
Finance. Elevated

The time is now



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INTRODUCTION

The future of Finance

Chief Financial Officers and their Finance functions simultaneously face unprecedented operational challenges and a generational strategic opportunity.

On the one hand, there is the continuous juggling of business-as-usual demands while meeting a rising tide of regulatory expectations and bearing down on operational costs. On the other hand, there is an increasingly pivotal role for Finance in co-piloting the performance of the wider enterprise, in a world of constant disruption.

In many senses, the CFO is fast becoming the Chief Value Officer – protecting and maximizing the value created by the business and its products today, while also challenging and informing strategy for the creation of incremental – and sustainable – value in the future.

All this is driving the transformation imperative for Finance functions in banks, leveraging the latest technology and reshaped operating models. Our work with some of the world's leading banks on their Finance transformations has given us the inside track on how organizations are rising to the challenge, and what it takes to be successful.



Demands from within the bank

Let's take a look at some of the growing pressures and shifting demands on the CFO and the Finance function:



Operational pressure to provide accurate and timely reporting and forecasting, within a robust control environment, while driving out cost and tackling operational debt.



A plethora of data sources – financial and nonfinancial, structured and unstructured – demanding careful governance while maximizing insight.



Near real-time optimization within a set of scarce financial resources, managing across capital, liquidity, funding and balance sheet, in business-as-usual (BAU) and under stress conditions.



Business evolution including growth, diversification, and acquisition/divestment – creating competition for resources, integration challenges, operational disruption and a shifting risk profile.



A rising regulatory bar in the cadence, granularity and provenance of reporting and stress testing, driving significant investment and continual operational and technology change.

Meanwhile these demands are coupled with a shifting landscape of irresistible, external megatrends.



Disruptions from outside the bank include:

- Fractured **geo-politics** and economic flux.
- **Climate change** impacts and sustainability expectations.
- Demographic shifts and customer behavioral change.
- **Talent expectations** and availability.
- Accelerated **technology innovation**, including the shift to cloud computing and Generative AI.

These pressures combine in a constantly shifting mix of disruption and opportunity, and the CFO is central to setting both the tone and direction of the response.

SECTION 1

Growing expectations versus operational realities

So, the Finance function is expected to handle all of the above, while delivering greater business value. But this can't be achieved without investment in creating the right Finance operating model, skills and behaviors. Our research shows:

- Organizations expect all functional capabilities and budgets to be aligned to growth strategies – yet in reality only 24% of banks explicitly link their growth strategies with KPIs.
- Organizations expect Finance function leaders to provide timely, relevant and actionable forecasts that can drive business performance – yet in reality 54% of CEOs are dissatisfied with the financial forecasts they receive.
- Organizations expect Finance function briefings to evaluate both organic and acquisitive growth opportunities with accurate forecasts and synergy estimates – yet in reality 55% of CEOs are dissatisfied with the management information they receive.
- Organizations expect optimal Finance function structures, technologies and delivery models that can help support strategic objectives – yet in reality 60% of organizations still rely on manual spreadsheets for reporting and insight. Some 65% of organizations do not link metrics and budgets to their strategic goals and 70% of staff incentives are not linked to strategy.

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The modern Finance function needs to go beyond accounting and reporting to generate value by providing strategic insights. Only then it can become a strong and impactful advisor.”

Utz Helmuth,
Managing Director Strategy& Switzerland

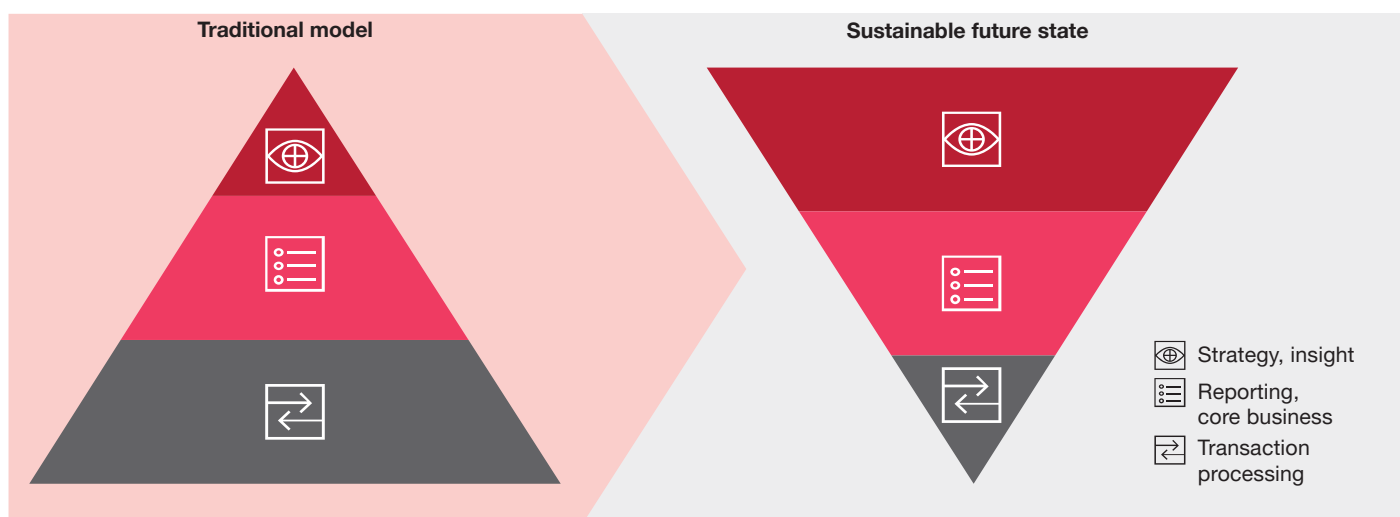


SECTION 2

A multi-dimensional response

A complex and shifting context demands an agile and multi-stranded response. The action points below will be key to your overall strategy in meeting the challenges and seizing the opportunities.

EXHIBIT 1 Inverting the pyramid



Source: Strategy& analysis

Pivot to shared capabilities ...

Create centers of excellence and efficiencies of scale through the pooling of shared capabilities. These can be specialized functions with key business interactions but delivered in an increasingly standardized way and with the optimal resource and location mix. In doing so, banks end the duplication of Finance structures at group level and in business unit-aligned Finance teams.

Pivot to global process ownership ...

Define end to end, enterprise-wide processes and Finance's role within them. Limit national/regional deviations from the core to the extent banking regulators allow. A model of Global Process Ownership creates clearer accountabilities, simplifies hand-offs, reduces IT spend, and enhances the control environment. Such clarity aids operational resilience and drives a culture of process excellence, while also facilitating agility in deploying change. Seek to standardize, simplify, eliminate and automate.

Pivot to touchless ...

Minimize manual activity by harnessing automation and maximizing your investment in core platforms. Focus on materiality, enforce policy-based validations, create predictive controls and manage by exception to minimize the need for human intervention. In addition, you will benefit from a reduction in operational risk and cost, and gain in scalability. Sweat your technology for routine processing and report generation.

Pivot to insight-led partnering ...

Empower and equip your business partners to be performance co-pilots, moving away from manual reporting and operational de-briefs, to trust-based, insight-led dialogue. Enable the business to self-serve, giving trusted data assets and intuitive analytics and visualization tools. Terminate non-value adding reports, even if they have been produced for a long time. Become more anticipatory and more commercial, with an emphasis on forward-looking and peripheral vision, rather than explaining past performance.

Pivot to talent ...

Engage your people on the journey. Create purposeful work and eradicate the mundane. Think about the skills the Finance function will need and how best to source these – build, buy, borrow – without being shackled to traditional role definitions. Create a culture of innovation and citizen-led change, through incentivizing curiosity, celebrating continual marginal gains, and sharing and showcasing learnings.

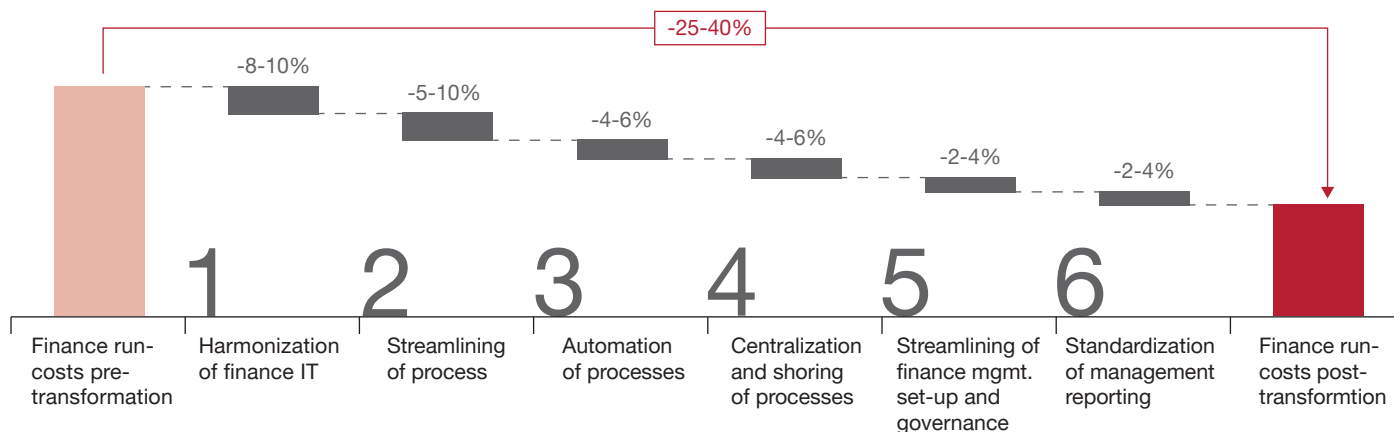
Pivot to GenAI ...

Embrace the possibilities of GenAI, experimenting safely and at pace to identify use cases. The technology is evolving fast, but is already adept at summarizing content, identifying causal patterns, responding to stimuli and generating management packs. Use GenAI to assimilate unstructured data, transform and translate, suggest interventions and prepare insights and commentary. The potential of GenAI to shake up banks is huge: 28% of banking CEOs participating in our annual survey project more than 5% of FTE reduction due to GenAI within the next 12 months while 41% of banking CEOs project an FTE increase of 5% or more within the next 12 months.¹

1. PwC's 27th Annual Global CEO Survey: <https://www.pwc.com/gx/en/ceo-survey/2024/download/27th-ceo-survey.pdf>

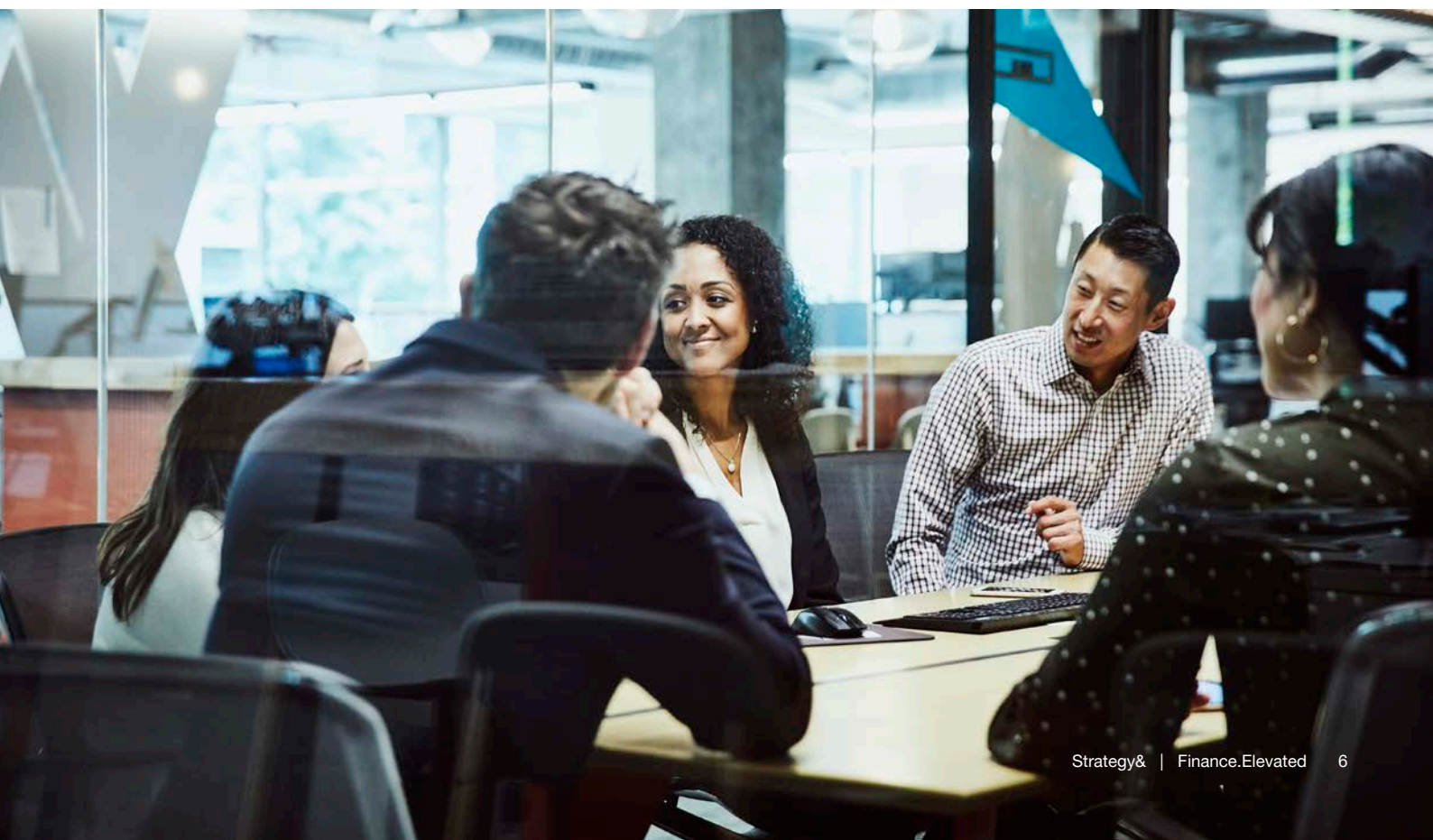
EXHIBIT 2

From accounting and reporting to insight and strategy



Source: Strategy& analysis

Benefits of an elevated Finance function	How to measure it
Meaningful insights for business	Reliable measurement of product performance
Better use of regulatory capital	Changes in RoE
Lower cost of Finance	Reduced relative/absolute Finance budget
Automated standard processes	Percentage of straight-through-processing/automated reports
Faster decision-making	Number of meetings, throughput times for core processes
Improved compliance	Number of incidents
Reliable Finance data	Number of corrections; supervisory incidents
Increased accountability	Faster processes, shorter meetings, better cost-income-ratio (CIR)



SECTION 3

Achieving success

Striving to modernize the Finance function is hardly new. Driving change across a multi-region, multi-platform, mission critical function is no mean feat. How can it be different this time, and how can we elevate and optimize in parallel? Below are some critical factors for success:

Get the phasing right

With limited investment capital, finite change capacity and competing priorities, it is key to lay out your transformation journey and to weigh the priorities. What will you plan to deliver, and in what sequence? Take an integrated view of your roadmap – how will you exploit the product development of your chosen technology platforms, how will your data strategy fit here, what is your approach to harnessing AI, and what are the implications for workforce planning?

In our experience, asking the right questions, thinking up front and taking a phased, evolutionary approach to transformation is the winning combination every time. We've certainly seen some banks fail at this, investing millions but not achieving their desired outcomes.

Take a holistic approach

A partial lens on transformation will yield a partial benefits outcome. To fully capitalize on your transformation effort, it will be key to consider all the elements in *Exhibit 5* on next page, led by your vision and your strategy for the function. From people, locations and delivery models to technology, processes and data – every component is a keystone.

