



AI in the finance function

Potential benefits, leading use cases and successful implementation

Introduction: Finance's AI boost

The finance function is changing. Once focused mostly on accounting and reporting, today finance is becoming a value creator, enabling better strategies and decisions. Four trends are driving this change – and artificial intelligence (AI) is at the core of them all:

- **Digitalization:** New digital technologies are freeing up finance professionals so they can spend more time on value-added activities. AI will play a pivotal role in automating routine tasks.
- **Data-driven decision making:** New enterprise data management methods are putting the finance function at the center of corporate steering. AI will help to analyze data and make finance an invaluable data resource.
- **Finance as a strategic tool:** The function is evolving from focusing on historical reporting to a forward-looking strategic role. AI will enhance predictive analytics and forecasting capabilities.
- **Green finance:** Incorporating environmental, social and governance factors into reporting broadens finance's scope. AI will support improved data analysis, risk assessment and decision making.

AI is therefore set to hugely boost the role of finance. As a result, many companies are already investing in it. But how should they manage the transition? In this document, which draws on an exclusive survey of CFOs, we look at the benefits of adopting AI in finance, assess potential use cases and outline how to implement the technology. We find that defining targets, engaging the workforce and governance structures are key success factors.

AI in finance: A perfect match

Only half of companies currently use AI in finance, despite the technology being a great fit for finance processes

AI incorporates any technology that can perform human-like behaviors to solve problems, going beyond mere automation. Conventional AI (using algorithms to perform tasks requiring intelligence), machine learning (where computers learn from data and improve) and generative AI (or GenAI, which produces content after training on data) are all examples. The technologies, in particular GenAI tools such as ChatGPT, are the latest step in the digitalization process.

Digitalization is a clear priority for business leaders. In our survey, 70 % of CFOs said it was the most important business topic, ahead of top-line growth, cost reduction

and workforce management. However, only 50 % of companies have so far adopted AI applications in finance. This compares to 77 % in marketing/communications and 74 % in customer services.

Good to go: Finance processes are ideal candidates for early AI adoption, with many suitable characteristics:

- Finance can pull insights out of oceans of data to aid strategy development
- Finance is heavily involved in forecasting and predictive analysis, so can support decision making across departments

- Finance interacts with many business areas, offering valuable data insights
- Finance is data intensive, heavily reliant on IT systems and is the administrator of enterprise data
- Finance often involves repetitive tasks and demands a high level of accuracy and dependability.

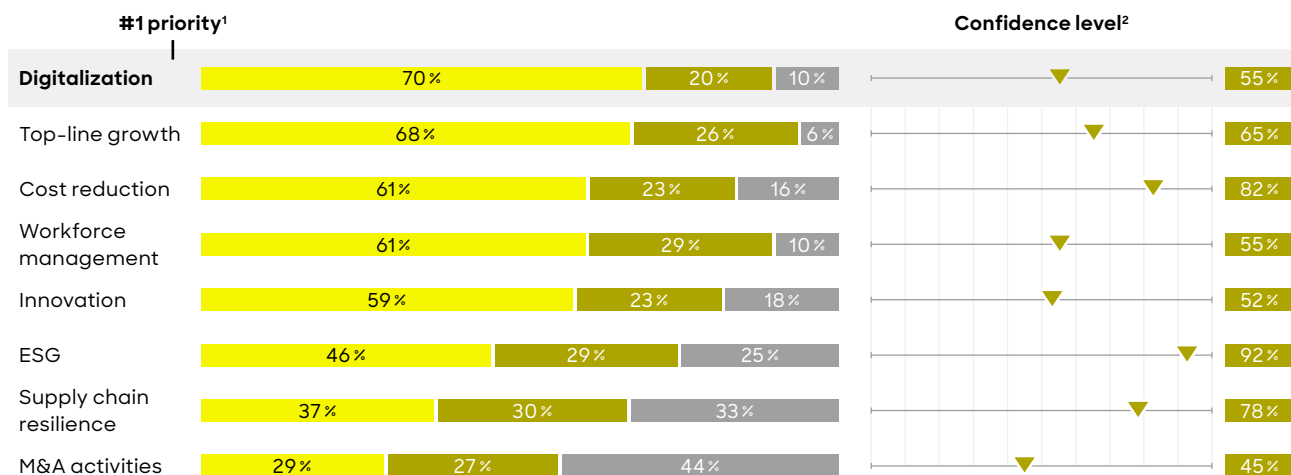
CFOs recognize this potential. Over the next two pages, we outline the finance areas in which they plan to invest and where the potential for performance improvement is greatest.

