



KPMG and SAP: Accelerating banking transformation with data and AI

Turn challenges into competitive advantage



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Introduction



Cost and regulatory pressures, the need to decommission legacy landscapes, rising customer expectations and market dynamics are forcing banks to accelerate their modernization journeys.

Yet persistent concerns around cost efficiency and the inherent complexity of digital landscapes, as well as issues relating to data sovereignty and uncertainty about cloud operating models, continue to hinder many organizations from achieving their strategic transformation

objectives. This, in turn, restricts their capacity to innovate and compete – whether for customers, clients or top talent.

A KPMG-led, SAP-enabled transformation can help organizations overcome these challenges by striking the right balance between data control, security and the agility needed to harness emerging technologies that are reshaping the banking industry.

Without transforming your enterprise architecture alongside your business processes, you can't innovate. If you can't innovate, you can't compete.

Banks are facing competing pressures. On one hand, they must ensure that their data remains secure, reliable and compliant with increasingly stringent regulatory requirements. On the other hand, they need greater visibility of data to drive operational efficiencies, uncover new sources of value and understand the risks. Many banks share the following challenges:

Cost pressures: Economic instability and shareholder pressure mean banks need to cut costs. The majority expect to do so by at least 10% by 2030¹ to stay competitive. Business and data siloes, especially in risk, regulatory and accounting, lead to process redundancy, a significant cost driver.

Clean data core: A significant challenge is the management of data volumes generated across transactions, customer interactions and reporting. Most data is spread across fragmented and disharmonized legacy systems and often lacks standardization. Poor quality data can lead to serious consequences, undermining decision making, increasing reporting risks and preventing organizations from leveraging the true power of AI.

Regulatory demands: This includes constantly evolving regulations (IFRS, DORA, GDPR, CFPB, ESG, Basel III, Basel IV, and more) and the increasing granularity of requirements from regulators such as the Federal Reserve and ECB. Cross-border compliance is already complex and regulators demand more and more detail, faster delivery and absolute accuracy.

Customer expectations: Since the pandemic, customers expect superior digital experiences from their banks. They demand seamless, 24/7 digital services, coupled with tailored human advice. These expectations have been reinforced further by fintech companies and big tech firms offering niche, personalized services. This is forcing banks to address highly individualized customer needs and feed the results into a standardized processing environment. This requirement is especially relevant for development banks and other institutions with a high frequency of new and highly individual products. To cater to these expectations and stay competitive, banks should transform. A bank's ability to overcome these challenges will likely define their success in the future.

KPMG and SAP can help.





By leveraging decades of banking and SAP experience, KPMG professionals can guide banks through a holistic, business-led transformation that enables transparent processes and seamless data management on an AI-powered cloud platform.

The KPMG target operating model approach aligns AI with your business objectives, transformation roadmap and workforce upskilling needs, enabling a sustainable, ROI-driven AI journey with SAP technology. KPMG firms have embedded SAP Joule for Consultants (a conversational AI solution) into their methodology, helping KPMG professionals deliver projects faster and smarter.

Solutions like SAP Business Data Cloud and Business Technology Platform (SAP BTP) bring true flexibility into SAP banking landscapes while maintaining integrity in the data and process core. This can revolutionize the way banks operate

internally and help them grasp the opportunities presented by today's financial landscape and the innovations of tomorrow.



Banks are under increasing cost pressure. They can no longer afford to have similar tasks and data handled by different employees across disparate systems. What's needed is an architecture and software that enable efficiency and integration. SAP and SAP Pioneer solutions provide a strong foundation for that in the cloud and pave the way for future AI-driven innovations."

— Thomas Istel

Partner, Head of SAP Financial Services and KPMG Global Lead Partner for SAP Pioneer KPMG in Germany

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The KPMG view on SAP and SAP Fioneer banking architecture

SAP-based architecture is powering the next era of banking. When enhanced by SAP Fioneer, this future-facing, cloud-enabled finance backbone could transform the way banks do business.

Fragmented and disharmonized systems, processes and data are stalling organizations' ability to leverage new technology, enhance workforce potential through AI and take a lead in the market.

An architecture transformation realizes the most value by reimagining business processes end-to-end, meaning current operations are not just simply uplifted to a new technology platform. Built on unified data structures that provide organizations with enhanced visibility, independence and flexibility, enable greater control and accelerate speed-to-market, SAP technologies and SAP Fioneer offer comprehensive and integrated solutions specifically tailored to the needs of the banking sector.

