



CAOs at a crossroads:

Why chief accounting officers must double down on the AI opportunity

Introduction

The age of artificial intelligence (AI) is well underway, and its effects continue to ripple through the business world. Chief accounting officers (CAOs) everywhere are also doing their best to harness the power of generative AI (GenAI) to modernize and streamline their team's day-to-day work. But the process hasn't often been quick or smooth, and this has important implications for the accounting and finance function.

That is a key takeaway from our seventh annual CAO survey, which asked 240 CAOs, C-level executives, and direct reports to CAOs across industries (see "Survey methodology") to assess the evolving CAO role and challenges ahead. As in previous years, we found that CAOs are spending most of their time (76 percent) fulfilling governance and compliance duties related to financial reporting and accounting operations.¹ But going forward, survey participants expect CAOs to play a much larger role in strategic areas. Currently, CAOs are involved in event-driven transactions about 36 percent of the time. This is expected to increase to 55 percent in the future. Additionally, their involvement in business partnership and transformation tasks is predicted to rise from 47 percent to 73 percent.

For the CAO agenda, transformational business process improvement will have to figure more prominently as a priority area of focus. AI is now a must-have enabler for CAOs to enhance the accounting function's operational efficiency and to truly elevate themselves to help lead enterprise transformation. Yet a clear perception gap exists between C-level executives and CAOs on how much value the latter are currently bringing to this endeavor: while 59 percent of CAOs rated their contribution to business process improvement as "high," only 46 percent of the C-suite agreed.

Effective AI adoption and meaningful modernization of the accounting function will ultimately come down to the human factor. To understand where things stand and what lies ahead, the first two sections of this report focus on the latest survey results related to talent management, including trends in work-life balance and career aspirations, and employee attitudes toward and expectations of AI. The third section highlights other major findings related to the CAO's contributions in data analytics and mergers and acquisitions (M&A). The aim of this paper is to provide a detailed update on the state of the accounting profession and a timely call to action, so that CAOs can be better prepared to address emerging challenges.

¹ For this year's survey, we identified three main areas of CAO responsibility: (1) governance and compliance, (2) transactions, and (3) business partnership and transformation. In previous editions, transformation had been a separate, fourth category.

Survey methodology

KPMG conducted our seventh annual CAO survey in the second half of 2025 to collect insights about the evolving CAO role and to examine the value CAOs bring to their organizations. This year, we asked detailed questions on the most topical issues, including workforce trends, technology solutions, M&A, recent and upcoming accounting changes, and capital markets readiness. As usual, the survey also covered the CAOs' primary areas of responsibility in governance and compliance, event-driven transactions, and business partnering/transformations. The survey participants included CAOs, C-level executives, and direct reports to CAOs from public and private companies across a wide range of industries.

N=240

CAOs (N=111)

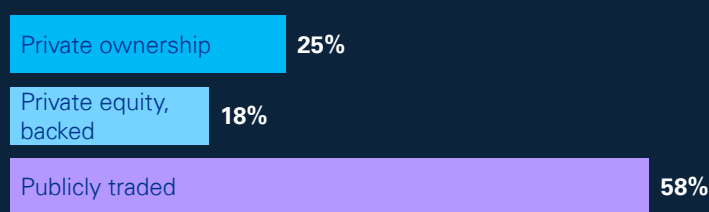
C-suites (N=80)

Direct reports (N=49)

