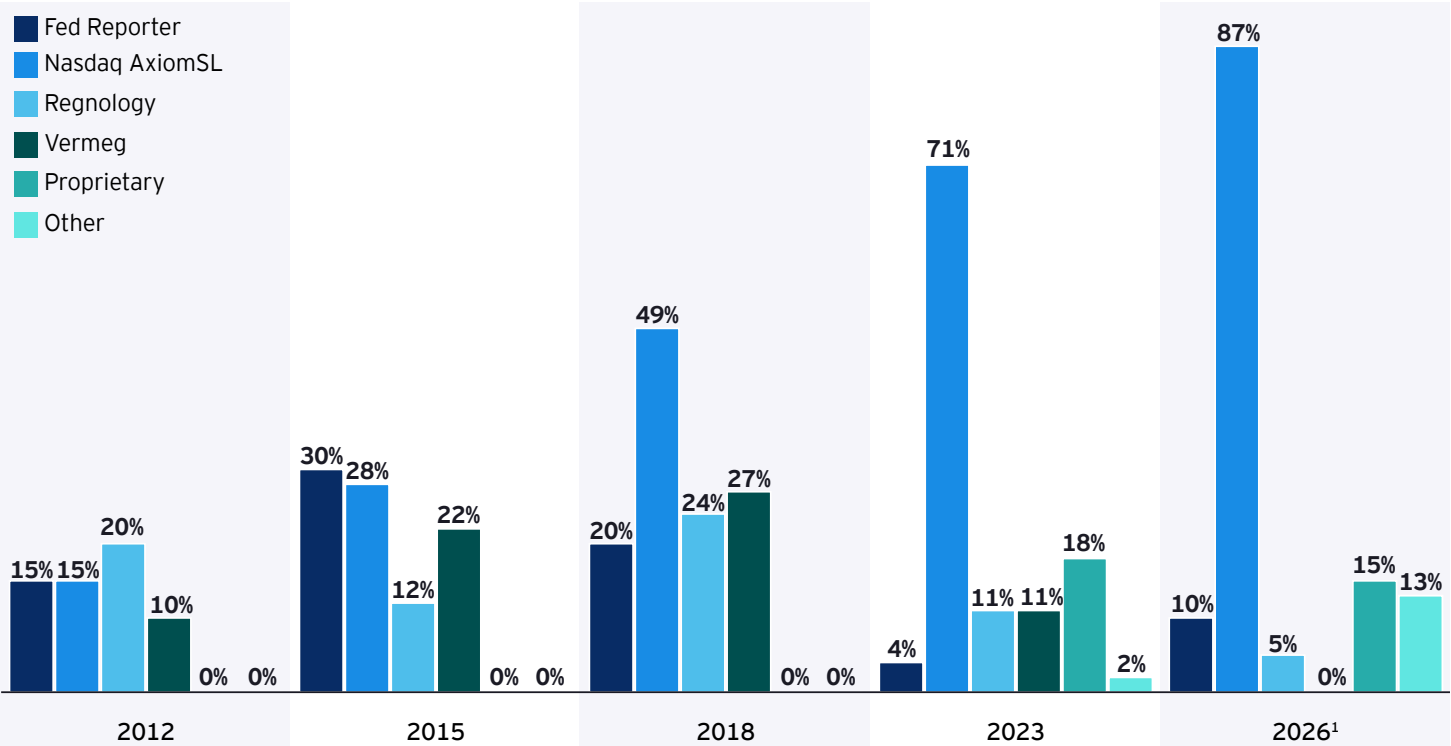
Regulatory reporting teams are reevaluating their core processes and underlying technology infrastructure to improve efficiency, scalability and control. Technology alone won't fix reporting, but bad data will break it. Firms are prioritizing authorized data sources, integrated platforms and a streamlined technology ecosystem designed to optimize their regulatory reporting functions.

