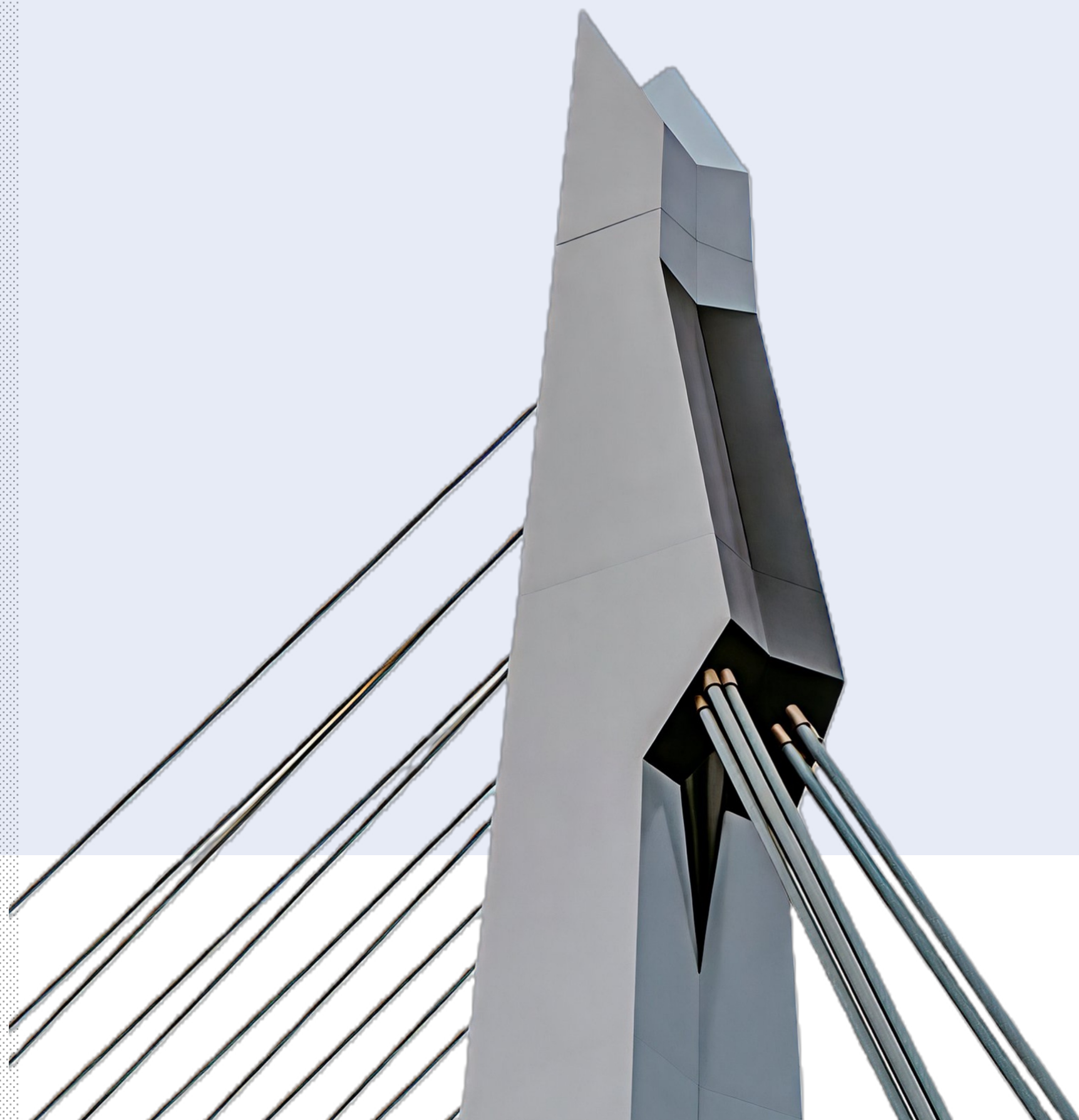


RETHINK?

IS IT TIME FOR BUILDING SOCIETIES TO
RETHINK THEIR DIGITAL SAVINGS STRATEGY?



2026

**The Landscape And The Forces Shaping
Digital Deposits**

A Tale Of Two Societies:

A Message From Our CEO

We look forward to seeing you at the 2026 Building Societies Association Conference. If you look around the room, you'll likely see two distinct types of leaders.

The first is currently enjoying the fact that building societies have captured 33% of all new UK savings this year. They are proud—and rightly so—that the Big Six banks are still watching their market share erode. The second leader, however, is looking at their watch. They know that while the Mutual Difference remains our greatest asset, a nine-month implementation cycle for a simple digital product switch is no longer a necessary evil. In 2026, it is a strategic liability.

