The CFO of the future

Written by Bash Govender,
Finance & CFO Advisory Partner
at Be | Shaping the Future UK.

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Preface

In the rapidly evolving landscape of financial services (FS), the role of the CFO is undergoing significant transformation. While there is a variety of research available on CFO perspectives, these reports are commonly industry agnostic and overlook industry specific challenges and opportunities.

FS, with its inherent complexity and bespoke regulatory environment, presents a distinct set of challenges for its CFOs. Recognising this gap, we have produced this report to focus on the underserved perspectives and insights of CFO's within FS on their unique challenges, strategies and vision of the future.

In our efforts to provide the most relevant insights, we have partnered with Board, a leading provider of intelligent planning solutions for the FS industry. Their expertise and innovative solutions align seamlessly with the unique challenges faced by CFOs in FS, making them an ideal partner for this report.

We trust that this report will serve as a valuable guide for CFOs in FS, providing them with precise and relevant peer insight to help them successfully lead their organisation into the future.

Bash Govender, Partner - CFO Advisory and Finance Change, Be | Shaping the Future UK

Foreword

The center of gravity for overseeing strategic initiatives is clearly shifting in one direction: *straight to the office of the CFO*. The confluence of a myriad of factors is accelerating this trend — the result of which is an extraordinary opportunity for any organisation to reimagine how finance can lead the business through an increasingly complex landscape.

What exactly does this mean? It's consolidating fragmented systems that are hard to rely on and impossible to manage effectively. It's standardising your department's output with intuitive toolsets that address multiple use cases. It's upskilling team members with AI, ML, and predictive analytics — providing new ways to enhance roles, retain talent, and add value.

This comprehensive report addresses macro trends, as well as granular details, every CFO needs to consider in the immediate future. As stated in the report, it's a complex journey, but it's one that CFOs are uniquely positioned for and qualified to lead.

Neil Shah, Head of Financial Services, Board

1. Introduction

CFOs in FS face the complexity of running a well-oiled finance team in a heavily regulated industry while simultaneously evolving the function to meet the rapidly changing future demands of their organisations.

We asked FS CFOs and finance directors to describe their vision of the future, how they are moving towards that vision and how they are overcoming the challenges along the way. We asked them to express their thoughts across the following six key areas:

1. **Automation**
2. **Data**
3. **The cloud**
4. **Innovation**
5. **Talent, culture, offshoring and hybrid working**
6. **ESG and sustainability**

This publication represents a consolidation of the consensus view of the CFOs and finance directors that we interviewed. Our sincere hope is that this provides the entire finance professional community with the insight, thought leadership, and inspiration to meaningfully move the dial on making the finance function fit for the future. We hope you enjoy reading it and that it provides both value and purpose for your journey ahead.

We would like to thank our many friends, clients and colleagues that took the time to share their valuable experiences, insights, and vision of the future.

2. Background and status quo for FS CFOs

The events of the last two-three decades have shaped how FS firms are configured today.

Over this period FS firms have grown through acquisition and consolidation. Pre-2000's, consolidation was primarily motivated by the desire for a larger capital base, customer growth and the need to appear bigger (and therefore safer). Then, by the start of the millennium, the importance of technology became a driving consideration for growth – FS firms sought to offset the growing cost of technology investment through acquisition that scaled top line growth while capitalising on the efficiencies that technology brought to the table.

This trend was impacted by the 2008 financial crisis and the period that followed of new and enhanced regulation, which somewhat dampened growth activity and increased rationalisation of the sector as many firms failed, exited or diversified.

However, in more recent years, technology has begun to dramatically improve, with radical improvements in mobile technology, internet speeds, connectivity, distributed ledger technology, APIs and low code automation.

Technology companies can now easily turn their products into applications or products for FS, resulting in increased competition. FS has now become a tech game!

While these events have shaped where FS firms are today, they have also contributed to the following key challenges for the CFO and finance department of those firms:

1. System and process fragmentation

The historic growth of FS companies through acquisition was often coupled with chronic underinvestment in back office (including finance) technology. This has led to multiple legacy systems performing similar functions that are now commonplace in large organisations.

To compensate for this, FS firms have developed complicated reconciliation and consolidation processes, which has resulted in the overhead of a comprehensive control framework, powered by people.

The challenge is that without the required investment and focus, the goal of having singular and globally consistent toolsets is difficult to achieve.

The result? An expensive, inefficient finance technology portfolio, that uses valuable time, cost and energy to painfully maintain the status quo.

2. Poor data management

Technological advancement has brought about the burden of managing large amounts of data. In 2013 SINTEF (one of Europe's largest independent research organisations) reported that 90%[1] of all data in existence had been created in the previous two years! It is easy to imagine that statistic to have scaled exponentially since then.

FS (and indeed all companies) have had to fundamentally rethink how they manage data appropriately to maximise its benefit.

Finance departments are by far the largest users of data from every part of the organisation.

[1] https://www.sciencedaily.com/releases/2013/05/130522085217.html

However, finance functions have typically had little time or money to deal with data strategically. System and process fragmentation exacerbates the data complexity, resulting in finance teams spending a disproportionate amount of time validating and correcting data before it's fit for purpose. This is not only expensive but also limits the capacity for extracting useful insights out of the data to help the business achieve growth and profitable outcomes.

3. Complex regulatory compliance

FS organisations (primarily banks) have been bombarded with new regulation since the 2008 financial crisis. The finance department have been pivotal in both driving and participating in complex, cross organisational changes, within a short time frame.

This has resulted in quick and tactile solutions for computations, reporting, accounting and information processing that finance have been left to operationalise.

Fundamentally, banks have built solutions to new regulations on an already poor foundation (fragmented systems and processes, and poor data quality).

Over time, as more new regulation has been introduced, the problem has worsened and required more qualified accountants to keep things from falling over. The result is that the finance function is now left to ensure they're remaining compliant in a very inefficient manner.

> "Getting books and records right is the 101, but this only gets a CFO in the door. The role is becoming increasingly more driven by cost management, scarce resource management, of investing / capital, dealing with regulators, understanding where the business is going in the next few years, understanding what levers you can pull, and pulling the levers that make the difference."
>
> ***CFO - global crypto currency issuer***

4. Exodus of skills

The 2008 crisis was followed by a period of cost reduction, and FS firms used labour arbitrage (outsourcing/offshoring/near shoring) as a strategy to sustainably reduce costs. Finance was a prime target, with its high volume of repetitive and manual processes.

Specifically, within the finance departments of banks, bonuses were dramatically reduced or even eliminated. These two factors are the reason why the FS sector lost a large proportion of highly trained and experienced staff. These lost resources were the knowledgeable and experienced "glue" that held together grossly underfunded finance departments.

In addition, the impact of offshoring junior finance roles resulted in a lack of succession options for senior roles in high-cost locations.

The finance department lost the expertise needed to develop holistic sustainable solutions to the new regulatory requirements.

The result is that a significant proportion of the finance department became a centre of excellence for industrialised processes, and as a result somewhat lost the lustre required to attract new talent.

5. The FS industry has changed

Technology has become the key differentiator in FS, and we've seen this with the rise of new "fintech's" and other digital challengers. The provision of financial services was no longer the domain of traditional players as new and mobile technology offered organisations alternative providers and solutions.

This explosion in fintech began a new phase of consolidation, with large FS providers beginning to acquire and integrate new technologies available on the market. As a result, compounding the existing issues with system and process fragmentation.

6. Expectations and attitudes have changed

Generational attitudes towards personal and societal values have changed rapidly over the last two decades.

A new generation of workers value job satisfaction, a sense of contribution to the greater good, and work life balance equally if not more than pure monetary reward.

FS organisations are not sought after as employers of choice as they once were. The global COVID pandemic has changed people's priorities in life - rapidly climbing the corporate ladder doesn't feature as high up the value curve as it once did.

This has impacted FS finance departments in three ways:

1. **Recalibrating their approach** to attracting and retaining talent.
2. **Rethinking the appropriate blend of remote and office working** to balance employees' desire for flexibility whilst also creating an environment for collaboration, upskilling, and growth.
3. **Aligning with key ESG principles and values**, specifically ones that are important to their employees.