An architecture migration provides the opportunity to transform IT operations and streamline business processes; bringing together finance, compliance and customer operations into an integrated platform and providing tailored solutions for financial services that address regulatory and operational complexities.

SAP – and, since 2021, SAP Fioneer – have long been partners of the financial services industry, and banks in particular. A fully cloud-enabled SAP platform is the next step. It's a scalable solution that streamlines fragmented processes, reduces IT complexities and creates a foundation for digital transformation.

Spotlight on SAP Fioneer

SAP Fioneer enhances the SAP Cloud ERP, building specialized banking applications on top of the SAP technology stack, with a strong focus on banking content and integration. This strategic partnership appeals to banks seeking industry-specific standard software that minimizes the need for extensive customization or in-house development. With a focus on the financial services industry, SAP Fioneer provides dedicated business content to be leveraged, and jump starts a bank's transformation journey.

While there is a strong trend toward cloud adoption across industries, banks – due to their specific reporting requirements, regulatory obligations and desire for greater autonomy – have been more inclined to take the step toward private cloud solutions. This is reflected in SAP Fioneer's current product landscape, which is focused on private cloud offerings for financial services-specific solutions, but this is starting to change with the recent release of Cloud Accounting Subledger (CAS), a public cloud subledger for financial services, built on SAP BTP.



The opportunity: Optimize – at speed

A full-scale digital transformation is not a small undertaking. Yet the shift to SAP Cloud ERP and SAP Pioneer banking architecture offers banks an opportunity for fundamental change.

On one hand, it can help address today's challenges, including a reliance on legacy systems, fragmented and poor-quality data and a workforce constrained by systems that limit collaboration and agility. On the other hand, it can position banks for the future, enabling harmonized, standardized and simplified processes and data that can unlock the full potential of technologies like AI.

Seizing these opportunities, however, is complex. The key lies in aligning business objectives with a technology stack that delivers the highest value. That's where KPMG professionals come in.

Drive efficiency. Boost productivity

By unifying data and processes, SAP solutions can help streamline end-to-end banking processes from front to back-office, reducing manual work and minimizing errors. Integrated workflows and real-time data enable faster closes, more accurate reconciliations and greater insights. This can strengthen resilience and give time back to skilled staff without compromising compliance or data integrity.

The human impact lies at the heart of a KPMG-led transformation. People are central to KPMG's holistic and business-led transformation approach and with intuitive SAP tools organizations can improve productivity, simplify tasks and enhance user satisfaction. Equipping staff with efficient, accessible technology attracts and retains top talent and enables teams to focus on strategic, customer-focused and analytical activities. A clean data and process core enables the deployment of AI agent networks, further boosting productivity.

Turning regulatory requirements into a competitive edge

SAP Pioneer's Financial Services Data Management (FSDM), with its banking-specific data model, integrates with a range of risk and regulatory software solutions, such as ABACUS360, a regulatory reporting suite. Coupled with integrated SAP for Banking solutions, this can deliver end-to-end transparency through granular analysis and live data connectivity capabilities. This runs from consolidation via multiple SAP Group Reporting solutions, through the general ledger in SAP S/4HANA Finance, onto the sub-ledger in SAP Pioneer Financial Products Subledger (FPSL).

The combined architecture of FSDM and SAP's integrated banking solutions can accelerate compliance processes and enhance accuracy and responsiveness in meeting complex regulatory frameworks, including IFRS and ESG.

Embedding ESG metrics into financial and operational dashboards not only improves transparency and satisfies regulatory and investor expectations, but also transforms compliance into a strategic advantage by building market trust and competitive differentiation.

Harness fully integrated data to realize the true potential of AI

The basis for every SAP-centric AI strategy is a cloud-based architecture and a clean data and process core. In addition to existing AI solutions on the market, SAP offers the SAP Business Technology Platform (SAP BTP) as a foundation for advanced analytics, predictive insights and consistent reporting across the organization.

SAP BTP also underpins SAP Business AI, allowing organizations to build and integrate AI-driven applications for smarter, faster workflows. Together with Joule and scalable infrastructure, SAP BTP supports the development of reliable, company-wide AI solutions based on business data.

The basis for efficient AI is quality data. In *KPMG's 2025 Banking Survey: Technology*,

89% of surveyed banks ranked data quality as a core focusⁱⁱ. And at KPMG, consultants can build the bridge between use cases, a needs-based data strategy, implementation using SAP BTP resources and the necessary integration to help ensure the opportunities of AI can be met.

