



NEWS RELEASE

# Q2 Releases 2026 State of Commercial Banking Report

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New findings show rising client expectations and increasing pricing pressure as banks and credit unions navigate margin compression, digital modernization, and heightened competition

AUSTIN, Texas--(BUSINESS WIRE)-- **Q2 Holdings, Inc.** (NYSE:QTWO), a leading provider of digital transformation solutions for financial services, today announces its State of Commercial Banking January 2026 report. Key findings from the annual report reveal major trends in the commercial banking industry, as well as the challenges and opportunities banks and credit unions will face in the coming year.

As businesses navigate continued economic uncertainty, they increasingly expect their financial institutions to provide faster payments, real-time access to data, and seamless integration with the systems they rely on to run their operations. Q2's analysis shows that commercial clients are prioritizing efficiency, visibility, and control. At the same time, liquidity has recovered across the industry, lowering funding costs. The increased liquidity relative to loan demand is intensifying competition, compressing margins, and raising the stakes for how financial institutions price, structure, and manage commercial relationships.

"Q2 PrecisionLender data shows that liquidity growth has outpaced loan demand across the industry, intensifying competition and driving an erosion of credit spreads," said Q2 Principal Strategic Business Advisor Gita Thollessen. "As spreads narrow and excess liquidity builds, pricing discipline and relationship-level insight have become critical. The data confirms that financial institutions must be more precise in how they price, structure, and prioritize commercial relationships to protect margins and compete effectively in this environment."

The report is based on findings from Q2 PrecisionLender's proprietary database for the 2025 calendar year. It reflects actual commercial relationships (loans, deposits, and other fee-based business) from more than 130 banks and credit unions in the United States, ranging in size from small community banks to top 10 U.S. institutions. In addition to their variance in size, these institutions are also geographically diverse, with borrowers in all 50 states. This report also references data from Q2's Centrix Positive Pay solution, as well as published industry research and economic data from several public sources, such as the FDIC and the Federal Reserve.

Key Takeaways from the Report:

1. Liquidity recovers, enabling deposit cost reductions and stronger net interest margins (NIM). Industry deposits have fully recovered from the liquidity crisis and have reached record levels, and financial institutions have offered competitive pricing to shore up deposits, absorbing higher costs as a means of stemming outflows and growing balances.

2. After a slow start, loan demand has rebounded and pipelines have grown. Early-year uncertainty about new tariffs kept capital investment in check, suppressing loan demand. With greater clarity, corporates have stepped up borrowing, and lenders are seeing fuller pipelines.
3. Competitive climate has intensified as spreads narrow across the market. The industry's liquidity growth has outpaced the recovery in loan demand, resulting in a supply-demand imbalance, and increased competitive pressure has led to an erosion of credit spreads.
4. Fraud risk isn't creeping up; it's sprinting. Fraud is becoming more prevalent and sophisticated, and banks and credit unions are responding by developing layered defenses, using AI, and breaking down data silos to detect and stop threats earlier and resolve issues more efficiently.
5. Bank deals are now technology plays as well as balance-sheet plays. In the current favorable regulatory environment, many financial institutions are looking to mergers and acquisitions (M&A) to help them scale and improve efficiency. Platform modernization, fintech integration, and AI-enabled capabilities are essential to realizing value after the deal.
6. Commercial banking continues to focus more on business efficiency. Enterprise resource planning (ERP)/accounting system integrations remain one of the most requested capabilities, instant payment rails keep gaining share, and digital banking for small business is evolving into business hubs. Q2's commercial banking insights align with the company's broader commitment to helping financial institutions compete and grow through modern digital solutions. Through its commercial banking suite, Q2 enables banks and credit unions to streamline onboarding, support advanced payments and treasury workflows, and deliver personalized experiences that meet the complex needs of today's business customers.

**Click here** to download the 2026 State of Commercial Banking report.

For additional insights from the report, listen to the related episodes on **The Purposeful Banker podcast**, and **watch the recording** of Q2's annual State of Commercial Banking webinar.

To learn more about how Q2 delivers simple, smart, end-to-end banking and lending solutions for commercial financial institutions, visit <https://www.q2.com/commercial>.

## About Q2 Holdings, Inc.

Q2 is a leading provider of digital transformation solutions for financial services, serving banks, credit unions, alternative finance companies, and fintechs in the U.S. and internationally. Q2 enables its financial institution and fintech customers to provide comprehensive, data-driven digital engagement solutions for consumers, small businesses and corporate clients. Headquartered in Austin, Texas, Q2 has offices worldwide and is publicly traded on the NYSE and NYSE Texas under the stock symbol QTWO. To learn more, please visit [Q2.com](https://www.q2.com). Follow us on [LinkedIn](#) and [X](#) to stay up to date.

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