Arguably, the events of the past have moved FS in the right direction; a more regulated and carefully managed FS system is beneficial to everybody.

The CFO and the finance department are at a pivotal point in the evolution of the FS organisation. Whilst there is always going to be a need for traditional finance-led activities, technological improvements will continue to significantly automate and digitise low value production type activities.

There will be increasingly higher demand for generating timely data-led insight, developing forward looking predictions and proactively partnering with the business to define and execute the business strategy required to win in an ever increasingly competitive market.

Finance have spent years honing their business and process understanding, providing them with expert knowledge of the relationship between key business drivers and the financial impacts of these events.

Successful CFOs will be the ones that manoeuvre their departments away from keeping score of the past to being true guardians of the firms' financials resources.

3. CFO feedback - Executive

Over the last decade and a half finance have proved their exceptional worth to the organisation by leading the charge in regulatory compliance, new technology implementation, cost management and business partnering.

Importantly, because of these many complex initiatives, the CFO and finance department have become more visible in the organisation. They are sought after as trusted advisors to the business, guardians of scarce financial resources, protectors of the regulatory compliance agenda and key collaboration partners to other support functions.

Whilst incredibly positive, this time in the limelight has created more demand and a greater expectation for finance to be involved in a wider variety of initiatives – whilst also improving their cost position! CFOs must reposition their department to leverage technology better, think differently, and develop new skills.

What are the three biggest challenges FS CFOs face today?

1 Regulatory pressure

Complying with regulations and keeping regulators happy, while dealing with a changing business landscape, new global economic headwinds, and internal politics.

2 Technology & data

Technology is changing rapidly and the volume of data to be managed is increasing exponentially. CFOs are struggling to keep up with futureproofing in a crowded and rapidly growing technology market. Working out how to deal with vast amounts of data and the associated challenges keeps CFOs up at night!

3 Skills & talent

Skills for leading change, regulatory reporting, innovation, data science, business partnering and ESG are in short supply. CFOs also face the challenge of refocusing finance from a record keeper into an advisor, and will therefore need finance staff with great communication, presentation, influencing and collaboration skills. CFOs are also challenged with cultivating the right culture that attracts and retains the best talent.

What's the future focus for FS CFOs?

In a future state where most of the production activity is seamlessly automated, CFOs will spend virtually no time overseeing the accurate and timely production of finance outputs. Instead, FS CFOs will:

- **Steer the strategy of the organisation:** Armed with accurate and real time data-led insights, the CFO (and their finance department) will spend most of their time proactively engaging the business on new opportunity trends, performing scenario analysis, creating prescriptive analytics, and producing actionable intelligence.

  The focus will be on continuously fine tuning the decision-making engine of the organisation by refining the use of AI, distributed ledger technology, data modelling, and visualisation. Finance will therefore use technology to drive action and aid decision making. All this leads to an ever-greater focus on the CFO's role as a true advisor to the CEO and the Board.

- **Monetise the finance function "as a service":** Once the CFO has perfected the technological and process know-how of the finance department, this capability can be packaged and sold to competitors and clients.

  With the proliferation of the "as a service" movement, there is great value in offering data or accounting as a service which is powered by the finance department's capability.

  Some of these business models have the direct commercial benefit of a new revenue stream, but also an indirect benefit of creating an ecosystem that retains customers for longer.

  As an example, imagine a bank that has small-medium enterprise customers and handles their transaction banking, but also performs their accounting. This allows the finance team to go from being a reporter of past events, to a strategic advisor to the business, revenue generator and strong customer retention factor in the future.

- **Become a technological accelerator:** Few departments in the organisation aggregate, transform, cleanse, and refine as much data as the finance function.

  If the CFO can build and nurture a sustainable innovation capability and culture within the finance team, this could lead to developing technological products that can either be leveraged within the organisation or commercialised externally.

Key skills the CFO of the future will require

While there are core skillsets that a FS CFO will always require (e.g., numerically astute, strong leadership, vision, control focus, familiar with regulations, commercially minded, strategic), there are some additional skills CFOs thought they needed for the future:

- **Influencing and interpersonal skills:** Ensuring that the finance basics (regulation, accounting, tax, etc.) are handled, will always be important and require the traditional CFO leadership skills.

  The CFO must be able to influence the corporate strategy using a consultative and advisory based approach. Data-led insight, effective storytelling, and relationship building are key tools the future CFO will use to help the CEO successfully navigate the challenges of a regulated business.

- **Being comfortable with technology and data:** Future CFOs will be advocates of innovation and change and embrace it rather than shy away from it; they will need to leverage technology and must become masterful at extracting both commercial and strategic value from technology and data in order to create capacity for value-added work.

- **Commercially creative:** CFOs must be effective at developing commercial and cost optimisation opportunities in the organisation. They are ideally placed to link the business's capabilities with the macro and microeconomic headwinds to which the business is exposed.

  Combine this with the ability to model and predict in real time (enabled by clean data, full automation and powerful analytics capability), and the CFO can move from being the decision support engine to the business catalyst engine.

  CFOs will need to start thinking and acting like a business at a macro and higher level than individual business units, joining up the organisation with commercial data-led insight and prescriptive analytics.

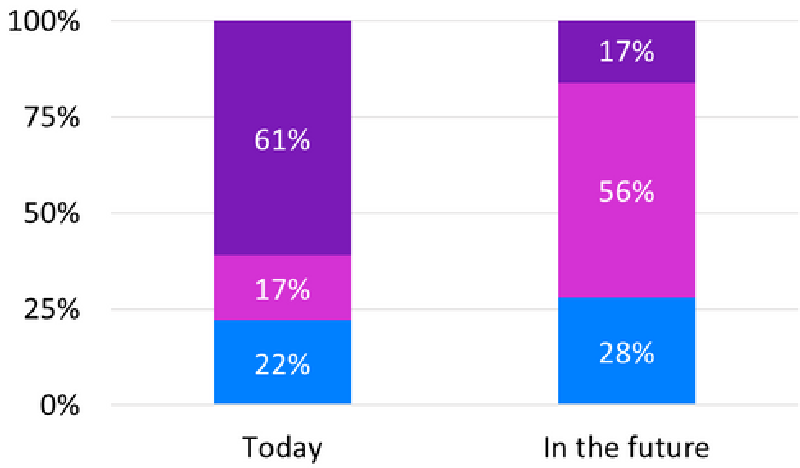
There are three personas that CFOs take on most frequently.

Facilitator
Bringing the organisation together to operate effectively.

Driver of change and progression
Setting out and executing the change needed.

Organisational fixer
Fixing the organisation's issues and bailing them out of trouble.

What persona do CFOs adopt today vs the person they want to adopt in the future?



61% of CFOs currently adopt the "organisational fixer" persona

4. Detailed CFO feedback – **Automation**

1. KEY THEMES AND OBSERVATIONS

Low / no code
CFOs are optimistic that low / no code solutions will improve the delivery and effectiveness of automation efforts, by facilitating user-led automation and cutting down latency in the development cycle.

Automation fatigue
Past cycles of failed automation attempts have unhelpfully reduced motivation amongst the finance team to meaningfully contribute to automation initiatives.

Fear factor
Most finance staff are not only unafraid that automation will eliminate their jobs, but rather welcome the capacity created by this automation to do more rewarding and value-add work.

Lack of skill
Most CFOs have acknowledged that they have a severe shortage of the skills required to drive and lead automation change.

2. KEY CHALLENGES

- **Lack of investment:** There are often more attractive business cases, specifically relating to revenue generating opportunities and customer / user experience opportunities. Additionally, the qualitative benefits from finance automation (e.g., improved business partnering, insight generation, etc.) are difficult to quantify and are excluded from the investment decision.

- **DNA:** Generally speaking, finance staff are naturally risk averse given the high stakes of getting it wrong in a heavily regulated environment. As a result, change is heavily scrutinised, and this can often elongate the time taken to implement and therefore benefit from automation.

