



# The Future of Finance

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# The Future of Finance

The Research

Business Context

Four themes;

1. Management Accounting's mandate
2. New Technologies
3. The changing shape of finance
4. Competencies and Mindset

Questions, comments, insights etc.

Conclusion

# Our research has reached out to ...



Over 5500 finance professionals



From over 2000 organizations



In over 150 Countries

What's happening in your world?

How is your business responding?

How should finance support?

What competencies will accountants need?

# Creating a vision for the future; initial findings



<https://www.cgma.org/resources/future-of-finance.html>

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# Key drivers of change



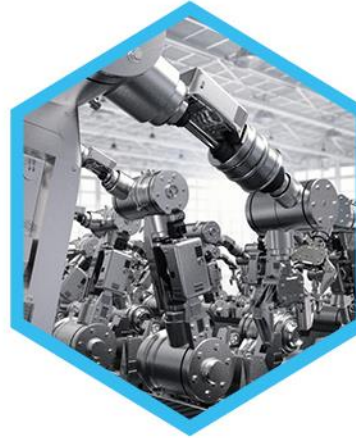
Globalisation



Geopolitics



Consumer  
empowerment

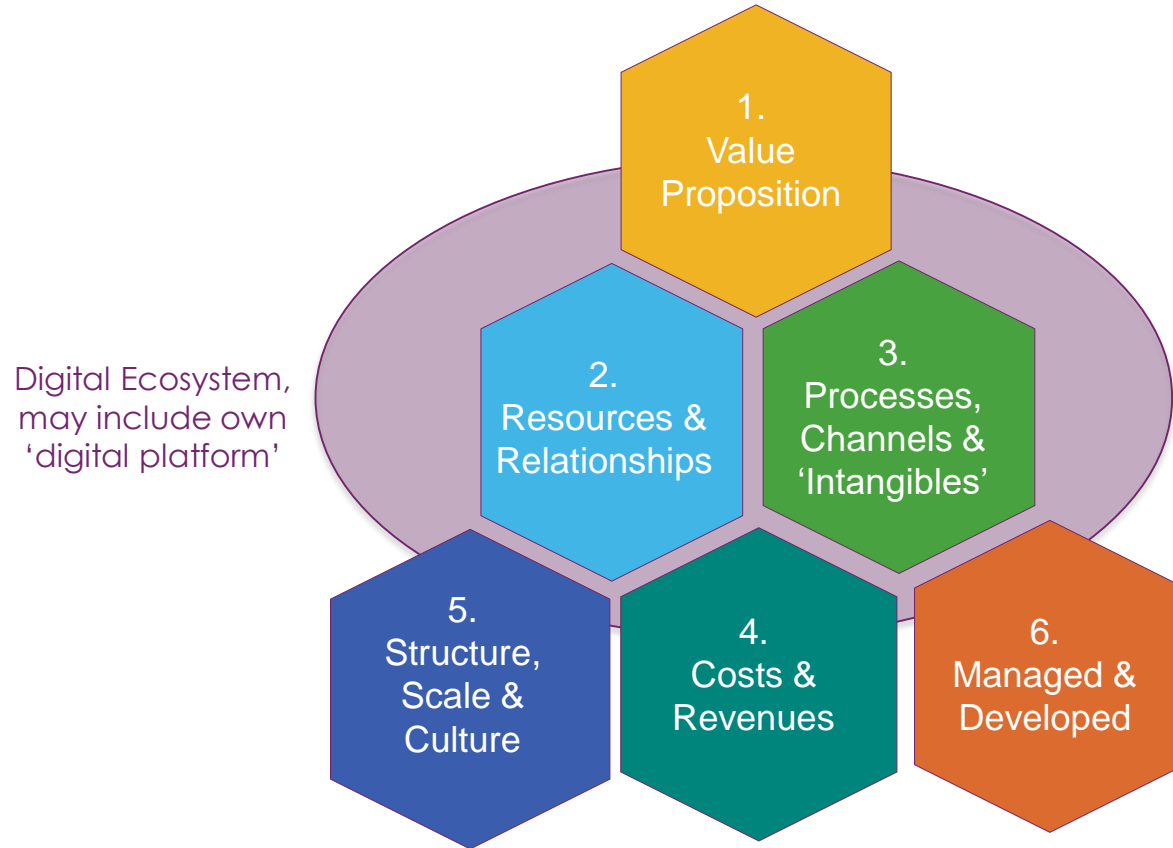


**Technology**



Demography

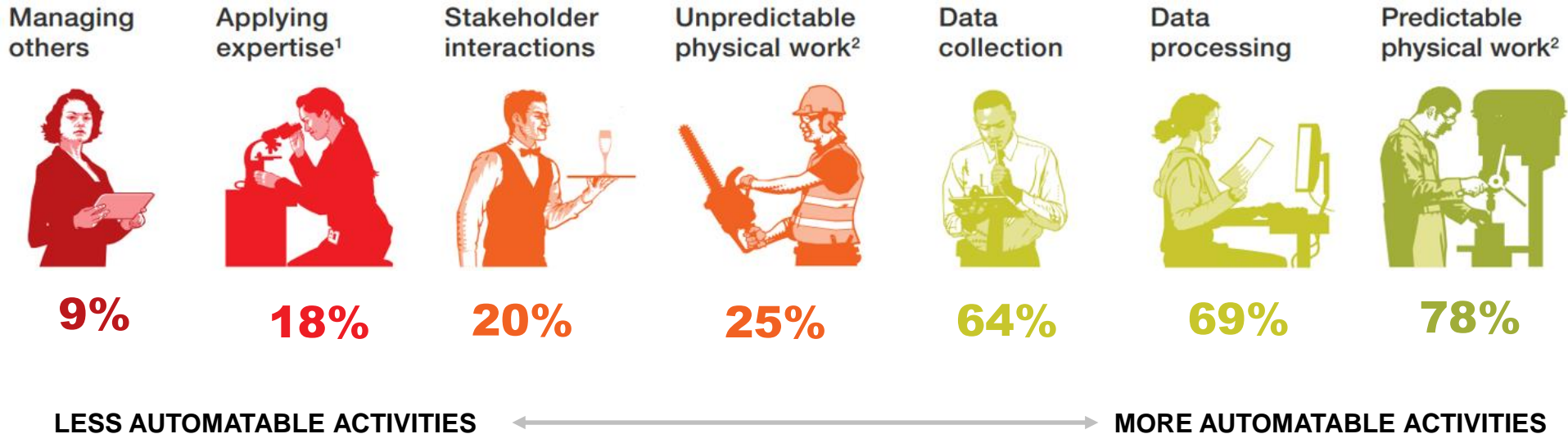
# CGMA Business Model – Building Blocks





# Implications of technology on future of finance

## Work activities at risk from automation



Source: McKinsey, *Where machines could replace humans – and where they can't (yet)*



