



Rising to expectations

CAO agenda 2025



Introduction

Amid ever-shifting economic currents, chief accounting officers (CAOs) are busy steering the accounting function in line with their companies' broader strategic objectives. In our sixth annual CAO survey, we found that CAOs' governance and compliance responsibilities are more important than ever. But the 2024 survey of 280 respondents comprising of CAOs, C-level executives, and direct reports to CAOs (see "Survey methodology") also showed that their role and others' expectations of it continue to evolve.

Three-quarters of CAOs identified financial reporting and regulatory compliance responsibilities as highly relevant in 2024, a 24-percentage-point jump from the previous year. That sentiment was echoed by 74 percent of C-level executives and 84 percent of direct reports. The heightened importance of these activities was likely related to stricter accounting enforcement while managing the cost of compliance during unpredictable markets. At the same time, there was a double-digit decline in the C-suite's perception of CAOs' role in executing core responsibilities and taking on strategic initiatives, with only 39 percent rating their contributions as highly valuable, compared to 53 percent in 2023.

In this report, we delve deeper into possible reasons behind this dip in overall confidence of company leadership in the CAO. We focus on three main areas where CAOs currently face pressing challenges and that they will need to address to do their jobs better and become more effective contributors to the C-suite: the shortage of talent, support for mergers and acquisitions (M&A), and impact of generative artificial intelligence (GenAI).

Key challenges for CAOs to enhance C-suite effectiveness:

- 1 Talent management:**
Attracting and retaining skilled professionals
- 2 The CAO's role in M&A:**
Strategic support and implementation expertise
- 3 GenAI and CAOs:**
Leveraging AI for operational efficiency

Survey methodology

KPMG conducted our sixth annual CAO survey in the second half of 2024 to collect insights on the evolving CAO role and to examine the value CAOs bring to their organizations. In addition to the CAOs' primary areas of responsibility—governance and compliance, event-driven transactions, transformations, and business partnering—we asked questions related to staffing trends and the impact of GenAI. The survey included CAOs, C-level executives, and direct reports to CAOs from public and private companies across a wide range of industries.

N=280

CAOs (N=150)

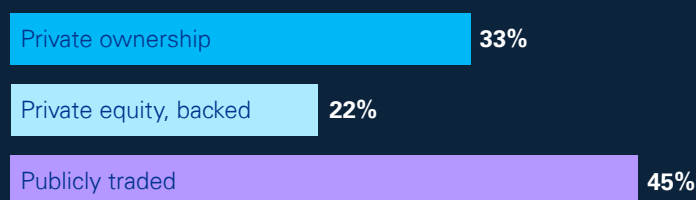
C-suites (N=80)

Direct reports (N=50)

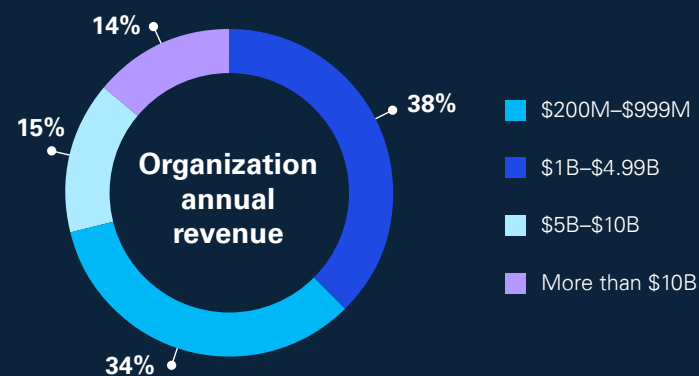
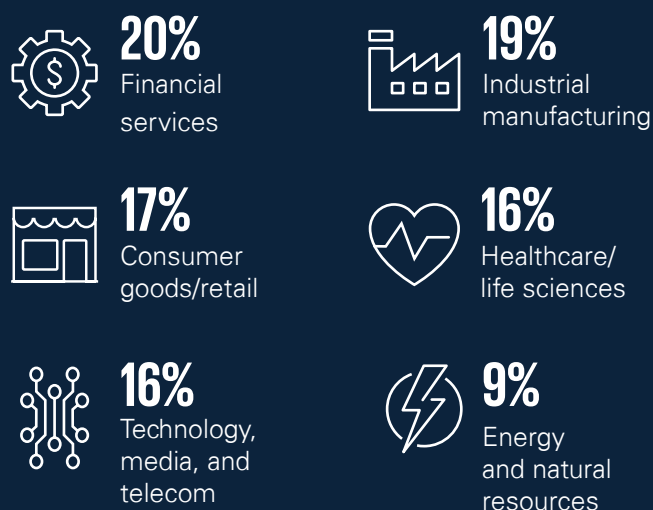
Respondent type



