

AI-enabled finance

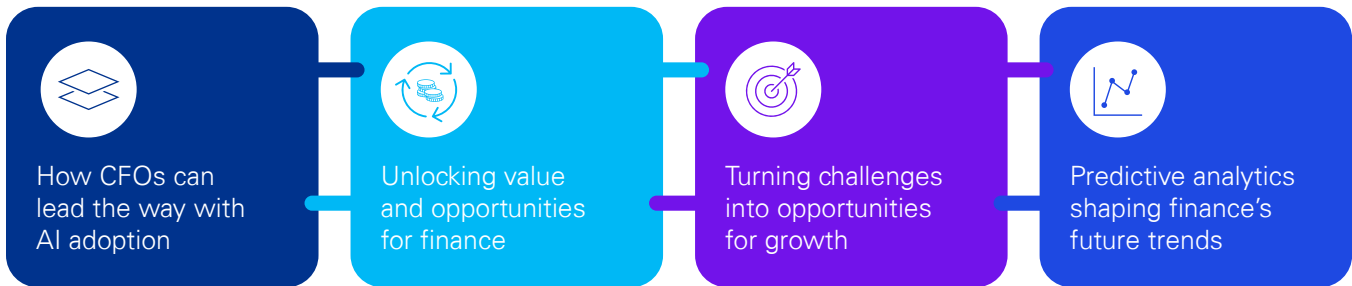


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The advent of artificial intelligence (AI) heralds a new era of innovation and efficiency. As the finance function continues to grapple with complex data sets, regulatory pressures, and heightened customer expectations, AI emerges as a critical enabler, transforming challenges into opportunities for growth and strategic advancement.

In a recent webcast, *AI-enabled finance*, KPMG specialists discussed how AI technologies are not merely augmenting, but fundamentally reshaping financial operations, risk management, decision-making processes, and customer engagement in profound ways.

Panelists discussed the following topics:



How CFOs can lead the way with AI adoption

When it comes to AI adoption, the finance organization, led by the chief financial officer (CFO), stands at the forefront. Moving beyond its conventional scope, finance now has a strategic role that can be supported by adopting AI, fundamentally reshaping business operations and planning.

The CFO's role transcends mere adoption. Finance leaders can emerge as champions of AI by helping to integrate the technology into an enterprise's core functions. This not only involves a clear articulation of AI's potential to streamline financial operations and enhance decision-making processes, but also a proactive approach to ensure that AI initiatives are in harmony with the company's wider strategic

goals. So, AI can not only be positioned as a technological addition but also as a central pillar of a company's strategic direction. GenAI adoption requires a more compelling and engaging change management approach. It is critical that CFOs and other leaders clearly articulate how GenAI will transform the workforce and uniquely change individual roles. Demonstrating how AI will accelerate productivity will inspire teams to adopt the new tools and independently explore more innovative uses.

A critical aspect of this leadership is the establishment of comprehensive governance frameworks for AI usage. Finance leaders, recognizing AI's vast capabilities, need to commit to developing frameworks that are responsible, ethical, and compliant. This commitment to governance goes beyond risk mitigation; it's about fostering a culture of accountability and integrity

in AI application. For example, finance leaders have navigated ethical dilemmas, such as bias in AI algorithms, by implementing strategies that audit AI tools for fairness and transparency, so that AI's deployment aligns with ethical standards and respects privacy and security.



Unlocking value and opportunities for finance

Today, AI's transformative impact is directly noticed in the adoption of specific technologies such as generative AI (GenAI). These innovations are changing the game in redefining risk assessment models and enhancing mechanisms for detecting fraud. An example of its effectiveness can be seen in how technology optimizes the reconciliation of accounts and audit trails, significantly reducing human errors and lowering operational costs. Simultaneously, GenAI is changing how we interact with customers by creating tailored financial advice content, showcasing the vast array of AI applications. This expansive range of AI applications can facilitate the streamlining of workflows, allowing the team to shift its focus to strategic analysis and decision-making, thereby enhancing productivity.

To fully actualize the potential of AI, addressing the challenges associated with AI adoption, particularly talent acquisition and data quality enhancement, is essential. Undertaking initiatives to upskill finance professionals and providing them with the necessary tools to utilize AI for higher-value functions is key. Such an approach transforms operational capabilities while significantly assisting in the achievement of the enterprise's strategic objectives.