Top of the agenda: Digitalization is CFOs' number one priority, although confidence levels in meeting objectives is low

- High importance
- Medium importance
- Low importance

1 RB survey: >90 CFOs surveyed at small and medium-sized businesses across Germany, Austria and Switzerland in 2023

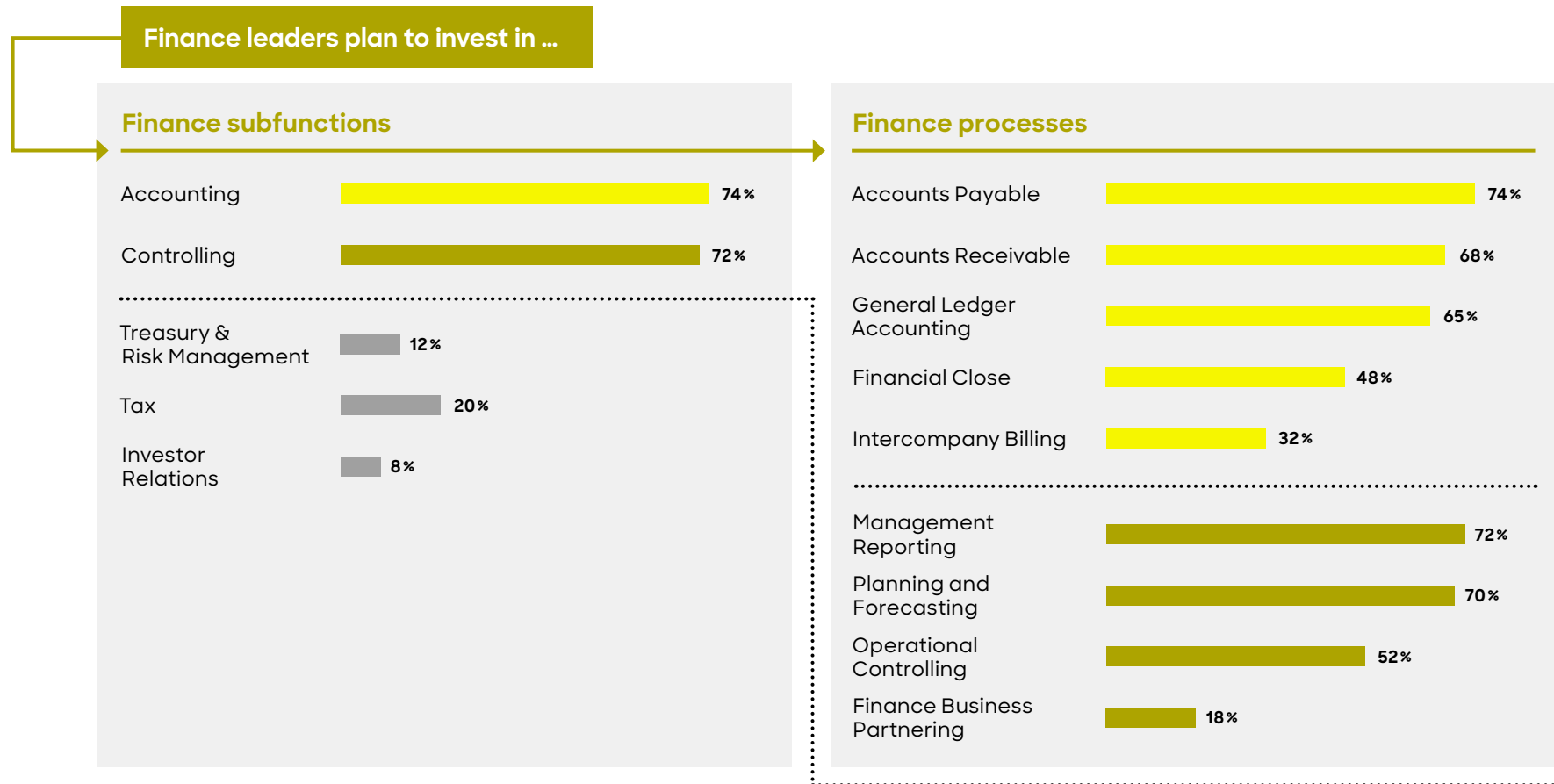
2 Confidence in meeting the objective



AI investment plans

Almost 75% of CFOs plan to invest in AI solutions by 2025, particularly in accounting and controlling