In a landscape defined by 3.75% base rates, the Small Domestic Deposit Takers (SDDT) regulatory regime, and a generation of members who expect their building society to be as intuitive as a streaming service, waiting is no longer a strategy. It is a slow retreat

Mohamed Gamil – CEO, dotConnect



The 2026 Landscape And The Forces Shaping Digital Deposits

Traps and Lipstick

For years, Tier 2-5 societies have been told they have only two choices. Firstly, they can enter the Big Vendor Trap: enterprise-scale platforms that offer everything except the agility you actually need, carrying price tags that require special board meetings. Alternatively, there is the Digital Lipstick Approach: pretty front-ends layered over legacy cores that still require manual workarounds and overnight batches.

dotConnect represents a third way. We believe a building society shouldn't have to choose between community values and Tier 1 technology. We believe four months is plenty of time to go from concept to customer. And we believe that in the age of Agentic AI, your digital assistant should do more than point people to a PDF of your Terms & Conditions. This isn't just about software; it is about how societies use front-to-back transformation to stay human, stay mutual, and stay ahead.

The Commercial Imperative

To understand the current pressure, we must look back to the 2008 crisis. Building societies survived by returning to traditional principles: funding 100% of new mortgages through retail deposits. However, the subsequent decade introduced a "margin pincer" created by fierce price wars and aging infrastructure.

Today, societies are locked in a Margin Deadlock:

Excessive competition and affordability challenges on the lending side prevent raising mortgage rates to protect margins while, on the funding side, heightened demand for retail deposits prevents the lowering of savings rates.

Finally, there is the geographic trap. Many regional societies lack the high-volume retail deposit density required for modern scale. Many traditional players are headquartered in areas lacking the high-volume retail deposit density required for modern scale. To grow, societies must extend their reach beyond the physical branch.

However, consumer behavior has shifted permanently. Societies must now balance maintaining their branch model to anchor core retail funding and fulfil their community purpose while aggressively topping up growth and attracting a new generation of savers through frictionless digital channels. The primary obstacle is not a lack of will, but the weight of legacy systems managed by providers who lack the incentive to facilitate easy digital integrations.

To survive this compression, transitioning from branch-first to digital-integrated is no longer a luxury—it is a requirement for capital stability.

The 2026 Landscape And The Forces Shaping Digital Deposits

The Regulatory and Risk Imperative

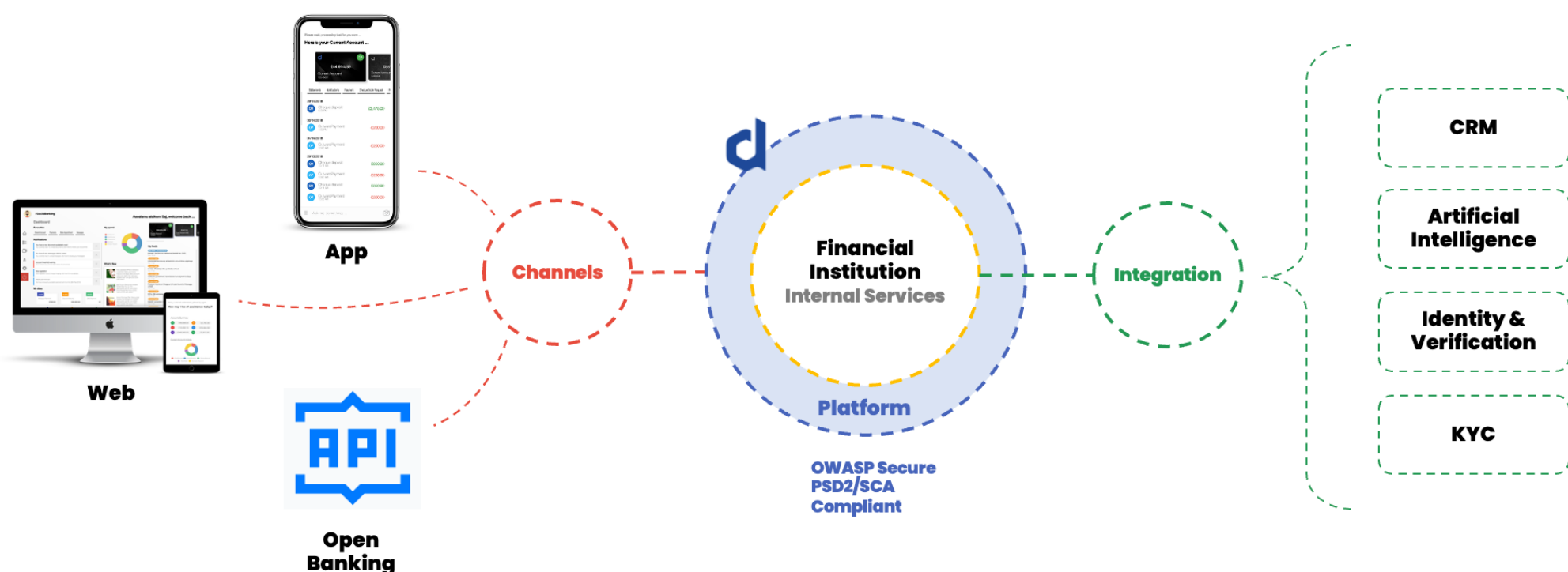
For many leaders, regulatory and risk factors now take precedence; without compliance, there is no business. The UK mutual sector is at a critical juncture where the Prudential Regulation Authority’s (PRA) emphasis on operational resilience (SS1/21) and evolving frameworks like SDDT demand a step-change in digital infrastructure.