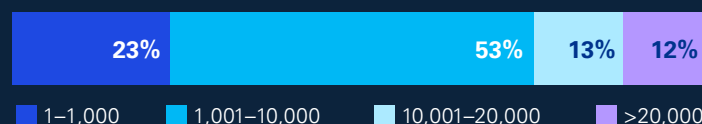
Organization type



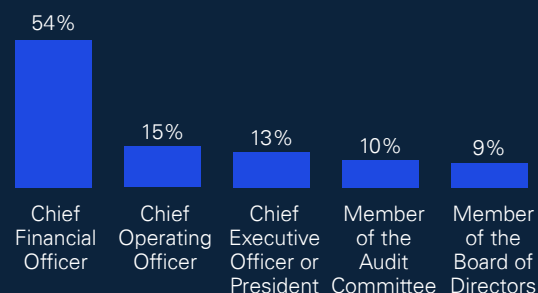
By industry



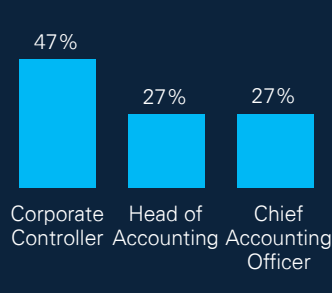
By employee range



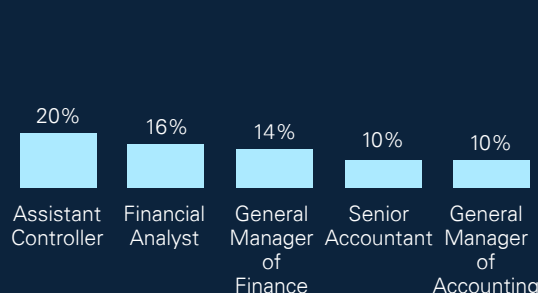
C-suites current title



CAO current title



Direct reports current title



Note(s): (a) The options "NA" and "Unsure/Cannot Discuss" have been removed as they had negligible responses; (b) totals might not add up to 100% due to rounding.

Source(s): CAO survey, October 2024

Talent management

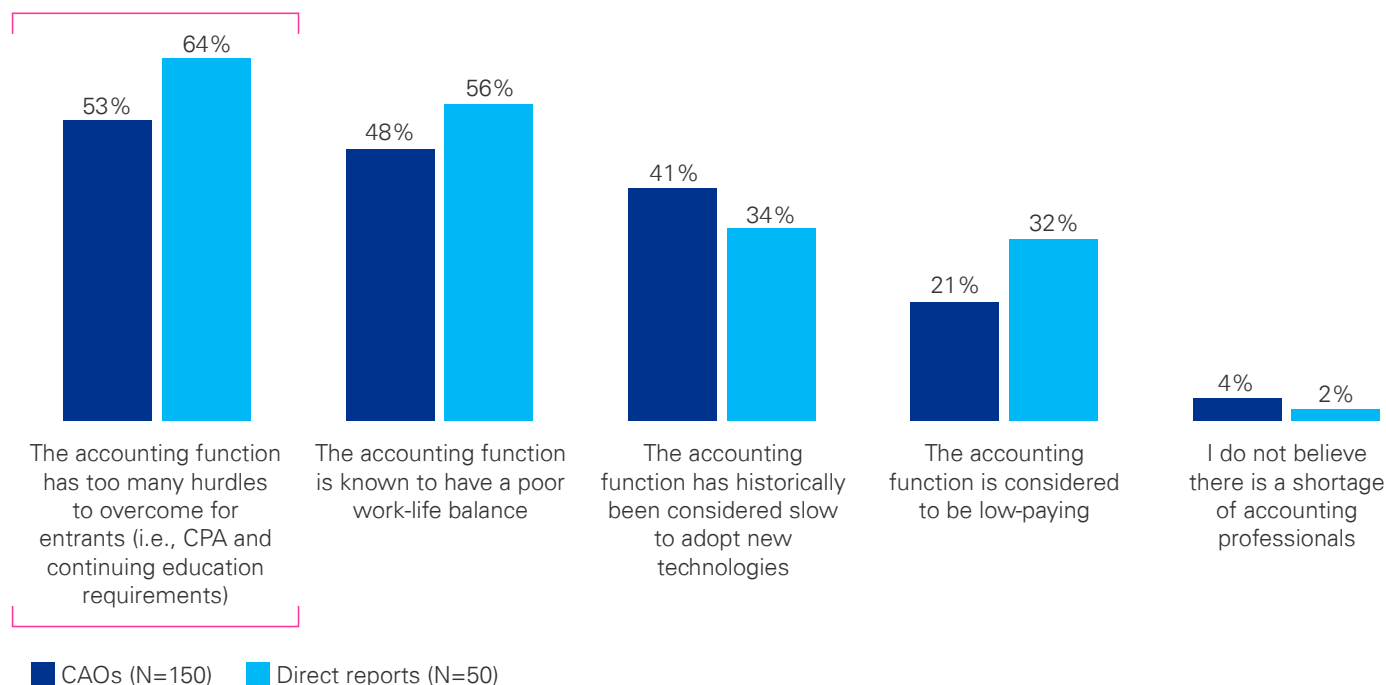
In recent years, the accounting profession has been grappling with a decline in the number of college students aspiring to a career as a certified public accountant (CPA). A main culprit for this worrying trend, according to industry bodies, is an onerous education requirement to obtain the CPA license.¹ Writing in *The Wall Street Journal* on the issue, KPMG LLP US CEO Paul Knopp last year became the first head of a large accounting firm to back an overhaul of the CPA licensing requirements that call for more on-the-job training rather than classroom hours.² “We want pathways that emphasize experience, not academic credits, after college,” he wrote.

