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Turning modernization into a competitive advantage in Financial Services



How financial institutions can connect operations, data, and AI to improve performance and resilience

Financial institutions can improve performance and resilience by treating operations, data, technology, and AI as one connected transformation agenda, not separate initiatives. Across banking, insurance, and capital markets, the priority is to create an operating environment where trusted data moves securely across the enterprise, intelligence is embedded in critical workflows, and employees make faster, better-informed decisions.

Transformation should begin with high-value, end-to-end business outcomes. These may include onboarding, lending, payments, and financial-crime prevention in banking; underwriting, claims, distribution, and actuarial analysis in insurance; and client coverage, trading, surveillance, settlement, and risk management in capital markets. The objective is to redesign complete journeys rather than automate isolated tasks.

AI must be connected to modern, interoperable technology, governed data, and redesigned processes. Institutions do not need to replace every core platform immediately, but they need integration and orchestration capabilities that connect systems, channels, models, market infrastructure, and external partners. Critical data should be managed as reusable business products with clear ownership, common definitions, quality controls, lineage, security, and appropriate access.



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Success should be measured through business and risk outcomes, including decision quality, processing speed, customer and client experience, fraud detection, claims and underwriting performance, settlement efficiency, capital effectiveness, control strength, cost-to-serve, and growth.

Trust, resilience, and workforce transformation must be built in from the outset. Strong governance, cybersecurity, human oversight, and accountability enable responsible scale. Redesigning roles so AI supports analysis and routine execution while people retain judgment and ownership will create more intelligent, efficient, controlled, and adaptable institutions at enterprise scale.

> ***"It all begins and ends with data. Financial institutions are trying to harness information from disparate systems and sources, aggregate it clearly and quickly, and use it to understand where they stand against budget and forecast. Once they have that foundation, they can make better decisions, move faster, and respond more strategically to both opportunities and shortfalls."***
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> - Chris Harrison,
> Oracle Industry Executive Director,
> Financial Services



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Why now? Five forces reshaping financial services modernization

Banks, insurance companies, and capital markets firms continue to pursue profitable growth, operating efficiency, stakeholder trust, and resilience. What has changed is the speed and interconnectedness of the forces affecting those outcomes. AI, regulatory divergence, cyber risk, changing stakeholder expectations, technical debt, and workforce constraints now converge across the enterprise. Modernization is therefore no longer a technology upgrade. It is a business transformation that must connect strategy, operations, data, risk, technology, and people.

1 **AI is moving from experimentation to enterprise performance.** AI adoption is accelerating, but competitive advantage will come from converting that investment into measurable outcomes. KPMG International's 2026 financial-services technology research indicates that lasting progress depends on the foundations beneath AI, including data, cybersecurity, infrastructure, skills, and governance. It also found that 60 percent of surveyed financial services technology leaders lacked the talent needed to deliver their technology plans.[1]

Oracle's embedded AI, analytics, cloud applications, and industry capabilities can bring intelligence closer to business decisions and workflows. KPMG firms help institutions prioritize high-value opportunities, redesign processes, define human and digital responsibilities, establish responsible AI governance, and measure value. The objective isn't broader deployment. It's stronger decisions, greater productivity, improved service, and better risk outcomes.

2 **Growth requires a more disciplined operating model.** In an uncertain environment, growth must be achieved alongside cost discipline, capital efficiency, and operational resilience. Financial institutions cannot rely on disconnected planning, finance, risk, and operational processes to allocate resources or respond quickly to changing conditions. Oracle Fusion Cloud ERP, EPM, analytics, and Financial Services applications can connect planning, profitability, finance, risk, and performance information.

Oracle's Financial Services Data Intelligence capabilities provide integrated views of profitability, performance, cost, treasury, liquidity, and interest-rate risk, supported by data governance, quality, and lineage. KPMG teams help translates these capabilities into an enterprise performance model. Its transformation approach aligns strategic planning, resource allocation, operating metrics, management reporting, and benefits realization so leaders can make more informed trade-offs and maintain accountability for outcomes.

3 **Risk and regulatory requirements are converging.** Regulatory complexity increasingly intersects with AI, cyber and data security, financial crime, fraud, operational resilience, digital assets, third parties, and workforce accountability. KPMG's 2026 midyear regulatory outlook describes continued divergence across federal, state, and global jurisdictions, making management of the regulatory environment a strategic operating imperative.