- **Poor data quality:** Data management and hygiene issues can be pervasive and require a fair amount of manual intervention, which both optically and in real money terms, can negate the benefits realised through automation.

"A key barrier to automation is investment. By example, the organisation had a clear business case for new business partnering technology, yet the improvement journey has been staggered owing to inconsistent funding. Similarly automation will struggle in prioritisation discussions against more pressing regulatory demands, where there is a more visible or urgent need."

Global CFO, universal private bank

"One of the barriers to automation is the complexity of having to rebuild the chassis of your car whilst driving."

CFO, global insurance broker

"The key blocker to having a credible and scalable automation solution relates to the ability to aggregate data. It's difficult to find the optimal level of achievability and ambition in defining the vision to automate."

Head of finance strategy and execution, global global investment bank

3. VISION FOR THE FUTURE

APIs and the cloud

A much greater use of APIs and the cloud will eliminate the old-fashioned batch processing and tactical extract, transform, and load methods. Full adoption of the cloud comes with inbuilt automation capability, and combined with APIs allows automation to be more easily scalable.

30-40% | **of finance processes are currently automated**

More people will know how to automate

The advancement of low and no code automation platforms will democratise the ability to develop robotic process automation. The ability to automate without being a deep technical expert will enable a greater population of the finance team to be directly involved. The deep finance subject matter expertise, combined with the tools that automate quickly and easily will deliver continuous automation gains.

Distributed ledger technology (DLT) will accelerate automation

As blockchain / DLTs become more widely adopted in financial services (primarily through broader use cases for smart contracts and tokenisation), standardised accounting rules will become built into these instruments in much the same way as clearing, execution and settlement.

FS platforms and accounting software will be designed to enable straight through processing of market transactions into a firm's books and records, significantly improving the accuracy and efficiency of the accounting process.

4. HOW ARE CFOs MOVING THE DIAL?

Developing skills in the department

Whether it is bringing in new blood or upskilling talented team members, it is necessary for the finance function to have more people that can design and execute automation continuously.

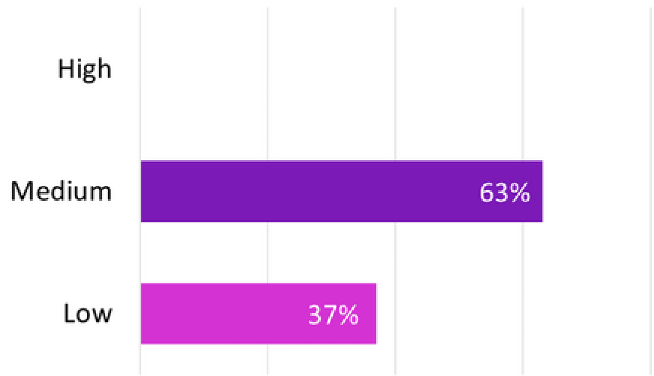
Leading CFOs are also bringing in talent from other industries and without the traditional finance background, to benefit from fresh perspectives and knowledge in digitising and automating business processes.

"I don't think finance professionals are afraid that automation will replace their jobs.

When computers were being widely adopted in the 70s there were fears of accountants being replaced and here we are today with more accountants than ever!"

CFO, global reinsurance broker

How do CFOs rate their team's ability to automate?



Building the business case... differently

Leading CFOs are able to demonstrate the value of unquantifiable benefits (e.g., the ability to forecast in real time, or the capability to receive actionable intelligence through proactive business partnering) to the wider organisation and link those to top line business objectives. The scope of business cases must extend beyond cost reductions.

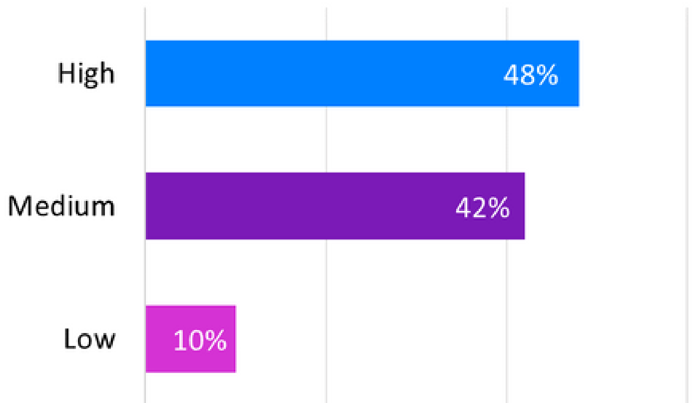
> "There is a desire to invest in technology and the future, but often this is more pointed at growth and customer acquisition than finance. So, it's less that finance don't have a valid business case, but more that they struggle in competition for investment."
>
> ***Director of finance, UK regional bank***

Investing in the right tools for their vision

There are a plethora of shiny new tooling options, however leading CFOs are investing in the low / no code tools that complement their organisation's vision of enabling the whole department to automate.

They recognise that implementing impressive tooling must be accompanied by training, governance, the right operating model, data discipline and the incentivisation, in order to reap the rewards.

How do CFOs rate their team's enthusiasm for automation?



They use proof of concept and focus on incremental but continuous change

This reinforces the culture that change is a constant. Having manageable "bite size" automation mitigates risk, reduces change fatigue, and delivers a steady stream of benefits that reinforce the culture of continuous improvement.

> "In my company, finance teams are fatigued by talk of automation, given how long this conversation has been going on for, with little output."
>
> ***Global CFO, universal private bank***

85-95% **of finance processes should be fully automated (in an ideal world)**

> "Repeating the same manual process is a terrible use of human capacity."
>
> ***Director of finance, global asset manager***

4. Detailed CFO feedback - **Data**

1. KEY THEMES AND OBSERVATIONS

Data management
Companies tend to suffer from poor organisational data management (specifically a lack of clarity on data ownership), resulting in finance still needing to spend a disproportionate amount of time on sourcing, transforming, and correcting this data.

Guardians of data
CFOs recognise that while they technically may not own most of the data they use, they have a significant role to play in educating upstream data providers; notably, how finance use the data and the consequences of poor quality and untimely delivery.

Getting value out of data
While data visualisation has improved, the finance team are typically not using data analytics at scale in a meaningful way to produce insight. Where finance do produce good insight, this is typically not done in a timely or scalable manner.

Data scientists vs accountants
CFOs increasingly value a data science skillset to conduct predictive analysis and produce data-backed business narratives for decision making.

2. KEY CHALLENGES

- **Volume and complexity:** Given the trend towards reporting the linkage between financial and non-financial information, firms' data management now includes not only large volumes, but also varied types of complex new data, such as: risk, ESG, non-financial risk.

- **Lack of a data strategy:** Where there is no data strategy (at the organisational level or within finance), most of the effort and cost is spent on merely maintaining a production line for reporting and MI, depriving finance of the opportunity to focus on value-add activity.

- **Lack of investment:** Developing and executing a data strategy is a monumental effort, especially when you are simultaneously trying to keep the lights on. It therefore requires funding, multi-year effort, focus, and the right skill sets. Committed investment is a fundamental pre-curser to automation, innovation, and ultimately landing the finance department of the future.

"One of the greatest challenges is identifying and addressing data issues at source, as opposed to fixing data further downstream."

Group deputy CFO – global universal bank

"A common data problem for large institutions is the challenge of meeting regulatory demands. You have to pipe and stitch together data from various different systems, which uses a lot of resource and prevents time being spent meaningfully on analytics."

Finance director – UK challenger Bank

"Too much time is spent on getting the data right, so too little time is spent on proactively using the data to inform and drive decisions."

Group deputy CFO – global universal bank

3. VISION FOR THE FUTURE

Metadata

As the world continues collecting more data, metadata (data about data) will become an important tool for data governance. Metadata adds an additional dimension which can be used to track provenance, lineage, known quality issues and validation status, amongst others. This can be used to automatically triage data quality issues and make better use of algorithms for data quality, validation and correction.

"The full use of metadata combined with smart contracts will revolutionise finance, at this point we stop looking for the thing that is not there."

