

RENAIX

# The Future of Finance

Keeping pace with the rapidly  
changing landscape in the world  
of finance and accounting



# Contents

Introduction - learning from history	2
The impact of emerging technologies	4
Planning ahead	6
Skills and training	9
Outsourcing and shared service centres	13
Strategic priorities for finance	15
Being the CFO	17
Conclusion - should we be afraid of the machine?	19

# Introduction

## Learning from history

**The finance industry has always been at the forefront of technological evolution. Even during the renaissance and industrial eras, it was the need for the quick dissemination of financial information that accelerated the adoption of faster communication methods, which ended up changing the world.**

That trend has continued into the digital era as well, with the finance industry spearheading the rapid advancement of information and communication technologies (ICT). The mathematical nature of certain financial applications, as well as the need to store vast amounts of data, made these innovative machines the ideal tool for the finance professional.

In more recent times the evolution has progressed yet further, with leaps forward in data analytics, model simulations, cognitive tools and other technologies, to make work even more effective. In

the present day, massive server farms run round the clock processing financial transactions, while tech companies are redefining how the industry operates, and artificial Intelligence (AI) is already making certain functions obsolete. The speed and size of the changes are understandably leading many in the industry to wonder what the future holds for them.

It was with a view to answering this question that Renaix set out to survey finance and accounting professionals about the future of finance. The results offer a unique snapshot into the industry's view as to the biggest sources of opportunity, as well as the greatest threats. But most importantly, we'll reveal how these developments will impact those working on the front line.

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# The impact of emerging technologies

Artificial Intelligence has officially left the realms of science fiction and entered our homes and offices, with 15% of the finance professionals surveyed saying that AI is already impacting how they perform their current role and nearly one in five (17%) saying the same about Robotic Process Automation (RPA).

Ahead of both of these however, is the impact of advanced data analytics, with nearly two thirds (62%) of respondents saying data technology is already having a direct impact on their areas of responsibility. This just gives more credence to the fact that we are indeed living in the data age.

**“Nearly two thirds of respondents say data technology is already having a direct impact on their areas of responsibility.”**

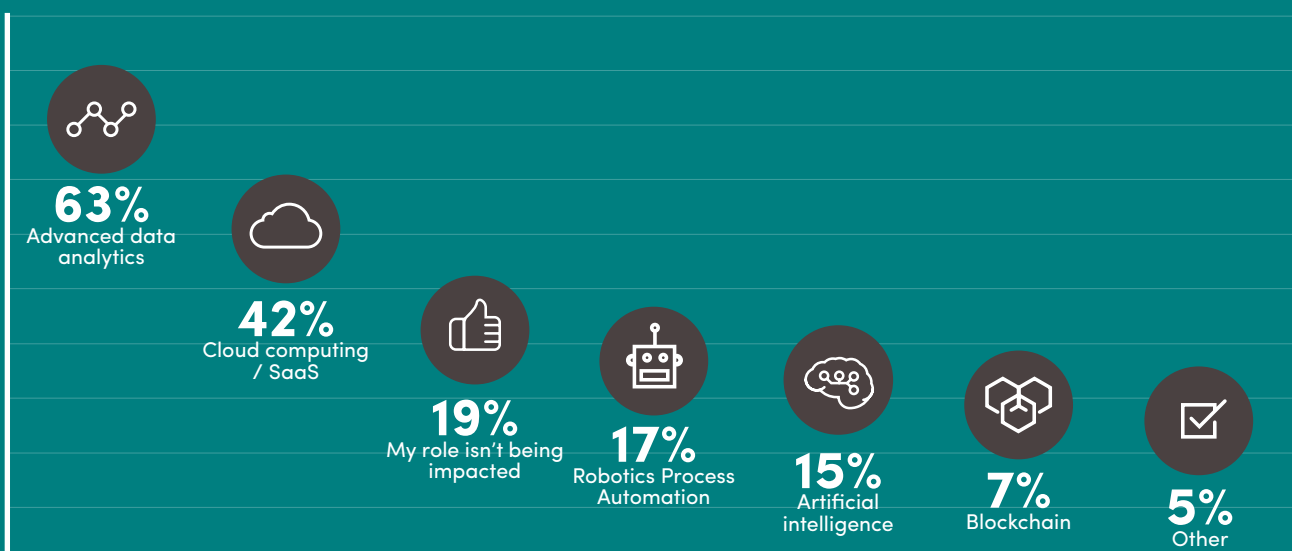
A large proportion of finance professionals are also being impacted by cloud computing or Software as a Service (SaaS) (42%), while slightly surprisingly almost 7% of respondents are already feeling the effects of blockchain – the distributed ledger technology behind bitcoin – even though it is still in the early stages of development for widespread corporate use.