Survey results indicate that third-party platforms remain an integral component of the regulatory reporting technology landscape. However, vendor tools alone do not define reporting capability. Effective reporting continues to depend on how well these platforms are embedded within a broader ecosystem supported by strong data architecture and high-quality data.

The vendor landscape remains highly concentrated. Survey results indicate that 87% of institutions use Nasdaq AxiomSI for regulatory reporting production, with usage of other tools considerably more limited. Even so, no single tool covers the full breadth of regulatory reporting requirements, so a meaningful share of firms run more than one. In 2026, 67% of respondents use a single tool and 33% use multiple, consistent with 2023 results. Several large banks also combine vendor platforms with internally developed solutions.

Q: Please specify which tooling your organization uses to generate regulatory reports

Trends in tooling software adoption



¹ Regnology acquired Vermeg in November 2024 and has announced as of July 2026 that they have come to an agreement to acquire Fed Reporter.

Respondents described activity in both directions. Some reported consolidating toward single-platform models to reduce third-party vendor spend; others said they were exploring alternative production models such as managed services and outsourcing. Several institutions indicated they are actively assessing alternatives to their current vendor solutions. Where respondents discussed selection criteria, they pointed less to the vendor choice itself than to the underlying technology and data ecosystem, citing reporting accuracy, governance and change management as the areas they are looking to strengthen.

Enhancement plans are not confined to any single part of the reporting process. Institutions cited investment across data architecture, vendor platform enhancements, AI use cases and data visualization, naming tools and platforms such as Power BI, Snowflake, Nasdaq AxiomSL, Alteryx and Tableau. Respondents frequently selected these in combination rather than in isolation:

- **33%** selected both authorized data sources and vendor tool updates.
- **31%** selected both authorized data sources and data visualization.

Overall, institutions appear to be modernizing around existing reporting platforms, with primary emphasis on strengthening authorized data sources, enhancing reporting tools and improving transparency through visualization – reinforcing core capability rather than deploying specialized point automation. Given the pace of change in AI and adjacent technologies, that balance may shift quickly.

The most frequently selected enhancement categories were:



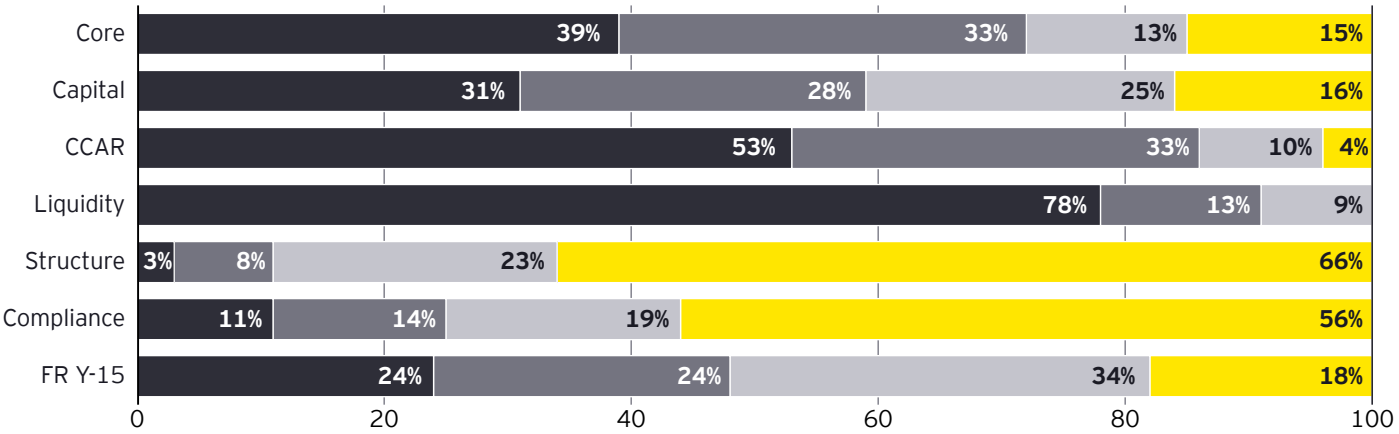
Report production

Institutions were also asked what share of the report production process is automated and can be completed without manual intervention. Respondents identified liquidity reports (78% with high automation) and CCAR reports such as FR Y-14Q/M and FR Y-14A Actuals (53% with high automation) as the most automated. Liquidity reporting is often highly automated because daily FR 2052a reporting for GSIBs and Category II and III institutions demands consistency and repeatability. CCAR reporting also lends itself to automation because its volume and transactional nature create a strong incentive to maintain consistency and continuity across reporting cycles.

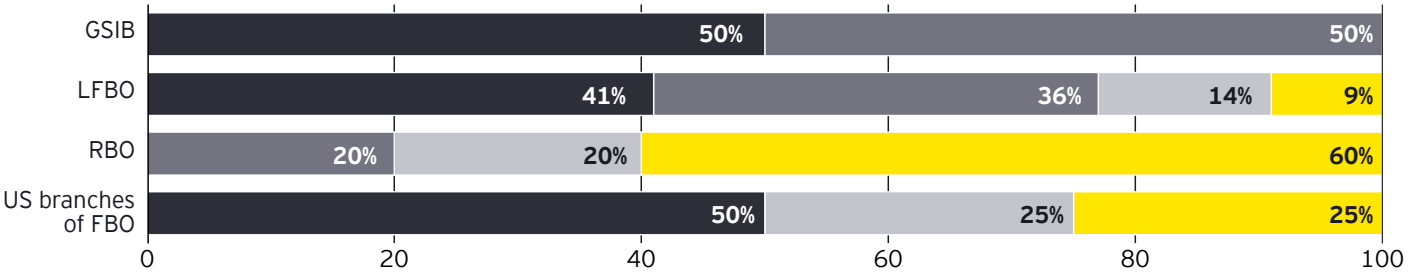
Liquidity and CCAR were also the most highly automated report types in the 2023 survey at 63% and 41%, respectively, suggesting that institutions have continued to prioritize automation in these areas. At the other end of the spectrum, structure reports (66% manual) and compliance reports (56% manual) remain the most manual, consistent with the 2023 results.

Within core financial reports, automation was highest among US branches of FBOs and GSIBs, with 50% of respondents reporting high automation.

Level of automation by report type



Core report automation by institution type



High	Moderate	Low	Manual
Greater than 75% of processes are automated	51%-75% of processes are automated	25%-50% of processes are automated	Less than 25% of processes are automated

AI adoption

Today, firms of all sizes are working to integrate AI across their operating model, from strengthening their interpretative offices to enhancing their report production processes. AI is primarily being used as a force multiplier, cutting down on time-consuming practices to allow resources to focus on higher-value work. Though survey results indicate that AI-powered tools remain limited at many institutions today, adoption is expected to rise significantly over the next one to three years. Currently, 66% of institutions with technology enhancement plans report no AI usage, while the remainder are split across external, in-house and hybrid sourcing models.

Trends in AI have accelerated rapidly even since the interviews for this survey were conducted. While regulatory reporting teams are considering how to leverage AI to optimize their functions, they will need to overcome key challenges including establishment of appropriate controls and development of adequate governance over their new technology and processes. The pace of AI adoption will continue to dramatically increase as time goes on. Looking ahead one to three years, only 13% of respondents reported that their firms had no AI usage or plans. Institutions cited targeted and/or exploratory applications such as anomaly detection, variance analysis, chatbots and project accelerators,

often without a consistent underlying toolset. This shift suggests that AI is moving beyond early-stage exploration and becoming a more deliberate operating model consideration.