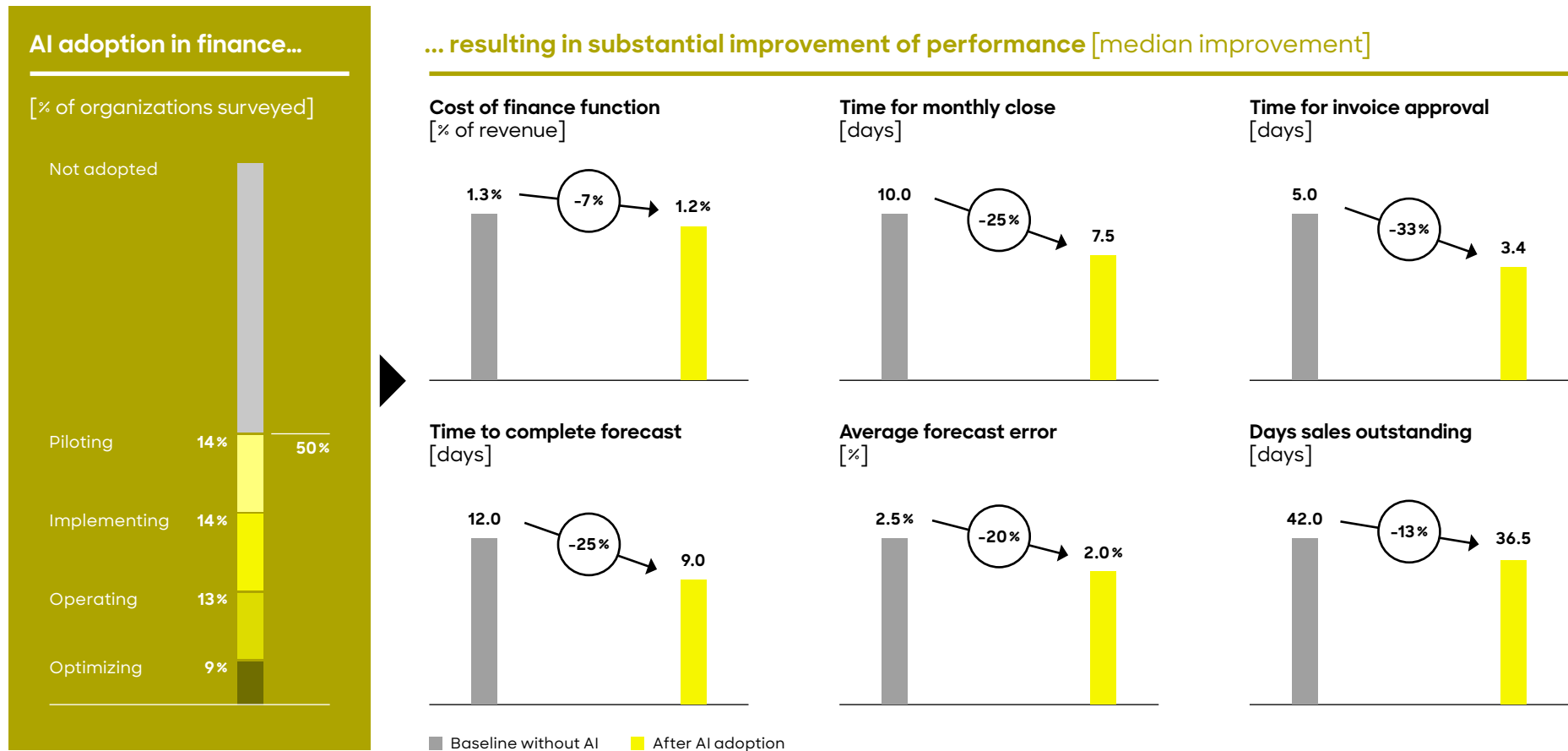
Backing AI: CFOs are focusing their short-term plans on processes such as accounts payable/receivable and general ledger accounting