Enhance flexibility with the cloud

A cloud-based operating model can accelerate innovation and leverage new technologies like AI and automation and RISE with SAP tailors the transformation journeys from on-premise SAP ERP to the cloud. The approach can boost agility and scalability and give organizations the ability to adapt to market and customer demands without major on-premise system constraints. Many of SAP's recent AI developments are only available through cloud-based licensing models, which further reinforces the shift toward cloud infrastructure, even if some banks may initially prefer private cloud environments.

Reduce costs

Harmonized workflows improve efficiency, accelerate implementation speed and ensure consistency across functions, making system upgrades smoother and allowing the organization to focus on value creation rather than managing technical debt. Banks can also cut costs by minimizing SAP and SAP Pioneer customer-specific solutions and adopting KPMG-developed standardized processes.

Data sovereignty

Since 2025, SAP Sovereign Cloud On-Site offering has been available globally. This allows banks to host SAP-managed cloud infrastructure locally, enabling them to transform their operations and access the full range of SAP solutions while complying with local regulations. Financial institutions can gain effective jurisdictional control and enhanced agility, so they can maintain authority over how data is accessed, processed and shared, while minimizing exposure to foreign legal risks.

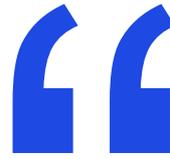
Case study:

Automation powered by AI

KPMG professionals build the bridge between use cases, a needs-based data strategy, implementation using SAP BTP resources and the necessary integration.

An example of this in practice is Smart Journal Entry Assistant, which was developed to address persistent inefficiencies in financial processes. Despite increasing automation, many journal entries in SAP Finance are still recorded manually, which is time consuming and heavily dependent on user expertise. Leveraging a deep knowledge of SAP FI processes and business logic, KPMG professionals designed an AI-powered solution that supports users in creating high-quality journal entries more efficiently.

The assistant intelligently proposes key financial fields (such as G/L accounts, tax codes or cost centres) based on structured inputs or uploaded CSV files. It is seamlessly integrated into SAP Business Suite via the SAP Business Technology Platform and uses SAP AI Core for scalable, secure automation.



Real progress happens when banks transform processes, technology and people together. In Canada, KPMG is working with SAP and SAP Pioneer to help financial institutions break silos, trust their data and turn AI and automation into everyday reality. Together, we streamline how banks work and deliver the personalized, resilient experiences customers expect, positioning our clients for sustainable growth in a rapidly evolving market.”

– Frank Lingenberg
Director
KPMG in Canada





The KPMG approach

Move beyond new technology with an approach that is industry-focused, strategic and business-led.

The true value of digital transformation emerges at the intersection of IT innovation and the reorientation of the operating model to meet both current and future organizational goals.

The KPMG approach is guided by a strategic framework that integrates technical and business perspectives. This holistic, human-centered methodology enables banks to capture the full potential of a large-scale, organizational-wide transformation, leveraging harmonized, unified data on a foundational technology platform that supports new ways of working and positions them ahead of the competition.

This process begins by defining the desired outcomes. Once these goals are established, the KPMG methodology is tailored to help ensure that technology investments and implementation directly align with the organization's strategic objectives.

KPMG-guided approach

A methodology leveraging industry-specific use cases to accelerate processes, while maintaining flexibility to adapt to individual organizational priorities.



Vision and validate

- Focus on strategic alignment and design, ensuring the transformation is closely aligned with the bank's overall strategy.
- Consider the client's target outcomes and clearly identify what the bank wants to achieve.
- Define a vision for the future operating model – the transformation program's north star.
- Assess business priorities, regulatory obligations and competitive pressures.
- Map target processes, data flows and the technology landscape to identify opportunities for standardization and optimization.
- Define a phased, actionable transformation roadmap that positions SAP as the central integration backbone.



Construct and deploy

- Leverage KPMG use cases, templates and industry-specific accelerators. These ready-to-go tools and frameworks accelerate the transformation process and reduce risk.
- Design and harmonize finance and back-office target processes using SAP best practices and SAP Pioneer business content.
- KPMG professionals guide clients to choose the best options based on extensive process knowledge and experience in financial services.
- Implementation of additional features based on standard SAP BTP content and technology. This extends capabilities and can enhance the value of the transformation program.



