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Future of Finance 2.0

Research Emerging Themes



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Future of Finance 2.0

AICPA & CIMA's ongoing Future of Finance research programme explores the future state of the finance profession and its wider ecosystem, defining essential competencies, skills, knowledge, and behaviours. Our findings underpin the development of management accounting qualifications, thought leadership, and learning resources.

Building upon our ['Re-inventing finance for a digital world'](#) white paper, published in 2019, it is again time to consider the future of finance and how the role and scope of our profession is evolving.

Future of Finance 2.0 examines and investigates the ambit of finance after recent global disruptions, highlighting the proficiencies necessary for the evolution and advancement of our profession.

This paper outlines our methodology and identifies key emerging themes from interviews (phase 1) and roundtables (phase 2), which have provided a wealth of qualitative data. More detailed findings, including the results of a global survey, will be published throughout 2023.

Exploring the future of finance

In 2017, we began to set out a vision for the future of finance, publishing our findings as ['Accounting in extraordinary times: The future of finance'](#).

Given all that has happened in the intervening years, it is time to revisit the ways in which the role and scope of our profession is evolving.

Six years ago, our focus was very much on the relevance and employability of management accounting professionals who could lead their organisations to sustainable success. Since then, sustainability, once frequently dismissed as a marketing and public relations exercise, has become a global concern. Diversity, equity, and inclusion (DEI); the Environmental, Social, and Governance (ESG) reporting agenda; and upcoming IFRS[®] sustainability disclosure standards are clear indicators that organisations can no longer focus primarily on profit at the expense of people and planet.

Scope and definitions related to data have also changed. Previously, where finance roles had focused on data collection and collation, we now deal with ever-increasing volumes of unstructured data, regulation, and security concerns. The ownership of and accountability for data within organisations is an area of some debate, but it is clear that the role of data and the skills needed for finance professionals has changed greatly.

Our research has shown that the role of the finance function is evolving due to digitalisation, the workplace environment, changing societal expectations, and new sustainability regulations, meaning that business partnering is increasingly important. Emerging technologies and the role of data have continued to shape the way we work and the tools we use. For many of us, the workplace itself has changed, with hybrid working now commonplace. What has not changed is our core finding – in the digital world, the focus of finance has shifted from costs to value.

Methodology

Understanding employer and business needs is always key to our research. This is why we continue to work closely with businesses, regulators, policymakers, academics, educators, members, and subject matter experts to ensure a clear understanding of the roles finance professionals play in business, the competencies expected of them, and how and why these are changing.

Reflecting consumer power, generational change, and the expanding business ecosystem, Future of Finance 2.0 takes a broader, more inclusive approach, consulting the AICPA & CIMA member and student communities, the wider finance profession, and those they work with.

We followed an exploratory sequential research design, in which qualitative data was analysed to guide the direction of a quantitative study. Over an 18-month period, we carried out a series of virtual, desk-based, and face-to-face research activities, building up a comprehensive reference source.

Following an extensive literature review of academic, business, and industry publications, our research was split into three main phases.

Phase 1: Interviews

While previously, interviews were conducted face-to-face in offices, COVID-19 travel restrictions, coupled with a rise in home-based working, demanded a shift to online interviews. We spoke in depth to senior finance and nonfinance employees from organisations of all

sizes and across all industries from the private, public, and not-for-profit sectors.

We asked the following questions at every interview:

- What is driving transformation in your organisation?
- What has 'digital' meant for your organisation?
- How are sustainability and ESG developments affecting your organisation?
- What skills are needed within your organisation going forward?

All interviews were recorded with the permission of participants, and transcripts were analysed using qualitative data analysis software. This software assists in managing the large volume of qualitative data and shortening the analysis timeframes, which provides enhanced data management and more thorough interpretation.

Ninety-six individuals were interviewed between February and July 2022, representing 92 organisations and 14 countries.

Phase 2: Roundtables

The emerging themes from the interview phase gave us scenarios to validate and expand upon during roundtable discussions. Working with our colleagues and networks, we invited groups of finance professionals, students, educators, and subject matter experts to join us in candid conversations. This collegial



approach encouraged participants to share their experiences and resulted in a rich discussion of key topics. The relaxation of COVID-19 travel restrictions in late 2021 allowed us to carry out most of our roundtable discussions in person.

Participants were shown a series of questions and asked to share their experiences, observations, and opinions. Discussion topics covered four areas:

- ▶ Finance activities
- ▶ Technology and data
- ▶ ESG agenda
- ▶ Workplace evolution

As with phase 1, roundtable discussions were recorded, and transcripts were analysed using qualitative data analysis software.

Ninety-two roundtables have taken place with 544 participants representing over 445 organisations and 40 countries.

Phase 3: Surveys

Based on our findings from the interviews and roundtables, we defined key issues, themes, and topics to inform the content of global stakeholder surveys hosted on our online platform.

Recognising that the expanding role and scope of finance demands wider professional, operational, and generational perspectives, we broadened our audience of finance professionals and finance leaders to include students, newly qualified accountants, and C-suite business leaders.

We will publish the findings of our first survey later in 2023.



Emerging themes

The following section introduces some of the emerging themes from phase 1 and 2 of our research.

These themes are

1. The changing role and mandate of finance
2. The digital journey of finance
3. Organisational sustainability and ESG
4. Workplace evolution

We will explore each of these themes in more detail in forthcoming papers, due to be published later in 2023.

1 The changing role and mandate of finance

Our previous Future of Finance research explored the changing role, mandate, and shape of finance. It found that the finance function was evolving and transforming beyond core accounting and financial reporting and into a management accounting discipline that enables value creation, while the basic finance activities are increasingly automated through technology. Research shows that, in this rapidly changing environment characterised by multiple uncertainties, the finance function continues to transform and evolve. The role of finance is broadening, and, with this, new skills and competencies are required.