[1] KPMG International, KPMG Global tech report 2026: Financial services: Strong foundations for enterprise wide transformation (2026).

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Oracle provides capabilities spanning risk, finance, financial crime, data, security, compliance, and application controls. KPMG professionals embed regulatory and risk requirements into the transformation from the outset. Multidisciplinary teams connect obligations, policies, processes, data, controls, technology configurations, evidence, and accountability. This enables institutions to modernize with governance built in rather than added after implementation.[2]

4 **Fragmented data and technical debt are constraining adaptability.** Legacy platforms, inconsistent definitions, manual reconciliations, and complex integrations increase costs and slow reporting, forecasting, innovation, and regulatory response. KPMG International's Financial Services technology research identifies technical debt as a material constraint, while 52 percent of respondents said foundational and core platforms generate more than 40 percent of their digital value.[3]

Oracle Accounting Foundation Cloud Service, Accounting Hub, Fusion Cloud Financials, EPM, and OCI can help standardize financial information, strengthen traceability, connect operational activity with accounting, and improve planning and reporting. KPMG teams establish the surrounding data and accounting architecture through data governance, ownership, quality, lineage, reconciliation, chart-of-accounts design, regulatory reporting, and reusable data products.



[2] KPMG US, Ten Key Regulatory Challenges of 2026: Midyear: Balancing the Regulatory Stack (2026).

[3] KPMG International, KPMG Global tech report 2026: Financial services: Strong foundations for enterprise wide transformation (2026).

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5 **Stakeholder and workforce expectations are redefining competitiveness.** Customers, policyholders, intermediaries, investors, regulators, and employees increasingly expect faster, more transparent, and more personalized interactions. At the same time, institutions must determine what work should be automated, where AI should augment decisions, and where human judgment must remain.

KPMG's digital transformation methodology, enabled by Oracle, brings together leading-practice processes, target operating models, organizational design, controls, roles, and performance measures. KPMG's change-management capabilities support leadership alignment, workforce readiness, learning, adoption, and sustained behavioral change.

Oracle provides the integrated technology foundation. KPMG leads the business transformation. By aligning operations, data, risk, regulation, technology, and people around measurable outcomes, KPMG firms help financial institutions modernize with greater confidence and become more intelligent, efficient, resilient, and adaptable.

> *"The priorities haven't changed. Financial institutions still need growth, efficiency, and better business performance. What's changed is the way those outcomes are achieved. The technology landscape is different and the operating pressures are greater, but the institutions that modernize intelligently are expected to be in a far stronger position to compete."*
>
> - Brenden Tsang,
> Consulting Partner,
> KPMG UK

What's next?

These five trends represent a new landscape for financial services. Addressing them will require a broader shift in thinking—one that connects modernization, data, operations, and AI rather than treating them as separate agendas. As these forces make clear, the institutions best positioned to move forward will be those that rethink how systems, functions, and decision-making work together and that choose an experienced technology and transformation partner to help guide the journey.



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What the next era of modernization looks like

The next era of financial services modernization should be defined by measurable business outcomes, trusted execution, and continuous adaptability. For financial institutions, the destination isn't simply a collection of newer systems. It's an enterprise operating model that connects strategy, operations, finance, risk, data, technology, and people.

Outcome-led

Financial institutions should begin by defining a focused set of enterprise outcomes, such as profitable growth, capital efficiency, lower cost-to-serve, faster decisions, stronger controls, improved stakeholder experiences, and greater resilience. Each modernization initiative should have an accountable executive, a measurable baseline, defined target benefits, and clear dependencies.

Investment should be prioritized based on:

- Strategic and financial value
- Stakeholder impact
- Risk and regulatory importance
- Readiness of processes, data, controls, and the workforce
- Time to measurable value
- Ability to create reusable enterprise capabilities

This discipline helps prevent modernization from becoming a portfolio of disconnected technology projects.

Connected across the enterprise

Financial institutions should redesign complete value streams rather than optimize isolated functions. The priority should be to connect processes, data, decisions, controls, and accountability across traditional organizational boundaries. Modernization should begin with value streams where fragmentation creates the greatest cost, delay, risk, or stakeholder friction. Common platforms, data products, and reusable capabilities should be favored where they reduce duplication. Differentiated processes should be retained when they create strategic, stakeholder, or regulatory value.