AI's potential in finance

Existing AI tools can lead to performance improvements of up to 33% in finance processes

Better with AI: Companies that have already implemented AI solutions report substantial gains, especially in time saved



Use cases 1: Suitability and efficiency potential

Impact and feasibility determine the most suitable use cases for AI – Accounting processes have the highest potential

After establishing that the finance function is a clear fit for AI, it is important to consider which specific processes and tasks should be targeted. Suitability and potential for performance improvement can be evaluated along two dimensions:

Feasibility

- How complex is the process?
- How predictable is it?
- Does it follow predefined rules?
- What level of decision making does it involve?

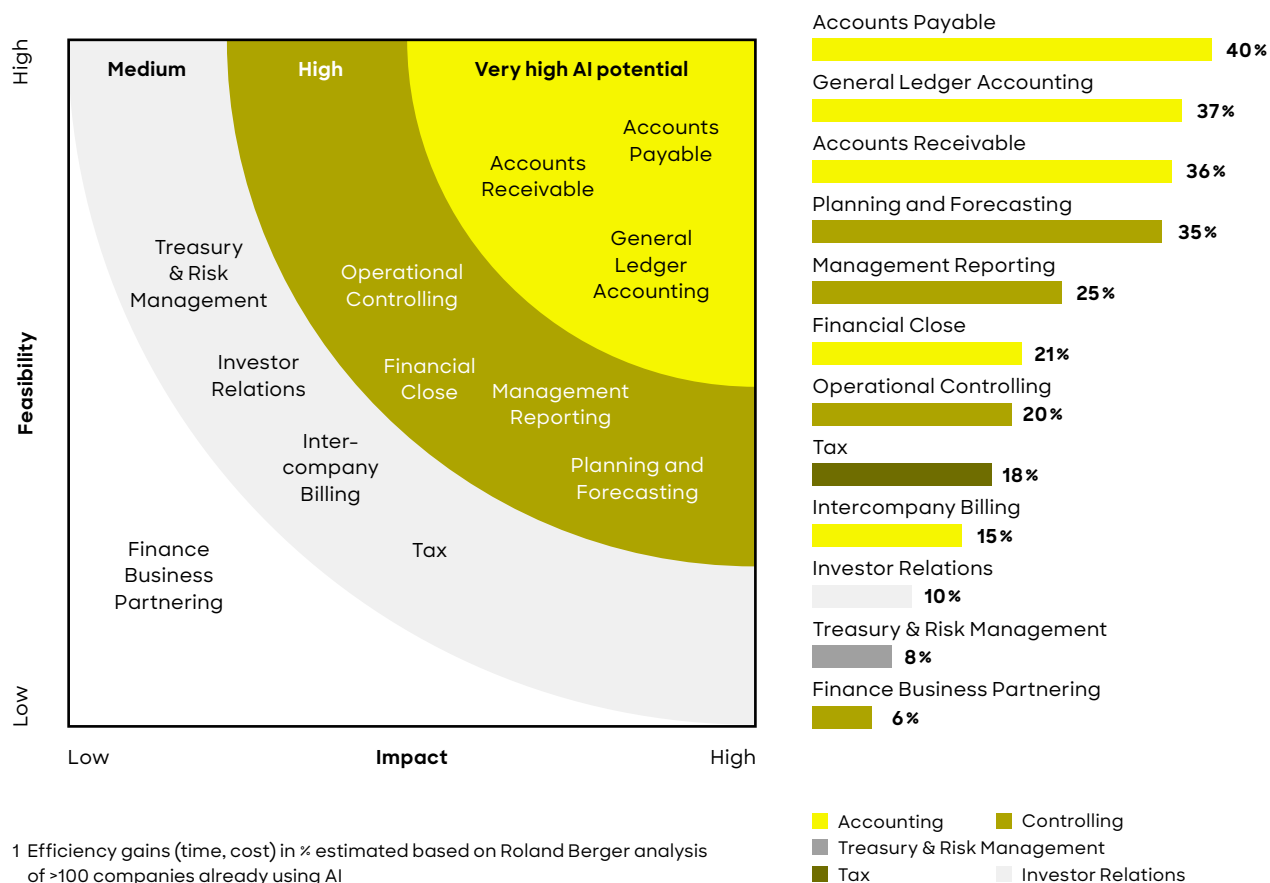
Impact

- How often is the process triggered?
- How many FTE are occupied with it?
- How much value does it create?