Evolve

- Drive change management to help ensure user engagement and skills development so the bank can fully realize the potential benefits of the program.
- Track ROI and performance against transformation goals and leverage predictive insights and analytics to refine processes, uncover new opportunities and sustain ongoing operational benefits.

KPMG Powered Enterprise in 'greenfield' transitions

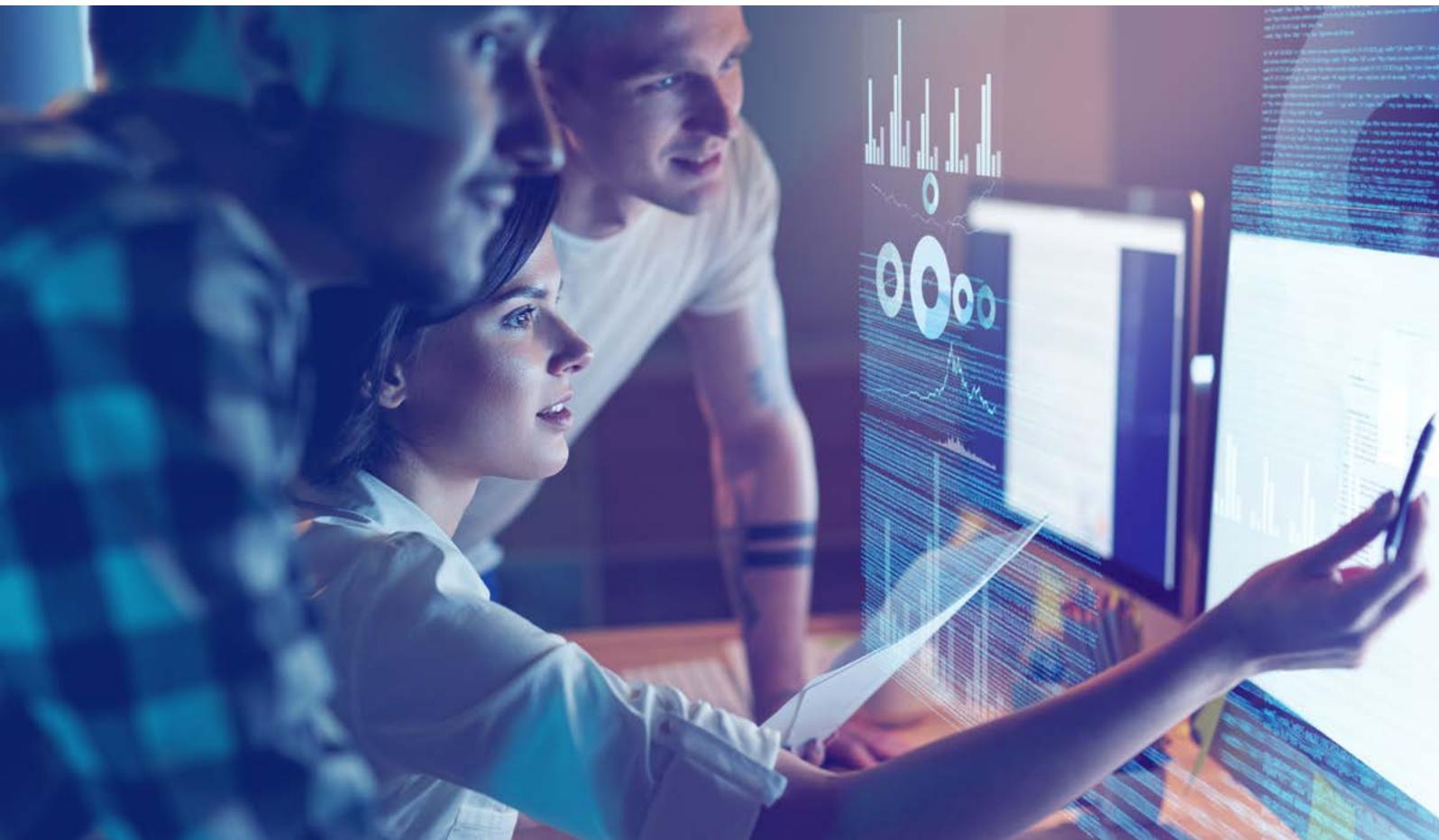
Each bank starts its transformation journey from a distinct starting point and can choose between reimagining its operations with a completely new SAP solution (a 'greenfield' transition) or migrating its existing SAP landscape with minimal changes to data or processes (a 'brownfield' transition).