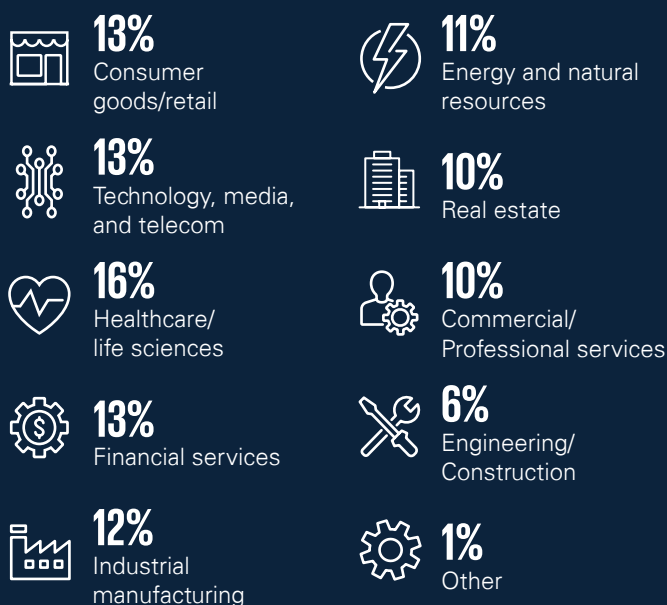
Respondent type



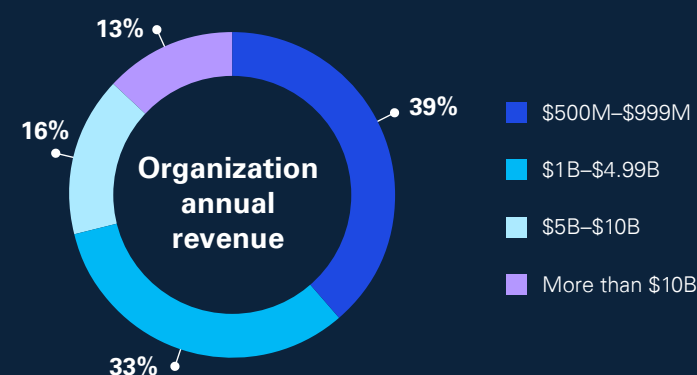
Organization type



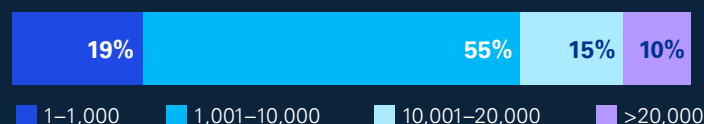
By industry



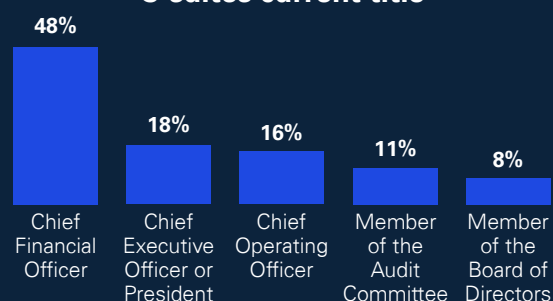
By organizational annual revenue



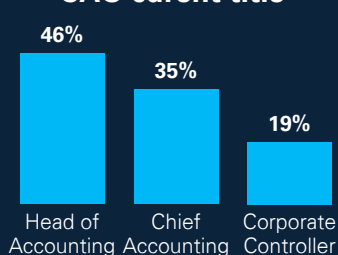
By employee range



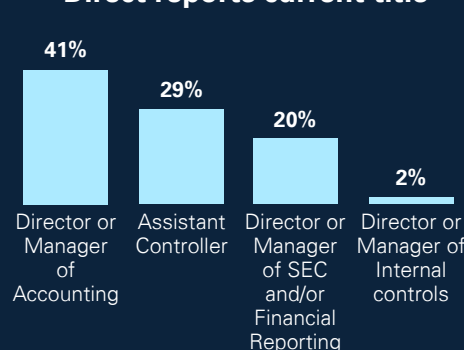
C-suites current title



CAO current title



Direct reports current title



Note: (a) The option "NA", "Others" and "Unsure/Cannot Discuss" has been removed as it had negligible response

Source: CAO survey, September 2025

Workforce and talent trends in the CAO organization

Striking the right work-life balance always has been a tough act in the accounting profession. Accountants must toil under inflexible reporting deadlines and consistently deliver foolproof outcomes. But this year's survey showed that the situation has improved. Although it can still be challenging, 55 percent of direct reports to CAOs said their work-life balance is good, and 20 percent deemed it excellent (Exhibit 1). This contrasts markedly with the past two years' findings: In 2024 and 2023, poor balance was cited as a top reason for talent shortages in the profession by 56 percent and 58 percent of direct reports, respectively.



Exhibit 1. Work-life balance has improved for direct reports

What does your work-life balance look like?