Using these criteria, we derived 12 promising use cases spanning all finance processes. An efficiency potential was calculated for each based on their potential for time and cost gains. Processes in accounting and controlling had the best efficiency potentials, with gains of more than 35% in several accounting processes. Savings in tax, treasury & risk management, and investor relations were smaller but still significant. Overall, AI solutions promise to make the finance function 15–20% more efficient.

Over the following two pages, we look at the impact of AI on each use case and the extent to which solutions are already in use for specific tasks.

Top use cases: Accounting processes, such as accounts receivable and accounts payable, have the potential for up to 40% AI efficiency gains¹



Use cases 2: Impact of AI

Existing AI solutions have the biggest impact in accounting support, financial analysis and anomaly detection

Positive effects: AI's impact on analysis quality and error rate is highest in accounts payable and accounts receivable use cases

			% of companies already using AI	Potential efficiency gain	Impact on analysis quality	Impact on error rate
			0%100%	0%100%	LowHigh	LowHigh
1. Accounting	General Ledger Accounting	- Recording transactions, accruals, adjustments and reclassifications - Automated reconciliation and account mapping				
	Accounts Payable	- Invoice processing, approval & payment, expense reporting, reconciliation - AI automation of invoice coding, GL mapping, duplication and fraud check				
	Accounts Receivables	- Invoicing, credit control, receipts and collection, aging analysis, reconciliation - Automated payment collection, credit scoring and aging analysis				
	Financial Close	- Regular close-through review, reconciliation and creation of financial statements - Real-time closing process, automated reconciliation process				
	Intercompany Billing	- Transactions, billing and invoicing - Automated intercompany billing and highlighting of high-risk transactions				
2. Controlling	Operational Controlling	- Cost and performance accounting, investment and project controlling - Real-time flagging & approval of expenses, automatic variance analysis				
	Management Reporting	- Creation of periodic internal reports - Automated management report creation incl. commentary, market, customer & competition analysis				
	Planning and Forecasting	- Planning, budgeting and forecasting financial performance - AI-supported predictive analysis using internal and external data				
	Finance Business Partnering	- Collaboration with other departments to support strategic decision making - Abstraction tools to summarize legal documents (i.e. lease terms)				
3. Treasury & Risk Management		- CF mgmt. and forecasting, risk identification & mitigation, cap. market engagement - Automated forecasting based on historic and real-time data				
4. Tax		- Tax planning & optimization, tax compliance, tax benefit identification - NLP identifying potential compliance risks				
5. Investor Relations		- Communication, reporting and relationship management with stakeholders - Sentiment analysis, drafting (personalized) communication, improved accessibility				

Values are shown on a scale from 0%/low (no estimated effect of AI/automation) to 100%/high (high estimated effect of AI/automation).

1 Estimates based on Roland Berger analysis of >100 companies already using AI. 2 Efficiency gains (time, cost) in % through AI; estimates based on benchmarking data from 2019-2023.

Please note: The values vary depending on industry and company specifics, including degree of current digitalization.

Use cases 3: Extent of current AI use

AI use cases are already widespread in finance, with a particular focus on repetitive, time-consuming tasks

Wide-ranging applications: Automation, GenAI and natural language processing solutions are being implemented across multiple use cases

1. Accounting						2. Controlling			3. Treasury & Risk Management	4. Tax	5. Investor Relations
General Ledger Accounting	Accounts Payable	Accounts Receivable	Financial Close	Intercompany Billing	Operational Controlling	Management Reporting	Planning and Forecasting	Finance Business Partnering			
Reconciliation	Invoice coding	Automatic payment collection & reminders	AI-based real-time data integration	Automated intercompany billing and invoicing	Real-time KPI calculation	Automatic report generation	Predictive analysis of CF, BS and P/L statements	Abstraction tool for critical contract clauses	Cash flow prediction	Tax-risk detection using social networks	Discerning stakeholder sentiment
  	  	  	  	  	  	  	  	  	  	  	  