While several firms are beginning to adopt enterprise-wide AI platforms through broader firm initiatives, the application of these tools within regulatory reporting is still evolving. In contrast to more structured investments in authorized data sources and vendor reporting tools, AI initiatives appear less standardized and more selectively applied. This suggests AI is an emerging focus area but not yet embedded as a core component of the regulatory reporting technology landscape. However, the swift pace of technological change means that even the most well-crafted plans can quickly become outdated and that firms' technology roadmaps are likely to look very different even 12-16 months from now.

Many institutions surveyed pointed towards developing in-house AI tools rather than investing in third-party platforms or tools. Among institutions with no AI usage today, 56% say they plan to build AI-powered tools in-house. This suggests that in-house AI is not only expanding among current users but also emerging as a priority for institutions that have not yet adopted it.

AI maturity ladder: From adhoc to agentic operations

AI-enabled organization maturity framework: A path to scaled value

Adhoc AI	AI assist	Workflow-embedded AI	Ontology-driven AI	AI native/agentic enterprise
▪ Individuals use AI outside core systems for adhoc search, summarization, drafting, Q&A ▪ Value is personal productivity, not enterprise scale ▪ Limited governance, traceability and reuse	▪ AI becomes repeatable for defined tasks ▪ Humans remain in control and validate outputs ▪ Early standards emerge for prompts, approvals, access and logging	▪ AI is embedded into end-to-end workflows ▪ Outputs are governed within existing process controls ▪ Audit trails, role-based access, handoffs and exception management become clearer	▪ Shared knowledge layer for consistent interpretation, reuse and explainability ▪ Centralized visibility across use cases, models, policies and controls ▪ AI capabilities become reusable platform components	▪ AI is built into tools and processes as an operating system ▪ The org moves beyond isolated use cases into scalable, built-in AI via strategic accelerators ▪ Processes are redesigned around AI-enabled execution and continuous monitoring

In the near term, there are opportunities to use AI in use cases including workflow enablement, documentation digitization and validation, data dictionary support, transaction testing and interactive chatbot or copilot integration. Some examples from survey respondents include:

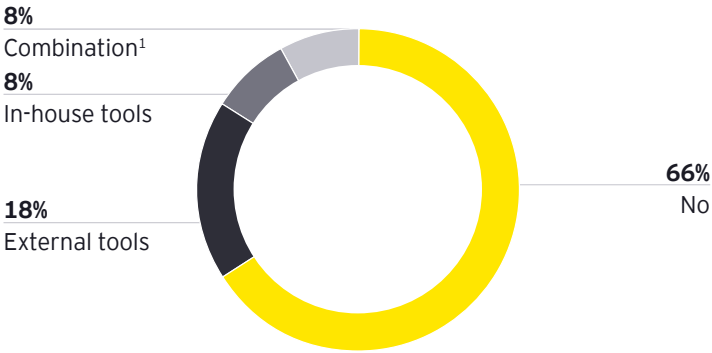
- Large language models (LLMs) to support variance analysis commentary by using AI to identify the “why” and not just the “what.”
- Utilizing AI to identify the impact of new activity or products on regulatory reporting requirements.
- Digitizing source documentation and utilizing agentic AI to support quality assurance and quality control activities.
- Developing AI models to proactively detect anomalies or outliers that may indicate data quality issues or emerging risks.

What is clear is that AI can be used in a variety of manners to optimize the regulatory reporting function, and its benefits are not limited only to significant, transformative initiatives. There are also many opportunities to leverage AI in smaller ways to improve the day-to-day function of the regulatory reporting team. These applications align with areas where AI can reduce manual effort and improve access to institutional knowledge.

In the long term, institutions may apply AI more broadly to tasks that involve repeatable analysis, exception identification and interpretive support if governance, data quality and controls are in place. Scaling AI in a controlled, sustainable way may require aligning AI roadmaps with broader technology modernization.