Moreover, AI plays a momentous role in data management and analytics, signaling the dawn of an era of decision-making fueled by in-depth, actionable insights. Through data amalgamation and refinement of data analytics, AI enables finance departments to make more informed decisions. It also can ensure compliance with ever-changing financial regulations and takes into account ethical considerations, synchronizing technological adoption with societal norms and legal requirements.

In customer engagement, AI is changing how interactions take place within financial services. By delivering personalized financial advice and customized banking services, AI strengthens client relationships and increases satisfaction levels.

Additionally, it supports strategic decision-making at the executive level by supplying predictive models and scenario analyses, therefore guiding long-term business strategies.



Turning challenges into opportunities for growth

Implementing AI within enterprises, especially in finance, is a transformative endeavor that promises to revolutionize operational efficiency and decision-making processes. However, this journey is not without challenges.

- **Data quality and accessibility:** High-quality, accessible data remains paramount for AI systems to learn, predict, and make informed decisions. Challenges such as data fragmentation, inconsistency, and inaccessibility can severely hinder AI applications. To overcome these obstacles, implementing stringent data governance and management practices is essential. Such practices, including data cleansing, standardization, and the establishment of governance protocols, help ensure that AI systems can leverage accurate and accessible data, laying the foundation for AI's full potential.
- **Talent acquisition and skills development:** The specialized nature of AI technology necessitates expertise in areas such as data science and machine learning, where the scarcity of skilled professionals is exacerbated by a competitive landscape. Addressing this talent gap calls for a multifaceted strategy—forming educational partnerships, fostering robust in-house training programs, and promoting a culture of continuous learning. These efforts aim to enhance the existing workforce's capabilities to equip finance with the necessary talent to drive AI innovation forward.
- **Integration with existing systems:** The technical challenge of integrating AI technologies with current IT infrastructure and legacy systems is significant. Modernizing these systems to accommodate AI solutions and ensuring cross-technology compatibility is crucial for smooth AI adoption. This process not only involves technical adjustments but also a strategic reevaluation of current systems to align with AI capabilities.

- **Ethical, security, and compliance considerations:** Responsible AI deployment is fraught with ethical dilemmas, security risks, and compliance hurdles. The potential for ethical lapses, data breaches, or non-compliance necessitates a vigilant approach to AI implementation. By navigating these challenges with a commitment to ethical principles, robust security measures, and adherence to regulatory standards, enterprises can ensure that AI deployment is both responsible and effective.



Predictive analytics shaping finance's future trends

Finance is on the cusp of a significant transformation, precipitated by advancements in AI. This shift extends beyond enhancing traditional operations to forging new pathways for growth and strategic insights, with AI acting as the linchpin for innovation previously unattainable in finance. AI's role in redefining finance roles toward more strategic analysis and decision-making signifies a leap toward unlocking exceptional organizational value.

AI's integration promises a substantial boost in productivity by automating tasks such as data entry and complex computations, freeing human capital to focus on strategic activities. This shift toward a more analytical finance function is set to redefine the contributions of finance professionals.

Strategic investments in AI highlight finance leaders' trust in its transformative potential, encompassing efforts to upskill the workforce, enhance data infrastructures, and cultivate an AI-receptive organizational culture. Furthermore, AI significantly bolsters strategic decision-making at the executive level. Through predictive models and scenario analyses, AI can provide insights that guide long-term business strategies, enabling executives to make informed decisions with a future-oriented perspective.

This strategic application of AI not only facilitates data-driven decision-making but also equips leaders with the tools to navigate the complexities of the financial landscape, anticipate market changes, and identify opportunities for innovation and growth. The integration of AI into strategic planning underscores the technology's paramount importance in shaping the future of financial

services, establishing AI as an indispensable tool for executives aiming to steer their organizations toward sustained success and competitiveness in an ever-evolving market.

The future of finance will be significantly influenced by predictive analytics, with AI enabling financial institutions to anticipate market trends, understand customer behaviors, and manage risks more effectively. This strategic application of AI facilitates more informed decision-making and helps optimize financial products and services, indicating a future where financial strategies are increasingly data-driven and AI-informed.