**“Over two thirds of respondents agree that emerging technologies allow them to do their job more efficiently and over half say it enables them to provide greater value to their internal and external clients.”**

When asked how these technologies are impacting their daily role, the results are overwhelmingly positive, with over two thirds (68%) of respondents agreeing that it allows them to do their job more efficiently, and over half (58%) saying it enables them to provide greater value to their internal and external clients. In terms of personal benefits, over half (59%) of respondents agree that they are learning new skills as a result of working with these emerging technologies; something which is critical to continuing professional growth in the ‘new economy’. Over a third (36%) also believe that emerging technologies are giving them more time to spend on strategic level decision making as part of their role.



**Figure 1.** Which of the following emerging technologies are currently impacting your role?





# Planning ahead

Looking ahead five years and the influence of AI looks set to increase dramatically; from 15% of professionals who are currently experiencing a noticeable impact from this technology, rising to almost half (44%) of respondents who believe it will impact them in the near future.

The same can be said of robotics, with over a third (37%) of respondents saying they envisage RPA impacting their role in the next five years, up from 17% currently. And it is a similar story with blockchain, with the proportion of finance professionals impacted by the distributed ledger technology likely to treble from around 6% today to almost 18% over the same time period.

**“The influence of AI looks set to increase dramatically; from 15% of professionals who are currently experiencing a noticeable impact from this technology, rising to almost half of respondents.”**

AI, RPA and blockchain aside, the role of data analytics will continue to dominate, with almost two thirds of respondents believing this will impact their role in the next five years - more than any other technology. Similarly, almost half (49%) also believe that cloud computing is going to continue to have a significant influence.

This insight should allow finance professionals to prepare themselves with the right skill-sets for the coming challenges. For example, it might be beneficial to learn the basics of AI, robotics and blockchain, as well as their potential uses. Blockchain in particular benefits from having a very broad base in terms of applications, including smart contracts, enhanced security, decentralisation, data management, governance and auditing. Developments in the technology are still at an early stage, but professionals can certainly get ahead by building an understanding of how it works.

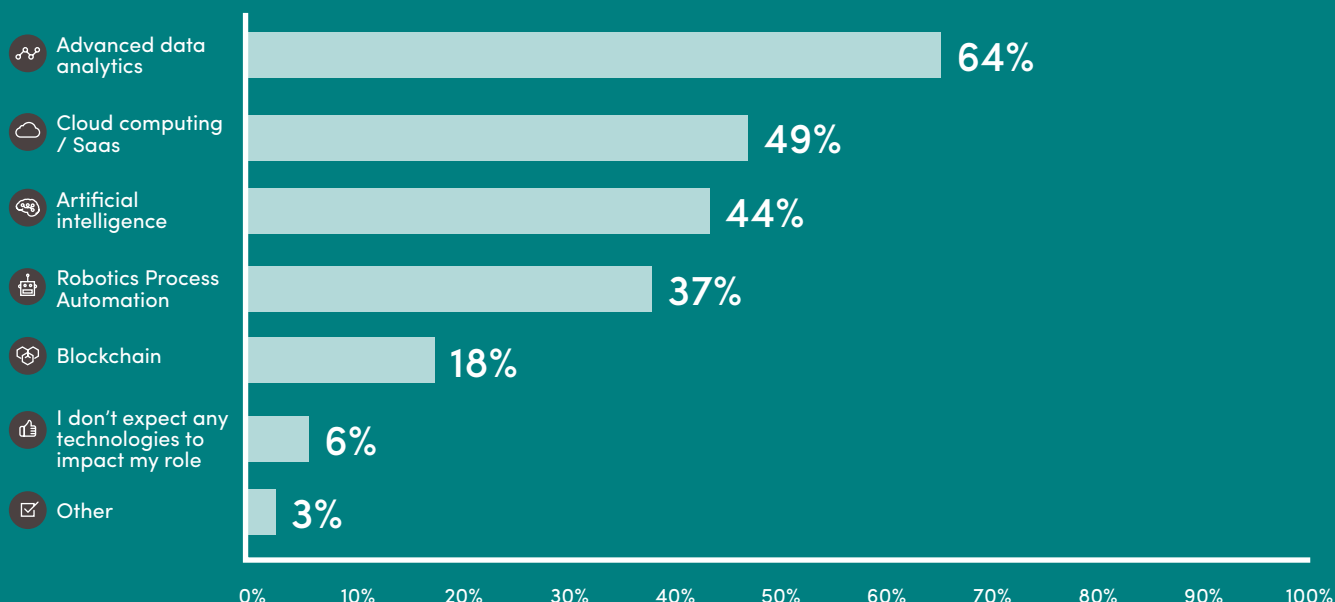
The anticipation of a greater role for these technologies in the future means that many of the perceived benefits are also enhanced, with a greater number of professionals saying automation will enable them to add more value to clients (66% vs 58%), reduce

the amount of transactional work they're involved in (54 vs 40) and give them more involvement in strategy and decision-making (51% vs 36%), than currently believe this to be the case.

**“Only one in ten believe they will be made redundant due to technology in the future, perhaps explaining why 92% of respondents are quite or very optimistic about increased automation in finance.”**

Interestingly, only one in ten (12%) believe they will be made redundant due to technology in the future, perhaps explaining why 92% of respondents are quite or very optimistic about increased automation in finance, with only 8% feeling pessimistic.

**Figure 2.** Which technologies do you expect to affect your role within the next five years?



### Which finance activities will be most affected?

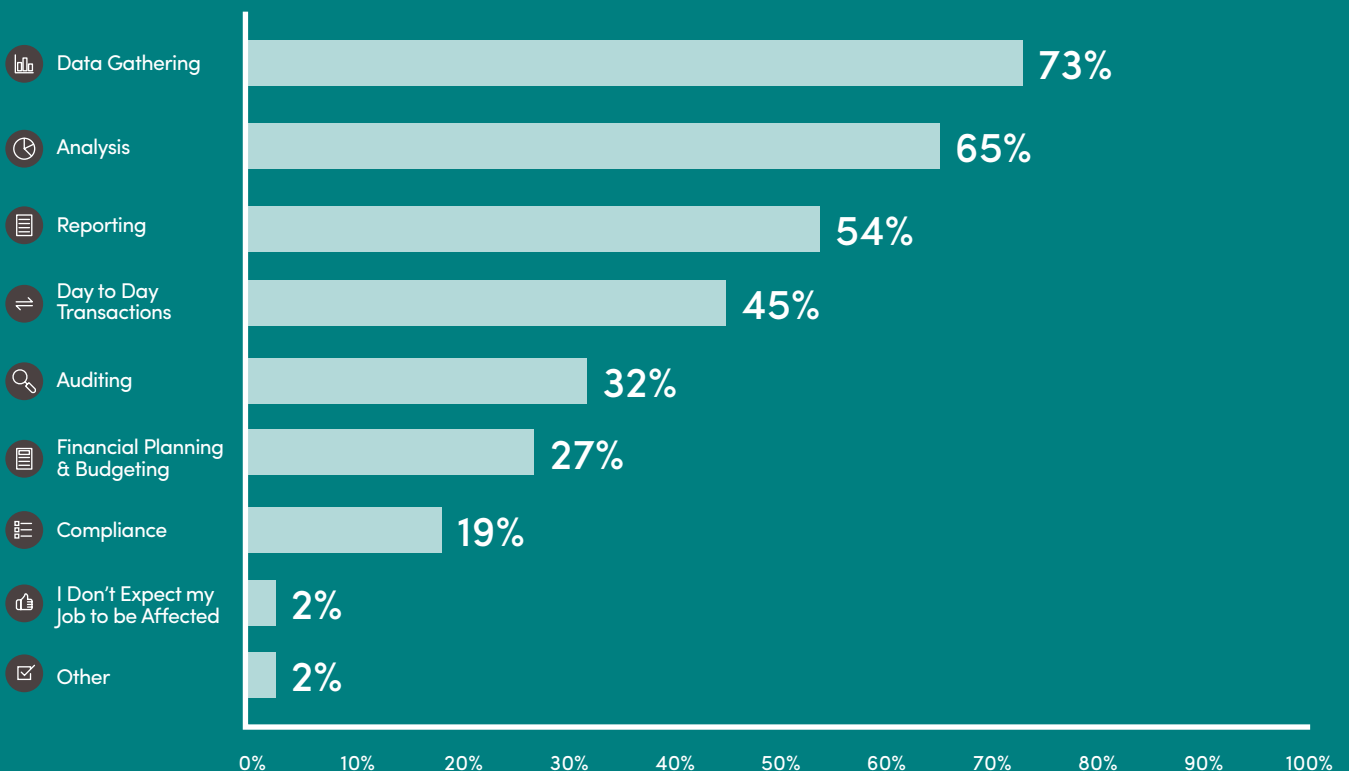
With only 2% of respondents feeling that their job will not be affected by automation in the next five years, many professionals are starting to build an understanding of which areas of their role will see the most drastic changes. According to the findings, data gathering is set to see the biggest impact, with almost three quarters (73%) believing this to be the case.

