



Today's priorities Tomorrow's opportunities

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Foreword

Keeping pace with the rapid acceleration of technical innovation today is a constant challenge. Banks have been on the transformation journey for decades and technical change is not new. What has changed is operating models of yesterday are not designed to sustain the rapid evolutions of change at today's pace without compromising the stability critical to the industry and its customers. GenAI is just the start of what the future holds and a solid opportunity for banks to evaluate their preparedness to embrace the innovative enablers to unlock the next generation of growth, efficiency and hyper-personalized experiences.

That's a key insight from the KPMG 2025 Banking Technology Survey, which reveals an industry investing heavily in perfecting the products of past years' technical agenda yet acutely aware of opportunities in GenAI to transform the operating and business models of tomorrow.

Encouragingly, while slow-rolling some past projects, responses from 200 survey participants show that banks are building institutional knowledge and muscle memory for GenAI through investments in back-office and support use cases—laying the foundations for broader adoption of the technology on the front lines down the road. It's important to recognize that these pilot use cases are opportunities to 'learn fast' but material and tangible outcomes come from the extended holistic journey.



It's time to re-write the playbook of how and when to adopt technological advances, such as GenAI, and recognize that these enablers can catapult organizations from struggling to keep pace to achieving enhanced outcomes through a more dynamic AI-enabled operating model. Ideally, dynamic operating models powered by GenAI, allow human interaction and experience models to be more intentional with tasks and transactions relegated to the intelligent automation of AI.

Celeste Diana

Principal, Financial Services Digital Transformation, KPMG

The innovation agenda

More than half of respondents (57 percent) said GenAI was an integral part of their institutions' long-term vision for innovation and ensuring business relevance five years from now. And 61 percent said GenAI was a top investment priority this year, despite downplaying the importance of rolling out GenAI tools at the enterprise level (33 percent).

Still, roadmaps for enterprise-wide adoption of GenAI, some banks would admit, remain fuzzy. Avoiding the complexity of maintaining single point solutions is critical and a hallmark of the legacy technical debt of today that banks have spent decades and significant investments unwinding. To truly move their GenAI agenda forward, banks will need to articulate a clear, whole-company vision for the technology and evolve to a GenAI-native operating model.

For the CIOs leading AI-related initiatives (66 percent of respondent institutions tap their CIO), there's an opportunity to rally business and tech around this game-changing GenAI mandate and, as they do, educate and level up staff and leadership to prepare them for the technology's impact.

More than three-quarters of respondents said, for instance, that GenAI would replace up to 40 percent of their institutions' daily tasks this year, which would require new kinds of cultural and operational change management.

57%

GenAI is an integral part of our long-term vision

33%

Rolling out GenAI tools at the enterprise level

66%

Tap their CIO for AI-related initiatives

40%

Percent of daily tasks that GenAI will replace over the next year

Here and now

For now, though, investments to finish up past priorities dominate the agenda. While digitization and channel upgrades were early-2020s change initiatives, they’re still drawing significant funding as banks close out work in areas of already substantial investment. More than 90 percent of survey respondents named mobile and online banking as top investment priorities for this year and next.

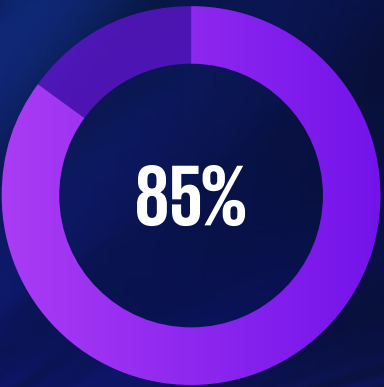
They’re also prioritizing customer-centric upgrades like personalization to improve product and channel experiences, with the majority saying they’re using GenAI to accelerate implementation of projects in this area.

That’s true, too, in table-stakes investments such as cybersecurity and fraud prevention, other top funding priorities where most respondents said their institutions are exploring GenAI to accelerate tasks and enhance their capabilities. Forty-five percent of respondents said they were at proof-of-concept stage with GenAI-aided cybersecurity and fraud use cases.