Excellent - I have a good balance between work and personal life

20%

Good - I manage to balance work and personal life, but it can be challenging

55%

Fair - I sometimes struggle to find a balance

22%

Poor - Work often interferes with my personal life

2%

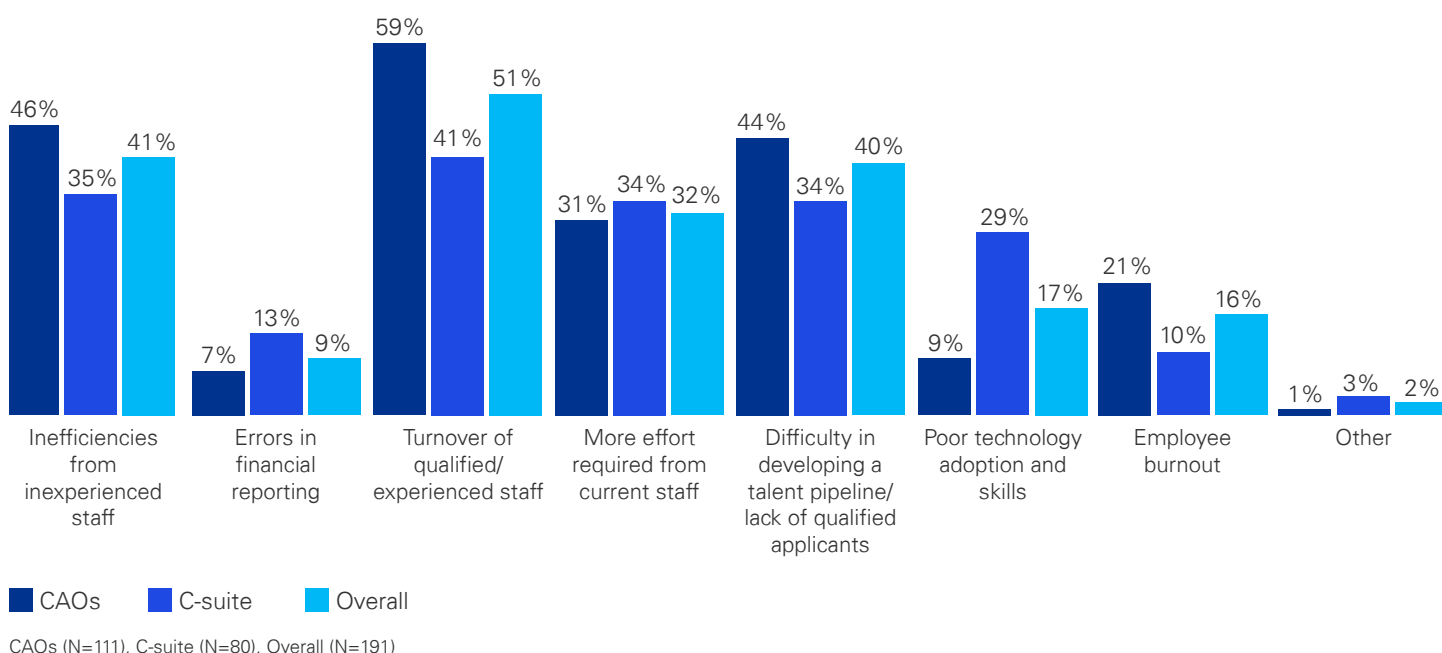
Direct reports (N=49)

We believe much of this turnaround in sentiment can be attributed to many CAO organizations offering flexible working arrangements, which has helped to lighten some of the burden on staff. Remote work combined with regular in-person collaboration has shown to empower teams to manage their workday more effectively. This in turn has positively changed the organization's narrative on how best to perform in the job.

Despite this encouraging development, however, companies are still struggling to retain experienced staff, exacerbating the talent gap. Turnover remains a top concern, with 51 percent of all respondents citing the loss of qualified staff as a major issue (Exhibit 2). More CAOs (59 percent) are worried about this than the C-suite (41 percent), with 21 percent of CAOs also noting the prevalence of employee burnout. This likely means those on the front lines are feeling the talent drain and heavier workloads more acutely.

Exhibit 2. Retaining experienced accounting staff is a struggle

What staffing challenges is your organization facing in the accounting function?



Loss of experienced employees and inefficiencies from inexperienced staff are raising questions about the existing workforce's skills. More than half (59 percent) of CAOs said their accounting staff are unfamiliar with upcoming regulatory requirements—though only 37 percent of direct reports agreed. Just under half (48 percent) of CAOs are also concerned about the lack of data and analytics skills, a jump from the 35 percent who said so a year ago and much higher than the 18 percent of direct reports surveyed this year.