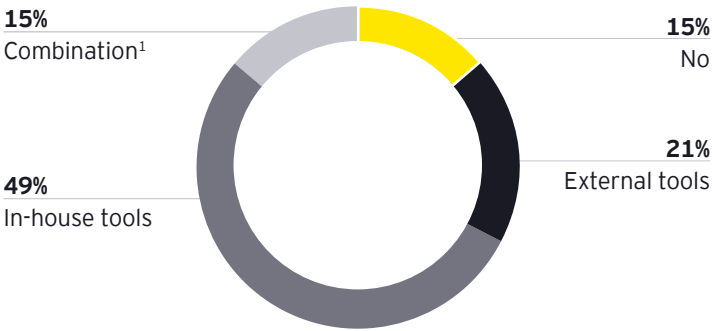
Q: Are you currently leveraging any AI-powered tools?

Current AI sourcing



Q: Do you plan to leverage any AI-powered tools in the next 1-3 years?

Planned AI sourcing



¹ Combination of in-house and external tools.

Large financial institution readiness

Large financial institution (LFI) readiness should be viewed in the context of an evolving supervisory environment, including uncertainty about whether LFI-related thresholds or expectations may change. Institutions that are approaching the \$100b total asset threshold are preparing for possible changes in expectations, reporting complexity and operating model demands. Survey participants with total assets of \$50b-\$100b were asked a specific set of questions related to LFI readiness, the results of which are summarized in this section.

Survey results show that LFI transition is not being treated as a distant issue for firms that are anticipating growth.

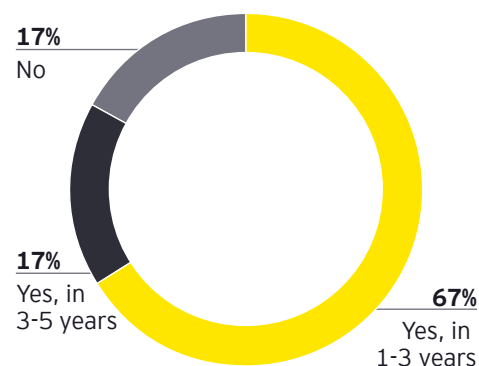
- **67%** of institutions report a transition plan within one to three years.
- **17%** indicate a three- to five-year horizon.
- **17%** reported no current transition plan.

Among the 67% of institutions with a transition plan, 60% described themselves as moderately prepared and 40% as partially prepared.

These findings suggest that while many institutions are planning for LFI transition in the near term, execution readiness is still developing and may require targeted work in specific areas before firms can confidently meet LFI expectations. It also may indicate that firms are waiting for regulators to provide more concrete guidance on thresholds and expectations before investing significantly into program uplift to meet LFI requirements.

Q: Does your institution have plans to transition into an LFI in the upcoming years? If yes, please specify your prospective timeline for this transition.

LFI plan timeline



Q: How would you describe the LFI readiness of your institution?

Fully prepared	Confidently ready with a comprehensive plan in place
Mostly prepared	Largely ready, with next steps clearly defined and actionable
60% Moderately prepared	Some readiness exists, but guidance and clarification are needed in specific areas
40% Partially prepared	Initial discussions have begun, but significant guidance is required on key aspects
Minimally prepared	Limited planning discussions are underway
Not prepared	No discussions have taken place regarding a detailed plan

Institutions with lower self-assessed readiness tend to focus more on core program-build activities, while those with higher readiness show a more balanced approach that also includes stakeholder communication, training and development. This suggests that as readiness improves, the focus shifts from building the program to sustaining adoption and consistent execution.