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# The Management & Control Cycle

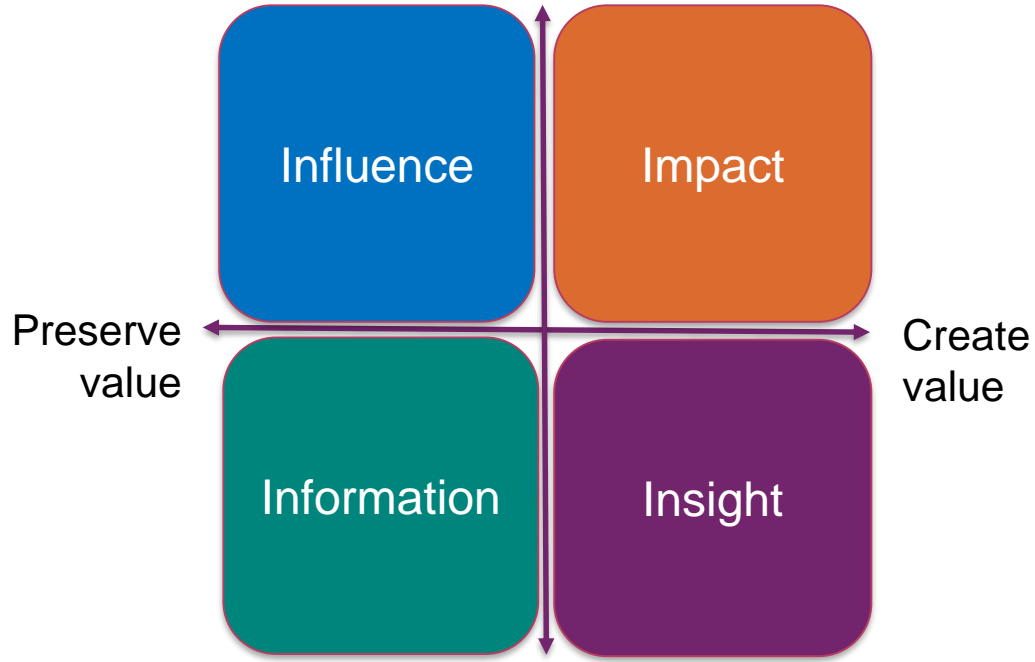
An essential discipline for business (and for success in life):



The **sourcing** and **analysis**,  
of decision-relevant financial  
and non-financial information  
and its  
**communication** and **use**,  
both to **preserve value** and to **create value**

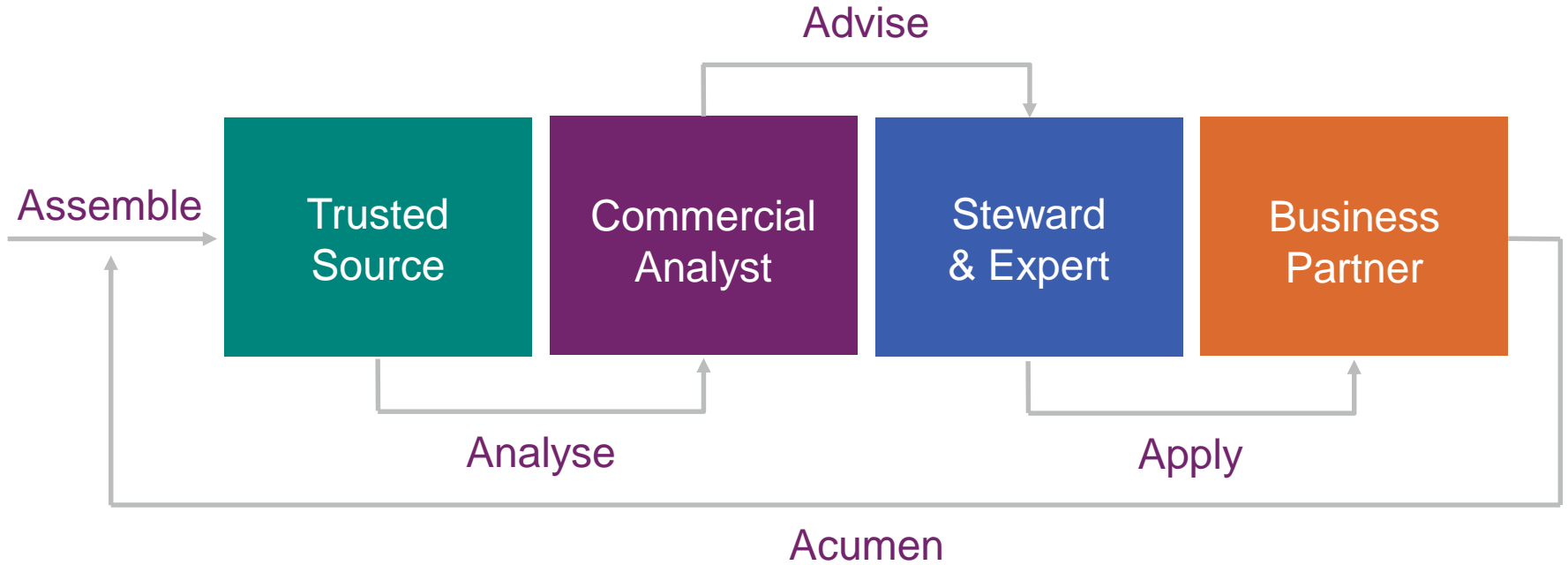
# A definition of Management Accounting:

Communication and use of  
accounting and management information

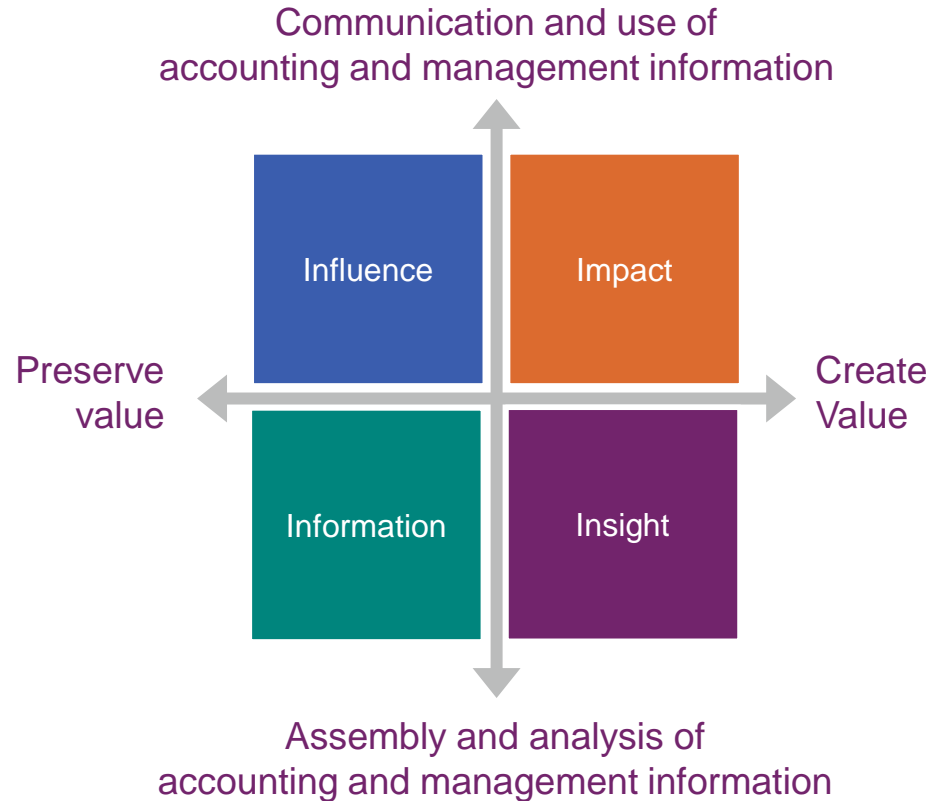


Assembly and analysis of  
accounting and management information

# Broader roles of finance / management accountants

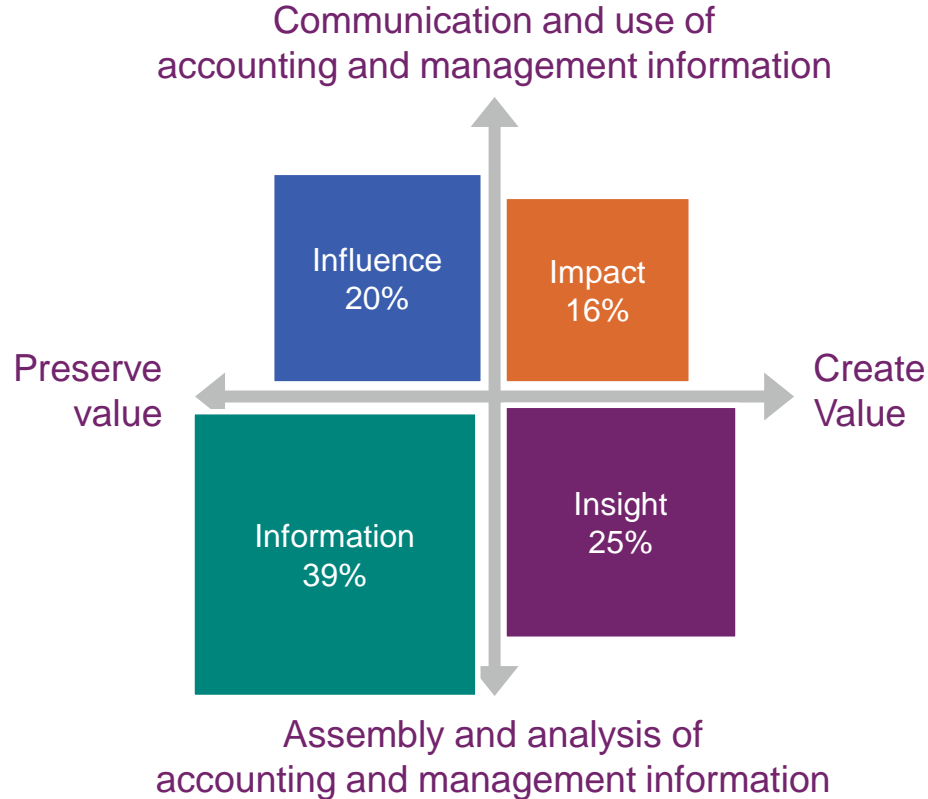


# The Definition of Management Accounting



Blocks shown here  
as if of equal size  
 $4 \times 25\% = 100\%$

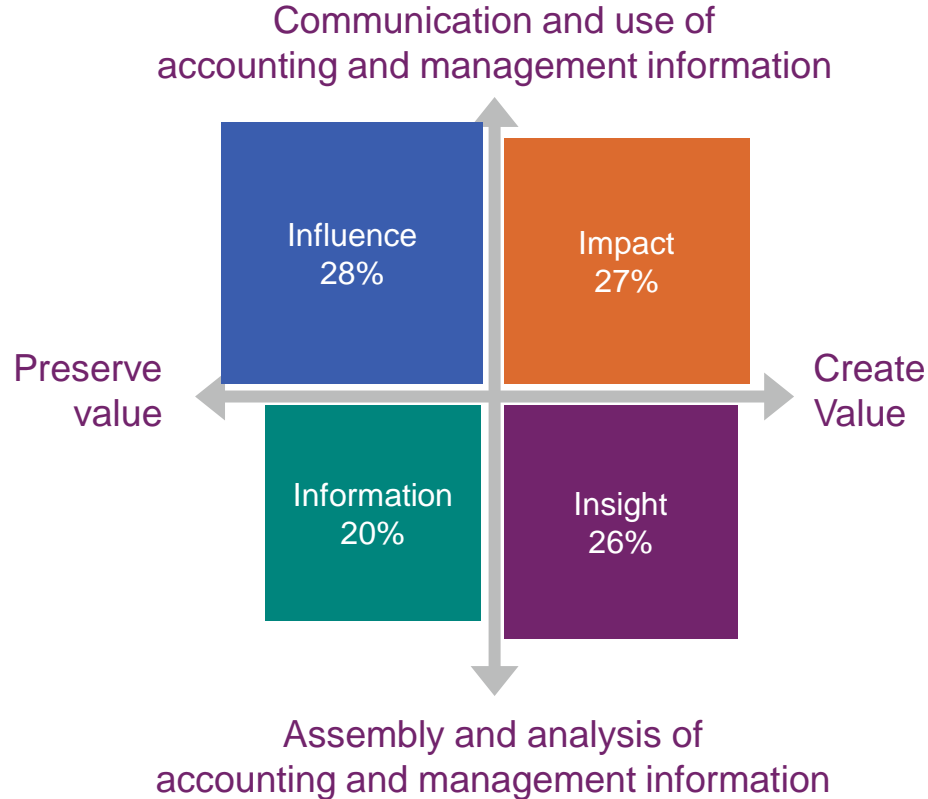
# Currently, what % of your time do you spend in each of these four areas?