Finance chief data officer – global investment bank

More natural interactions with data

The finance teams of the future will interact with systems in a more conversational way to extract data. Systems will be able to better contextualise what the user is asking for. Instead of writing complex technical scripts or data queries, users will be able to talk or query in a conversational way.

This functionality is already widely used in a personal capacity (think Apple's Siri or Amazon's Alexa) and in the future will be used more widely in corporate life. Applications like Open AI's ChatGPT are showing us a glimpse of the future, through using language AI models to easily turn complex data into actionable insight.

"A step change in automation and production of finance data will need to happen before we can move towards a self-service model where the business can access, manipulate and analyse data themselves."

CFO - UK high street bank

AI

Deep machine learning will be applied to more use cases as data quality improves. The finance function will move away from just descriptive analytics (identifying trends from past data) towards predictive analytics (using historic data to identify the likelihood of future outcomes), and ultimately prescriptive analytics (applying a decision-making process to descriptive and prescriptive sources of data).

"I expect that AI will be meaningfully deployed in the future, but I'm currently unclear on the specific use cases. It is also dependent on how successful we are at building a mechanism for clean upstream data that is readily available."

Global CFO – universal private bank

Data science will become a core component of an accountant's learning

Managing data and extracting valuable insights through analysis and visualisation will become a core component of the curriculum for professional accounting qualifications and university degrees. Learning accounting will teach you the language of business, but data science will allow you to use and interpret accounting in valuable ways for business managers, shareholders, regulators, and other key stakeholders.

"It's important to build tools and dashboards that emphasise the critical information timely and in the right way.

It's like when you're flying a plane – you have a lot of dials to pay attention to, however when something critical is failing, you want that dial to buzz and flash."

CFO – global crypto currency issuer

4. HOW ARE CFOs MOVING THE DIAL?

They have a multi-year data strategy

Leading CFOs are investing time to properly develop and execute their data strategy. They acknowledge that data strategy underpins other digital initiatives (e.g., automation and consolidation) and have made efforts to identify how and where their data strategy links with their other digital strategies.

They invest in data governance artefacts

Understanding what data you have, how it is used, and who owns it are fundamental components of data management. Successful CFOs invest in developing data dictionaries and lineage maps to facilitate the development and execution of their data management strategy.

> "Finance do a good job of informing others in the organisation on what is needed for upstream data fixes; however, the finance team are often guilty of employing short term tactical fixes as a data solution is often needed immediately."
>
> ***Group finance COO – global universal bank***

The proportion of finance's time:

50% | **is <u>currently</u> spent on validating and correcting data**

<5% | **<u>should</u> be spent on validating and correcting data in the future (according to CFOs)**

They can quantify the cost of poor data quality

Successful CFOs have developed key cost drivers, to quantify the impact of mitigating poor data quality. Setting out the cost impact of poor data quality helps the broader organisation to prioritise fixing material data issues.

> "To date the finance function have not sufficiently challenged their upstream data providers (i.e., the business) on their data quality.
>
> For this to change, finance need to speak the language of the business; for example, by demonstrating the impact of poor data quality in the number of adjustments and EUCs that ultimately add a cost impact to the business."
>
> ***Finance transformation director – global universal bank***

They use data visualisation and analytics

Leading CFOs are moving the department towards greater use of self-service style visualisation and analytics tooling. CFOs see the benefit of these tools in driving innovation and engagement across the function and to earn wider organisational support for the value that finance can provide.

> "In the future, accounting rules and products will be standardised. The ability to have self-executing, self-describing, self-attesting data will be so seductive that it will cause a convergence to that point."
>
> ***Finance chief data officer – global investment bank***

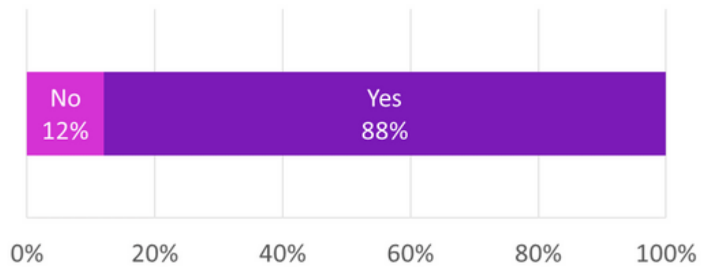
They prioritise deep machine learning (ML) / AI use cases and proof of concepts

Leading organisations are enabling the relevant SMEs to develop appropriate use cases for deep machine learning / AI in the finance department. These use cases are nurtured and refined in bite sized proof of concepts, in order to realise sustainable value from them.

"Finance are the obvious central owner for data to avoid multiple requestors, grey areas of ownership, and conflicting definitions of the same data."

CFO and founder – digital challenger bank

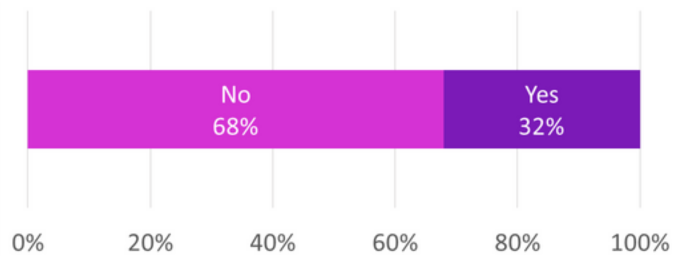
Do CFOs think that ML / AI can be used meaningfully in finance?



Bringing in skills from outside of FS

Other industries (e.g., retail and big tech) have been able to structure, manage, and organise their data in a way that is better at extracting value than in FS. FS CFOs are beginning to recruit this expertise and know-how.

Do CFOs think their teams currently have the skills and tools to maximise the benefits of data?



"Finance has a fundamental role in all aspects of the data journey, specifically owing to regulatory reporting.

Not because it inherently adds value but because the banking regulator's reaction to incorrect regulatory returns is dysfunctionally disproportionate.

Small errors can cause your franchise and your relationship with the regulator irreparable harm. Unfortunately, this has led to risk aversion when it comes to necessary data transformation efforts."

CFO and founder – digital challenger bank

4. Detailed CFO feedback - The cloud

1. KEY THEMES AND OBSERVATIONS

Finance belongs in the cloud

As enterprise cloud solution providers become bigger and more advanced, organisations are benefiting from the greater value and lower cost offerings that come with economies of scale.

As cloud provision has spread in FS, the security protocols have become better, and standardised certifications for FS organisations have become more common place. FS CFOs firmly believe the future of finance is in the cloud, and most have already begun the journey to make the transition.

They also acknowledge that cloud adoption is largely dependent on the strategy of the entire organisation, and CFOs recognise their role extends to advocating for cloud adoption within the whole organisation.

Catalyst for change, but not a silver bullet

Moving the organisation into the cloud is a great catalyst for rethinking architecture, data management, controls, governance, visualisation, analytics, user led innovation, and user experience.

However, these need careful consideration before moving to the cloud.

Without this due consideration, the risk is that fundamental issues, like data ownership, poor controls, and unclear roles / responsibilities are moved away from on-premise infrastructure (where you know how to compensate for them) into the cloud (where opacity adds complexity to an already fragile foundation).

2. KEY CHALLENGES

- **The rest of the organisation is <u>not</u> onboard:** The value finance gets from being in the cloud is significantly less if the broader organisation has not deployed the same cloud strategy and vendor, as this can result in efficiency drains from operating and synchronising data across different systems.

- **It takes a long time:** Migrating finance into the cloud, especially in a FS organisation, is a multi-year (3-5) programme, which requires long-term change stamina and often has to deal with organisational road bumps, like cost pressures, changes in strategy and new senior leadership.

- **Poor data quality:** The benefits realised from the movement to the cloud are often overshadowed by poor data quality issues. Moving to the cloud often requires compensatory measures for legacy data issues, which can result in a vast amount of change work for no discernible user improvement. This can lead to finance users getting understandably frustrated, potentially impacting any future cloud initiatives.