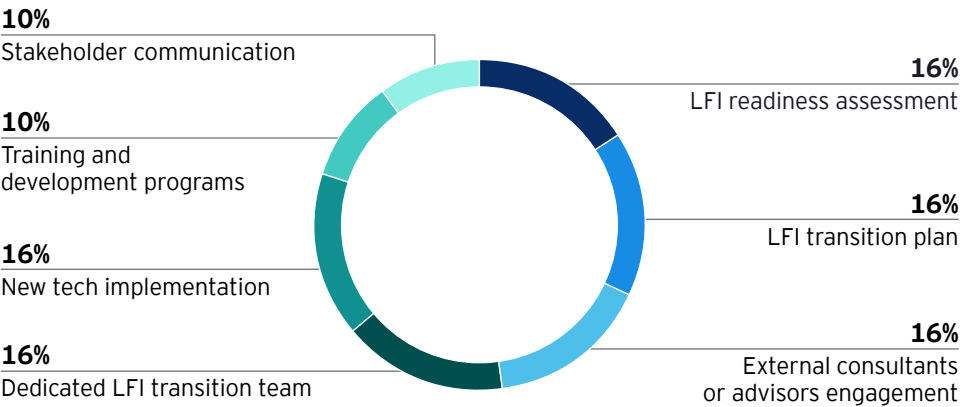
A comparison of reported gaps and planned enhancements shows how institutions are aligning their LFI readiness efforts. The most frequently cited gaps are technology and infrastructure development and risk management and mitigation strategies, suggesting that many institutions remain focused on execution enablement and risk readiness.

Planned enhancements show a more focused investment pattern. Survey respondents who met the criteria for the LFI questionnaire most commonly selected implementing or enhancing authorized data sources as an area of focus for LFI uplift. This suggests that while readiness levels differ across institutions, many are prioritizing foundational data investments that can support multiple needs and will likely result in better data quality across functions. This pattern indicates that institutions may be using core technology investments to address broader LFI readiness challenges.

For firms approaching LFI designation, the strategic roadmap of investments, known issues and gaps, and upcoming regulatory requirements can provide an important basis for evaluating potential paths toward compliance.

Q: What actions has your institution taken to prepare for LFI readiness?

Actions taken to prepare for LFI readiness



Q: In which areas is your institution least prepared for LFI readiness?

Least prepared areas for LFI readiness



Conclusion

The 2026 survey results point to a clear shift in how regulatory reporting functions are being built and run. Institutions are moving beyond incremental fixes to legacy processes and are investing in more global, AI-enabled operating models designed to scale with increasing complexity.

At the same time, supervisory expectations are becoming more targeted. A heightened focus on material risk, combined with greater reliance on internal audit, raises the bar for demonstrating strong governance, effective controls and consistent execution. In this environment, data quality, clear ownership and disciplined issue management are no longer supporting capabilities; they are essential.

Firms are responding with more deliberate investment in automation, data architecture and AI. These are not stand-alone initiatives but foundational building blocks for a more resilient and forward-looking reporting function.

The challenge now is execution. Realizing the value of these investments often depends on how effectively they are aligned with operating model outcomes, including stronger governance, modernized data foundations and scalable processes across the reporting lifecycle. We expect operating model transformation, including the implementation of AI, to be a defining theme for regulatory reporting functions over the next few years. Success will depend on how firms integrate changes across workforce, process and technology while adapting to an evolving regulatory agenda, changing supervisory expectations and shifts in the broader macroeconomic environment. Institutions that can navigate these dynamics effectively will be better positioned to shift from reactive compliance to a more proactive, sustainable approach to regulatory reporting, marking the transition from legacy processes to a leading, future-ready reporting function that drives insight, resilience and confidence in decision-making.

Key Ernst & Young LLP contacts



Christine Burke

Principal, Americas Regulatory Reporting
Leader



Vadim Tovshteyn

Principal, Americas Regulatory
Reporting Leader



Alberto Rosello

Executive Director,
Business Consulting



Sarah Sy

Executive Director,
Business Consulting



Josh Welikson

Executive Director,
Business Consulting

Thank you to the team:

Peter Altamore, Joe Castelli, Cameron
Morgan, Rachel Sorensen, Jiyu Zhou,
Jake Weinstein, PuWei Yang and
Claire Hutchison

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2026 Ernst & Young LLP
All Rights Reserved.

US SCORE no. 32363-261US
2509-11200-CS
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com