A cornerstone of modern technical architecture is the adoption of a cloud-native, microservice-based model. This isn't just about efficiency; it's a strategic requirement for achieving the level of operational resilience expected by regulators. Unlike legacy all-in-one cores, a microservice architecture allows societies to introduce new digital features or update compliance logic in days or weeks.

Many societies currently rely on modern front-ends layered over legacy cores. While this provides a temporary face-lift, it often leaves the institution tethered to manual workarounds and overnight batches. A modular approach allows you to bolt on a modern digital layer that hides the complexity of legacy systems. This modernises the customer experience instantly while offering the flexibility to stabilise and expand as the economic cycle matures.

Legacy monolithic applications often represent a single point of failure. Microservices ensure that the failure of a non-critical service — like a Product Transfer API — does not cascade into a catastrophic failure of the entire Savings platform, directly supporting the severe but plausible stress-testing required by SS1/21.

This model allows societies to bolt on a modern digital layer that integrates with existing infrastructure and facilitates the rapid modernisation of the customer experience without requiring a 12-month system migration.



The 2026 Landscape And The Forces Shaping Digital Deposits

Doing nothing is increasingly not an option. Creating a vision for technology is the critical first step — understanding the "art of the possible" beyond your current legacy constraints.

The Path Forward

True business agility comes from ensuring your digital layer is fully configurable. By utilising a modular orchestrator, societies can adapt their own workflows and rules as market demands change, rather than being held hostage by a vendor's roadmap.

We believe that four months is plenty of time to go from concept to customer. This accelerated implementation timeframe allows societies to react to the market in real-time while maintaining the human touch that members expect.

This model allows societies to bolt on a modern digital layer that integrates with existing infrastructure and facilitates the rapid modernisation of the customer experience without requiring a 12-month system migration.



The Conference as a Catalyst

The 2026 BSA Conference is an ideal place to make connections and shape your thinking. As you navigate the floor, we encourage you to evaluate your roadmap:

Can your current partner commit to a go-live on new savings products and digital channels in under five months?

Is your architecture truly cloud-native, or is it a legacy system with a modern veneer?

Does your platform provide the workflow flexibility and real-time data needed to prove "Good Customer Outcomes" under active Consumer Duty supervision?

dotConnect stands as a collaborative partner in this journey, offering the enterprise-grade capability of a Tier 1 bank with the agility and cultural fit required to preserve the future of mutuality

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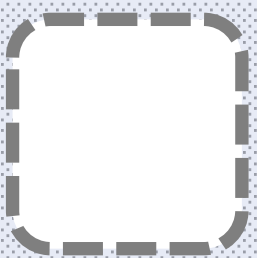
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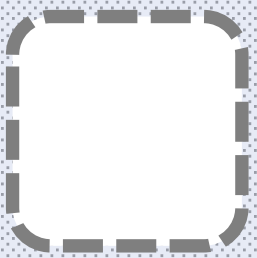
Checklist

Digital Checklist for Building Society CEOs (BSA 2026 Edition)

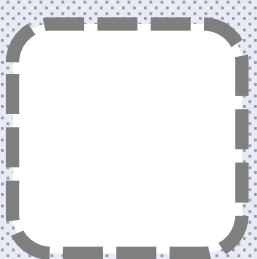
As you navigate the conference floor, use this checklist to evaluate your digital roadmap against current 2026 market standards.



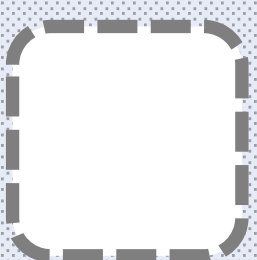
Implementation Speed: Can our current vendor commit to a Go-Live on new savings products in under five months?



AI Utility: Is our chatbot merely a search bar, or can it execute transactions like maturity switches or transfers?



Architecture: Are we layering "digital lipstick" over a legacy core, or moving toward a cloud-native, microservice-based ecosystem?



Outcome Monitoring: Does our platform provide the real-time data needed to prove "Good Customer Outcomes" under the FCA's active Consumer Duty supervision?