> "Regulators are not that keen on the cloud. They are slowly waking up to the new concentration risks that are outside of the bank and inside the technology companies."
>
> ***Group deputy CFO – global universal bank***

3. VISION FOR THE FUTURE

The cloud will be the norm

The whole organisation, including finance, will be on cloud provisioned infrastructure, benefiting from substantial cost, performance, and innovation benefits.

Large upfront infrastructure investment will be replaced by a scalable and flexible “pay per use” model. Operational risk from end-of-life hardware and infrastructure failures will be minimised, while upgrades and maintenance are handled seamlessly without any interruption to service.

Security will be optimal as the large cloud providers continue to scale up their threat detection and countermeasure capabilities, and any concentration risk is minimised as these providers advance their compartmentalisation models.

> "Use of the cloud in banking is industry-leading and will help a bank to leapfrog its competition and become best-in-class."
>
> ***Finance transformation director – global universal bank***

Real-time self-service

The speed of processing and availability of the cloud, will allow FS firms to offer their customers, regulators, suppliers, investors, and employees real-time access to appropriate information, via self-service mechanisms.

Regulators will be able to query real-time information to have a timelier view on key supervisory metrics. Management will have real-time decision-making information, and the finance function will spend less time producing and distributing multiple versions of reports.

Seamless hybrid working

The global pandemic has been a catalyst for remote and hybrid working. The success of this model is in large part due to the ability of cloud providers to scale quickly and facilitate the sharing, access, and information synchronisation necessary for a distributed workforce.

Hybrid working models are a core part of our future way of working, and cloud infrastructure will be critical in communication, collaboration, workflow, visualisation, analytics, and reporting functionality that will seamlessly co-ordinate the finance function of the future.

4. HOW ARE CFOs MOVING THE DIAL?

Advocating the cloud

Leading CFOs are pushing their entire organisations onto the cloud. Arguably, finance has the greatest need for large data aggregation, rapid processing, and producing a diverse portfolio of reporting. CFOs are combining other organisational use cases into the wholistic cloud business case, because they recognise the benefits of doing the migration at scale for the whole organisation.

> "It makes sense to use cloud-native services in a data rich industry like banking. Ideally this adoption would be alongside consistent cloud-native processes to maximise the potential benefits available."
>
> ***CFO – digital challenger bank***

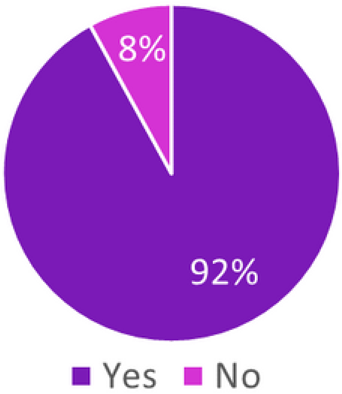
Phasing the move into the cloud

Planning the migration into manageable phases reduces risk and change fatigue, while also allowing benefits to be realised in an even, steady stream rather than as a final big bang. This approach also facilitates effective resource utilisation, enabling deployment of smaller teams in phases, rather than having to find and manage large change teams upfront.

8-12%

The long-term annualised cost saving which CFOs expect from moving into the cloud (as a % of the current finance technology budget)

Do CFOs believe that getting finance into the cloud is a core "future finance" strategy?



Partnering with the right vendor and implementation partner

The technology landscape is crowded, and it can be difficult to pick the right vendor. Partnering with a vendor that has proven experience in the same sector is important, as they will have already navigated the regulatory safeguards and certifications needed.

Instituting the right governance and picking the vendor and implementation partner that aligns with your organisation's ways of working are critical considerations in addition to the cost of implementation.

"From a cybersecurity perspective, the view now is that it's far better to keep your data in the cloud than on-premise. However, the consensus view was the complete reverse when cloud solutions were first available."

CFO – global insurance broker

48% **of CFOs believe being on the cloud is an enabler of innovation**

Prioritising data

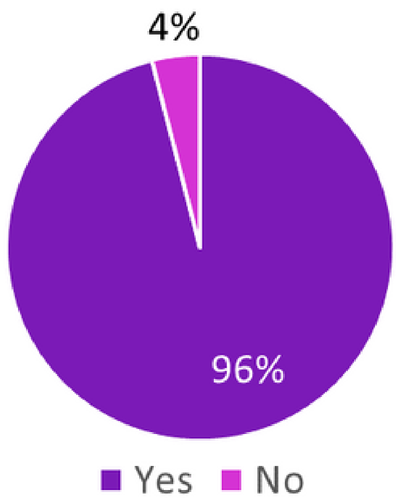
Leading CFOs prioritise developing their data strategy before they finalise their cloud strategy. The lack of an integrated data strategy is so fundamental, that its absence could derail the cloud implementation.

Consideration must be given to sources and uses of data, definitions, lineage, governance, ownership, and controls.

The format of in-cloud storage lakes must be determined upfront, as well as usage and distribution requirements. If you do not have your on-premise data flow mapped out, your migration to the cloud is not going to be successful!

Moving to the cloud is a great catalyst for cleansing your data – leading CFOs won't wait until every data detail is fixed before moving to the cloud, but they will have made strategic data decisions well in advance.

Do CFOs believe that it is necessary to have a data strategy ahead of moving to the cloud?



"Cloud is a core business strategy, not just explicit to finance. The cost benefits are clear, particularly combined with SaaS."

CFO and founder – digital challenger bank

"SaaS helps reduce obsolescence risk but replaces it with concentration risk."

Group deputy CFO – global universal bank

4. Detailed CFO feedback - **Innovation**

1. KEY THEMES AND OBSERVATIONS

Constant innovation

With the rapid change in business models and technology, CFOs want their teams to be continuously improving and constantly extracting value through innovation. Finance staff want to do the same, and there is an increased demand for upskilling in new technologies (e.g. python).

Skills shortage

CFOs are concerned about the lack of innovation skills coming into finance. There is often an over reliance on SMEs, who are usually pulled in for side-of-desk initiatives that lack the focus, co-ordination, and know how to deliver sustainable innovation change.

Tone from the top

CFOs firmly believe that they are accountable for inspiring and driving innovation in finance and are focusing on how to lead their teams through growing change / innovation fatigue.

High risk of failure

CFOs acknowledge that the finance department are very risk averse, which is driven by a highly regulated FS industry. The reward from innovation in finance must far outweigh the risk of getting it wrong. Therefore, the key is to combine grassroots innovation (which generates the ideas and solutions) with a mechanism to scale innovation (which extrapolates value extraction through collaboration, industrialisation, and economies of scale).

2. KEY CHALLENGES

- **Paralysis by analysis:** Given the natural risk aversion of the finance team, the momentum needed to truly innovate is often lacking. There is a desire to ensure every detail is correct before proceeding, and often there is a lack of appetite to work within an error tolerance.

- **Over reliance on SMEs:** Key SMEs in the finance department are often the pivotal link for a functional understanding of innovation solutions. Key SMEs are often consumed by a combination of non-negotiable deadlines (e.g., month and quarter end) and firefighting – this leaves little time for innovation.

- **Lack of funding:** Finance does not typically attract a sufficient investment case for funding large transformative innovation, especially in smaller organisations. They are often left doing it side of desk or joining up with other departments for shared funding. This does not provide the sustained focus required for extracting great value from finance innovation.

- **Lack of structure:** Innovation cannot scale without a process and enablers for ideation, prioritisation, proof of concept, and scaling. The benefits come from scale, and an incorrect / insufficient innovation structure will demotivate enthusiastic innovators.

"Finance innovation can't be done off the side of desk, as it leads to any testing and fundamentals being of a poorer quality. It absolutely needs an appropriate time investment."

Finance director – digital challenger bank

3. VISION FOR THE FUTURE

More innovators

A much larger percentage of the finance function will be focused solely on innovation. There will be more people within the finance team that have backgrounds in data science, programming, deep machine learning, and visualisation.

"In order to motivate finance SMEs to participate and drive innovation, leadership needs to sell the vision for innovation as something that will make their work lives easier. And more interesting."