Trusted by design

Trust should be treated as both a prerequisite for scale and a driver of performance. Data quality, lineage, security, privacy, explainability, human oversight, audit evidence, and accountability should be designed into processes from the outset rather than added after deployment. KPMG International's 2026 Global AI in Finance Report found that organizations with stronger governance, controls, and assurance readiness reported better performance outcomes. This reinforces the importance of integrating business, risk, compliance, data, and technology decisions throughout modernization.[4]

Intelligent within the flow of work

AI should be applied where it can improve decisions, anticipate exceptions, increase capacity, or reduce operational friction. Financial institutions should prioritize a focused set of high-value workflows rather than launch broad portfolios of loosely connected use cases.

[4] KPMG International, 2026 Global AI in Finance Report: The Decision Advantage: How AI is producing value across the finance function (2026).

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Every AI-enabled initiative should define:

- The business decision or outcome being improved
- The data, governance, and controls required
- The role of human judgment and accountability
- The measures of value, risk, and adoption
- The conditions for scaling, redesigning, or stopping the initiative

Adaptive by design

Modernization should be managed as a continuing journey rather than a one-time program. Financial institutions should establish modular technology, governed and reusable data products, flexible processes, and workforce capabilities that can respond to market volatility, regulatory change, emerging risks, and evolving stakeholder needs. KPMG International's 2026 Financial Services technology research emphasizes that sustainable progress depends on strong foundations across data, cybersecurity, infrastructure, skills, and governance.[5]

> ***"We're talking about transformative AI that touches each and every function. It's getting embedded into front office systems, middle office systems, and back office processes—and that changes how organizations think about process design, service delivery, and the role of the workforce itself. The opportunity is to rethink how work gets done across the enterprise."***
>
> - Amit Gupta,
> Finance Transformation Leader,
> KPMG US



[5] KPMG International, KPMG Global tech report 2026: Financial services: Strong foundations for enterprise wide transformation (2026).

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Best practices for modernization that deliver immediate value

Financial institutions can create early value without compromising longer-term transformation by applying a small number of execution disciplines. The priority should be to deliver measurable outcomes while building reusable capabilities, maintaining trust, and avoiding fragmented solutions that increase future complexity.

1. **Start with a business outcome and a measurable baseline.** Each initiative should address a clearly defined performance constraint, such as margin pressure, inefficient capital allocation, slow decision-making, high cost-to-serve, control weaknesses, or operational risk. Leadership should establish baseline performance, target benefits, executive accountability, and a practical timeframe for measuring results. This keeps modernization focused on value rather than technology deployment.

2. **Modernize complete value streams, not isolated tasks.** Financial institutions should select areas where fragmented processes, data, and controls create material friction. The initial scope should be sufficiently focused to deliver value quickly, but designed around an end-to-end outcome. Automation that improves one activity while shifting effort, exceptions, or risk elsewhere should be avoided.

3. **Strengthen the foundations required to scale.** Early initiatives should improve reusable data products, integration, cybersecurity, controls, and governance rather than create new point solutions. KPMG International's 2026 Financial Services technology research found that sustainable transformation depends on strong foundations across data, cybersecurity, infrastructure, skills, and governance.[6]

4. **Build trust into execution.** Data quality, lineage, privacy, access, explainability, human oversight, and audit evidence should be incorporated from the outset. KPMG International's 2026 AI in Finance research found that organizations with stronger governance, controls, and assurance readiness reported better performance outcomes.[7]

5. **Modernize work and technology together.** Process redesign should define how responsibilities, decisions, controls, and skills will change. Employees should be engaged early, with clear accountability and targeted learning built into implementation.

6. **Measure, learn, and scale deliberately**. Leadership should review business value, risk, adoption, and operational performance before expanding an initiative. Capabilities that demonstrate value should be scaled; those that do not should be redesigned or stopped.

These practices allow financial institutions to achieve near-term benefits while creating the trusted, connected, and adaptable foundation required for sustained modernization.

[6] KPMG International, KPMG Global tech report 2026: Financial services: Strong foundations for enterprise wide transformation (2026).

[7] KPMG International, 2026 Global AI in Finance Report: The Decision Advantage: How AI is producing value across the finance function (2026).