These differences in perception may reflect a generational divide. For instance, almost two-thirds of CAOs said a strong passion for finance and accounting is the top professional motivator, but this was the driver for only about half of those reporting to them. A much higher number of direct report respondents (63 percent) ranked the field's stability and growth opportunities as more important. There also appear to be significant disconnects between career ambitions of CAOs and their direct reports, potentially suggesting shifting values of the next generation of accounting leaders. While progressing toward the chief financial officer position is the top career plan for a majority of CAOs (56 percent), only 14 percent of direct reports aspire to the same trajectory. This may be

simply a reflection of where they are on the career ladder (i.e., facing a longer lead time to a future executive role), or it could be an indication that the younger direct reports perhaps believe it will take too much sacrifice to climb up into the C-suite.

The evolving career motivations of accountants seem to be already influencing organizations' retention strategies. Increased focus on culture and the working environment is now a top priority for 67 percent of CAOs in their staffing plans (up from 49 percent in 2024 and 41 percent in 2023). Even more (69 percent) said they are also prioritizing automation of transactional tasks to reduce workload. This spotlight on flexibility and well-being shows that CAOs are making a concerted effort to build a more resilient workforce.

Meanwhile, reliance on compensation has dropped sharply, with just 21 percent of CAOs citing it as a primary retention strategy, compared to the 57 percent who did so in 2024. However, companies will need to proceed thoughtfully on this matter. Direct reports still ranked competitive compensation as their top motivator (65 percent), while only 39 percent stressed the company culture.

AI and the impact on the workforce and broader CAO organization

To address the talent shortages and skills gap, CAOs across industries are embracing the latest AI tools as a novel solution. In our survey, more than two-thirds of CAOs said they are doing so, and 59 percent of their direct reports indicated that GenAI has reduced the routine task workload. These responses indicate that AI is being integrated at a rapid pace and has the potential to revitalize the accounting workforce.

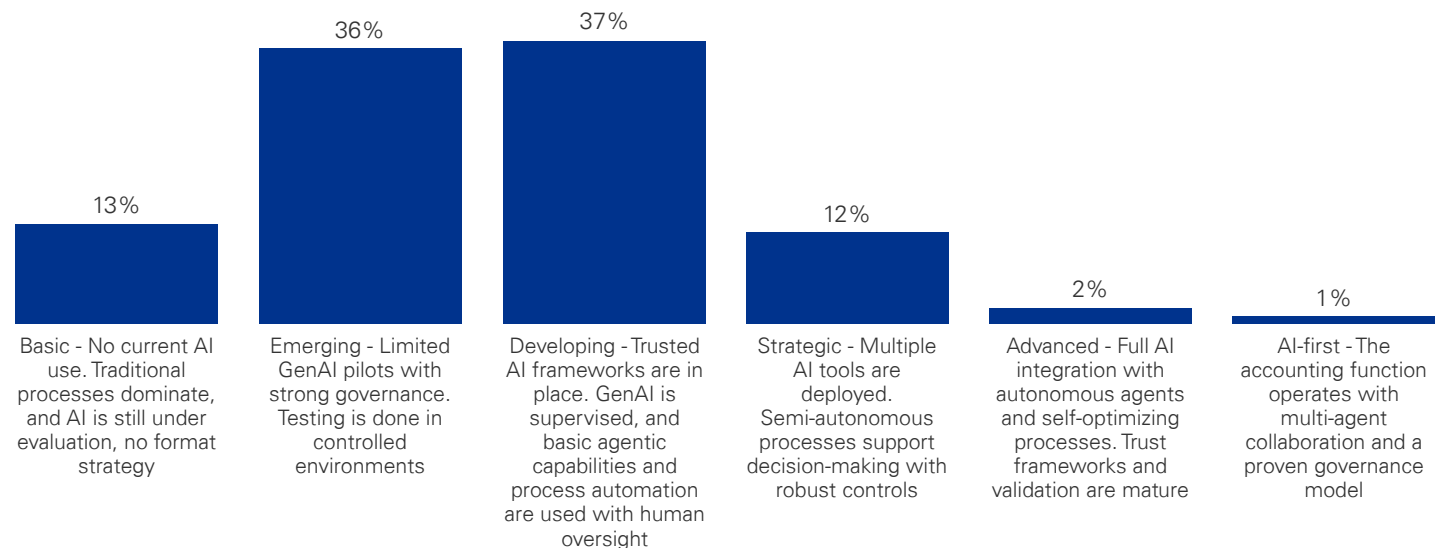
A recent article in the CPA Journal noted that as AI takes up more repetitive tasks, “more opportunities in the strategic and creative roles of accounting will be available ... [allowing] accountants to focus on higher-value activities that require critical thinking and problem-solving skills, ultimately enhancing their overall contribution to a business.”² A study from the MIT Sloan School of Management backs this up. It found that accountants using GenAI were able to reallocate about 8.5 percent of their time from routine data entry to high-value tasks, such as “business communication and quality assurance.”³