Indeed, more than half (53 percent) of CAOs partaking in our survey identified the accounting profession’s high

entry barriers as the main factor for talent shortages. That view was even more pronounced—64 percent—among their direct reports, many of whom presumably are much younger than CAOs and have recently completed, or are in the midst of completing, the licensing gauntlet (Exhibit 1). The second largest reason was a poor work-life balance, which was cited by 48 percent of CAOs and 56 percent of direct reports. Lacking any option to immediately lower the high CPA entry barrier, CAOs for now are adopting more flexible work schedules (48 percent), increasing monetary benefits (47 percent) to attract talent, and outsourcing (44 percent), which is notably most preferred by the C-suite (51 percent).

Exhibit 1. High entry barriers are seen as fueling a shortage of accountants

Why do you believe there is a shortage of accounting professionals?^{(a)(b)}



Note(s): (a) Total might not add up to 100% due to rounding; (b) The option “Other” has been removed as it had negligible response; Multiple responses were allowed.

Source(s): CAO survey, October 2024

¹ Liz Barentzen, “Diversifying the Accounting Talent Pipeline: What Does the Research Say?,” Center for Audit Quality, August 31, 2023

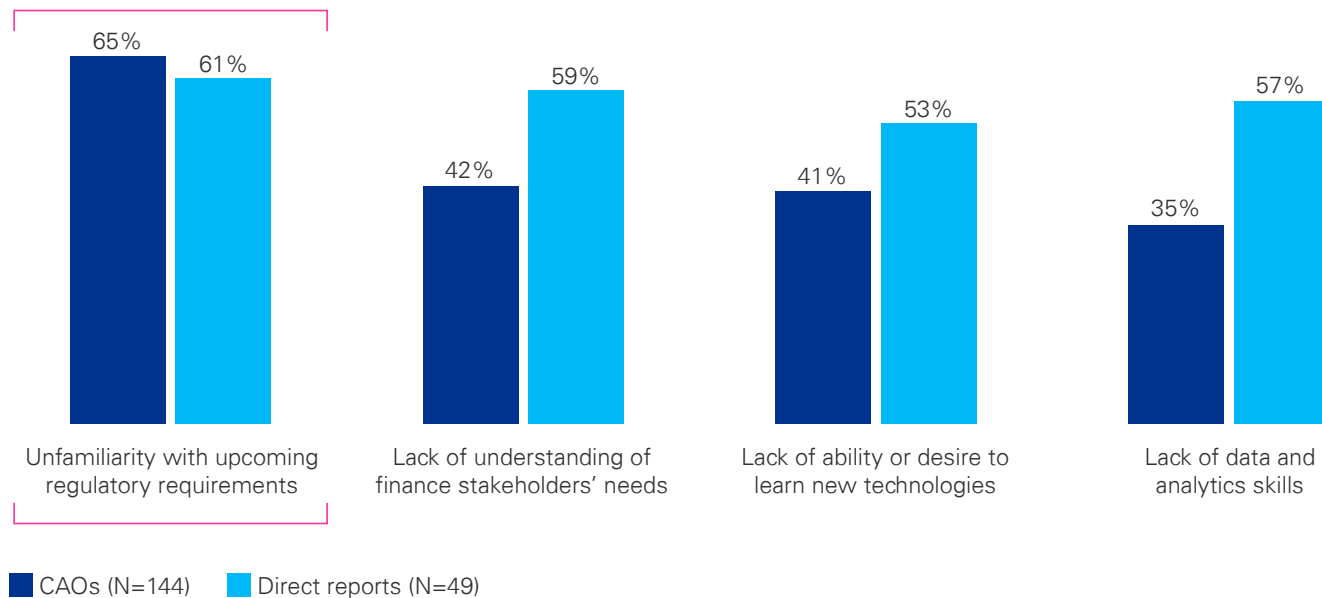
² Paul Knopp, “The Dying Language of Accounting,” *The Wall Street Journal*, December 10, 2024



