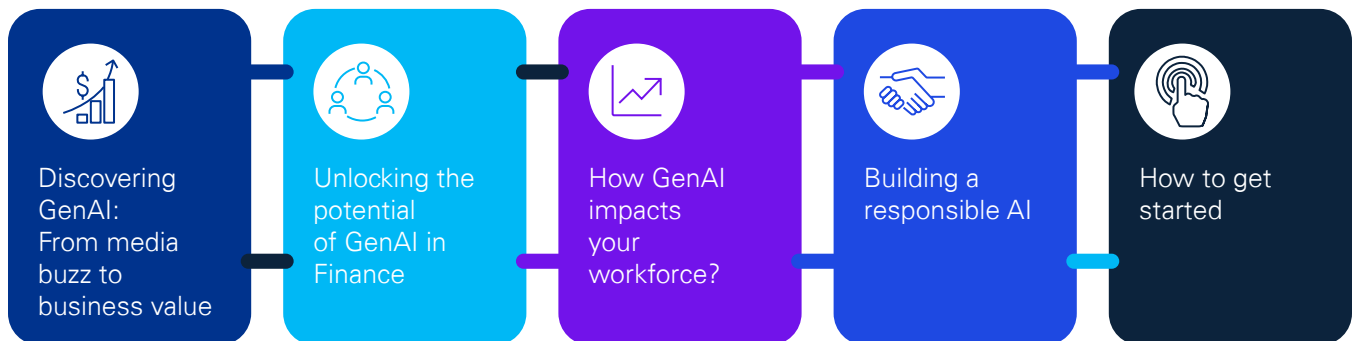# GenAI for finance leaders

July 20, 2023

Leading finance organizations are sharpening their focus on the emerging generative AI (GenAI) technology to achieve new levels of automation and optimization. While the promise of GenAI is real, thoughtful planning, digital literacy, and careful risk mitigation will be imperative to accelerate its adoption and deliver value.

This webcast discussed how leading organizations are exploring the use of GenAI in Finance and highlighted critical considerations for leaders to implement AI responsibly.

Panelists addressed the following topics:

| Discovering GenAI: From media buzz to business value | Unlocking the potential of GenAI in Finance | How GenAI impacts your workforce? | Building a responsible AI | How to get started |

Discovering GenAI: From media buzz to business value

From robotic process automation (RPA) and machine learning (ML) to autonomous robots, AI has been a game changer in reshaping the future of work. Now the emergence of GenAI is further opening up entirely new avenues for growth and innovation in businesses.

GenAI is a AI language model that specializes in creating novel content. It can learn from a large volume of data and use it to generate new artifacts at scale. While the actual use cases for GenAI may be endless, it is centered around delivering five core tasks:

- **Creating new content:** images, video, music, speech, and text
- **Explaining content:** e.g., summarizing huge documents or classifying items
- **Editing:** proofreading and finding errors in content
- **Comparing:** identifying patterns or anomalies in data
- **Coaching:** providing recommendations or suggestions on different business scenarios.

The ease of access and numerous commercial applications is making GenAI increasingly prevalent across all industries. However, amid the hype, leaders are scrambling to understand where the new technology fits within their organizations and how can it help accelerate their speed to value.

The KPMG 2023 Generative AI Survey revealed 66 percent of executives predict GenAI to have a high impact on their firm in the next 3-5 years while 60 percent are prepared to adopt it within 6-12 months. Companies are increasingly investing in building GenAI capabilities to unlock efficiency like never before. Venture capitalists are equally taking part in this new frontier. Gartner predicted that 30 percent of IT budgets would be spent in this space by 2026 .

What makes GenAI different from the prior types of AI?

- **Large language models** trained on over 100 trillion parameters
- **Pre-trained models** built on large volumes of data that can provide results extremely quickly
- **Training data augmentation** allows increase in sample size, data quality, and improves model performance
- **Natural language functionality** is built in by default, enabling seamless interaction with the models.

What truly makes GenAI stand out from other breakthrough technologies is that users don't need any technical knowledge to interact with it or derive value from it. GenAI has democratized AI in a manner not previously seen. It's more than just a dialogue-based chatbot—it can be used to automate and accelerate how work gets done.

Unlocking the potential of GenAI in finance

C-suite leaders, including finance, are trying to tap into the promise of GenAI and achieve new levels of optimization. For several years now, AI has helped businesses streamline processes, automate workflows, and improve the bottom line. A few key opportunities where AI has been instrumental in finance include:

- **Intelligent monitoring:** Applying ML techniques to detect anomalies, primarily in transact to report processes
- **Intelligent document processing:** Using data intelligence for language modeling, primarily applied in lead to cash, source to pay, and risk and compliance processes
- **Intelligent forecasting:** Applying ML models and other modeling techniques to the financial planning process for more accurate forecasts

Besides these, **generative insights** is an emerging new space where companies are looking to reap value using GenAI. With the technology maturing rapidly, leaders are focusing on integrating and strengthening their AI capabilities to keep pace. Some of the key benefits include automating most transactional work and getting much more accurate forecasts.

GenAI finance use cases to get started

It's critical to begin identifying discrete use cases for GenAI that could have a direct impact on revenue, costs, risk, or other important outcomes. The goal should be tangible quick wins that will naturally build momentum. Among the popular GenAI finance use cases are:

- **Performance commentary**
  - GenAI helps summarize financial reports and make forecasts across multiple business levels and synthesize the information to automatically develop performance commentary.
  - It can also enable executives to identify preliminary insights into gaps, trends, risks, and opportunities for a particular period. Companies can truly augment their reporting and management presentations using a chatbot functionality, rather than digging through volumes of old reports.

- **Contract generation and review**
  - Elevating the contract lifecycle management: Identifying contracts with specific clauses or revenue recognition accounting treatments and reviewing risky or unprofitable contracts based on deviation from standard terms.
  - Ability to generate new contracts automatically with preferred terms and standard language.

- **Optimize quote-to-cash**
  - Analyzing large datasets to identify patterns and trends for accounts receivable aging and delinquency rates.
  - Generating marketing and sales content for new products.

- **Staying up-to-date on financial regulations**
  - Ingesting new pronouncements in the GAAP, IFRS, and tax space quickly and condensing the key takeaways applicable to different business functions.
  - Summarizing the 10K/10Qs across the peer group.

- **Benchmarking and peer analysis**
  - Analyzing quarterly earnings reports and other public documents to extract competitor insights and understand trends instantly, which can guide the strategic direction of the company.
  - Ability to generate drafts of your own investor calls, which is a nice piggyback to the first use case around creating performance commentary.
- **Invoice reconciliation**
  - Supporting automatic reconciliation of invoices with automatic data extraction and entry of detailed line-item information.

How GenAI impacts the workforce?

Given the fast pace at which GenAI is advancing, it poses a burning question, "What does it mean for the workforce?" There's no denying that technology will have a dramatic impact on talent, but it is not a complete replacement for human intelligence.

With a majority of companies starting on their AI journey, becoming data-driven is the foremost priority. The KPMG 2022 Global CEO Outlook revealed 69 percent of CEOs believe they have not created a data-driven organization yet. Though data literacy gaps are still there, it is evolving fast because of GenAI.

The organizational transformation required to become data-driven can't just depend on specialized groups. Companies need to democratize AI capabilities and ensure access to everyone which can ultimately, lead to greater value creation. Few key considerations for finance for elevating their workforce include:

- **Creating digital literacy programs:** Weave data and digital competencies into finance career paths.
- **Sharing example use cases:** To foster quick adoption of tools and techniques along with the ethical responsibilities around AI.
- **Partner with specialized universities:** Offer next-level trainings, videos, and opportunities for your talent to become digitally-enabled.
- **Provide AI and GenAI internal portals:** Have a dedicated, one-stop location for AI resources.

- **Organize skill communities:** Empower certain people to lead efforts for the rest of the workforce, and then ultimately, democratize this upskilling over time.

It's also important to consider new roles and skill sets, such as prompt engineering, within the finance function to capitalize on breakthrough technologies. Digital disruption is changing the nature of work and the workforce, which means executives must sharpen their focus on upskilling their talent pool to stay relevant.

Together with efforts to assure data quality and identify use cases, businesses will need to pay attention to the impact GenAI will have on their workforce and enhance their digital literacy so they can manage these AI capabilities over time.

Building a responsible AI

Despite the ubiquity of AI, it is arguably a nascent technology that is rapidly emerging and evolving. This presents an array of complex business, technical, and reputational risks, which should be considered by any organization deploying AI into their business.

Over the years, there have been several unintended consequences of AI such as bias and discrimination, incorrect performance commentary, IP leakages, outdated forecasts, loss of privacy due to inefficiencies in user access, and accelerated cyber-attacks.

Responsible AI is critical to building trust and scaling technology with confidence. Successful GenAI adoption requires an approach to designing and deploying AI capabilities in a safe, trustworthy, and ethical manner.

Standing up your GenAI capability in finance

Four principles can help finance organizations govern their AI capabilities:

- **Ideate**
  - Create a Gen AI strategy that aligns with the overarching business strategy.
  - Prioritize use cases based on value, speed, and ease as well as understanding of the readiness of your organization.

- **Incubate**
  - Test early use cases—finetune existing transformer models or build new ones—and build proof of concepts with tangible wins.
  - Integrate prompt experience with an overall unified experience strategy and leverage GenAI as a resource augmentation to address current enterprise challenges.

- **Implement**
  - Create a support structure and model training approach.
  - Develop controls that address ethical and bias concerns.

- **In control**
  - Partner with strategic platform vendors to refine your enterprise strategy, align within your platform AI direction, and co-create innovation in this area.

How to get started

Responsible AI is about taking action.
No organization is truly prepared to grapple with the opportunities and risks posed by AI technology, but they can get started on their journey by experimenting and pursuing early use cases, and building data literacy.

- There are seven key principles for introducing GenAI to the enterprise:
- Focus on key specific use case leveraging GenAI solutions
- Identify low risk opportunities to learn and develop insights to refine strategy
- Integrate prompt experience with overall unified experience strategy
- Leverage GenAI as a resource augmentation to address current enterprise challenges
- Create support structure and model training approach
- Develop controls that address ethical and bias concerns
- Partner with strategic platform vendors to refine our enterprise strategy, align with in platform AI direction and co-create innovation in this area.

Closing comments

With GenAI evolving at an unprecedented speed, organizations are still scrambling to understand its business value and potential risks. Besides democratizing AI in an easy-to-use and accessible manner, GenAI has enormous use cases in finance. From performance commentary and contract review to benchmarking and peer analysis—it promises to automate and accelerate how work gets done. In tandem with efforts to build a strong data foundation and AI capabilities, businesses must elevate their workforce to optimize digital literacy and be empowered during organizational change.

Which of the following AI opportunities in finance has your organization achieved?

2,232 responses

- 6.6%
- 8.9%
- 9.7%
- 10.5%
- 64.3%
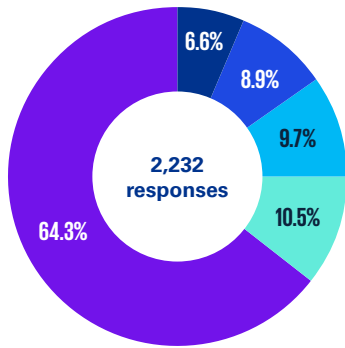
■ Generative Insights (GenAI)
■ Intelligent Document Processing (Natural Language Processing)
■ Intelligent Forecasting (Predictive Analytics)
■ Intelligent Monitoring (Applied Anomaly Detection)
■ None of the above

Note: Percentages may not total 100 percent due to rounding.

Which GenAI use case would be most beneficial to your organization?

2,149 responses

- 21.1%
- 13.5%
- 17.1%
- 10.3%
- 7.6%
- 30.3%
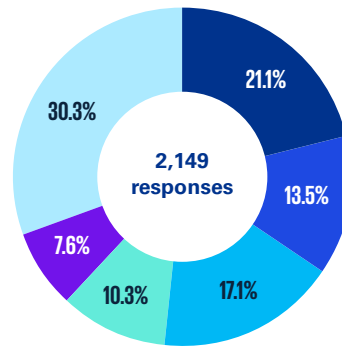
■ Benchmarking/Peer Analysis
■ Contract Generation & Review
■ Invoice Reconciliation
■ Keep track of pronouncements in the GAAP, IFRS, and Tax space
■ Optimize Quote to Cash
■ Performance Commentary/Management Presentations

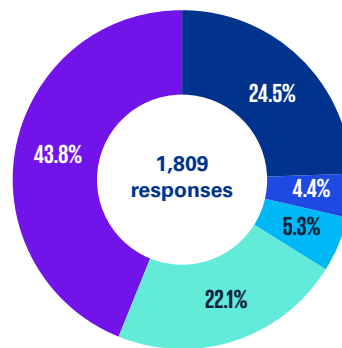Note: Percentages may not total 100 percent due to rounding.

What initiatives to becoming a data-driven organization would be most beneficial for your organization?

2,062 responses

- 6.4%
- 20.4%
- 24.8%
- 16.8%
- 31.6%
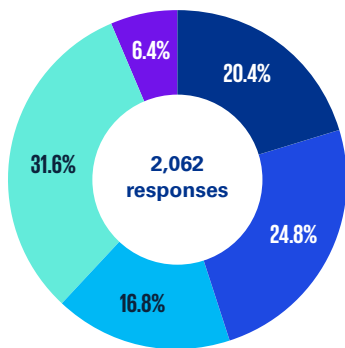
■ Creating AI and GenAI internal portals for one stop location of resources
■ Creating Digital Literacy learning paths
■ Organizing skill communities to lead efforts for the rest of the workforce
■ Sharing example use cases to foster adoption of tools and techniques
■ Standing up specialized universities for next level trainings, videos, and office hours

Note: Percentages may not total 100 percent due to rounding.

Which of the following AI risks is most top of mind for your organization?

1,809 responses

- 24.5%
- 4.4%
- 5.3%
- 22.1%
- 43.8%

■ Data Integrity
■ Explainability
■ Fairness
■ Reliability
■ Security

Note: Percentages may not total 100 percent due to rounding.

Which activity in the GenAI introduction process do you predict your company will need the most assistance with?

20.8%
15.6%
35.1%
9.2%
19.3%

1,848 responses
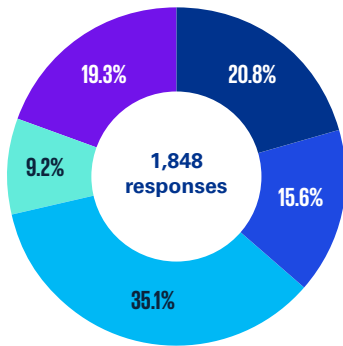
- ■ Creation of a support structure and model training approach
- ■ Development of controls that address ethical and bias concerns
- ■ Identification and piloting of use cases leveraging GenAI solutions
- ■ Integration of prompt experience with overall unified experience strategy
- ■ Partnership with strategic platform vendors to refine enterprise strategy, align AI direction, and co-create together

Note: Percentages may not total 100 percent due to rounding.

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