Account mapping	Automated general ledger (GL) mapping	Aging analysis	Anomaly detection	Flagging high-risk transactions	Automatic variance analysis	Commentary about drivers of performance	Creation of annual budget/plan		Compliance risk and fraud detection	Verifying real-time tax treatment of global transactions	Drafting (personalized) communication
  	  	  	  	  	  	  	  		  	  	  
	Real-time approval, validation, verification and fraud check	Credit scoring	Financial statement generation			Market, customer & competitor analysis			Investment portfolio analysis	Automated VAT reclaims	24/7 accessibility and responsiveness
	  	  	  			  			  	  	  
			Draft report generation								Identifying shareholder activities
			  								  

 Automation  Gen AI  NLP AI

Evaluation of the extent to which automation, Gen AI and natural language processing (NLP) AI are used in each of the use cases

Source: Roland Berger

Managing AI transformation: A framework for success

Our approach ensures a clear digital strategy, strong collaborations and equipment and employee readiness

After identifying finance use cases, how can companies manage the transition to AI? Based on our considerable project experience and use case knowledge, Roland Berger has developed a comprehensive framework for managing AI-driven transformations in finance. It incorporates five key building blocks (see graphic), each supported by key enablers:

Digital strategy & objectives

- Strong business case for AI in finance with clear objectives to get leadership buy-in
- Transformation roadmap based on AI-driven use cases or dedicated AI factory
- Selecting pilots based on proven impact and ease of implementation criteria.

Transformation journey

- AI transformation value story for initiating mindset change
- Transformation program setup, including real-time feedback via KPI-driven dashboards
- Cross-functional team and working methods reflecting new ways of working.

Cross-collaboration

- Cross-functional transformation team with mixed capabilities fully aligned on objectives
- Close collaboration between finance, IT, legal, business and ecosystem partners, with clear accountabilities for process and product ownership.