The death of human capital, in turn, is fueling employee burnout. The number of CAOs who see burnout as a top challenge due to talent shortages rose to 51 percent in 2024 from 42 percent in 2023. To retain talent, 60 percent of CAOs said their company is offering more training and mentoring programs, in addition to more flexible hours. Upskilling in technical skills is of particular importance because almost two-thirds (65 percent) of CAOs believe the talent shortage has led to an unfamiliarity with upcoming regulatory requirements among their staff. Direct reports agreed with that assessment (61 percent) but also saw a lack of understanding of financial stakeholders' needs (59 percent) as a critical gap in their teams' knowledge base (Exhibit 2). Under the circumstances, however, CAOs will need to work creatively with the existing staff, as well as deploy the latest technological tools (see "GenAI and CAOs"), to help them perform at their best.

Exhibit 2. The talent shortage is reflected in gaps in knowledge of accounting staff

Due to the talent shortage in the accounting function, in what areas do you believe there are gaps in the knowledge of accounting staff?^{(a)(b)(c)}



Note(s): (a) Total might not add up to 100% due to rounding; (b) The options "Other" and "I do not believe there is a lack of skills in accounting professionals" have been removed as they had negligible response; (c) C-suites were not asked this question in the survey; multiple responses were allowed.

Source(s): CAO survey, October 2024

The CAO's role in M&A

After a prolonged softness in the M&A market exacerbated by high interest rates and election uncertainty last year, dealmakers are optimistic that activity will pick up in 2025. In our survey, an overwhelming majority of CAOs (70 percent), C-level executives (68 percent), and direct reports (78 percent) agreed that ensuring successful accounting, controls, and technology integration is the CAO's most significant transactional responsibility (Exhibit 3). However, at the 2024 Global Financial Reporting and Valuation Conference hosted by KPMG where Dean Bell, Deal Advisory & Strategy Head of Markets and KPMG board member presented our survey results, some panelists and participants in the audience found these numbers to be lower than expected—strongly suggesting CAOs could deepen their involvement in the deal process.



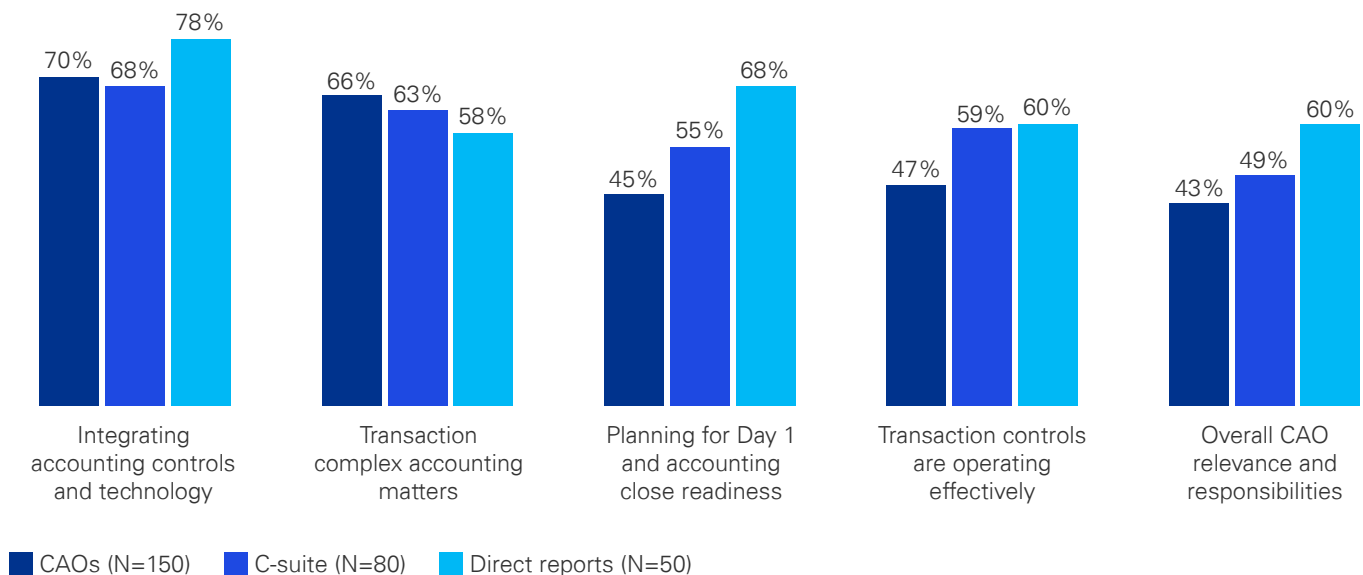
There are significant opportunities for the CAO function to play a role in M&A in organizations, and now even more so amid current market uncertainties. These will lead to elevating the perceived value of the CAO throughout the enterprise.”