In fact, when asked what they feel is the best way to streamline and optimise this data gathering work, the majority believe emerging technologies hold the answer, with more than a third (37%) saying they would automate processes using AI and robotics, while just slightly less (36%) would move away from spreadsheets and introduce dedicated software.

But data gathering isn't the only area where professionals believe that automation will have an impact, with two thirds (65%) believing new technologies will also aid data analysis and over half (54%) saying that they will help with reporting tasks.

**“Almost three quarters believe data gathering will see the biggest impact due to automation. More than a third of respondents say they would automate this work using AI and robotics.”**

**Figure 3.** Which of the following aspects of your job do you anticipate will be affected by increased automation in the next five years?





# Skills & Training

While technology is likely to have the biggest impact on the roles and responsibilities of finance professionals, technical and IT skills are just one part of the skills matrix.

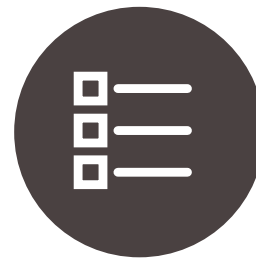
For example, over half (54%) of respondents believe that soft skills, such as communication, leadership and the ability to collaborate on tasks are just as important as working with new technologies (51%) or data analysis (54%).

**“Over half of respondents believe that soft skills, such as communication, leadership and the ability to collaborate on tasks are just as important as working with new technologies or data analysis.”**

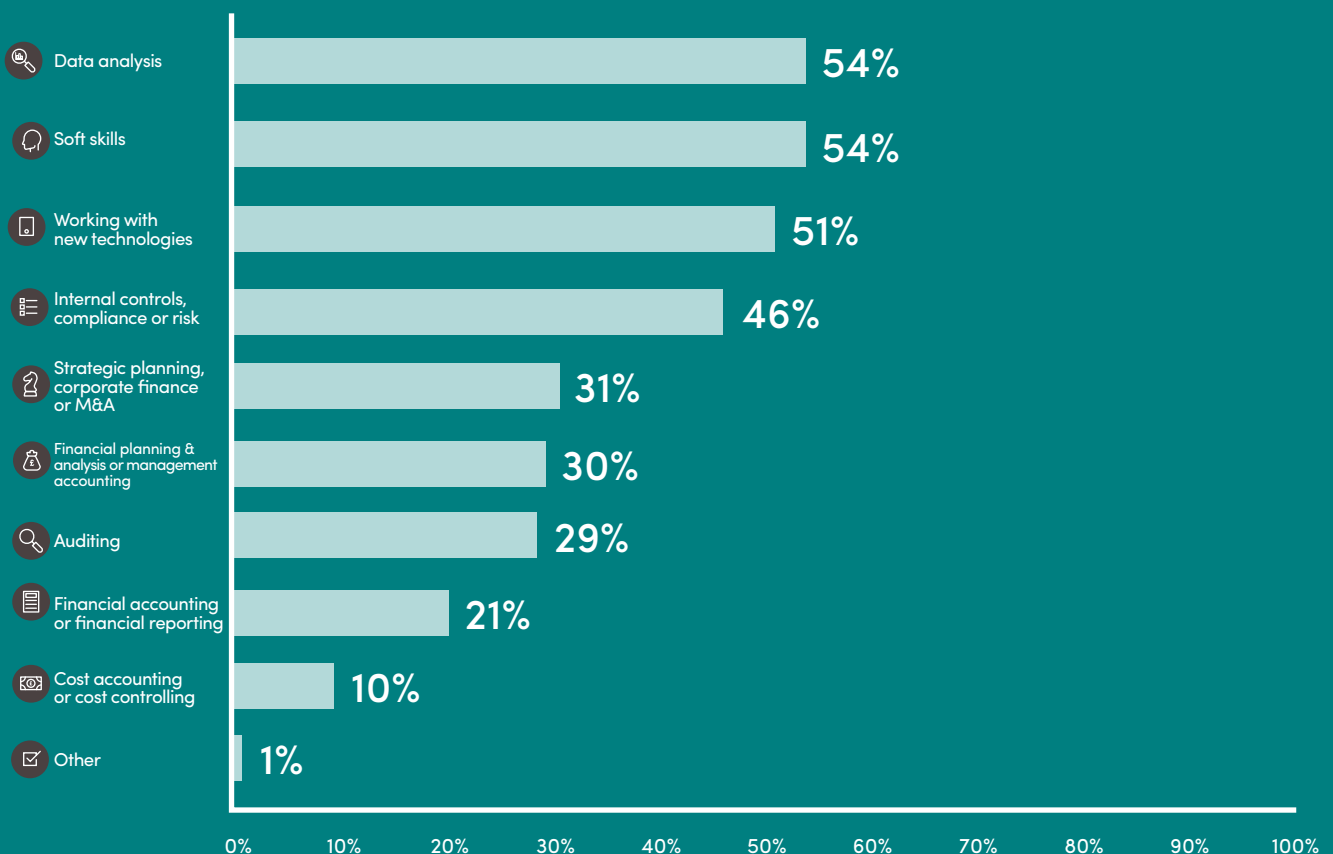
This indicates that as AI and other innovative tools remove some of the more transactional and process-oriented finance tasks, the 'human' aspect of the role will actually be enhanced.