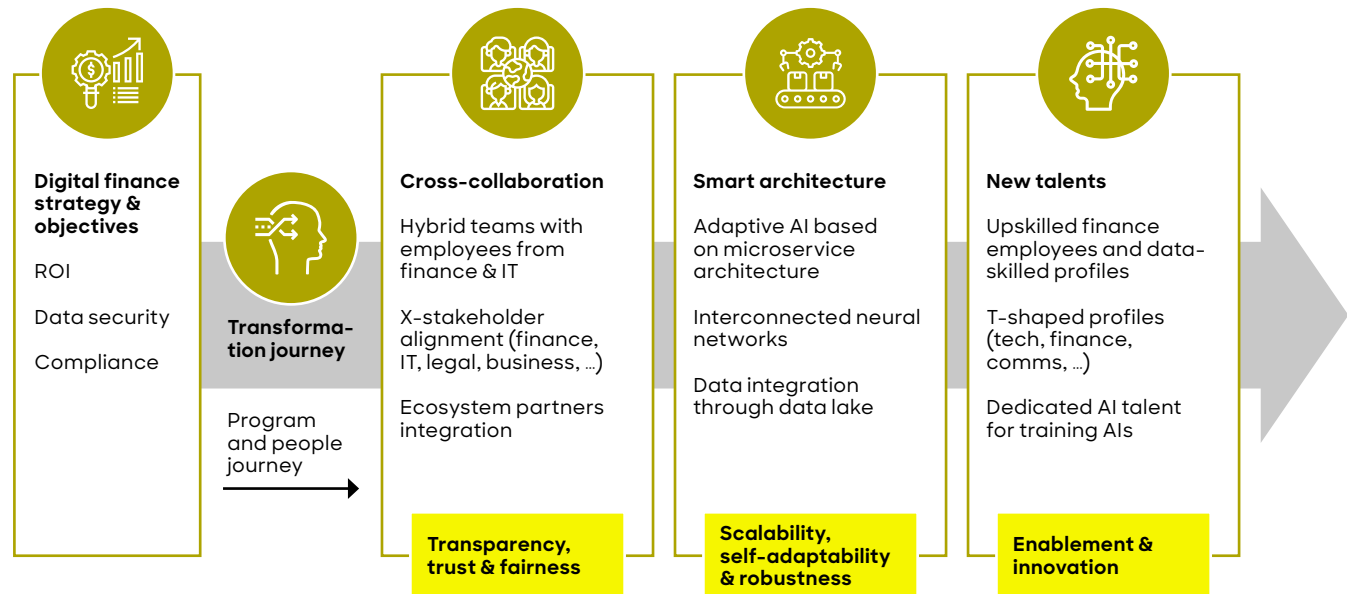
Smart architecture

- Evaluation of existing finance IT architecture to ensure scalability of microservice AI solutions
- Make-or-buy decision based on internal capabilities and external benchmarks
- Specific data governance model in line with AI governance practice.

New talents

- Sound business case for talent investment and training of finance employees on basic tech knowledge and possibilities of AI
- Management of skill shift including updated finance talent strategy and roadmap.

Building blocks of success: Our framework, supported by key enablers, ensures companies can unleash the full potential and value of AI



How to implement AI in finance: A step-by-step guide

Plan key steps in advance and focus on defining targets, involving the workforce and governance structures

The implementation of AI solutions in finance is not straightforward – CFOs must be fully involved. Key steps need to be addressed and planned in advance (see graphic). The following areas are particularly important:

Define targets and desired outcomes

Align AI with broader digital transformation goals, focusing on benefits for efficiency, effectiveness, expansion and disruption. Enhance and rapidly implement existing bots and applications. After implementation, evaluate their effect on complex objectives like expansion and disruption. Make the impact transparent on better decision making and market exploration. ► **Define your objectives**

Involve frontline employees

View AI as a potential disruptor for employees, promoting AI tools as opportunities for more meaningful work – not job replacements. Mitigate employee resistance by offering training and incentives, and actively involve key employees in designing and implementing new solutions. ► **Start the cultural shift**

Create the right governance structure

Combine internal data with external sources to aid strategies, risk mitigation and predictive analytics. Present data via dynamic dashboards and visualizations. Restrict sensitive information to maintain data integrity and implement comprehensive AI governance to prevent bias. Ensure responsible AI deployment and management in all areas. ► **Prepare for data readiness**

Prepare employees

Prepare for a cultural shift in finance that moves away from strict adherence to processes and risk aversion, embracing innovation and accuracy in dynamic, data-driven environments. Ensure a skilled workforce by providing structured training and continuous improvement programs. ► **Train your employees**

CFO checklist: Preparation, education and monitoring are key to the successful implementation of AI in finance processes

Understand the potential of AI in finance Explore existing use cases and evaluate the impact on your organization 	Define your objectives Identify how AI can bring value to your organization and align the objectives with the overall strategy 	Assess your organizational readiness Evaluate the current state of data & systems, people and processes 	Start the cultural shift Be prepared to explain AI to employees, address their concerns and provide training 	Prepare for data readiness Ensure the reliability and accuracy of data 
Identify AI solutions Identify solutions based on your objectives, budget and organizational readiness 	Implement pilots Develop models and algorithms on a small scale, validate and refine to the appropriate confidence level 	Train your employees Prepare your employees and get them used to the look and feel of AI solutions 	Roll out and deploy Integrate solutions in existing systems in a structured approach for user adoption and mitigate resistance 	Monitor and continuously improve Adjust continuously to changing requirements and environments 

Key success factors: What the AI leaders do

Our list of key takeaways includes: start with a pilot, weigh up urgency vs. risk and prioritize good data

Roland Berger has helped many industry leaders to adopt AI across their finance function. Our experience tells us that those who enjoy the most success with the technology have several factors in common. Below we outline these key success factors:

- Embark on a **digitalization in finance push**, based on an overarching digital finance strategy. Support this with massive investments in Fintech (~45 % of finance project budget)
- Start with a **small pilot** (in a single country, process, function), evaluate its success and then scale it
- Ensure **in-house technical expertise** (such as AI experts, data analysts) and build your own AI solutions for specific use cases
- Trigger **AI initiatives from the finance function**, get leadership buy-in with a solid business case and involve other stakeholders such as IT, Legal and Compliance
- Balance the **urgency of implementing AI** with being cautious of potential risks
- **Educate/upskill finance employees** to understand the benefits and use of tech and AI in finance, and provide managers with specific change management measures
- Value the **importance of good data/input quality** as the basis of successful AI solutions.