Dean Bell

*Deal Advisory & Strategy Head of Markets
and Board Member at KPMG US*

Exhibit 3. CAOs are expected to ensure accounting, controls, and technology integration in transactions

How would you assess the value of the following transactional responsibilities across the role, considering the current state?^{(a)(b)(c)(d)(e)(f)}



Note(s): (a) We define transactional responsibilities as one-time business events, such as an acquisition, divestiture, IPO, restructuring, etc.; (b) Total might not add up to 100 percent due to rounding; (c) The option “Other” has been removed as it had negligible response; (d) Options descriptions shortened to better fit in the slide; (e) CAOs: Q12, C-suites: Q88, direct reports: Q63; (f) Rating 1–7 (values in the graphs represent % sum of respondents selecting options 6 and 7 [high value]); (f) Multiple responses allowed.)

Source(s): CAO survey, October 2024

³ “KPMG 2025 M&A Deal Market Study,” KPMG LLP, February 2025

Our survey suggests that the C-suite has higher expectations of the CAO’s role in transactions. For example, 55 percent of C-level executives would highly value the CAO’s contribution to Day 1 planning and consolidation readiness, compared to 45 percent of CAOs. The perceived value of the CAO’s role also diverges on supporting the development of a future-state operating model: 44 percent of the C-suite would welcome it, whereas only 33 percent of CAOs consider that a highly significant transaction responsibility for them. Lastly, nearly 40 percent of C-level executives see a significant role for

the CAO in value creation efforts, but only 21 percent of CAOs indicated that to be the case.

These gaps in expectations are a clear indication that CAOs need to enhance their engagement in the M&A process. Indeed, C-level executives (49 percent), as well as direct reports to CAOs (60 percent), regard the CAO’s overall relevance in transaction responsibilities more highly than CAOs themselves (43 percent). There is an opportunity waiting in these findings for CAOs to seize—and elevate their standing in the C-suite while executing deals.

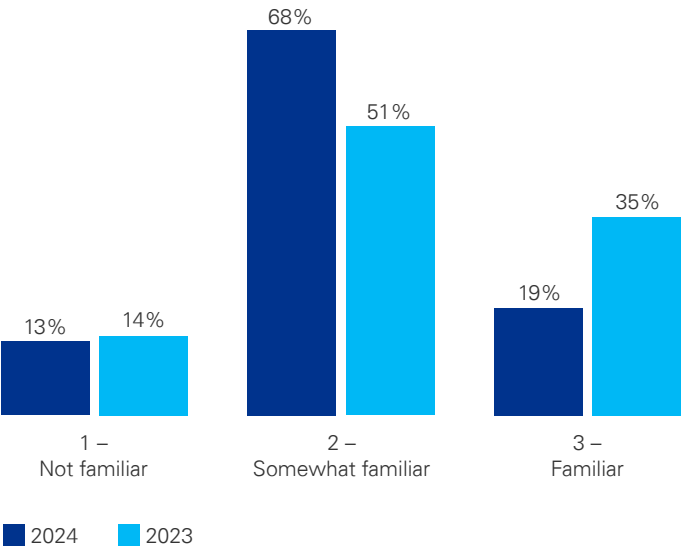
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GenAI and CAOs