Nearly half (46%) of respondents also rank compliance and risk management as one of the top-three most important skills for their role in the next five years, reflecting its renaissance in the last decade, with new and unexpected risks emerging from every corner. With suppliers, customers and competitors now located all around the globe, businesses must constantly monitor and respond to new risks and regulations. The findings indicate that this trend will continue in the near future.

**“Nearly half of respondents also rank compliance and risk management as one of the top-three most important skills for their role in the next five years, reflecting its renaissance in the last decade.”**



**Figure 4.** Which skills do you think will be most important for your role in five years' time?



### Upskilling finance professionals

The response by employers to these changing requirements, however, is mixed, with only 56% of professionals saying that their employer is taking steps to upskill the finance function to work with emerging technologies. This leaves a significant gap in the training requirements of many professionals and could mean they lack certain skills in the future. In fact, only 54% of respondents feel that they will be able to rely on company-provided training and development programmes for the skills they need.

With employer-led training unforthcoming, 'on-the-job' training and self-learning will become all the more important for employees. It is unsurprising therefore that more than a third (34%) of respondents feel that they will need to rely on some sort of self-funded training programme in order to sharpen their technical skills, while nearly three quarters (74%) plan to rely on the practical approach of learning on the job. This would complement the situational learning and knowledge provided by newsletters, articles, blogs and other reading material - something that 60% of the respondents hope to rely upon.

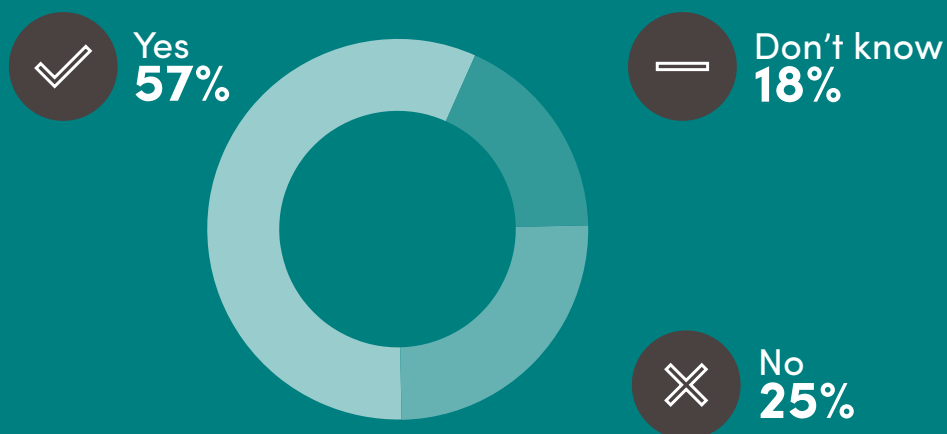
**“Only 56% of professionals say their employer is taking steps to upskill the finance function to work with emerging technologies.”**

### Skill shortages

The highly-skilled nature of finance and accounting means that it is constantly at risk from a shortage of the talent it needs to thrive. And with so much change in the profession, there is the danger that organisations will be unable to find the evolving skills demanded by the new finance landscape.