Global finance COO – global investment bank

4. HOW ARE CFOs MOVING THE DIAL?

Embedding the right mindset

Leading CFOs are embedding continuous improvement and an attitude of always challenging the status quo. These CFOs encourage their teams to find ways to do the low value activities more efficiently, in order to create capacity for more interesting and value-add activities. They encourage experimentation, lateral thinking, and collaboration.

"We need to get much more into the mindset of continuous improvement in finance functions. Let's not set this grandiose vision, let's just ask: 'how do we work better and smarter and deploy some of the tools that exist in the marketplace today'."

CFO – UK high street bank

"Innovation in finance is all about creating the empowerment within the finance teams to identify what is holding them back and where they see areas for improvement."

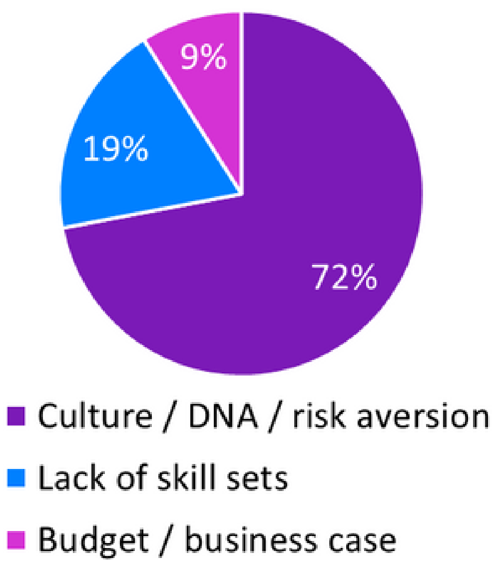
CFO – UK high street bank

Creating an innovation hub

CFOs create a hub to enhance and nurture innovation capabilities within the department. They invest in smart tools like low code automation, analytics and visualisation tools, data wranglers, and cloud-native solutions.

They collate the right skill sets within their innovation hubs and encourage user champions, as they understand that innovation is largely about winning hearts and minds.

What do CFOs feel are the key blockers to innovation in finance?



"To innovate effectively you have to ensure the key and relevant SMEs are available. You have to be ruthlessly disciplined in consistently freeing up a portion of their time so they can contribute to making innovation possible."

Global CFO – universal private bank

"Finance doesn't always have a seat at the table when business-wide decisions around systems and innovation are made, because the finance team tends to be on the back foot in terms of how they are spending their time.

We're focussed on keeping the plates spinning as opposed to what the next plate should look like."

Divisional CFO – global investment bank

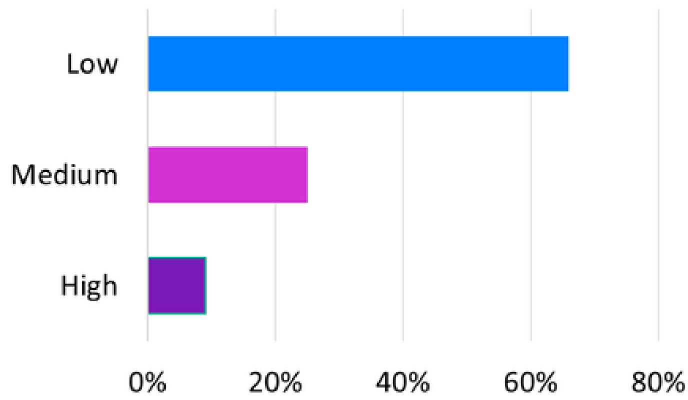
Shouting about success

Leading CFOs celebrate success and find relatable ways to quantify the benefits. Celebrating success at senior levels and with important internal stakeholders highlights the value that is placed in innovation.

Incentivising innovation

CFOs make innovation part of their teams' objectives, performance, and reward mechanism. They set up their teams for success, by introducing KPIs for innovation at all levels and linking these to quantifiable benefits. In addition, they also create the mechanism for internal mobility, which can act as a catalyst for innovation.

The level of support CFOs think finance receives from the rest of the organisation regarding innovation



100% **of CFOs think they are solely accountable for leading and motivating innovation in finance**

"One of the enablers for better innovation is increased team mobility. That is mobility of talent from both within and outside the finance team."

Global finance COO – global universal bank

"The business does not have visibility and insight into the pain that finance experience in meeting their needs, as the finance team are too effective at concealing the heavy manual nature of this information production. This reduces the potential business buy-in to the finance innovation effort."

Group deputy CFO – global universal bank

4. Detailed CFO feedback - **Talent, culture, offshoring and hybrid working**

1. KEY THEMES AND OBSERVATIONS

New skills needed in finance

In addition to new technical skills, like programming and data science, the traditionally "softer" skills are becoming increasingly important. Good communication, influencing, and negotiating skills combined with the ability to tell a story and drive change / innovation are important abilities to have as a member of the future finance team.

Accounting knowledge and controls awareness will always be a core skill set in finance, but as we move to a more automated digital world knowing how to run production processes is becoming less relevant.

Understanding key drivers between business events and financial outcomes remains the core of finance's superpower. However, how they use that knowledge for proactive business partnering is heavily dependent on the "softer" skills. The finance employee of the future must be able to know how to calculate the number, but also more importantly, how to use that information to drive value.

> "Hybrid working allows the best of both worlds, permitting not only a better work/life balance but also retaining face-to-face interactions, collaboration and enables junior staff to learn through observation."
>
> ***Group deputy CFO – global universal bank***

Hybrid is the future

All the CFOs we spoke to agreed that hybrid working has a permanent place in the future finance function. The balance of remote and office work, as well as structuring office interactions for maximum value, needs to be carefully calibrated within each organisation. While the benefits of working at home are very clear, the benefits of office time have yet to fully land with the finance function.

Attracting talent

FS is not the halo industry it once was, and it is becoming increasingly difficult to attract and retain the brightest graduates into the finance department. Offshoring and outsourcing has also played a role in decreasing the number of junior roles available, which makes it challenging to groom future talent.

> "Attracting and retaining the right finance talent will require a more creative approach, especially when defining career paths - these paths might cross multiple areas within the bank, not just within the finance department."
>
> ***Divisional CFO, global investment bank***

Offshoring and labour arbitrage

Financial services offshoring has reached critical mass over the last 10-20 years. CFOs still see labour arbitrage as a viable lever for cost reduction. However, they feel that the extent to which it reduces cost is diminishing as higher cost locations begin to lose their pipeline for the skillsets that have been offshored.

While there was once a major differentiation between onshore and offshore finance teams, this gap has closed significantly. Offshore teams have evolved into more than process factories, and CFOs recognise that there is a vast improvement in skills, cultural assimilation, language blockers and business understanding. Offshore centres are simply now a non-differentiated part of a very dispersed team.

Many organisations have embedded their change and innovation capability into their offshore teams, and continuous improvement is included in their SLAs.

Offshore staff are also directly managing internal stakeholder relationships that were once the domain of onshore staff, and in fact the CFOs with whom we spoke were actively positioning more of their offshore staff in key relationship positions.

By its definition, arbitrage is a mechanism that brings things back into equilibrium. While the cost savings were helpful in the short-term, it appears that the long-term effect for finance is to disperse the team geographically, which achieves a diminishing marginal cost saving over the long-term.

Retain talent with culture

Culture and purpose are the most important factors for retaining good employees. The Gen Z component of the workforce value these items more than compensation. Aligning work to personal priorities and values is incredibly important.

The global pandemic was followed by “the great resignation”, which saw the withdrawal of unusually high numbers of employees from the labour market, to pursue other life priorities at financial sacrifice. This is a paradigm shift for senior leaders, and CFOs are focused on shaping their culture into effective recruitment and retention differentiators.

"One of the key challenges is the scarcity of relevant talent. We need people who have the change experience and skillsets coupled with SME knowledge. However, we're having to compete with FinTech firms, amongst others, for talent."

Finance transformation director – global universal bank

"Outsourcing is less of a future focus as currently there is a lot of regulatory pressure, on data privacy, outsourcing etc., that is pushing in the opposite direction. Also outsourced activity tends to be the activity that is easiest to automate."