But as much as AI will be an enabler for the workforce, it will also be a huge disruptor. For many accountants and other professionals, optimism about AI capabilities is tempered by a fear that it may eventually replace them. In fact, anecdotal evidence suggests this may already be a factor driving the recent uptick in white-collar layoffs. According to the Wall Street Journal, companies are “pausing hiring for consultants and managers, laying off staff in retail and finance, and deploying AI to do work in accounting and fraud monitoring.”⁴

AI adoption, however, is still in early stages, and many organizations are moving forward cautiously. Nearly three-quarters of CAOs said AI integration is currently at either the emerging or developing stage (Exhibit 3). The majority of CAOs (56 percent) and direct reports (51 percent) use GenAI tools only sometimes in their day-to-day work. Key barriers to more frequent GenAI use include concerns about accuracy, data security, and limited understanding of the technology.

Exhibit 3. Integration of AI tools has been slow

Which statement best describes your organization’s integration of advanced AI technologies (such as GenAI, agentic AI, and trusted AI frameworks) within the accounting function?^(a)



Note(s): (a) Total might not add up to 100% due to rounding-off CAOs (N=111)

² Ariana LoBianco, Kevin Jialin Sun, and Xin Zhao, “How Artificial Intelligence May Impact the Accounting Profession: Testing ChatGPT in Common Scenarios,” The CPA Journal, May/June 2025.

³ Zach Church, “How generative AI can make accountants more productive,” MIT Sloan School of Management, August 5, 2025.

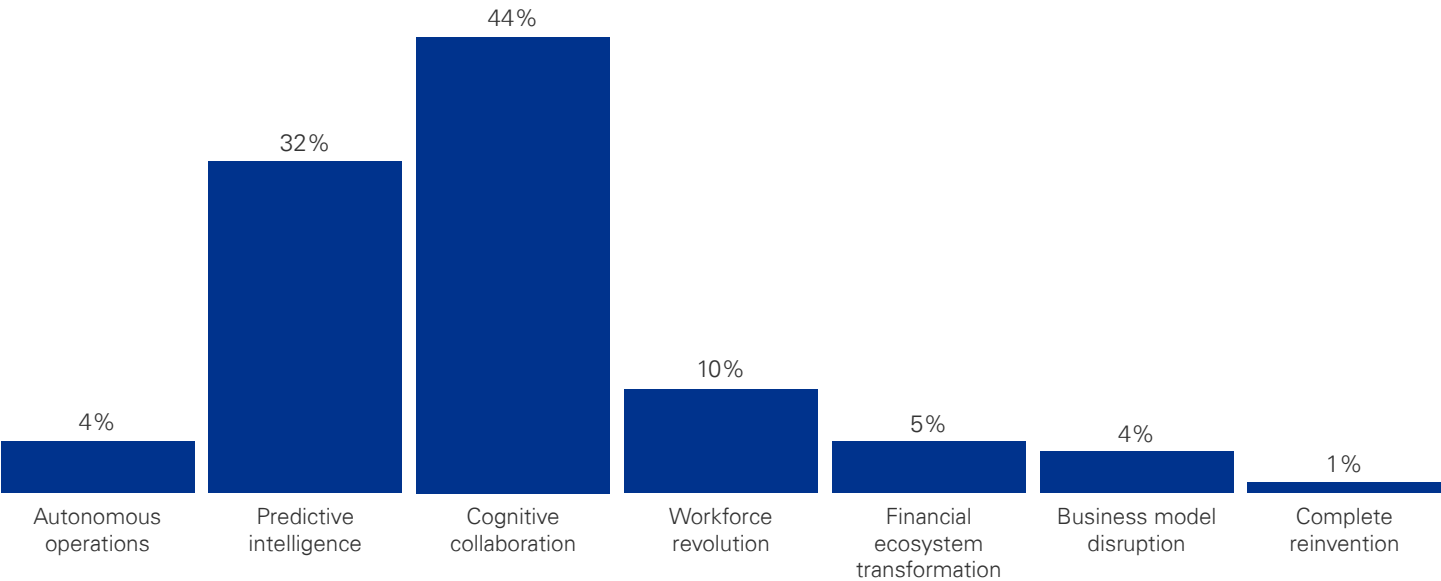
⁴ Lindsay Ellis, Owen Tucker-Smith, and Allison Pohle, “Tens of Thousands of White-Collar Jobs Are Disappearing as AI Starts to Bite,” The Wall Street Journal, October 28, 2025.