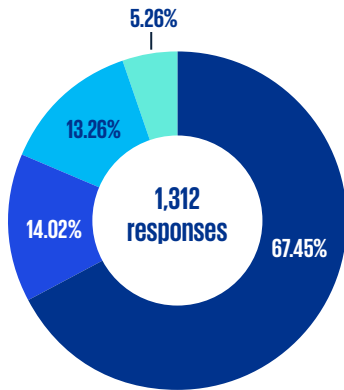


AI reflections wrapped

To wrap up, the move toward AI in business is a clear step toward better efficiency, smarter strategy, and stronger growth. As companies adapt to this shift, led by CFOs and supported by robust governance, they unlock new opportunities. This journey is about more than just technology; it is about setting up businesses to thrive in a future where AI plays a key role in success. Moving forward, the focus on AI is not just a trend but a pathway to staying competitive and meeting the demands of tomorrow's market.



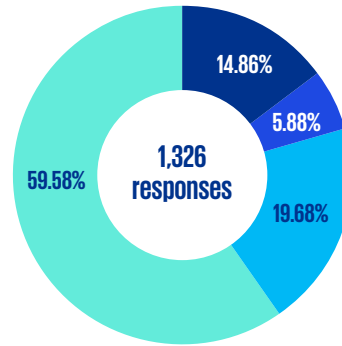
Where is your organization with their AI journey?



- Early exploration:** We are still in learning mode.
- Experimentation:** We are leveraging Enterprise GPT models and/or building specific AI-enabled solutions in select areas (proof of concepts).
- Strategy & Planning:** We are prioritizing areas that can create the most value and developing plan for pilots.
- Transformation:** We are transitioning AI-enabled PoCs to production. Reshaping operating model to adapt new ways of working leveraging AI.

Note: Percentages may not total 100 percent due to rounding.

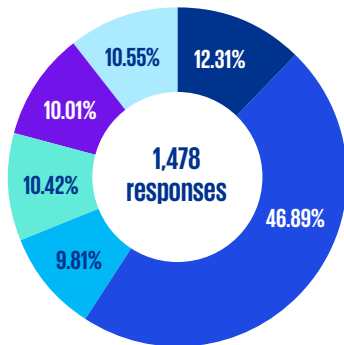
How are you organizing governance to manage and scale AI?



- Centralized Center of Excellence (COE)
- Federated within the business
- Hybrid
- N/A:** We do not currently have a formal governance group to manage AI.

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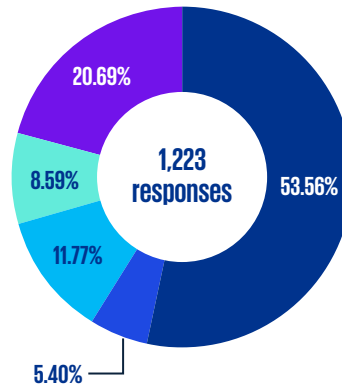
Where can Finance leverage GenAI to create the most value for your enterprise?



- AI governance
- All of the above
- Availability of skilled talent
- Awareness and Training
- Data quality and accessibility
- Sufficient funding / business case

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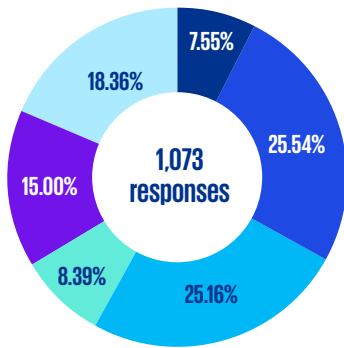
Which of the following change management considerations impact your organization the most?



- All of the Above
- Employee resistance to Gen AI
- Leadership Alignment on the AI vision
- Overall change fatigue
- Uses cases and role impacts unclear

Note: Percentages may not total 100 percent due to rounding.

Which activity do you predict your company will need the most assistance with?



- Development of controls that address ethical and bias concerns
- Enterprise strategy, socialization, and awareness to drive stakeholder buy-in
- Identification and piloting of use cases leveraging AI and GenAI solutions
- Partnership with strategic platform vendors to align AI direction and cocreate together
- Redefining the organizational structures and training approach
- Roadmap and value case development including prioritization and sequencing

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