

Is your finance function ready to leverage the advantages of AI?

Artificial intelligence is an essential technology for finance teams seeking to work smarter, not harder. Finance leaders expect the technology to deliver ROI through increased productivity and efficiency

Artificial intelligence is helping to drive increased productivity and efficiency across all business operations. For the finance function, it could be particularly transformational.

According to research from finance transformation consultancy VantagePoint, 55% of respondents suggested AI technologies would have a positive impact on the performance and job satisfaction of their entire workforce.

VantagePoint has also seen first-hand that CFOs specifically are increasingly looking to AI to speed up their day-to-day work and ensure its overall accuracy. Abba Alami, consultant at VantagePoint, says: "CFOs are implementing lots of different options and solutions to become more secure and transparent for their colleagues within the finance function. They also want to become more aware of those colleagues' needs and are seeking feedback as to how AI can assist."

"For example, it could be useful when dealing with tight delays, complicated regulations and repetitive tasks. They don't want their employees to have to manually carry out the basic and mundane tasks each day.

"Instead, they want to use AI to build an automated system for the entire finance function; one that is adapted and tailored to their personal and business ambitions. Then the next step is to enable and motivate their finance team to start using these tools."

When asked about the main motivations for embedding AI across the finance function, respondents to VantagePoint's survey had two key priorities. Cost reduction and the automation of manual processes were selected by just over a third of the cohort (36%), the same number who said it would be used by them to bring additional value-add capability to the department.

However, no matter how much automation is implemented across the business or within the finance function, Alami argues that human intervention is still needed. This will be vital to check and ensure the compliance of data sets and files.

"Any solution built through AI must ensure the employee is comfortable with it and that they understand the value of it," she says. "The value should always come from the tool to the employee."

Calculating elements automatically
For roughly one in seven (15%) survey respondents, gaining a competitive

advantage through AI was cited as a major motivator for deploying the technology.

Areas it could assist with include consolidating financial reporting or making tax returns less complicated to produce. "The AI makes the work so much easier by calculating elements automatically," explains Alami. "It's also safer in a sense, because you can build in queries to check the data along the way."

The effect of AI on the finance function is vast and diverse. Respondents listed budgeting and planning, scenario modelling or 'what if' forecasting and data visualisation as the top-three tasks to delegate to AI within the next two years.

But no two CFOs or financial directors see it the same way. For some, the influence of AI will extend even to risk modelling and stakeholder reporting.

"The approach needs to be measured, and implementation must be in incremental steps," recommended one respondent, with a slow and steady journey towards AI deployment also working to allay privacy and security fears.

Four in 10 (41%) respondents suggested they were "moderately worried and concerned about potential vulnerabilities and risks".

One respondent pointed out that AI's "impact on data privacy and the validity of its output", while another predicted that AI's function would ultimately be for "automated processing and logical decisions", but "not judgement".

However, 55% were either neutral, because they believed privacy and security of data could be managed effectively; only slightly worried, because they trusted in the existing safeguards; or not worried at all, thanks to overriding confidence in data privacy and security measures.

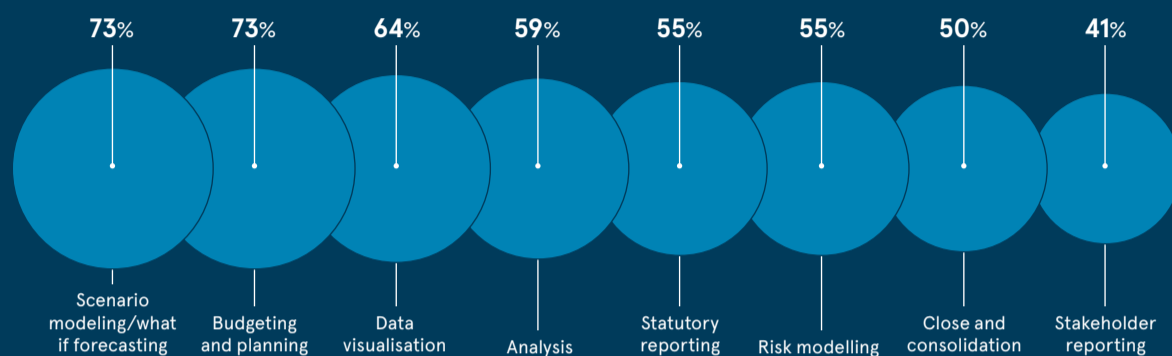
VantagePoint's survey suggests that AI can be configured to do the smallest and simplest of tasks, which can quell fears about the impact of potential