This is why upskilling current staff to work with AI tools is a priority for a large majority of organizations (59 percent). At the same time, 45 percent are also adjusting their hiring strategies to target more candidates with advanced technical skills in AI and data analytics. But in the near

future, companies have realistic expectations about the impact of AI. Forty-four percent of CAOs aim to achieve cognitive collaboration with AI tools within the next 2–5 years. However, only 11 percent expect a complete revolution or reinvention of the workforce (Exhibit 4).

Exhibit 4. Few CAOs expect AI to reinvent the accounting function anytime soon

What is your vision for the evolution of the accounting function with the integration of AI and advanced technologies over the next 2-5 years?^(a)



Note(s): (a) Total might not add up to 100% due to rounding-off CAOS (N=111)



Insights on other key CAO responsibilities

This year's survey also contains notable findings on the CAO's role in two other areas: data analytics and M&A.

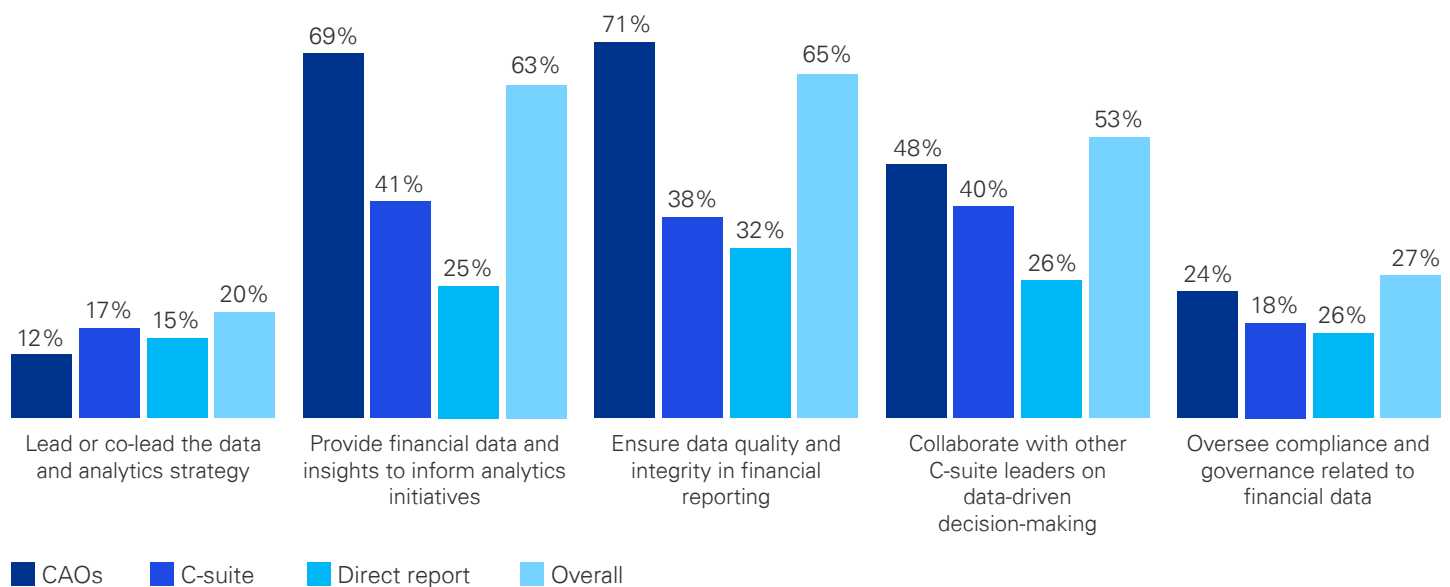
Data analytic leadership

With the growing interest in AI, nearly three-quarters of CAOs indicated a heavy involvement in the effort to advance business analytics and insights. However, only 8 percent of all respondents considered the CAO as the primary leader of their companies' data and analytics strategy, with most citing the chief data officer (35 percent) or chief