

AI aims to level the playing field among small, large banks – F.N.B. CEO

Friday, April 17, 2026 12:32 PM ET

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Market Intelligence

AI could help tip the scale more in community and regional banks' favor as they compete with the nation's largest banks, according to [F.N.B. Corp.](#)'s top executive.

The Pittsburgh-based company maintained its full-year expense range of \$1 billion to \$1.02 billion, but said it expects to hit the high end of that range due to increased growth investments, including several AI-related projects. The company believes AI will help itself and other banks better compete with the largest players.

"Smaller banks have an incredible opportunity right now to build product that's unique," Chairman, President and CEO Vincent Delie Jr. said during the company's first-quarter [earnings call](#). "Because of AI, because of the changes that are occurring from a tech perspective with cloud-based computing, the speed of computing, the ability to develop software ... I think you're going to see some pretty interesting things come about, and I think it's changing the equation on scale, particularly relative to technology."

F.N.B. is currently working on several AI projects, including a new tool that will evaluate customers' internal and external financial data and use AI to cross-sell F.N.B. products. The bank hopes to launch this by year end.

"So if they have a high rate mortgage somewhere else and we offer a better product, this tool will actually tell them and they will actually explain that they could save X amount of dollars by refinancing," Delie said. "As we originate a mortgage loan, use those data fields," customers could also be presented opportunities to purchase homeowners insurance or deposit products with F.N.B., the CEO added.

The tool will be bolstered by another product the company built using AI that allows customers to apply for multiple products at once, the CEO said. Since adding this feature, the bank has seen a 31% increase in deposit account applications and a 5% increase in loan applications.

"They're actually getting recommendations on things that they should be doing to improve their banking relationship, and then they'll be able to purchase the products ... They can just put them in the cart and then proceed to check out," Delie said. "That's the game plan. And that's why we're saying there's going to be a little extra spend in the forecast."

The extra spend comes not only from the technology, but also increased personnel spend for contractors and developers, executives said. The company is also working on automating its call center using AI.

F.N.B. plans to update the Street on how the investments will impact revenue and efficiency.

"There's a lot that's already done that's reflected in the expense run rate. And then there are some things that we're finalizing that should come online very shortly here and be additive probably in '27 either from an efficiency perspective or generating additional revenue for us," Delie said.

Other capital spend priorities

In terms of other capital spending, F.N.B. raised its buyback authorization to \$300 million after buying back \$35 million during the first quarter. The company also announced a quarterly dividend increase for the first time in nearly two decades.

"We reached a point with the way capital is building that we were comfortable not only having the buyback but increasing the dividend at this point in time," CFO Vincent Calabrese said.

The company's common equity Tier 1 (CET1) ratio was 11.4% at March 31, and executives said they want to keep the ratio at a minimum of 11%.

"When the loan growth really accelerates and comes on board, we want to have that capital to support the loan growth," the CFO said.

F.N.B. will remain "opportunistic" when it comes to M&A, but "there's not a lot out there that we see that is high value," Delie said, referring to recent deals and marketplace murmurs.

The Basel III endgame proposal would impact the company's capital ratios positively, but executives are not accounting for it yet as part of their capital deployment strategy.

"We're studying it. I mean it has a meaningful impact if it gets in place the way it is" Calabrese said. "That's not baked into our plans here as far as capital

deployment. ... That would be a new factor if it gets approved [the] way it's proposed."

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