By the end of the implementation, we want humans and the AI to be close enough that they can fully understand and complement each other

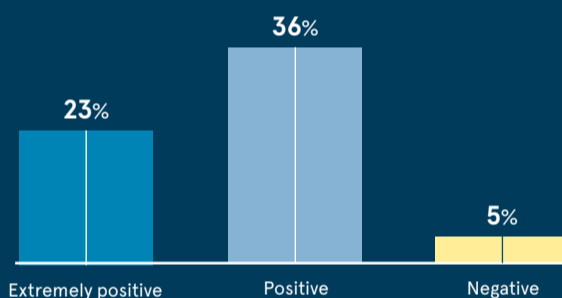
WHICH TASKS WOULD FINANCE LEADERS DELEGATE TO AI?

% of business leaders who said they would use AI for the following



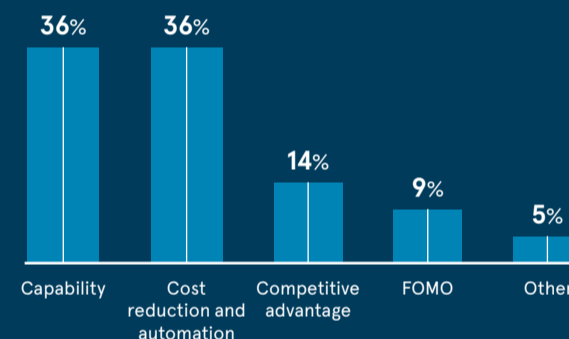
BUSINESSES FEEL MOSTLY POSITIVE ABOUT COLLABORATION BETWEEN AI AND THE FINANCE TEAM

% of business leaders



COST AND CAPABILITY ARE THE MAIN MOTIVATORS FOR IMPLEMENTING AI IN A FINANCE FUNCTION

% of business leaders who gave the following as their main motivator



BUSINESS LEADERS' OPINION ON WHETHER AI CAN BE USED TO ENHANCE RISK MANAGEMENT AND COMPLIANCE PROCESSES

% of business leaders



VantagePoint, 2023

negative outcomes. For example, it can 'grab' data from the web or through APIs and filter it to make recommendations which can be assigned to be dependent on a final use case.

This also chimes with the hopes of another survey respondent who wanted to use it for "data analysis of large data sets". Alami adds: "Instead of having to spend time doing all the research, it can help to align with any final output you want."

Not fully matured yet

When it comes to humans and AI working side by side, VantagePoint's research suggests a hopeful outlook, with 23% of respondents stating they are extremely positive about how a collaboration between humans and machines would "deliver significant benefits to the finance team".

This was echoed by a respondent who - while accepting the solutions

may not be "fully matured yet" - pointed out that "you can set the parameters for anything", meaning AI could eventually be used for full financial analysis on a monthly basis.

There is also plenty of hope when looking to the future as the survey suggests several ways for businesses to achieve return on their initial AI investment.

Half of those questioned sought to measure ROI in terms of increased productivity, reduced operational costs, improved accuracy, faster decision making and enhanced customer satisfaction.

Jamie Benaron, advisory director at VantagePoint, suggests the first step for any AI implementation would be to understand where the finance function is wasting its time and to know all the tasks being repeated every day. "Training the AI can then be done within a sandbox using dummy data and accounts," he explains. "When this

is shown to work, the real data can be added back in."

Ultimately, the goal is to have AI and human employees working hand-in-hand. "The impact of AI cannot be underestimated for 2024 and beyond," says Benaron. "From the feedback we're seeing, there are questions to be asked and opportunities to be gained. But by the end of the implementation, we want humans and the AI to be close enough so they can understand each other."

For more information, visit vantagepoint.consulting