Source: Analysis of 4,692 responses to an on-line survey conducted in 2018



# Ideally, what % of your time would you wish to spend in each of these four areas?



Source: Analysis of 4,692 responses to an on-line survey conducted in 2018

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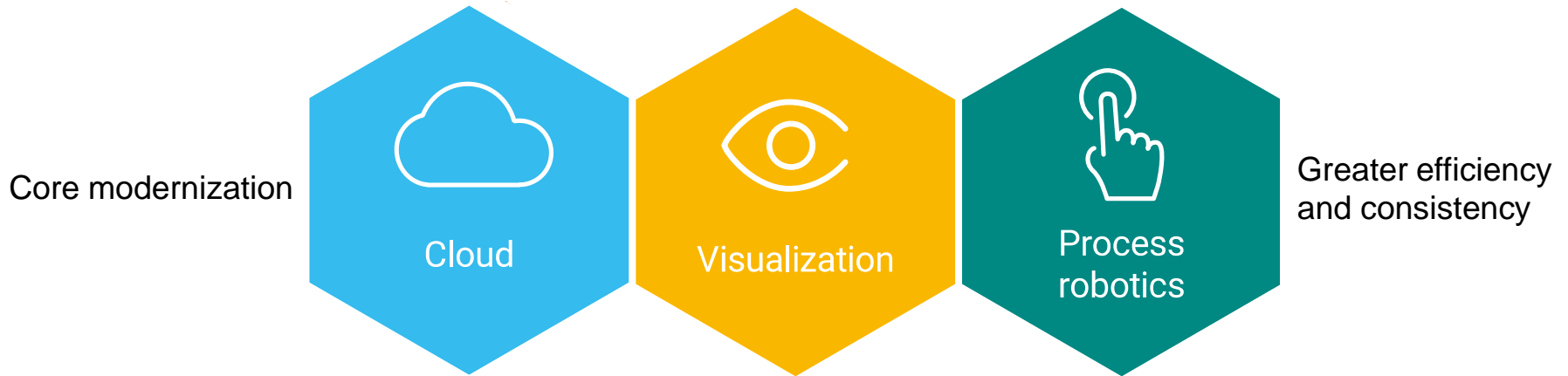
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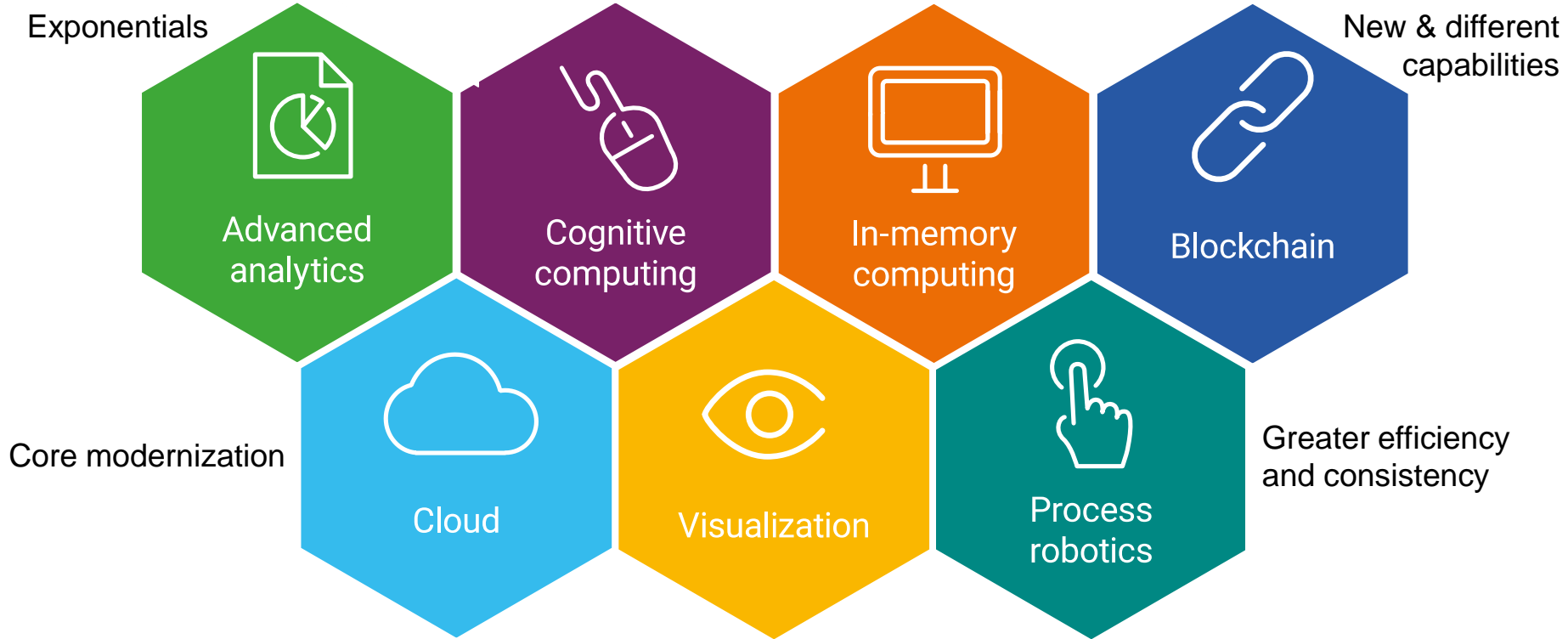
Questions, comments, insights etc.

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# Technology impacting the finance function



# Technology impacting the finance function



# Management Accounting Services:



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# The changing shape of finance over time:

Hierarchical

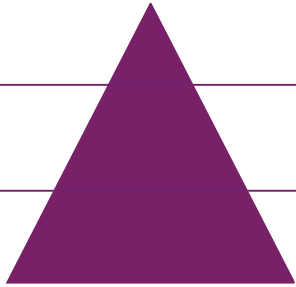
Executive



Professional

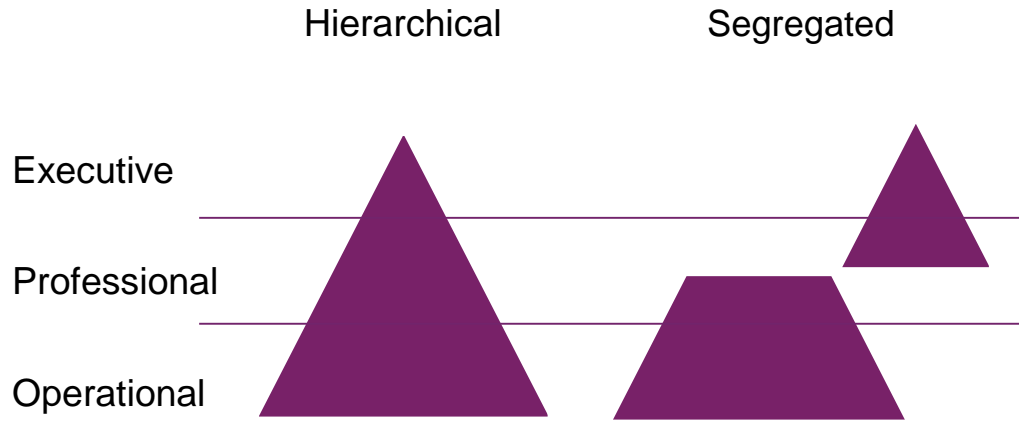


Operational

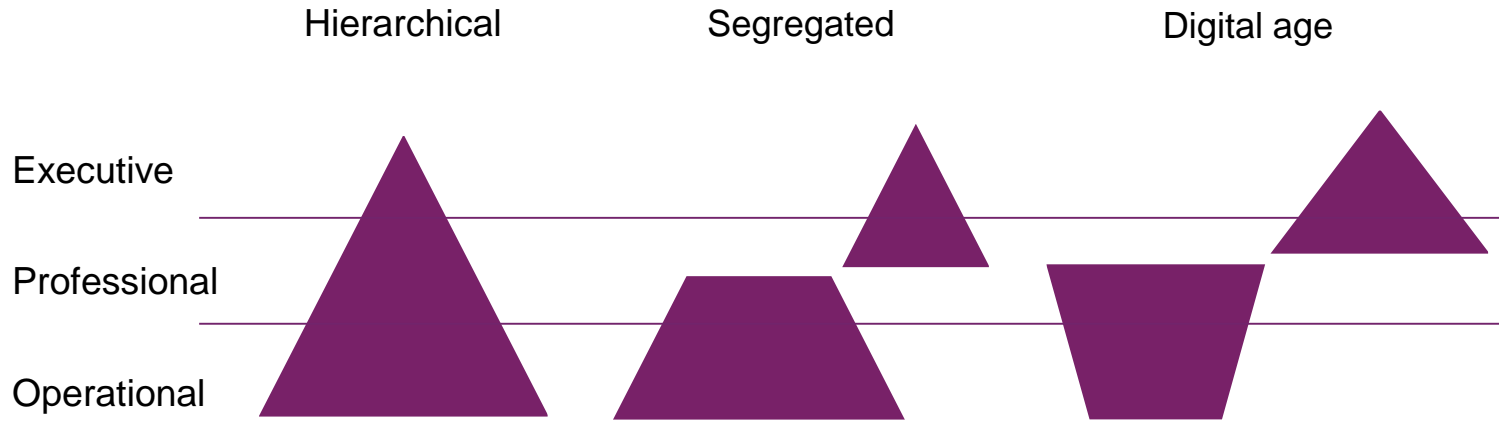




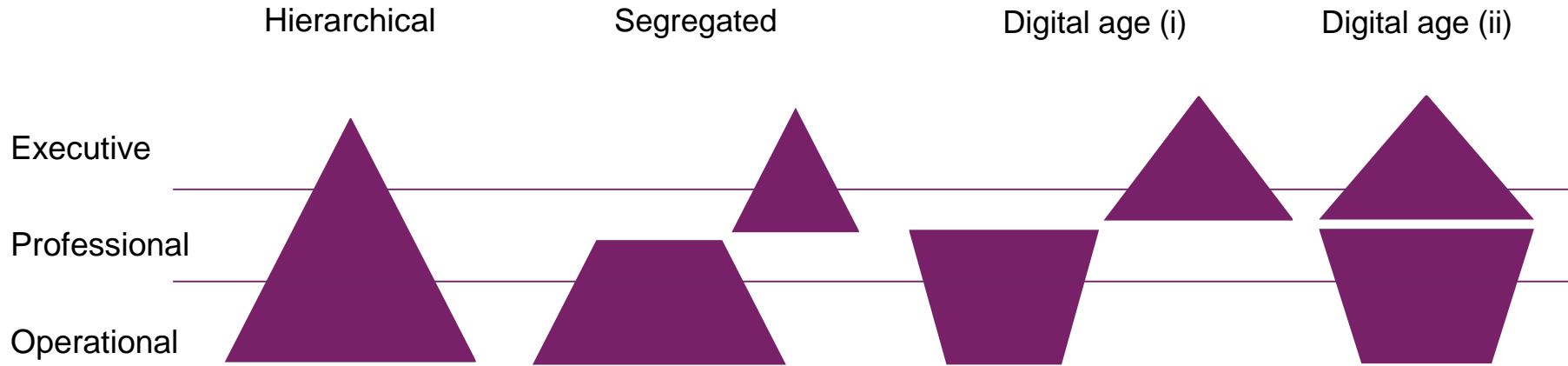
# The changing shape of finance over time:



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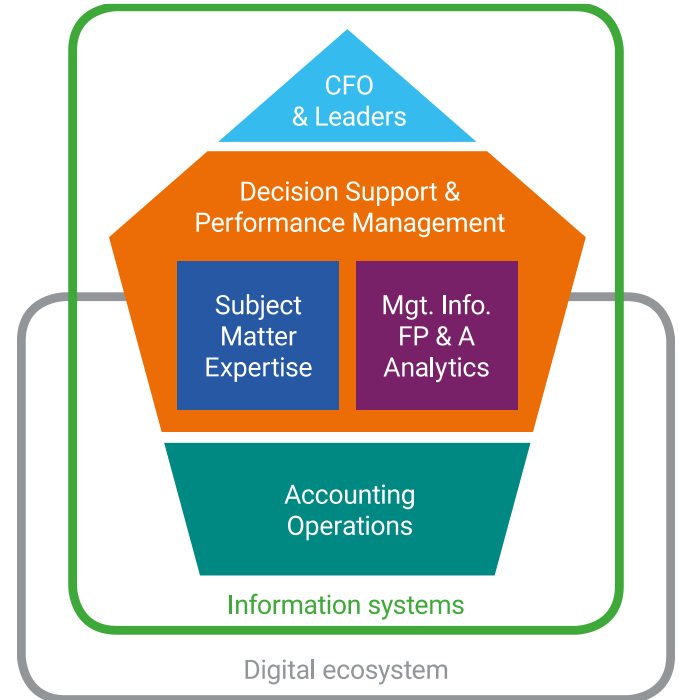
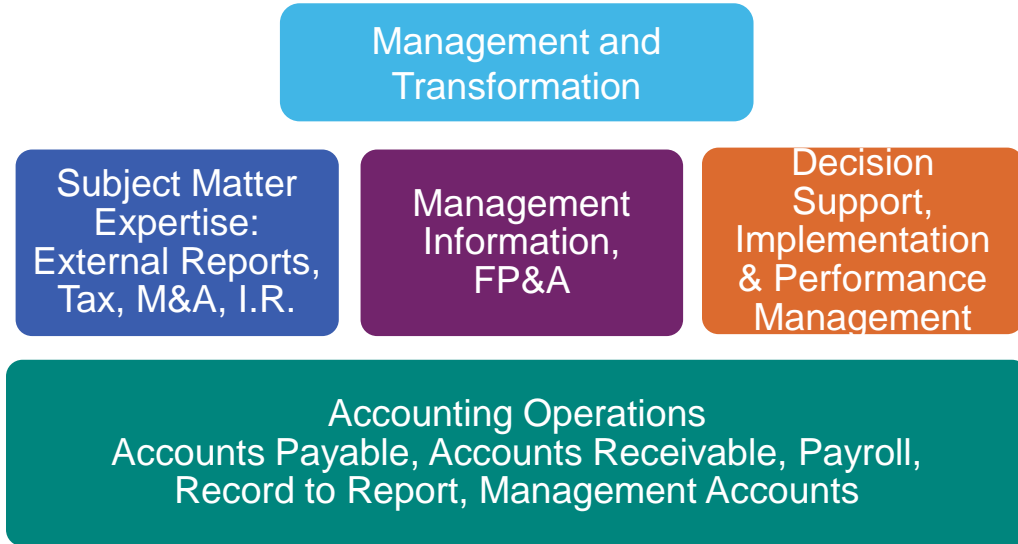


# The changing shape of finance over time:



# Management Accounting Services

# Changing shape:



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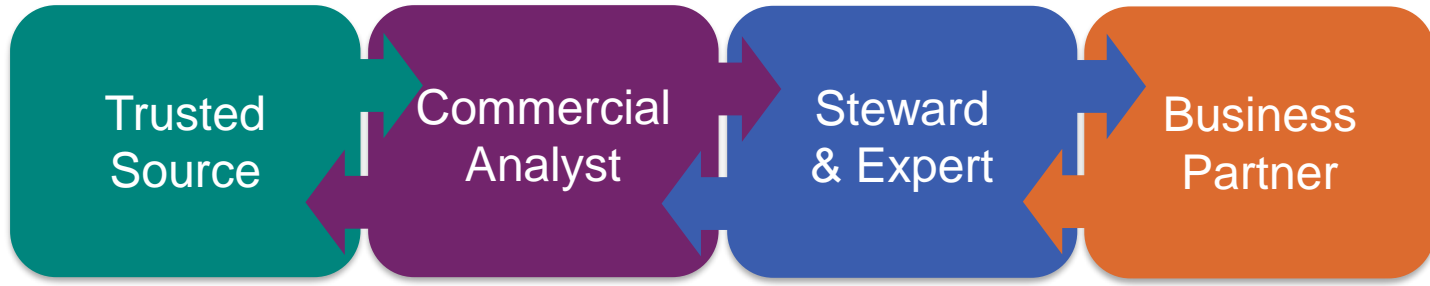
Questions, comments, insights etc.

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## Fusing and evolving

- Less siloed in a department /function. More pervasive; the essential discipline for management and control
- Emphasis shift from budget and cost control to enabling value creation
- From accountants working with accountants within their function to accountants working alongside business unit managers
- From producers of information to drivers of performance
- Less about accounting; more about management
- More enabled by technology which will augment what we do



Estimates of extent to which different types of roles could be automated; Source: McKinsey, *Where machines could replace humans – and where they can't (yet)*





