KPMG

KPMG Managed Services

Industry snapshot: financial services

Leaders in banking, capital markets, asset management, and insurance organizations are facing dynamic pressures — and opportunities — in several key areas. In response, many are using managed services to create an operating model that can evolve at the speed of their business, helping to drive continual transformation.

The information below provides a snapshot of recent KPMG research findings, followed by considerations for taking action.

Trends and challenges.

Cyber threats and financial crime

Banks say fraud prevention and security are **top investment priorities** in the next 12 months.[1]

81% of banking CEOs say cybercrime is a top threat to growth.[3]

Over **80%** of banks have active pilots, proofs of concept, or implementations of GenAI for cybersecurity.[1]

Just **34%** of asset management CEOs and **54%** of insurance CEOs consider their firms well prepared for a cyberattack.[3]

Only **43%** of insurance CEOs think their cyber strategy can keep up with AI advancements.[3]

Regulatory compliance

85% of banks cite regulatory compliance as a top-five investment priority in the next year.[1]

Less than half feel prepared to navigate regulatory uncertainty related to data and cybersecurity.[1]

For 2025, regulatory pressure has overtaken cost pressure as a **top-three concern** in the financial sector, along with interest rates and inflation.[2]

Data, automation, and emerging tech

Banking and insurance CEOs say the **No. 1 operational priority** in the next 3 years is digitization and connectivity across the business.[3]

About **80%** of financial services CEOs say GenAI is an investment priority despite economic uncertainty, and they cite these top three benefits[3]:

- Cybersecurity
- Faster data analysis
- Efficiency and productivity

More than **65%** of banks are increasing their focus on data management.[1]

[1]Source: KPMG 2025 Banking Survey: Technology | [2]Source: KPMG Financial Services Sentiment Survey, December 2024 | [3]Source: KPMG 2024 CEO Outlook

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Many financial institutions are using managed services to help address these challenges.

72% of financial firms have implemented cybersecurity managed services for a business function or at scale across their organization.

More than **64%** have implemented managed services for data management and compliance at these levels.

About **40%** of financial firms say compliance is among the top three areas where managed services will deliver the greatest value in the next three years.

37% of insurance firms cite cybersecurity as a top area of managed services value, while **39%** of asset management firms cite risk mitigation.

Managed services are evolving from transactional to transformational.

80% of financial institutions say two defining ingredients of modern managed services are embedded AI capability and strategic collaboration toward enterprise outcomes.

Nearly **87%** of financial firms say managed services effectiveness requires a new class of providers without a transactional outsourcing heritage.

75% say strong advisory capabilities are critical to managed services delivery.

As managed services rise in strategic value, **50%** of financial institutions say C-level leaders make the decision.

Source: KPMG and HFS Research Managed Services Outlook

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Taking action

01 Look beyond cost savings.

Unlike other sourcing models, managed services is not about labor arbitrage for transactional work. Instead, leading providers combine forensic expertise, AI, and other advanced technology, as well as operational excellence, to transform knowledge-intensive processes, from cybersecurity to financial crime compliance. Modern managed services can help drive outcomes like growth, speed, accuracy, trust and customer retention—all on a multi-year subscription with predictable costs, any-shore delivery, and the option to flex up or down to meet changing priorities.

02 To transform compliance, start with remediation.

Has your organization grown through acquisition, inheriting disparate policies and procedures? Are you missing the required AML data on some customers? Need to clear a backlog of alerts? Consider managed services, which can help to remediate your immediate problems and earn the trust of regulators, while also reevaluating your risk engine, automating your policies, and transforming your AML processes—from onboarding to reporting to ongoing monitoring.

03 Quickly adapt to regulatory change.

From Know Your Customer (KYC) to General Data Protection Regulation (GDPR) to discretionary commission arrangements, regulation can change by the minute—and that can be especially complex for firms in multiple jurisdictions. Can you rapidly evolve your compliance processes to meet new requirements? Many progressive firms are using the tech and talent of managed services versus building their own. Leading providers have sophisticated systems that can be configured to new regulations, backed by strong teams of compliance analysts able to help with ongoing change.

04 Enable your growth strategy.

Whether you're an established bank or a fast-growing fintech, your ability to bring in new customers is based partly on the effectiveness of your compliance processes. How quickly can you onboard new customers? Is your compliance tech integrated with your core business systems? How effective is your risk methodology? The best providers can transform your compliance function and continue operating it as a managed service, helping you reach growth targets, improve your reputation for the next generation of discerning customers, and sustain regulator trust.

05 Accelerate transformation and keep evolving.

In a digital world of constant flux, transformation is not a fixed destination. Many companies seek to continually evolve their processes—with operating models that can quickly pivot as needed. This is one way to achieve a sustained advantage, and managed services are a key method for doing it. Look for providers who bring leading technology plus subject matter expertise, insights and advisory capabilities. It's this combination that often makes the difference between transactional and transformational.

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Learn more about KPMG Managed Services for risk and compliance

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