information officer (31 percent) instead. This limited role stems from the fact that data ownership typically lies elsewhere—even though CAOs are responsible for the "one source of truth": audited books and records. Despite these constraints, a strong majority of respondents recognize the CAO's contribution to their organizations' data and analytics strategy (Exhibit 5) by ensuring data quality and integrity in financial reporting (65 percent) and by providing relevant insights (63 percent).



Exhibit 5. CAOs are seen as pivotal to financial data quality and insights

What is the role or contribution of the CAO in shaping or supporting your organization's data and analytics strategy?^(a)



Note(s): (a) Options "Other" and "Does not have a significant role in data and analytics" have been excluded from the graphs due to their limited representation across respondent groups

Overall (N=240), CAOs (N=111), C-suite (N=80), Direct reports (N=49)

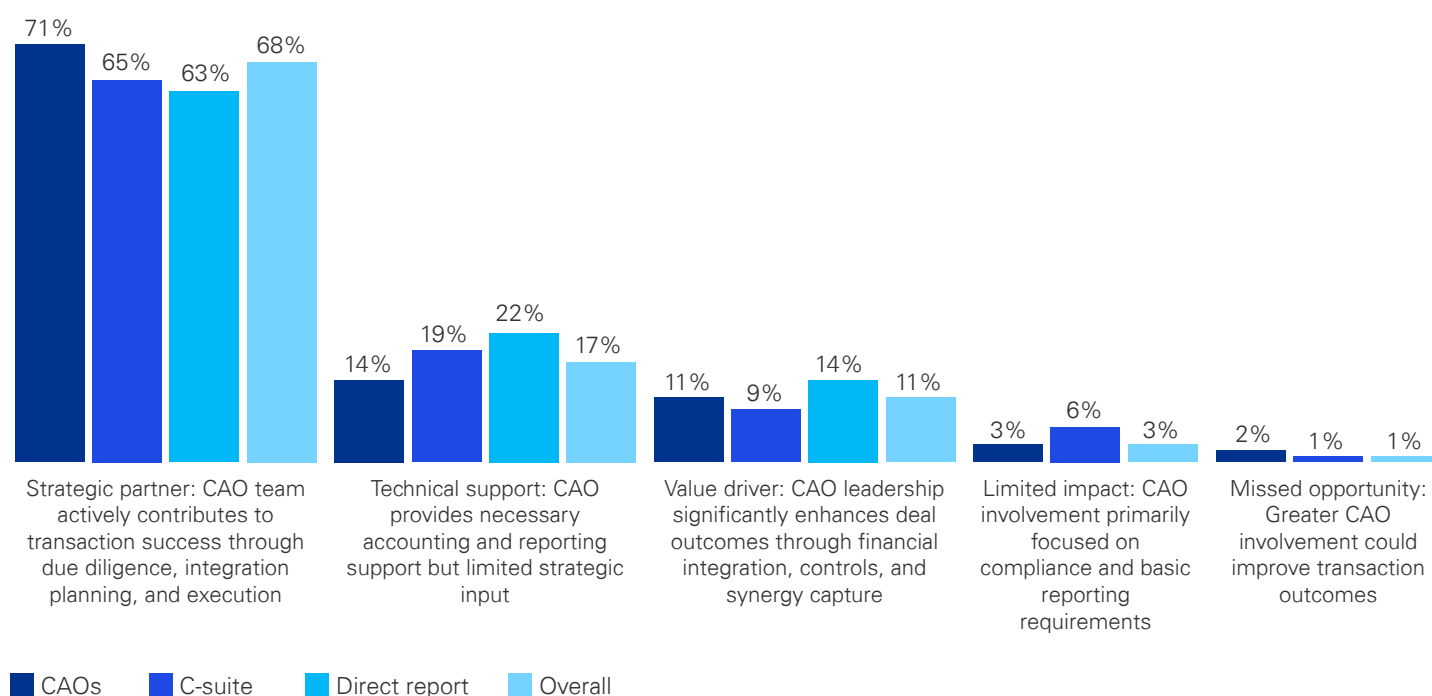
M&A involvement

As momentum for dealmaking started to pick up last year, C-level executives in our survey indicated that they expected CAOs to contribute more to their companies' M&A initiatives by helping to drive value, postdeal. But this year's survey found that CAOs' influence in transactions remains more supportive than pivotal. While 68 percent of respondents said the CAO team makes contributions in due diligence, integration planning, and transaction