The research sheds some light on where these skills gaps might be in the next few years, with data analysis seen as the biggest potential issue, named by over half (52%) of respondents. This is closely followed by STEM skills, with over two fifths (42%) of professionals believing that demand for a science, technology, engineering or maths background, will outstrip supply in the next five years.

**Figure 5.** Is your company investing in upskilling the finance function to work with emerging technologies?



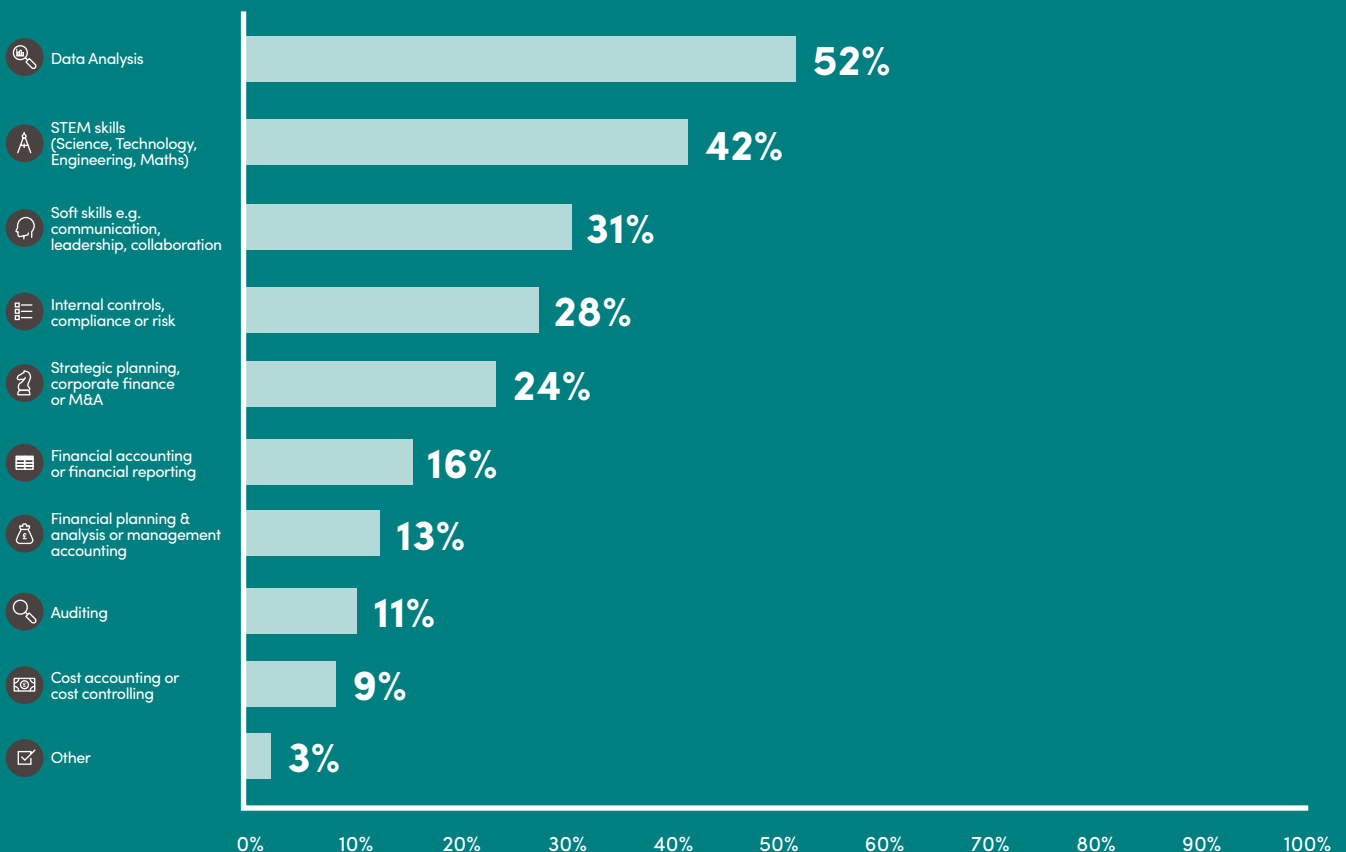
And again, soft skills such as communication, leadership and collaboration are seen as a high priority, with almost a third (31%) of respondents feeling that a skills gap is imminent in these areas.