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> *"Every generation of leaders inherits a moment that redefines how value is created. For finance, that moment is now. The opportunity is not simply to automate work, but to reinvent the function as a strategic engine of insight, trust, and growth. The future of finance will not just be defined by how efficiently we report the past, but also by how effectively we shape the future. Organizations that combine trusted data, intelligent technology, and empowered people will be well-positioned to transform finance from a function that measures value into one that creates it."*
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> - Maurice Lips,
> Head of Finance Transformation,
> KPMG UK

Case Study: Building a future-ready finance function

A global organization providing life and insurance asset services to 17 million customers across 20 markets in Asia and Africa sought to modernize its finance environment constrained by offline spreadsheets, local processes, and manual workarounds. Working with KPMG and Oracle, the organization implemented Oracle Fusion to standardize finance processes, strengthen controls, improve transparency, and create a single source of truth. A key differentiator of the program was the creation of reusable global assets and governance structures that reduced configuration risk and ensured alignment to a single global design while accommodating local regulatory requirements. Today, the platform supports approximately 500 users across 10 Oracle modules and 10 integrations spanning all business units. By establishing standardized processes, trusted data, and integrated workflows, the organization is well-positioned to leverage Oracle's next-generation AI agents and embedded AI functionality.

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The path forward: From ambition to execution

Financial institutions do not need to modernize everything at once. They do need an enterprise roadmap that translates strategic ambition into sequenced decisions, measurable outcomes, and accountable execution.

Establish the value agenda. Leadership should align on a focused set of outcomes, such as profitable growth, capital efficiency, operating resilience, stronger controls, and improved stakeholder experience. Each outcome should have an executive owner, performance baseline, target benefits, and clear measures of success.

Assess readiness and constraints. Financial institutions should evaluate processes, data, controls, technology, workforce capabilities, and regulatory dependencies together. This identifies where foundational weaknesses could limit value or increase execution risk.

Prioritize enterprise value streams. Initiatives should be ranked by strategic value, risk and regulatory importance, stakeholder impact, readiness, time to value, and potential to create reusable capabilities. Priority should be given to changes that improve an end-to-end outcome rather than optimize an isolated activity.

Sequence transformation deliberately. The roadmap should balance early value with longer-term capability building. Initial releases should demonstrate measurable benefits while strengthening shared data, integration, governance, controls, and workforce capabilities required for scale.

Govern value and risk continuously. Executives should monitor benefits, adoption, control effectiveness, operational performance, and emerging risks throughout delivery. Initiatives that demonstrate value should be scaled; those that don't should be redesigned or retired.

Institutionalize change. Sustained value requires leadership alignment, clear decision rights, role and skill development, and accountability for adoption. Modernization becomes durable when new capabilities are embedded into the operating model rather than managed as temporary programs.

This approach enables financial institutions to advance modernization while protecting trust, resilience, and operational stability.

> ***"If organizations do nothing, they put themselves in a worse position because competitors will move ahead, gain efficiency, and create better employee and customer experiences. The answer isn't to wait for perfect certainty. It's to build the right governance model, start with the right business case, and begin using the capabilities that create value now."***
>
> - Chris Harrison,
> Oracle Industry Executive Director,
> Financial Services

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Powering financial services modernization through transformation with Oracle and KPMG

KPMG and Oracle bring complementary capabilities to financial services modernization. KPMG firms lead the business transformation, translating strategic priorities into target operating models, redesigned processes, stronger data governance, integrated risk and regulatory requirements, workforce change, and measurable value realization. Oracle provides the enabling technology foundation across cloud infrastructure, applications, data, analytics, and embedded AI.

KPMG's digital transformation methodology provides a structured starting point by combining leading-practice processes, operating-model components, performance insights, data management, service-delivery design, and governance. Oracle technology enables financial institutions to implement and progressively evolve those designs.

Together, KPMG and Oracle connect business, process, data, control, organizational, and technology decisions throughout implementation. This coordinated approach helps reduce the risk of deploying new functionality without improving how the institution operates, makes decisions, or manages change.

Success should be measured by realized business outcomes rather than implementation milestones. KPMG International's 2026 Financial Services technology research reinforces that meaningful transformation depends not only on technology, but also on strong data, simplified processes, resilient infrastructure, cybersecurity, skills, and governance.

KPMG firms help shape and drive the transformation, with Oracle providing the technology foundation that enables it.

Ready to assess where modernization can deliver the greatest value across your financial services organization? KPMG and Oracle can help you identify the right starting points, align the business case, and build a roadmap for transformation.

Learn more

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