Group deputy CFO – global universal bank

2. KEY CHALLENGES

- **Shortages of available finance staff:** With the increase in regulatory requirements, there is a shortage of skills in the regulatory reporting, capital, liquidity, and balance sheet management skill sets.

  With ESG reporting requirements likely to fall to the CFO, this will further exacerbate the issue. Existing finance teams are stretched and facing a long list of priorities that include driving change, complying with regulation, innovating and helping the business grow. Cost pressures add to the problem, and most finance employees feel overworked and undervalued.

- **Getting finance into the office:** Finance is an organisational lagger on getting teams into the office, and employees are missing out on the benefits of relationship building, collaboration and learning via osmosis. Finance leadership are focusing on selling these benefits, else they risk a future skills drain and demotivation issue.

> "Employees' desires for career development have changed. No longer is it solely about progression, instead the focus is on getting varied experience, better recognition and flexible working."
>
> ***CFO – digital challenger bank***

10-30% | **of the finance team are in the office on an average day**

3. VISION FOR THE FUTURE

Future finance professionals will have a blend of technical accounting knowledge, business understanding, strong interpersonal skills (communication, influencing, partnering, selling), and continuous improvement focused. The team is geographically agnostic and dispersed by design.

Finance will fulfil one of three roles:

1 Traditional accountant

(10% of the department): Ensures that anything entering the organisation's finance platforms are accounted for correctly and have a sustainable route in.

2 Finance ecosystem cultivator

(60% of the department): Drives ongoing innovation and continuous improvement, and perpetually creates new analysis tools and insight relationships.

3 Finance value enhancer

(30% of the department): Combines finance and business understanding to add insight and narrative to regulators, investors, boards, management, and other stakeholders.

The finance team will have prioritised internal mobility (both within finance and between other departments) to obtain diversified skillsets and to provide diverse career paths, learning opportunities, and personal development.

The culture will be non-hierarchical, meritocratic, inclusive, and underpinned by a collective desire to drive value for the organisation. The team will have a lower proportion of accountants and a higher proportion of data scientists and people with advisory type skill sets.

Finance will evolve from a record keeping and reporting function into an advisory capability that proactively serves every part of the business with data-led insight, prescriptive modelling, real time actionable intelligence, and regulatory compliance.

4. HOW ARE CFOs MOVING THE DIAL?

Creating diverse career paths

Employees are attracted to careers that have a sense of purpose and the opportunity to have diverse learning experiences. Leading CFOs are defining and actively enabling career paths that encompass those principles, to attract and retain the best talent.

CFOs are also bringing in diverse talent (e.g., through apprenticeships, from outside financial services, and from non-accounting degrees) to bring in new skills, perspectives, and lived experiences.

> "Today most performance reviews are based on delivery and hard technical skills as opposed to the softer skills that have become increasingly important to success. This will need to change."
>
> ***Global finance COO – global universal bank***

Making office working meaningful

Employees don't see the value of coming into the office just to be on zoom calls the whole day. While hybrid is here to stay, finance staff coming into the office, for the right reasons, is important.

Rather than forcing their teams into the office, leading CFOs are creating value-add reasons to incentivise their team into the office. These include, in-person team meetings, collaboration / brainstorming sessions, team events, bringing in guest speakers etc.

Curating the culture

Creating a culture of rewarding work, career trajectory, and personal growth must be combined with varied career options, internal mobility, collaboration, and a very definitive view of the value that finance aims to provide to the wider organisation. This culture needs to be constantly calibrated as the organisation and finance department grow, and the CFO and senior leadership team must play a material part in embodying the desired culture.

> "In order to attract and retain talent, we need to start with acknowledging that people don't hang around as long as they used to, and we need to change our ways of working to accommodate this.
>
> We need to be more flexible in defining and curating dynamic career paths for people in the finance function."
>
> ***Global finance COO – global universal bank***

> "The current state of effort split between low value-add and high value is 80:20, but I expect this ratio to flip in ten years."
>
> ***CFO and founder – digital challenger bank***

The percentage of CFOs who think...

...that a University degree will be critical for future finance professionals... **7%**

...that an accounting qualification will be critical for future finance professionals... **24%**

100% **of CFOs are working with a hybrid working model - but none of them think their finance team will fully return to the office**

42% **of CFOs see labour arbitrage as a key focus for the future finance department**

4. Detailed CFO feedback - **ESG and sustainability**

1. KEY THEMES AND OBSERVATIONS

Measurement and disclosure frameworks

There are a few emerging ESG disclosure regimes (e.g., ISSB, EFRAG and SEC) that consolidate and clarify the many existing voluntary frameworks, and provide a baseline of standardised and comparable ESG reporting requirements, with which all companies will be forced to comply.

These disclosure standards will require clear quantification of the linkage between ESG risks / opportunities and financial statements. They will require companies to measure the impact ESG has on them, as well as what impact they have on ESG in the broader environment.

They will need to be audited and verifiable and CFOs are understandably concerned with the considerable challenge of understanding and complying with these frameworks, sourcing the data, and finding the skills to perform these roles.

Finance's role in ESG

ESG reporting is currently the responsibility of marketing / brand management / communications, but this will change. Reporting standards will require stricter measurement, more prescriptive disclosure, and auditable linkage to financial statements.

Ultimately, ESG disclosures will become the CFOs' responsibility – however in the interim period, there is a lack of clear organisational accountability for ESG reporting and disclosures.

> "If the CFO is not already involved in ESG, they should fight to be a part of this conversation and play a driving role."
>
> ***Global CFO – universal private bank***

2. KEY CHALLENGES

- **Moving target:** Disclosure rules and frameworks are in the final stages of completion. While the amount of work that will be involved is clear, most organisations remain in a holding pattern whilst waiting for the framework's finalisation.

  The transition and implementation periods are not expected to be long, given how urgently investors and other capital providers are calling for better ESG disclosures, which will place companies under pressure with a significant book of work, tight deadlines, and scarce resources.

- **Proportionality of implementation:** The ESG disclosure standards will be principle based, and materiality will become a judgement-based decision. CFOs will need to work closely with their business, risk, and sustainability teams, to correctly categorise ESG risks and opportunities. Having no agreement on materiality, means that everything is tracked, measured and disclosed, resulting in an unnecessarily high implementation effort.

> "Eventually we'll report on a more regular periodic basis to regulators and other stakeholders, moving from annual to quarterly to maybe even a monthly basis, for carbon numbers."
>
> ***Group CFO sustainability lead – global universal bank***

- **Lack of data:** The move towards more complete ESG reporting, means that a more complete data set is required. A good example of this is scope 3 GHG emissions becoming a requirement, which effectively measures the GHG emissions of the entire value chain of a business.

  The lack of disclosures also means there is a lack of data – it's a vicious circle. CFOs will initially struggle to completely comply with full ESG disclosures for the whole portfolio, so will need to develop an early strategy for phasing, materiality, and transition.

> "AI's ability to regress data and infer data for informational climate gaps will be highly useful to bridge the data availability gap."
>
> ***Group CFO sustainability Lead – global universal bank***

- **Skills shortage:** Finance departments need staff that have a combination of financial reporting, business understanding, and ESG / sustainability frameworks knowledge and experience in order to incorporate ESG into finance's operating model.

  Apart from the obvious reporting, there will also be changes to forecasting, planning, data management, capital calculations, accounting classifications (e.g., under IFRS9), amongst others.

  CFOs are concerned about their team's severe lack of relevant skills, and coupled with the expected increase in demand for these skills, are acutely aware of how difficult it will be for finance to help the organisation comply.

> "Trying to recruit relevant skills in the ESG space is currently difficult. We're therefore trying to upskill, although this takes time."
>
> ***Group finance COO –global universal bank***

3. VISION FOR THE FUTURE

ESG risk will restrict capital for banks

Regulators are already working climate risk into capital adequacy measures, and over time other ESG risks will be included too.