As we have already seen, the importance of risk and compliance has grown significantly over the last decade, in the wake of the financial crisis. Many of our respondents believe that this will continue, with over a quarter (28%) saying they foresee a risk and compliance skills gap in the coming few years

**“The importance of risk and compliance will continue, with over a quarter of respondents saying they foresee a skills gap in the coming few years.”**



**Figure 6.** Where do you think will be the biggest skills gaps in finance in the next five years?



A world map where the continents are dark blue and the oceans are black. The map is covered with numerous small, glowing blue dots of varying sizes, which are more densely packed in the Western Hemisphere and along major shipping routes, suggesting global connectivity or data points.

## Outsourcing & shared service centres

All organisations are in a constant drive for efficiency, particularly in non-core business and admin-heavy areas, such as finance.

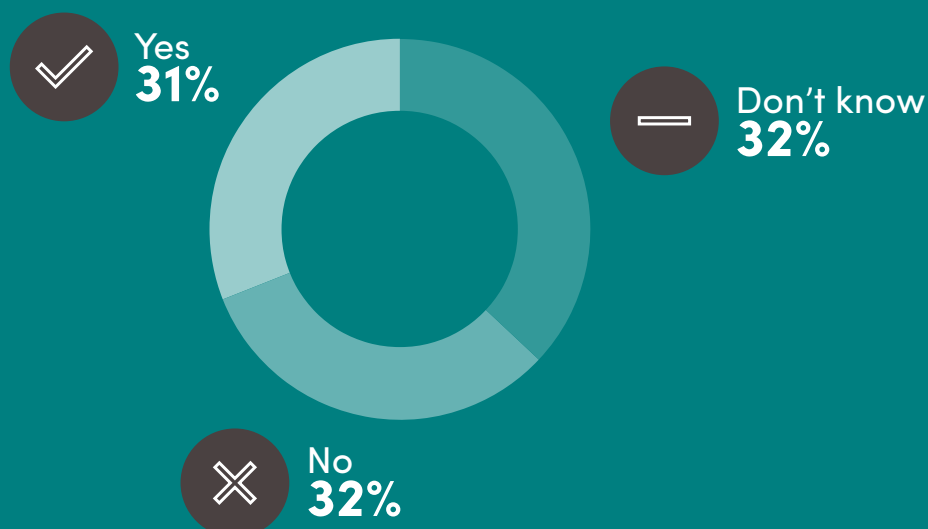
The most popular strategies for driving efficiency gains have been either to outsource to a specialist provider, who can benefit from economies of scale, or to create a shared service centre, where one centralised function takes on specific operational tasks for a whole organisation, or group of companies.

With this in mind, our survey reveals that almost half (45%) of companies already use Shared Service Centers, while a further 31% are preparing to transfer more of their activities to this kind of arrangement in the next five years. When it comes to outsourcing, the functions most likely to be outsourced are more transactional, such as bookkeeping (56%), payroll (53%), accounting (46%), receivable and payroll management (35%). In contrast, the activities least likely to be outsourced are those requiring more strategic decision-making, such as corporate governance (1%), capital budgeting (2%), risk management (3%), compliance (5%), budgeting (6%) and strategic planning (6%).

**“Almost half of companies already use Shared Service Centers, while a further 31% are preparing to transfer more of their activities to this kind of arrangement in the next five years.”**



**Figure 6.** Is your business planning to transfer some/more of its finance activities to shared service centres in the next five years?





## Strategic priorities for finance

With so many powerful tools becoming commercially available at once, this is clearly impacting on the strategic priorities of finance departments.

Upgrading current technology was given as the most pressing need for the next five years, with over half of respondents (53%), saying this is the case, along with just slightly fewer (48%) who believe increased automation is the top priority.



Bearing in mind the threat of skills shortages, it is perhaps not surprising that respondents believe that investment in employee skills and training is vital for the years ahead, with almost half (47%) of the respondents saying this is a top strategic priority. Not far behind is compliance and risk management, with around two fifths (42%) of respondents classifying it as a priority for the next five years, most likely as a result of increasing business complexity and the higher reputational risk that goes along with it.

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# Being the CFO

And what about how the role of CFO will evolve to respond to this rapid change?