## Competencies:

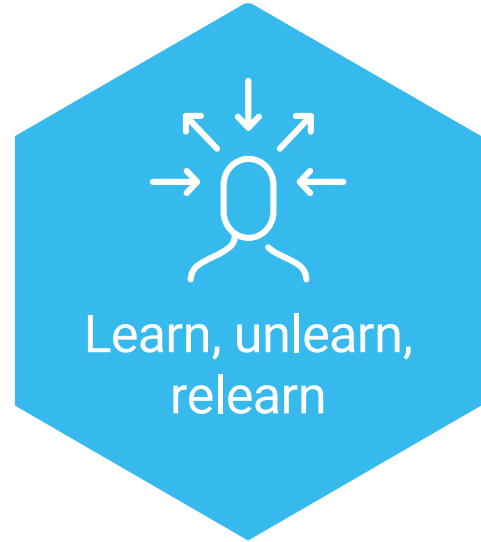
Technical  
accounting &  
reporting

Business skills  
Analytics

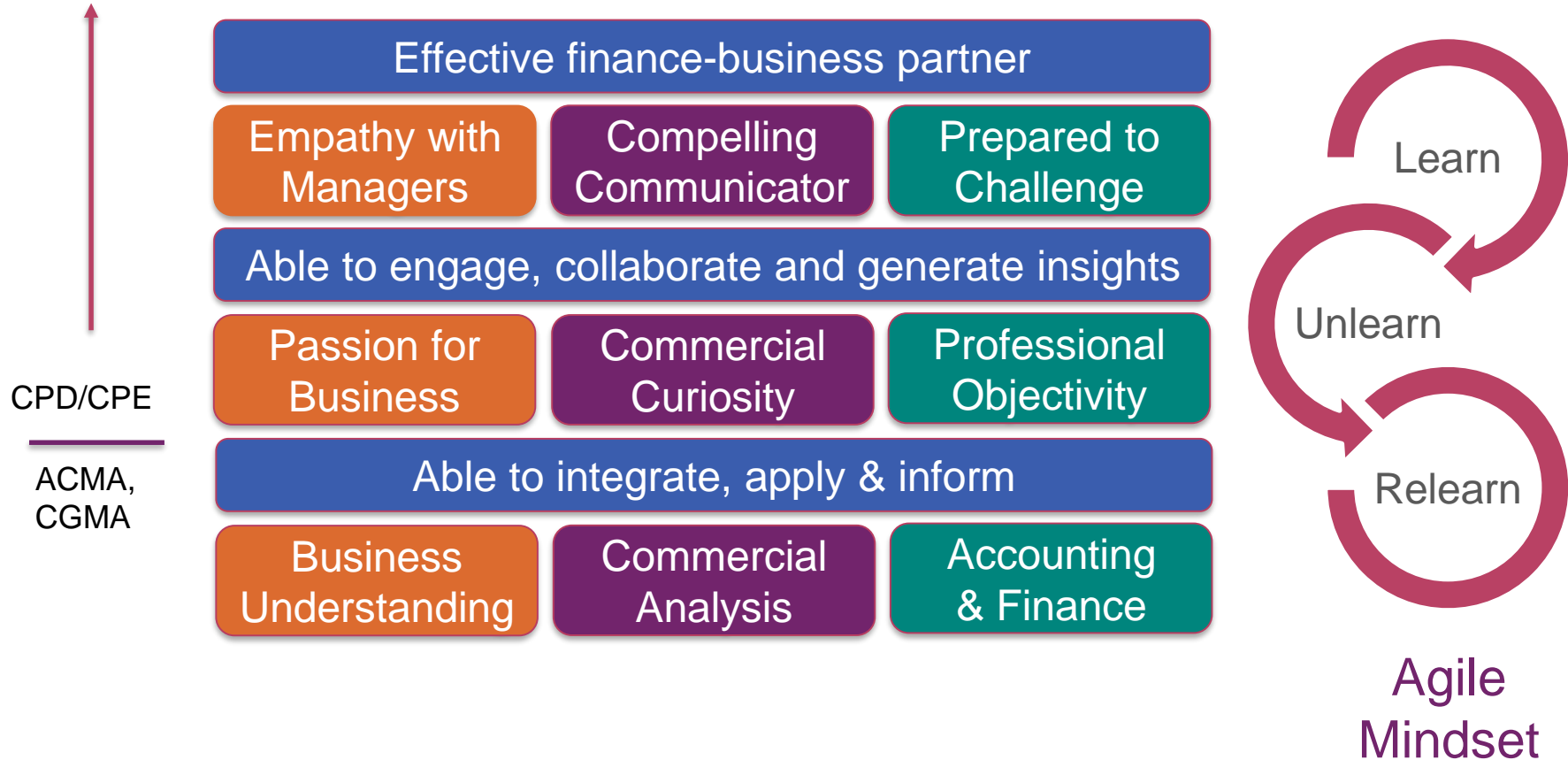
Subject matter  
expertise (SME)  
Problem Solving

Change  
management  
Negotiation  
Communication  
Influencing

# Mindsets



# Good foundation for a career; life long learning to future-proof



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Management accountants will be freed to provide the discipline needed to improve decision-making and performance management - but they will need:

- a) Strategic awareness of new technologies etc.,
- b) Business Models and performance metrics.
- c) Data sources and analysis techniques
- d) The management accountant mindset