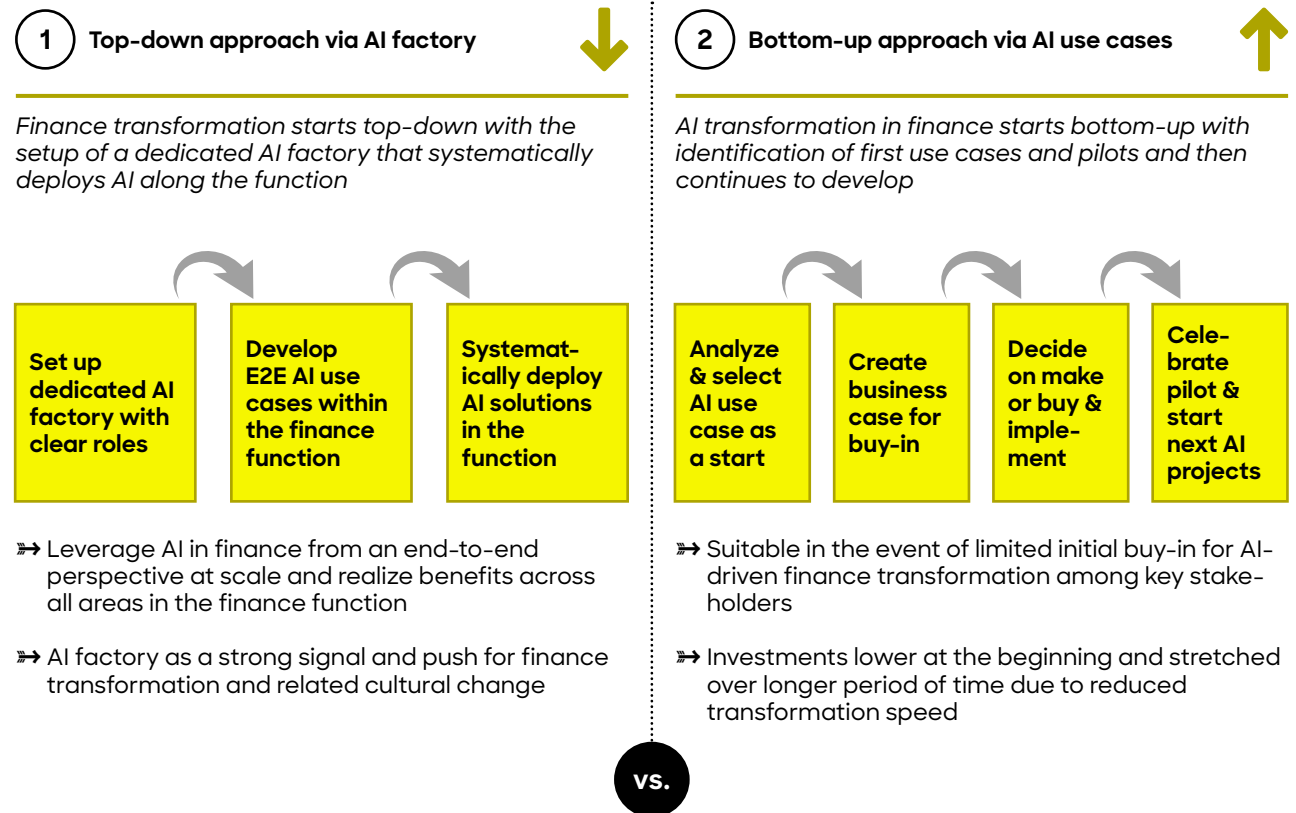
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Top to bottom success: AI in finance leaders use one of two approaches – top-down with the implementation of a dedicated AI factory or bottom-up via AI use cases



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About us

ROLAND BERGER is one of the world's leading strategy consultancies with a wide-ranging service portfolio for all relevant industries and business functions. Founded in 1967, Roland Berger is headquartered in Munich. Renowned for its expertise in transformation, innovation across all industries and performance improvement, the consultancy has set itself the goal of embedding sustainability in all its projects. Roland Berger revenues stood at more than 1 billion euros in 2023.

We welcome your questions, comments and suggestions

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