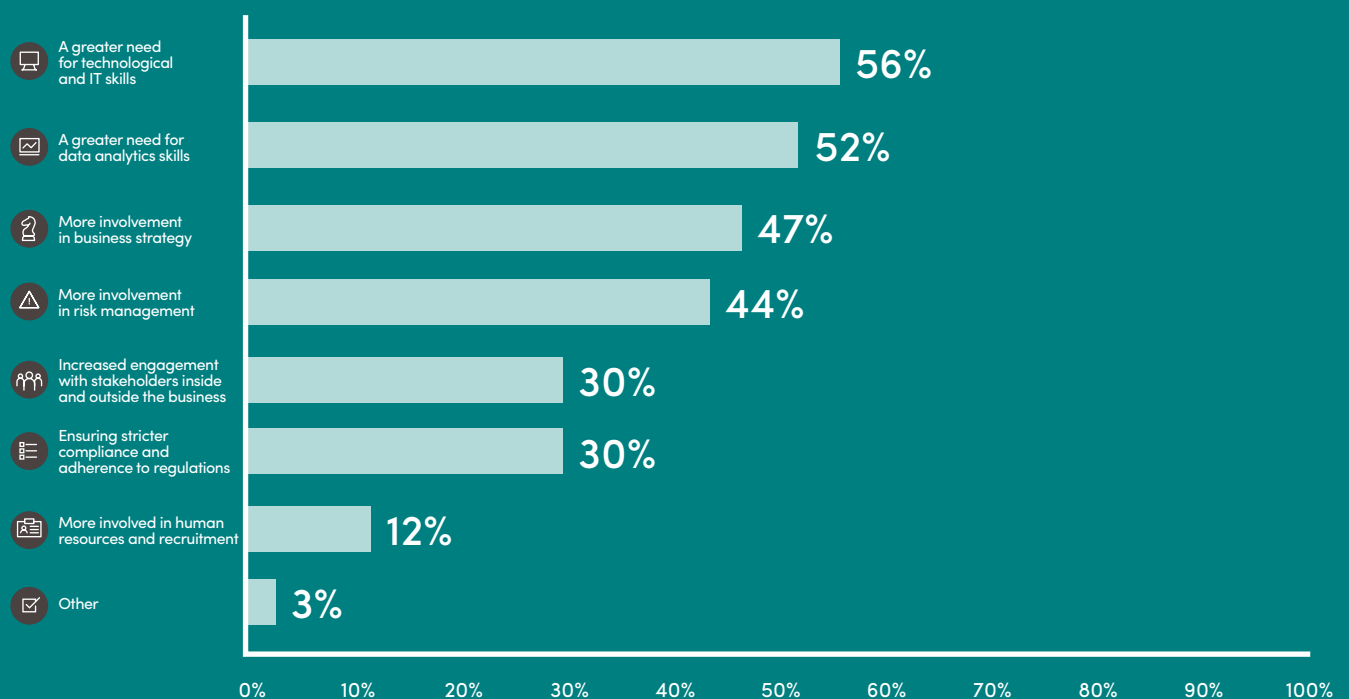
When asked how the role of CFO is likely to change in the coming years, the majority of respondents feel that a greater need for IT and technological skills will be the biggest shift (56%), followed closely by the need for more sophisticated data analytics skills.

Almost half (47%) of respondents also feel that CFOs and senior finance managers will be required to take a greater role in business strategy, perhaps in response to the increasingly unpredictable landscape of risk and opportunity.

**“When asked how the role of CFO is likely to change in the coming years, the majority of respondents feel that a greater need for IT and technological skills will be the biggest shift.”**



**Figure 7.** How is the role of the CFO and other senior finance managers likely to change in the coming years?



# Conclusion

## Should we be afraid of the machine?

**The massive technological changes currently underway have been coined the ‘fourth industrial revolution’, with service and knowledge industries experiencing a similar shift to that which transformed manufacturing all those years ago.**



And while it is certainly unsettling for those working in these sectors, our findings show that for the most part, finance and accounting professionals are taking it in their stride.

Much of the discussion has centered around job losses but that doesn't seem to be concerning many people - at least in the short-term. Instead, employees are positive about the possibility of being freed up to take on more strategic and higher value activities, as opposed to gathering data and completing repetitive administrative tasks.

And as long as they are equipped with the right skills and support from their employer, that is only likely to increase engagement levels, quality of work, and overall performance.

**“Employees are positive about the possibility of being freed up to take on more strategic and higher value activities.”**

# Thank you

if you enjoyed this guide,  
then look out for the next  
one...

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