Previously, risk weighted assets brought great focus onto banks' efforts to understand their relationship between financial risk and their business activity, now so too will ESG risk.

Certainly, over the next few years, CFOs are expecting to form and develop a "carbon balance sheet" and climate-based financial KPIs, as the trend towards linkage between non-financial ESG factors and the financial statements become more desired.

> "CFOs will have to understand the carbon B/S, and what levers can help them move the dial. The carbon B/S will become a constraint for the business, much like RWAs have become.
>
> To some, they may be considered a regulatory blocker to what you can achieve."
>
> ***Group CFO sustainability lead – global universal bank***

Continuous learning

ESG is already a vast category and the list of ESG topics will continue to grow. For example, under the environment banner, nature degradation and water pollution are hot on the tails of climate, whilst the list of social topics continues to grow as society evolves; leaving finance on a constant learning curve, to firstly understand these topics, and then to apply the measurement and disclosure techniques required.

3-5% | **of the finance team have a good idea of ESG and its impacts to the business**

Helping new business

As more FS business grows around the ESG domain, finance will be called upon to support the business growth in a new and exponentially expanding area. Whether it is sustainable financing, ESG investments, or new product development, the finance team will play multiple roles in building, scaling and sustaining new business initiatives.

"The more commercially minded CFOs are going to help drive the agenda from a business perspective, in recognition that the most ESG compliant entities will generate the best returns."

Non-executive director and former group CFO – global universal bank

"The importance of ESG also relates to funding, where investors need to see you making progress in this area. However, I've seen a lot of greenwashing to meet these requirements, which I hope and expect will change."

Director of finance – digital challenger bank

Bringing in outside expertise

CFOs are leveraging their network of specialist advisors and consultants to scan the market, provide training, conduct gap analysis to upcoming regulatory requirements, and develop frameworks and operating models.

They know that this is not a journey to go on alone, so developing early relationships with external advisors will give them a leading advantage.

4. HOW ARE CFOs MOVING THE DIAL?

Developing the capability

Leading CFOs are beginning to recruit ESG skillsets and upskill internal teams, by developing training for sustainability, reporting, measurement, and disclosure frameworks.

The external training market has not fully caught up with the demand for FS ESG training, so most organisations must internally develop these training courses. Given the scarcity of skillsets in this topic, CFOs are developing this training as early and as quickly as possible.

Leading the discussion on ownership

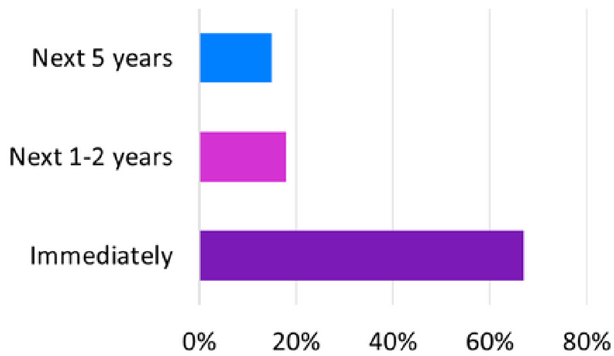
Leading CFOs are forcing the organisational discussion between functions to decide who owns the different roles and responsibilities regarding ESG. Newly formed Chief Sustainability Officers (CSOs) are critical to the discussion, as are business lines, risk, legal, marketing, and communications.

>50% **of CFOs believe ESG is highly important to the finance function**

Lead industry forums and working groups

There are a number of industry working groups for climate, environment, and net zero transition planning. CFOs that take the lead in these forums have the opportunity to lead the advocating agenda and shape the way industry protocol will develop – more importantly, they can align this in favour of their organisation.

When is the right time to start developing these skillsets in finance?



Conclusion

The role of the FS CFO and the broader finance team has seen multiple evolutions over the decades. Rapid technological growth, strict regulation, financial downturns, and new generational attitudes have made finance an increasingly valuable asset, which is critical to the success of the organisation. The docile “number cruncher” is now the trusted advisor, and indispensable to the functioning of the organisation.

The FS CFO has the responsibility to lead the organisation through multiple complex challenges, and help the CEO to drive value for shareholders, protect customers and contribute to the safeguarding of the wider financial system. To do this, the CFO needs a finance team who are SMEs, as well as having the best relevant technology, the capacity to create, the mandate to deliver value, and support from the leadership team.

"The FS CFO has the responsibility to lead the organisation through multiple complex challenges, and help the CEO to drive value for shareholders..."

The rest of the FS organisation are strongly signalling the desire for a new advisory-led finance department, and over the next decade it will be down to the CFO to deliver this. The successful FS CFO will not only have a vision for the future, but also deliver this incrementally. This is not a big bang approach, but rather a carefully orchestrated building of momentum that realises tangible benefits along the way. It is as much about winning hearts and minds, as it is about technology, data, and innovation.

"The successful FS CFO will not only have a vision for the future, but also deliver this incrementally. This is not a big bang approach..."

It’s a complex journey, but ultimately one that FS CFOs have been uniquely moulded for – the only question is whether they will be brave enough to forge a new path ahead.

About the author

Bash Govender
Partner - CFO Advisory and Finance Change

Bash joined **Be UK** in 2021 with a vision for shaping the future of finance. Bash drives change and innovation on behalf of CFOs and senior management across the FS industry.

As a qualified chartered accountant, half of his career has been spent within leadership positions in the finance (CFO) and Operations (COO) departments of global multinational banks, which allows him to understand the unique challenges and opportunities of these areas. The other half of Bash's career has been as a management consultant delivering large-scale strategic, regulatory and transformation programmes for multinational investment banks and emerging FinTech companies.

Bash specialises in helping CFOs and other finance leaders to build and optimise the finance function so that it is cost effective and adds strategic value to the organisation. Bash's approach involves developing a holistic solution that is tailor-made to each organisation, leveraging industry best practice.

He is passionate about combining digital and cultural levers to allow the finance function to develop data driven insights, predictive capabilities and real-time analysis that will benefit the entire organisation.

Contact
E: b.govender@beshapingthefuture.co.uk
T: +44(0) 75452 23529
W: www.beshapingthefuture.co.uk

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About Be UK

Be | Shaping the Future UK (**Be UK**) are the UK arm of Be | Shaping the Future, the fastest growing pan-European financial services management consultancy.

We are a disrupter to the top-tier consultancy brands, trusted by five out of ten of Europe's leading banks (alongside other leading financial institutions and FinTechs). We work with these leading financial services organisations to shape their future through our transformation consultancy and advisory services, covering the following sectors:

- Cards and payments
- Retail and commercial banking
- Capital markets
- CFO advisory and finance change
- ESG and sustainability
- Risk and regulation

We take pride in building relationships with our clients and we work collaboratively to drive change for a bigger and better future.

The CFO Advisory and Finance Change team at **Be UK** is composed of specialists and advisors. Our key service areas include:

- Making finance digital
- Data in finance
- Strategic cost reduction
- Finance in a box
- Financial resource optimisation

Get in touch!
enquiries@beshapingthefuture.co.uk

Find out more:
www.beshapingthefuture.co.uk

Contact

For more information on how we can help with your finance department requirements, please get in touch.

Bash Govender
Partner - CFO Advisory and Finance Change

Bash drives change and innovation on behalf of CFOs and senior management across the financial services industry. As a qualified chartered accountant, half of his career has been spent working in the CFO / COO / financial control / product control space. The other half of Bash's career has been spent as a management consultant delivering large-scale strategic, regulatory and transformation programmes for multinational investment banks.

E: b.govender@beshapingthefuture.co.uk
T: +44(0) 75452 23529

Laurence Cuss
Senior Manager - Finance & CFO Advisory

Laurence is an ACA qualified chartered accountant and has over ten years of consulting and financial services experience. He applies his SME knowledge to help clients design and deploy self-sustaining ways to adapt to the ever-evolving finance landscape. Laurence specialises in cost allocations, planning and stress testing processes, and broader finance change to transformation projects, having worked on a variety of projects with some of the largest international and domestic banks.

E: l.cuss@beshapingthefuture.co.uk