execution, only 11 percent said CAO leadership drives value through financial integration, controls, and synergy capture (Exhibit 6). This sizable gap in perception presents an open invitation for CAOs to elevate themselves from a compliance-focused role to catalysts for strategic decision-making and value creation. They would do well to seize this opportunity with greater determination.

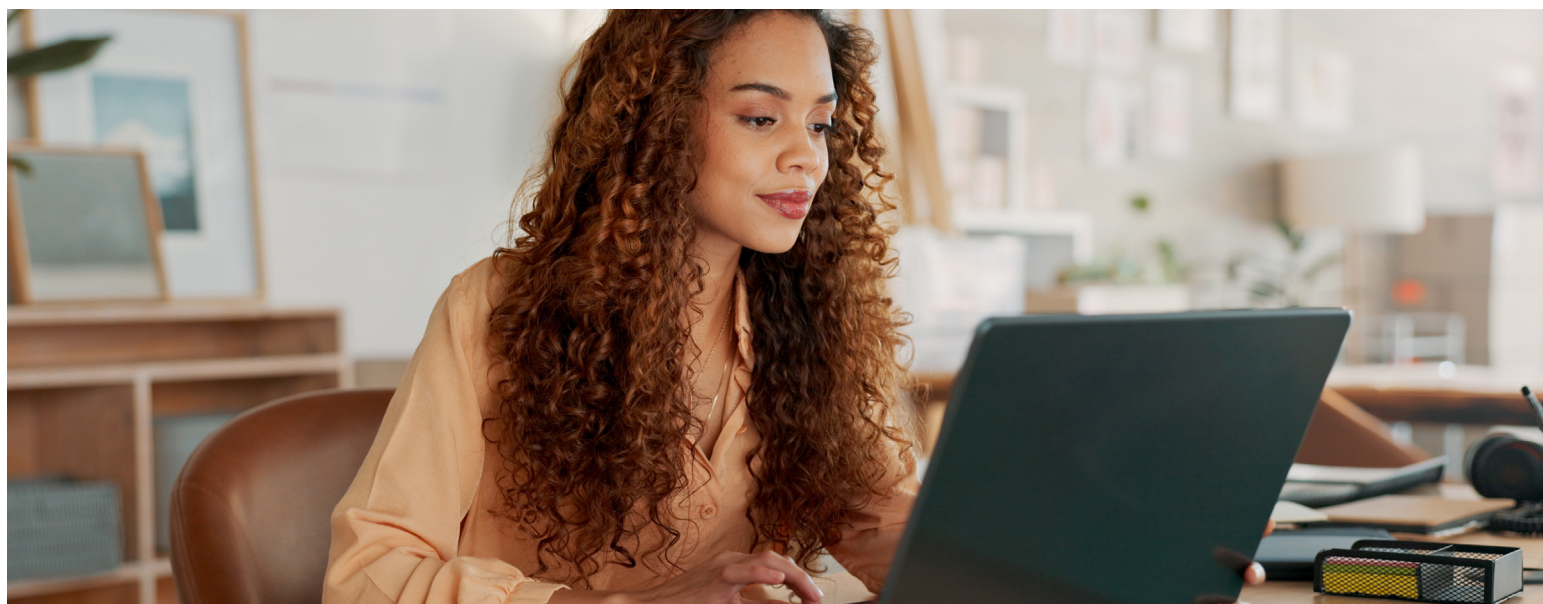
Exhibit 6. Sizable gaps exist in the CAO's perceived contributions to M&A involvement

To what extent does CAO involvement influence transaction success in your organization?^(a)



Note(s): (a) Total might not add up to 100% due to rounding-off

Overall (N=240), CAOs (N=111), C-suite (N=80), Direct reports (N=49)



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