GenAI may be the latest must-have corporate tool, but among CAOs the technology is catching on only slowly. In our survey, the percentage of CAOs “familiar” with GenAI unexpectedly dropped significantly from 35 percent in 2023 to 19 percent in 2024; meanwhile, 68 percent said they were “somewhat familiar” (Exhibit 4). This stated lack of familiarity may indicate a potential gap in deep engagement with GenAI. The ambivalent response of CAOs may also be driven by the fact that the more the leaders of the accounting function know about the emerging technology, the less confident they might get in understanding the true depths of its capabilities.

Exhibit 4. CAOs have become less familiar with GenAI

How familiar are you with GenAI and its potential impact on the accounting organization?^(a)



Note(s): (a) Q50; N=150 compared with Q39New; N=150 – 2023)
Source(s): CAO survey, October 2024

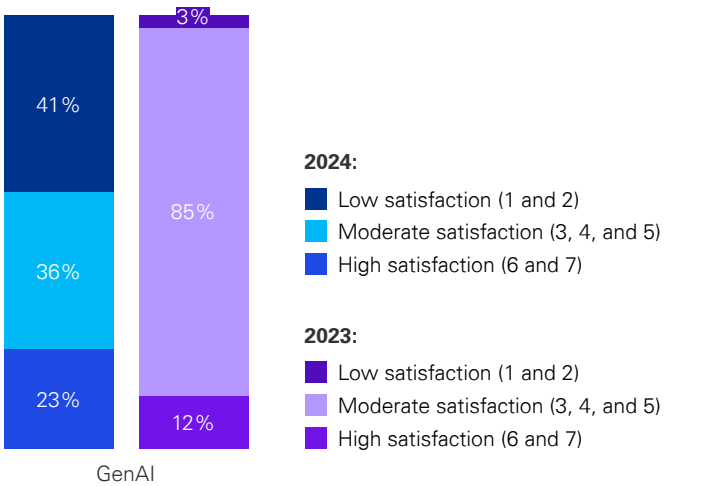
But C-level executives have no doubts about the main purpose of GenAI in the accounting function: 41 percent expect it to immediately help save costs and increase profitability. The C-suite, as well as CAOs, foresees the greatest impact of GenAI in governance, compliance, and transactions. In governance and compliance, 31 percent of CAOs expect a 41–60 percent in efficiency gains from GenAI creating first drafts of financial statements, while in transactions 32 percent believe it will deliver the same amount of gains in conducting peer benchmarking.

CAOs are realistic about what all this means for headcount. One-quarter expect GenAI usage to lead to the elimination of certain roles related to routine tasks (more than twice as many direct reports—52 percent—anticipate the same). At the same time, however, 22 percent of CAOs also see it helping to upskill accounting staff. In fact, a tighter embrace of GenAI with its transformative possibilities will be critical in modernizing the accounting function amid ongoing talent shortages.

The good news is, one-third of CAOs said they have already implemented or are in the process of implementing GenAI. The bad news? Only 23 percent are highly satisfied with how much GenAI has been able to solve the accounting function’s problems (Exhibit 5). In 2025, perhaps nothing is more urgent for CAOs than to figure out how to do more (upskilling, efficiency) with more (GenAI).

Exhibit 5. CAOs have been disappointed so far with the impact of GenAI

How satisfied are you that the technology you have implemented in the accounting function has solved the problems you are facing?^{(a)(b)}



Note(s): (a) Rating 1–7 (Q47; N=150 compared with Q49New.– 2023, N=150); (b) Shortened the options to show GenAI category only
Source(s): CAO survey, October 2024.

How KPMG can help



Complex M&A

We work across deal work streams and break down silos to support leadership buy-in, information transparency, and speedy decision-making, helping to ensure an efficient M&A journey, from strategic alignment, through execution, to postmerger optimization.



Human capital

KPMG Human Capital Advisory Services provides innovative, multi-faceted people solutions to help organizations navigate the challenges they face today. Work with us to ensure your workforce is future ready.



Technical accounting

Our global Accounting Advisory Services team supports complex technical accounting and disclosure and financial reporting matters, including business combinations and divestitures, and their implications on SEC reporting and consolidation.



GenAI

Drawing on our deep experience in machine learning and natural language processing, KPMG can help guide you through GenAI strategy, use case development, vendor selection, and implementation.

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**We would like to thank
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