The KPMG digital transformation suite provides an implementation methodology that serves as the blueprint for a new operating model, encapsulated by the KPMG Target Operating Model (TOM). For banks pursuing a full greenfield implementation, KPMG Powered Enterprise guides the design of the TOM, enabling a comprehensive end-to-end transformation of processes, systems and organizational operations.



When it comes to transformation, the most successful banks have fully aligned their cost and objectives, while centralizing their approach to transformation.”

— Source: Banking transformation: The new agenda, KPMG International, 2025



Why KPMG?

Experienced. Reliable. Forward-looking.

KPMG professionals strike the right balance between data control, security, agility and the technical SAP expertise needed to harness the emerging technologies that are reshaping the banking industry in 2026, and beyond.

1 Trusted, reliable advisors

KPMG professionals are trusted by some of the world's most influential organizations to offer a reliable, tried-and-tested yet pioneering approach to tomorrow's toughest challenges and exciting opportunities.

2 Structured, multidimensional approach to modernization programs

KPMG understands that a SAP transformation is a business, technology and human process. The KPMG approach covers the whole transformation journey, from strategy to redesign, implementation to optimization.

3 Compliance is built into transformation from day one

KPMG professionals have extensive regulatory experience and understand the complexity of IFRS, ESG and other banking-specific regulations.

4 Proven SAP implementation capability

Ability to design, configure and deploy banking-specific SAP solutions like SAP Pioneer, avoiding unnecessary customizations and accelerating time to value.

5 Global expertise

Leveraging a global network of SAP and industry professionals, KPMG firms deliver meaningful banking transformations grounded in deep industry and technical SAP expertise.

6 Data integration and analytics know-how

Expertise in SAP Pioneer FSDM, SAP Financial Open Integration Framework (FoF), SAP Business Data Cloud, SAP BTP and analytics tools to unify data, enable real-time reporting and lay the foundation for AI.

7 KPMG covers the whole SAP and SAP Pioneer offering for banking from front to back-office

Notably Loans Management (CML) Customer Accounts (BCA), Financial Products Subledger (FPSL) and Profitability and Performance Management (PaPM).

8 A holistic view of finance and regulatory functions and digital challenges

Giving banks a clear view of their mid and long-term roadmap.



“To successfully transform, banks are looking for advisors with deep experience in finance, risk, IT landscapes and SAP technologies. At KPMG, we bring all of this, and more, to the table.”

— Frederic Collet

Partner

KPMG in France



Case study:

A German bank's journey from legacy complexity to integrated financial operations

Once overwhelmed by heavily customized and disparate system architectures, the organization leveraged KPMG methodologies and expertise, combined with SAP Pioneer solutions, to streamline its operations.

The opportunity

The bank faced several challenges stemming from its use of separate system architectures for IFRS and local GAAP accounting standards. This resulted in poor operational visibility, with time-consuming, error-prone closings and challenging intra-period reporting. These issues were exacerbated by complex and over-customized legacy systems and operational cost pressures.

Our response

A KPMG business-led approach leveraged significant industry, transformation and SAP Pioneer expertise to simplify, harmonize and streamline bank management processes on SAP Cloud ERP. KPMG professionals:

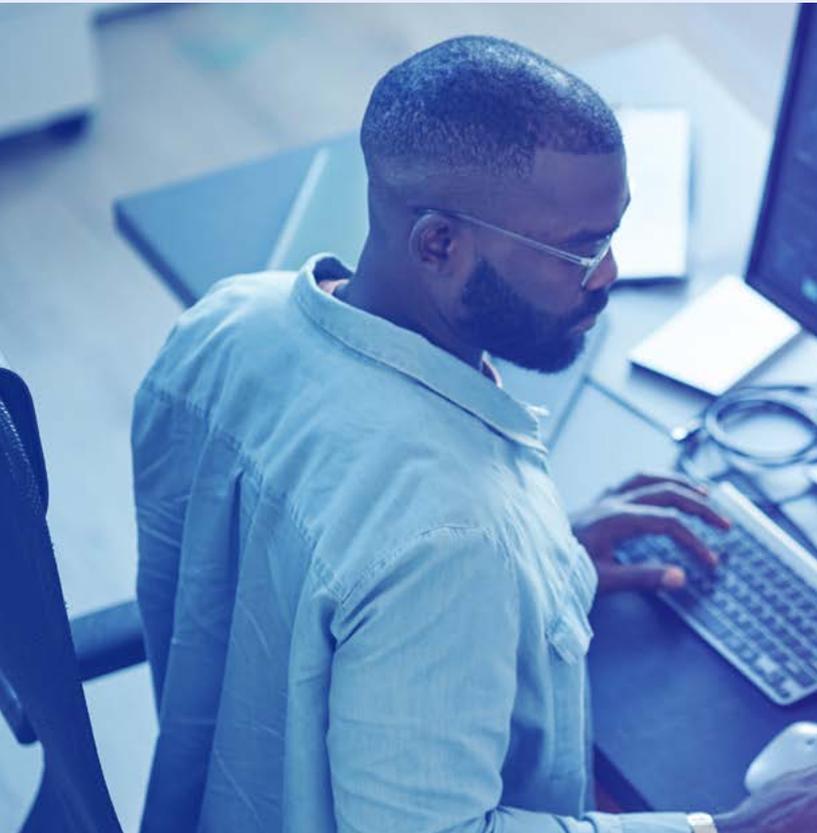
- Acted as the integrator for the implementation of SAP Cloud ERP, including SAP Pioneer Financial Products Subledger (FPSL), General Ledger (GL) and Group Reporting (GR), within the bank's accounting function
- Supported the expansion of regulatory reporting and integration with SAP Pioneer's Financial Data Services (FSDM)
- Leveraged new technologies to set-up a reporting landscape focusing on near and real-time financial reporting functionalities
- Leveraged proven business methodologies to drive standardization
- Developed an approach to simplify and align GAAP methodologies in line with regulatory requirements
- Aligned business and technology perspectives to drive project and test management, ensuring transparent stakeholder reporting
- Established end-to-end reconciliation processes in Financial Control

The outcome

The project established a multi-GAAP scenario within SAP FPSL, enabling IFRS and local GAAP to be handled simultaneously. The successful alignment of local and international regulatory requirements ensures compliance and flexibility across financial reporting frameworks.

The data model was harmonized around SAP FSDM and utilized direct access applications and the SAP Financial Open Integration Framework (FoF) to maintain seamless data integration and consistency. Today, this foundation supports robust financial data management and reporting capabilities.

Further improvements were achieved through the integration of FPSL with SAP Cloud ERP which reduced complexity in both processes and technical workflows. The solution aligns with IT architecture standards, accelerates financial closing cycles and fosters a more agile and transparent financial environment.





Case study:

Precise and effective: A timely, coordinated conversion to SAP Cloud ERP for a German bank

KPMG professionals directed a complete SAP Cloud ERP migration to safeguard long-term operational stability at the leading German bank.

The opportunity

To address the end of standard maintenance for SAP ECC, the bank looked to complete a migration to SAP Cloud ERP and safeguard its systems. But the implementation faced several challenges, including:

- An operational landscape comprised of two fragmented system lines, each implementing distinct valuation approaches for local GAAP and IFRS
- A heavy reliance on a deeply integrated in-house accounting solution (based on ABAP code) which supported over 10,000 users
- A complex steering architecture with strong dependencies on the general ledger
- Limited availability of business and IT resources

Our response

KPMG delivered a future-facing transformation approach focused on clarity, automation and consolidation. KPMG professionals:

- Helped define the transformation roadmap and assess system readiness
- Migrated master and transactional data from two separate SAP ECC systems into a single SAP Cloud ERP target system
- Leveraged a selected data transition approach to enable a highly automated migration to reduce downtime and operational risk
- Used a shell conversion method to transfer customization and system settings in one transformation step, laying the foundation for a scalable and adaptable future system architecture
- Deployed a hybrid project methodology that combined structured planning with agile execution
- Worked to minimize impact on peripheral banking systems and ran seven test migrations to ensure a smooth go-live

The outcome

The migration was completed in just 36 hours over a weekend, with no noticeable impact on bank operations. It was also delivered within budget.

Highlights of the transformation include a near-ninety per cent reduction in data volume, an ECC system landscape consolidation (from eight to four systems), more granular and compliant financial reporting, training delivered to approximately 250 employees and the in-house accounting solution integrated into the general ledger data model, enhancing transparency and consistency across financial systems.



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i. [Banking transformation: The new agenda, KPMG International, 2025](#)

ii. <https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/gated/2025/kpmg-banking-survey.pdf>

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