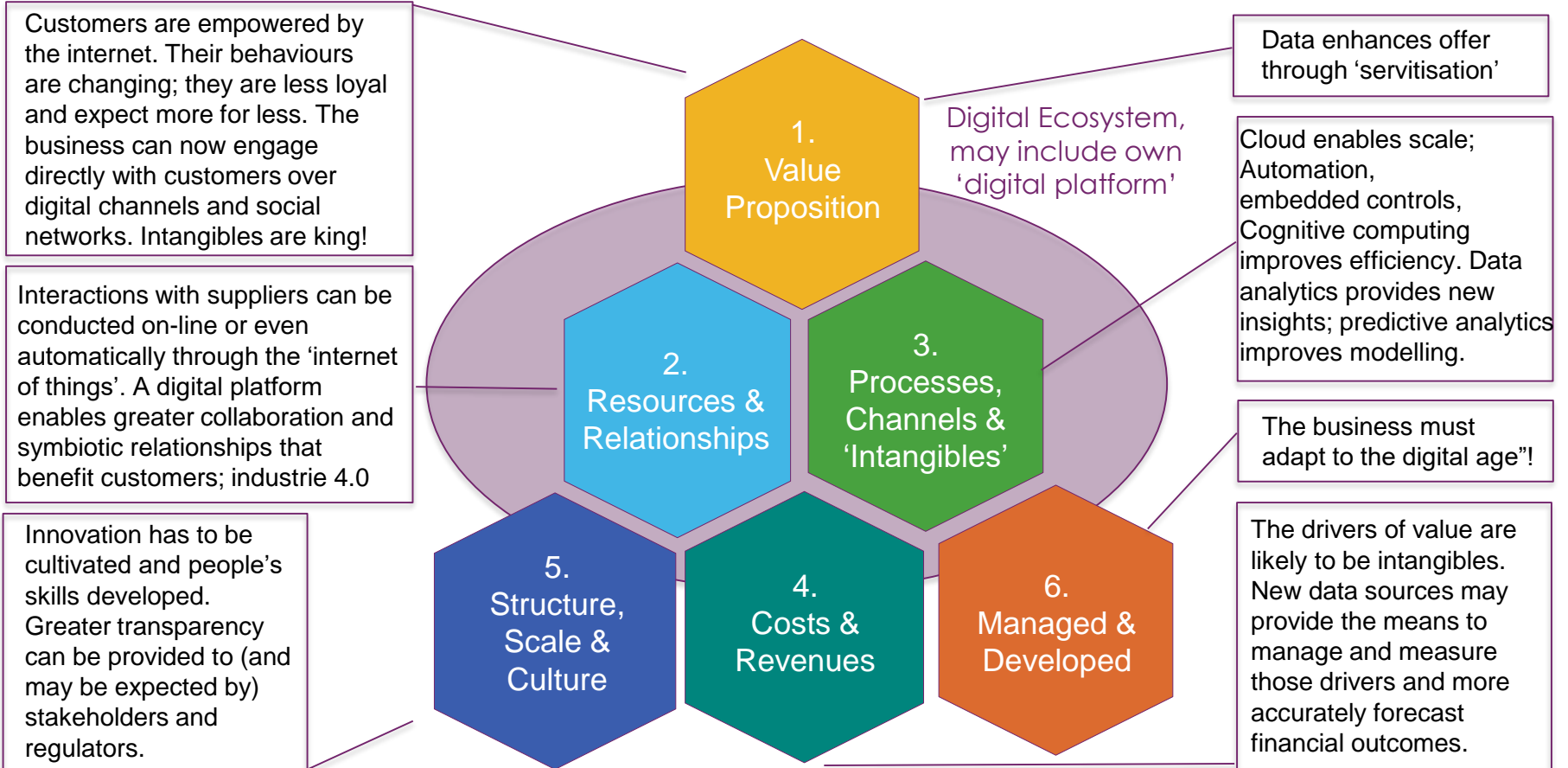




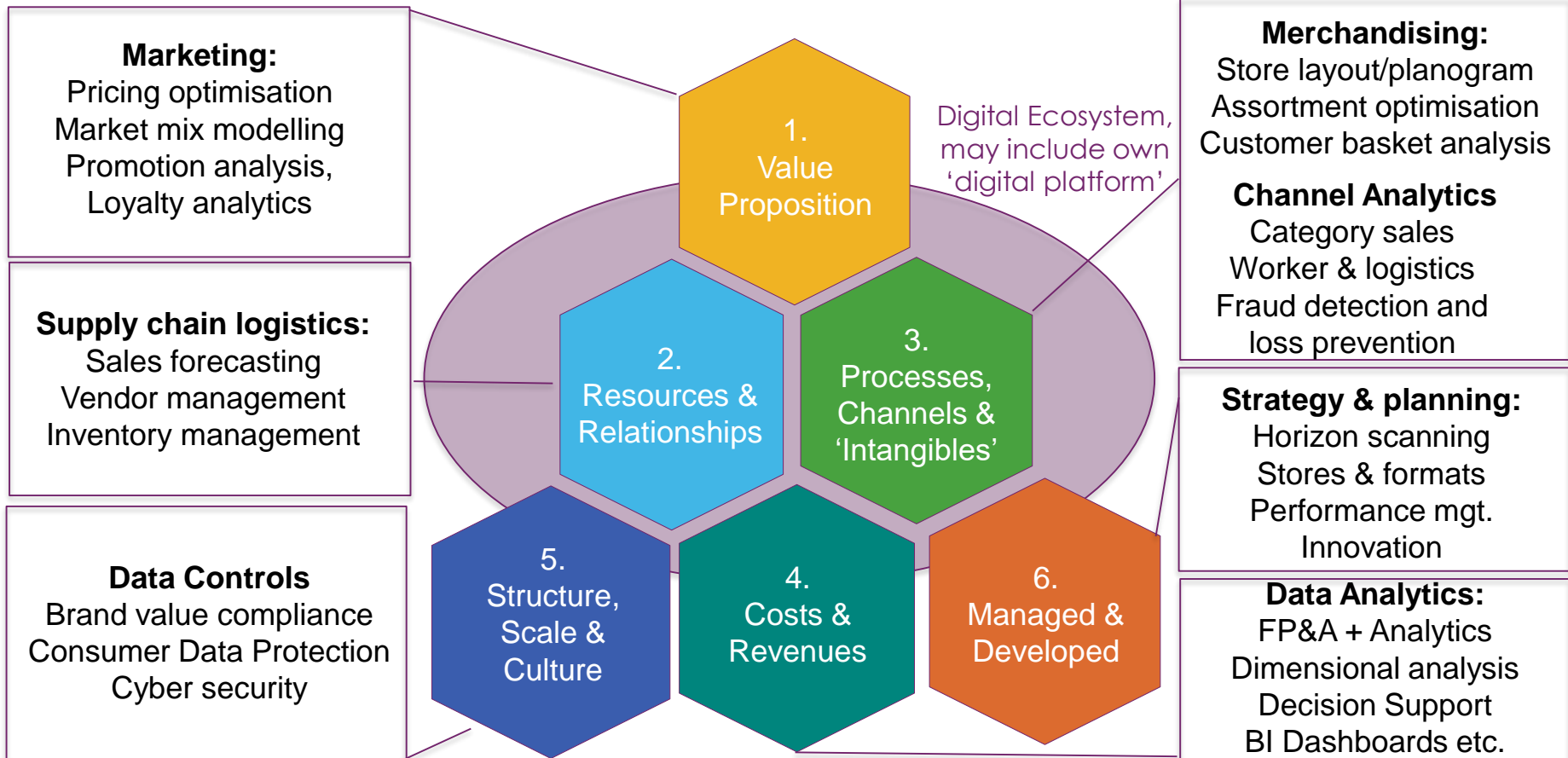
# Thank you

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# New Technologies and Business Models



# Big Data and Business Models – supermarket example





# New challenges, new tools

Source: Deloitte, Crunch Time – Finance in a digital world - 2016

## Exponentials



### Advanced analytics

Analytics has long been part of the finance arsenal, but new techniques are helping business people tackle the crunchy questions with insightful answers. Often that means combing through big data to see patterns that suggest future opportunities.



### Cognitive computing

Cognitive computing and artificial intelligence (AI) simulate human thinking. This technology includes machine learning, natural language processing, speech recognition, and computer vision.



### In-memory computing

In-memory computing refers to storing data in main memory to get faster response times. And because the data is compressed, storage requirements are reduced. The result? Speed and access to quantities of data that were previously unimaginable.



### Blockchain

Blockchain is a digital distributed ledger, where transactions are verified and securely stored on a network of distributed and connected nodes, without a governing central authority.



### Cloud

Cloud is a kind of computing that uses scalable, elastic technology to deliver services over the Internet. Instead of making large investments up front, finance can get the full stack of finance functionality "as-a-service," delivered through public, private, or hybrid clouds.



### Process robotics

Process robotics automates transaction processing and communication across multiple technology systems. Robots perform recurring processes just like humans, but with less risk of errors and fatigue.



### Visualization

Visualization refers to the innovative use of images and interactive technology to explore large, high-density data sets. Visualization suites complement business intelligence and analytics platforms, offering rich graphics, interactivity, and usability on par with leading consumer experiences.

## Core Modernization

# Impact of New Technologies on Management Accounting Services:

Centres of excellence for subject matter expertise and greater efficiency.

The use of cognitive computing, including AI (artificial intelligence) and machine learning and NLP so 'Robo writers' and chat bots can augment the work of human experts

Blockchain could be used to report directly.

Cloud computing (SaaS) provides scalability

IT will be fully integrated and interconnected with the business digital ecosystem

A new vision for finance's role in the digital age requires new technologies, new structures and new skill sets on multidisciplinary teams

Management and Transformation

Subject Matter Expertise:  
External Reports, Tax, M&A, I.R.

Management Information FP&A

Decision Support, Implementation & Performance Management

Accounting Operations  
Accounts Payable, Accounts Receivable, Payroll, Record to Report, Management Accounts

EPM (or CPM) & self service BI;

AI & NLP answers managers' queries.

Data Visualisation to communicate.

More Advanced Data Analytics enabled by cognitive computing

Robotic process automation (RPA), focusing initially on the automation of transactional tasks.

Intelligent Process Automation (combining RPA with cognitive computing) e.g. to automate more of the steps in the financial close.

Blockchain-based tools could provide transparency to regulators and along the supply chain.

The internet of things could allow more no touch automation.

# Management accounting services and the shape of finance:

