

# Chasing dreams: Generative AI and the Future of Finance

In the ever-evolving landscape of Finance, technological advancements have consistently reshaped the way organisations manage their operations and resources. Cloud-based Enterprise Resource Planning (ERP) systems have revolutionized end-to-end Finance processes, automating manual interventions and redirecting focus towards value creation; but is there now a new frontier of technology that will deliver the dream of a truly insights focused Finance function? We think that Generative Artificial Intelligence (AI) is going to fundamentally reshape Finance and early adopters are finding creative ways to integrate this fast evolving technology to delivery true transformational change.

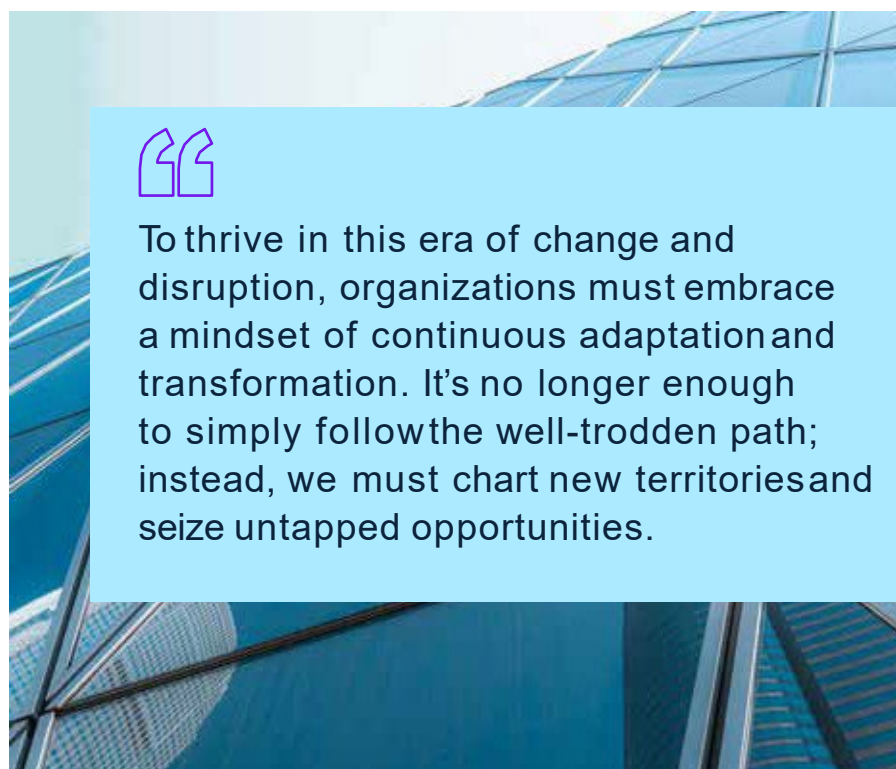


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## The current landscape

Historically, the strategy following the implementation of cloud-based ERPs was to utilize the newfound capabilities for true business partnering and value creation. However, data challenges and the time-consuming nature of data aggregation and interpretation have hindered the full realization of this strategy for many. The efforts invested in business partnering have often been overshadowed by the burden of data-related tasks. Generative AI offers a solution by automating data aggregation and reporting, freeing up Finance professionals to focus on strategic business decisions.

What sets Generative AI apart from previous automation technologies is its consumer-driven momentum. Unlike technologies like Robotic Process Automation (RPA), Generative AI's barrier to entry is lower, driving a surge of innovation and adoption. Its appeal extends beyond organizations, reaching into every day life from writing this thought paper, an email or that assignment that is due the next day.



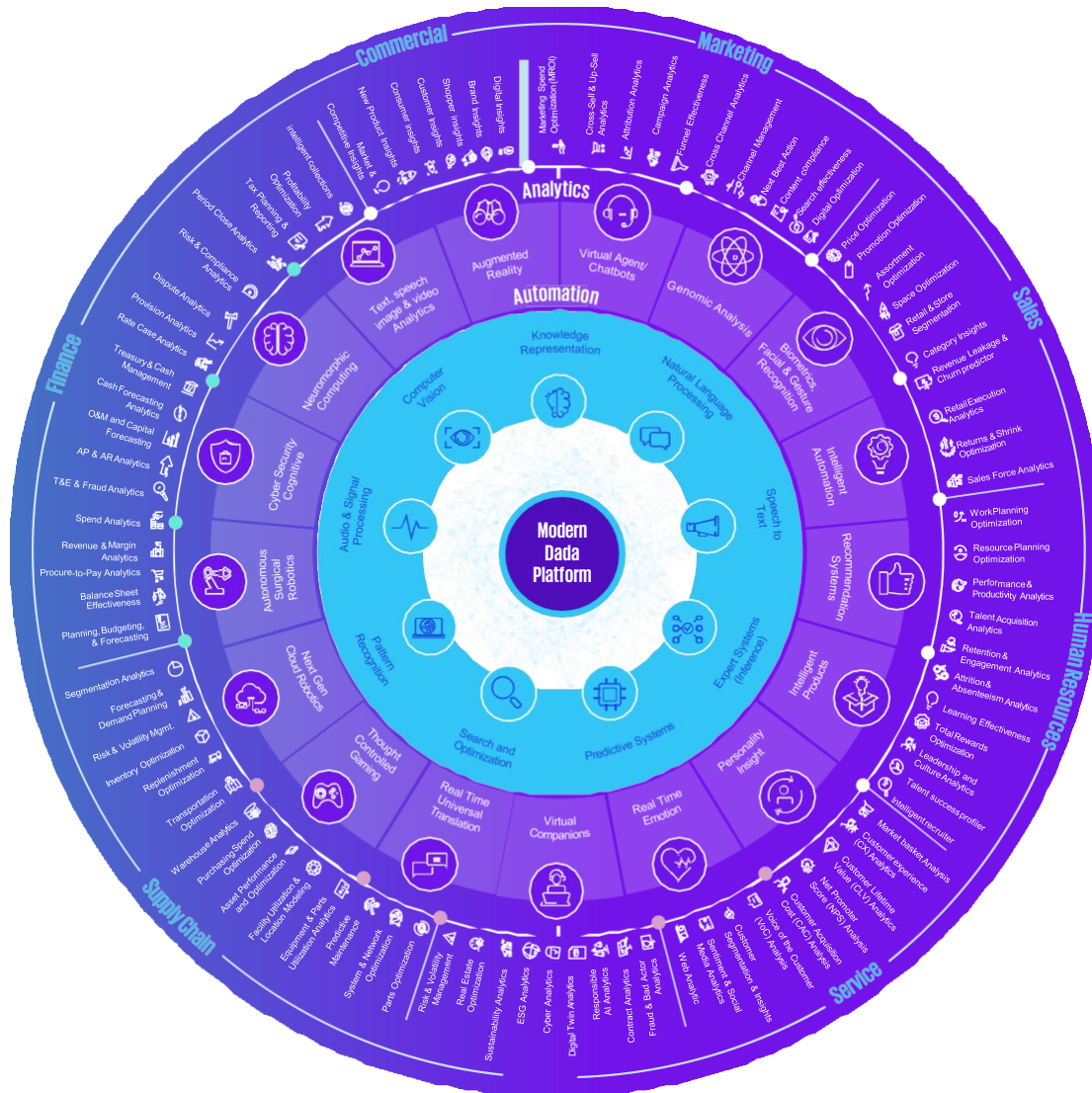
To thrive in this era of change and disruption, organizations must embrace a mindset of continuous adaptation and transformation. It's no longer enough to simply follow the well-trodden path; instead, we must chart new territories and seize untapped opportunities.

## Expanding horizons

AI has the potential to deeply embed itself within the banking industry, transforming its functions, processes, and products. In the realm of customer service, AI-powered chatbots and virtual assistants can offer 24/7 support, addressing inquiries and transaction requests with speed and precision. AI can revolutionize risk assessment by analysing vast data sets to detect fraudulent activities and assess creditworthiness more accurately.

Additionally, in wealth management, AI algorithms can provide personalized investment advice, optimizing portfolio management and enhancing customer satisfaction. AI also plays a pivotal role in regulatory compliance by automating routine checks and ensuring adherence to complex financial regulations. As a result, AI's integration holds the potential to boost efficiency, security, and customer experiences to new heights, showcasing its adaptability to be seamlessly embedded into every function, business process, and product within the institution.

## Embedding AI into every function, business process and product



### Democratising data

AI has the potential to revolutionise the removal of data barriers by streamlining and democratizing access to information. Through advanced data analytics and machine learning algorithms, AI can efficiently process and interpret vast datasets, making it easier to extract valuable insights.

AI-driven data integration and cleansing tools can automate the process of collecting, cleaning, and harmonising data from various sources, reducing the time and effort required to prepare data for analysis. Additionally, AI can enable natural language processing and voice recognition systems that make data querying and exploration more intuitive, reducing the technical expertise needed to access and interact with data.

Moreover, AI can enhance data security and privacy measures, ensuring that sensitive information remains protected while still enabling broader access for authorised users. In this way, AI acts as a catalyst for breaking down data barriers, fostering a more inclusive and data-driven environment across various industries.

## Transforming the Finance function with limitless opportunities

Some examples KPMG firms are seeing organisations explore include:



### Creating efficiency and improving data quality:

AI can automate processes and use a combination of decision making rules quicker than a human can, thereby allowing numerous inputs in a decision process to derive an outcome with a feedback loop to aid learning in future decisions. This can lead to more efficient financial control and the requirements for more granular level data and non financial information to be used in decision making or reporting to external stakeholders.



### Reducing errors and processing time:

AI can be used to automate repetitious and manual processing tasks, reducing errors and processing time. This can lower operational, regulatory, reporting, and even reputational risks for the organisation.



### Enhancing decision making capabilities:

AI can enable automated informed decision making capabilities, providing more informed and timely decision making possibilities and meeting expectations of regulatory requirements.



### Supporting fraud detection:

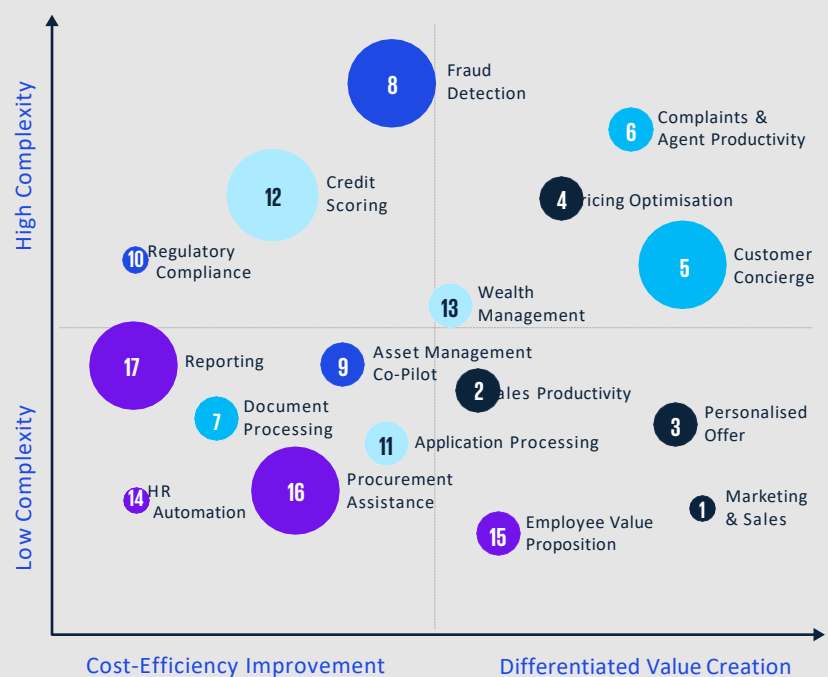
AI can be used to analyse transaction data to uncover fraud trends, detect fraud, and automate preventative measures to mitigate customer losses.



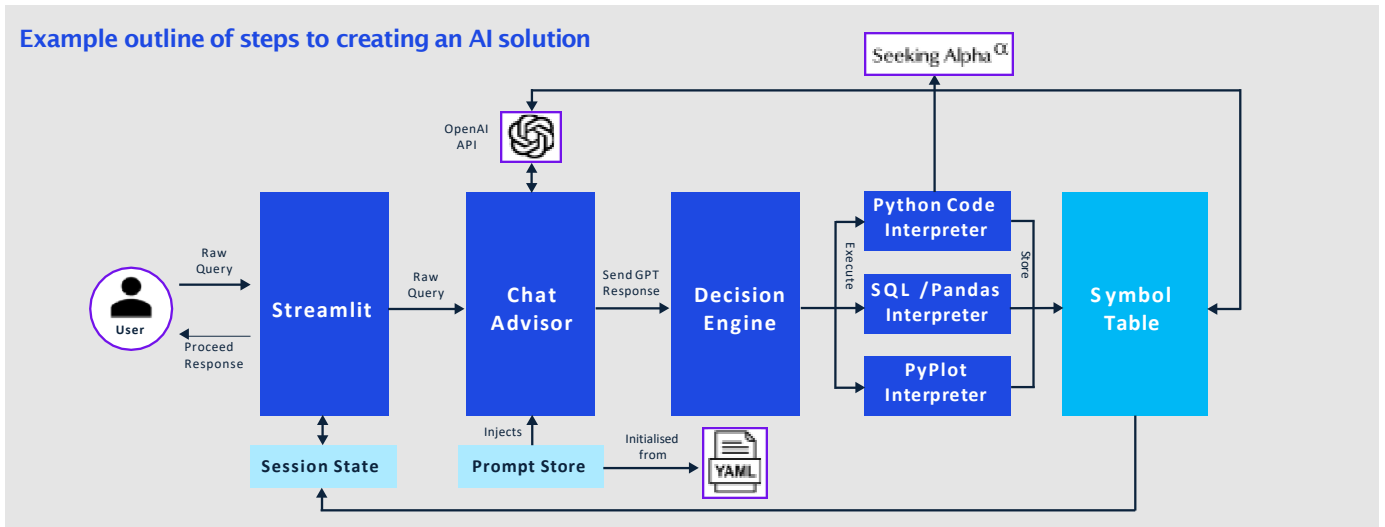
### Enabling scenario planning:

With the right data and technology, finance can start to run powerful scenario analyses that can inform key business decisions.

## Potential value opportunity



## Example outline of steps to creating an AI solution



## Overcoming functional limitations

However, Generative AI is not without its challenges. Accurate financial calculations remain a hurdle, and the technology falls short of meeting fiscal reporting requirements consistently. Creative approaches, such as using Generative AI to generate Python or R code for data analysis, are being explored to bridge this gap. Additionally, in regulated industries, ensuring traceability, verification, and data governance for AI-generated insights is paramount.

## A glimpse of the future

KPMG's collaboration with a global bank illustrates the potential impact of Generative AI. The 5 day sprint development of an Annual Report engine that consumed five years of publicly available data showcased how Generative AI could automate data aggregation, analysis, and narrative reporting. The speed and accuracy of insights generated were unparalleled, demonstrating the power of this technology enabling executives to query YoY differences live.

## Predicting the unprecedented

As Generative AI gains traction, it is poised to reshape Finance functions dramatically. The synergistic combination of cloud ERPs and Generative AI could potentially lead to a reduction in the size of Finance functions by up to 50%. The ability to automate complex tasks, generate reports, and provide real-time insights will redefine the role of Finance professionals and enable them to contribute more strategically to their organizations.

In the pursuit of the dream that Generative AI represents, Finance functions stand on the brink of transformation. With its low barrier to entry, consumer-driven interest, and limitless potential, Generative AI is set to disrupt traditional paradigms and usher in a new era of Finance that empowers professionals to soar to new heights of innovation and value creation. Only time will tell how far this transformative technology will take us, but one thing is certain: the future of Finance is brighter than ever before.

## Next steps in the pursuit of the dream

In the relentless pursuit of innovation and growth, one thing is abundantly clear: business as usual is not an option. In today's dynamic and ever evolving landscape, clinging to outdated practices and comfort zones is a recipe for stagnation. To thrive in this era of change and disruption, organisations must embrace a mindset of continuous adaptation and transformation. It's no longer enough to simply follow the well trodden path; instead, we must chart new territories and seize untapped opportunities. The next steps in the pursuit of the dream demands a departure from the ordinary and a bold commitment to a future of endless possibilities.