Don't transform in a vacuum

Given the aspiration for Finance to co-pilot the business, it makes no sense to transform in a Finance vacuum. Engage the rest of the business early, co-create the vision and jointly shape the journey. Agree what an elevated Finance function can look like – informed by the enterprise-wide strategy – and focus on what it will mean for the wider business.

Be outcome-led, based on what you want and need to achieve

Start with the end in mind. Openly define the desired outcomes – business and functional, financial and non-financial. Define tangible goals in terms of what you aim to achieve and when. Be clear on accountabilities for the realization of these outcomes – as well as the programmatic activities and dependencies needed to get there. Quantify the benefits of the change and be relentless in realizing and measuring the return on investment.

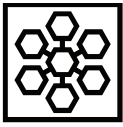
Embrace transformation-as-usual

Transformation is a mindset, not a change event. In the new world, Finance functions must continuously transform, anticipating and meeting challenges and seizing opportunities. The creation of a culture of engagement, innovation and continuous improvement will be key for sustained success. As the bar rises, the Finance function must continue to elevate.

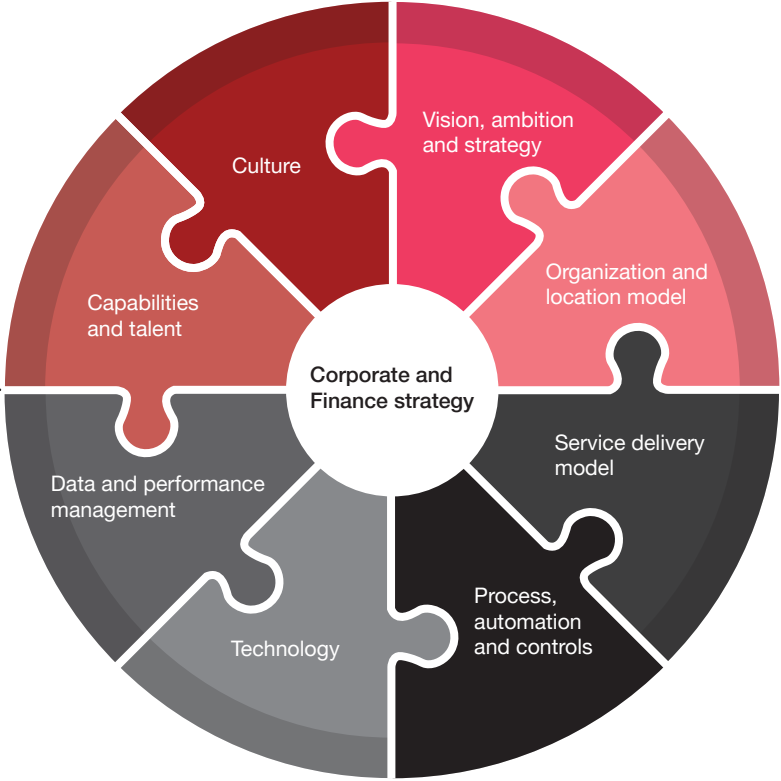
EXHIBIT 3
Dimensions of a Finance TOM



People and Culture



Strategy, organization and structure



Data and technology



Service model and processes



Source: Strategy& analysis

CONCLUSION

The time is now

As many banks embark on a performance elevation of their Finance function, they are poised to rebuild the value proposition of the function as a strategic advisor to the business. Doing so can drive additional value from reshaping the organization and mindset of their Finance function, and help tackle the multiple challenges that banks and their CFOs face today and in the future.





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Strategy& is a global strategy consulting business uniquely positioned to help deliver your best future: one that is built on differentiation from the inside out and tailored exactly to you. As part of PwC, every day we're building the winning systems that are at the heart of growth. We combine our powerful foresight with this tangible know-how, technology, and scale to help you create a better, more transformative strategy from day one.

As the only at-scale strategy business that's part of a global professional services network, we embed our strategy capabilities with frontline teams across PwC to show you where you need to go, the choices you'll need to make to get there, and how to get it right.

The result is an authentic strategy process powerful enough to capture possibility, while pragmatic enough to ensure effective delivery. It's the strategy that gets an organization through the changes of today and drives results that redefine tomorrow. It's the strategy that turns vision into reality. It's strategy, made real.

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