At proof-of-concept stage with GenAI-aided cybersecurity and fraud use cases

Automation, testing, and system monitoring are other areas where banks are deploying GenAI, helping to fill significant gaps in tools, data, and processes. More than 40 percent of respondents, for instance, said they lacked integrated tools for testing, and 90 percent said they had challenges with test data and environments. Deploying GenAI in back-office and support capacities is helping banks prepare for its application in the front office later on.



21-60 percent of IT infrastructure is already hosted off premises

While cloud integration is no longer a transformation story for the banking industry, with 85 percent of respondents saying 21–60 percent of their IT infrastructure is already hosted off premises, cloud expertise and management remain a focus and a prerequisite for any bank considering using GenAI at scale.

From yesterday to tomorrow

Stability, security, and risk management are nonnegotiables for the banking industry. But technology has changed the metabolism of the business, helping new market entrants like fintechs move quickly in traditional banks' core markets and build footholds in niche products and services.

It's not that the industry is on the wrong track when it comes to priorities. It's more about pace and timing. Almost all respondents said that GenAI and agents/agentic workflow were being prioritized as digital enablers in 2026, a third more than 2025. Meanwhile, those technologies are evolving rapidly, threatening to outpace work banks are putting in today to accelerate adoption. Take agentic AI. "Those frameworks companies put in place at the end of 2024 are already behind the state of the art. The more that companies lag behind these developments, the more technical debt they're accruing," said Christopher Panneck, Financial Services Technology Leader at KPMG.



of survey respondents said their bank needs to evolve to compete with fintechs to provide enhanced services and experiences for customers.



Banks can't afford to overinvest in legacy tech when their markets and offerings are changing around them.

Mark Shank

Google Cloud Platform Leader & Banking AI Leader, KPMG

What can the industry do to keep up?



Be the future

GenAI presents banks with an opportunity to wholly transform the enterprise. Whether the CIO or other executive is leading the charge, empower them to drive their vision and cultural change throughout the organization, supporting them with resources to reimagine, educate, and upskill the workforce. Less than half of respondents (49 percent) to the survey said their institution is prepared to address employee resistance or concerns about the use of GenAI.



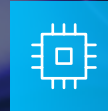
Operating model enhancements

Refresh operating models to shift from stagnant and reactionary to dynamic and proactive. Embrace GenAI as an enabler of growth intentional experiences and efficient transactional processing. Embed the evolutionally impact of the future across people, process, technology and risk without the distraction of change for the sake of change.



Prioritize agility

While ensuring the safety of the technology, rethink risk sign-off practices, introducing transparent, methodical processes to speed low-risk projects through approvals and ensure higher-risk projects are reviewed and green-lighted in a timely manner.



Measure tech risk

By analyzing and rating technology risk and its impact on business consistently, banks can better prioritize investment decisions based on the best risk/return profiles. When weighed comparatively among other projects, long-tail technology projects may prove less attractive than investments in future-state technologies.



Leverage in-flight initiatives

As more GenAI use cases succeed and adoption increases, translate learnings into leading practices, including for potentially higher-risk applications for the front lines. From a platform perspective, controlling which technologies to use can prevent technology tangles and technical debt later on.

Conclusion

By prioritizing GenAI as a fundamental growth driver, shifting investment from the technical agenda of the past, and empowering leadership to champion technological change, banks can position themselves at the forefront of much-needed innovation. To do this, they need a cohesive strategy for enterprise transformation—with GenAI as the nucleus—that balances agility and risk management, with return on investment as the guiding metric and leadership empowered to make bold decisions in an industry changing from the outside in.

How KPMG can help

KPMG helps organizations with enterprise transformation by providing an extensive suite of business transformation products and services designed to drive continuous innovation and create lasting value. KPMG's approach involves orienting businesses around the customer, enhancing functions for a new era, re-imaging business and operating models, managing enterprise risk and regulation, and fostering an environment for managing ongoing change.

Our services include aligning businesses around customers for experiences that matter, transforming functions with future-ready operating models, integrating solutions with enhanced business value, building trust and confidence through risk and regulatory management, and quantifying value-creation opportunities using data-driven approaches. This holistic approach helps ensure that businesses become modern, intelligent, and resilient, capable of delivering leading results across the enterprise.

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