In 'The role of finance' paper, we outline the role, identity, and mandate for the finance profession. It starts with an overview of the foundational principles, whereby finance provides accurate and useful information and offers valuable insights on the organisational operations and strategy, discussing how these fit the volatility, uncertainty, complexity, and ambiguity of our working lives. The paper then reflects the research dynamics, revealing that the profession is not morphing from one role to another, rather expanding in breadth and depth to affect a variety of domains like technology, sustainability and ESG, and leadership.

It sees management accountants and finance professionals as savvy analysts, communicators, decision-makers, and business partners who are growing and improving organisations internally to influence their business models and ever-changing environments. The paper also discusses the intergenerational diversity of the profession and the disparities and synergies this offers.

'Job roles in particular are becoming less defined.'

Business Controller,
Engineering & Consultancy Services, Europe

'So as a finance business partner, we are the kind of, I would say the wire that connects everybody.'

Finance Business Partner,
Professional Body, South East Asia

The digital journey of finance

'What saved management accounting is digital skills. Obviously, the IT and tech departments are ahead of us, but we're still probably a second best on that, and may that continue.'

Director, Professional Services, Europe

Although digitalisation was the main theme of our previous Future of Finance report: *'Re-inventing finance for a digital world'*, many organisations agreed that they aren't as far along on their journey today as they originally predicted. The COVID-19 pandemic did not initiate the digital transformation, but it has accelerated or altered its adoption.

Organisations are leveraging technology to be more effective and efficient in their ways of operating, delivering services, communicating, innovating, accessing, and leveraging data. It enables organisations to operate more efficiently, make data-driven decisions, and gain a competitive advantage in the digital marketplace. Digitisation has a profound impact on the business model, often requiring businesses to rethink and adapt their strategies.

Across the different organisations we spoke to, they all recognised the growing need to use technology to create opportunities, reduce risks, and drive value as evidenced by our preceding participant quotes. Across business functions, technology is enabling finance to drive organisational impact. Processes are being automated and robotic solutions are being implemented,

'Automation plays a crucial role in enhancing competitiveness.'

Head of Controlling & Risk Management,
Food Processing, Europe

'Data is the currency of the future.'

Assistant Auditor General,
Government & Public Services, South Asia

with automation also changing the scope of services offered by the shared service centre. Finance can not only support but also drive business transformation.

Data is scattered all over the organisation with limited control or governance (there are various sources of the truth), which makes analysing, storytelling, and influencing very difficult. Technology is enabling finance to take a leading role in data across the organisation. Finance is leveraging data through analytics to provide actionable insights that create value to the organisation. As basic data gathering is aided by technology, finance has an opportunity to lead on data strategy, management, quality, and governance.

Although there are many known benefits to having the right technology infrastructure and automating processes, our conversations highlighted the many challenges and the barriers that organisations face on their digitalisation journey. This emerging themes report explores those challenges and considers the role of finance alongside the implementation of technology infrastructure, the automation of processes, and the relationship with data, as well as the skills required to drive digital transformation.

Organisational sustainability and ESG

'We are budgeting for sustainability, budgeting for social responsibility, governance policies and procedures... the finance is the watchdog for these things'.

Lecturer,
Education & Professional Training,
Africa

Sustainability is now a mainstream focus for finance functions. Organisational performance is no longer being judged purely on short-term financial returns to shareholders. Groups (such as customers, workforce, society, governments, and investors) are all demanding greater organisational transparency beyond the traditional financial metrics.

Based on our interviews and roundtable research, this brief explores what finance functions are already doing to tell their organisations' sustainability value stories. It shares the challenges finance functions are facing and how they are transforming to address the complexity in telling ESG stories.

Sustainability is broadening the finance function's mandate, changing how it analyses new data sets for

insight, and expanding the range of stakeholders it must interact with. In turn, this is shifting the finance professional's skills and competencies. Dealing with the sustainability issues organisations are facing requires enhanced analytical skills, judgement, and critical thinking. This brief explores the changing competencies focus and how organisations can identify and fill the skills gaps.

'The management accountant should be at the forefront of driving the ESG agenda'.

Senior leader,
Manufacturing, North America

Finance functions, as the most trusted sources of information, are fast becoming the stewards of sustainable value creation and preservation. The sustainability agenda also addresses the multi-capital view and the multi-stakeholder interactions. Finance is able to participate in not just telling the value creation story, but also to actively engage in the co-creation of intangible value, as well as its measurement and management. Not only is the lens of sustainability building trust with stakeholders, it also provides an important opportunity to build resilient organisations for the long term.



Workplace evolution

'It's about hybrid work and the business model, and so you need to think about all the aspects that come into that—such as performance, management, motivation, and culture'.

CFO, Technology & IT Services, Europe

Workplaces are changing in response to ongoing technological, environmental, and social transformations and their imminent reverberations. Since *'Re-inventing finance for a digital world'*, the hybrid workplace has emerged as a long-term outcome of the COVID-19 pandemic. The mandated lockdowns in many countries in 2020 and 2021 challenged us to work, learn, and lead in a hybrid and remote mode of work, which opened our eyes to both their benefits and limitations. Although we now understand better how to seek and achieve a more balanced way of living and working, hybrid and remote work also demonstrated discrepancies in collaboration, inclusion, acculturation, and belonging. Those need to be addressed with the tools of transformative leadership.

'So now people are free to think and do valuable things rather than just doing mundane tasks or having somebody watch over them before they deliver results'.

Chief Audit Executive,
Banking & Financial Services, Africa

Along with that, the models of outsourcing, shared finance services, and operating centres of excellence have embraced new ways of working based on harnessing the power of better human and technology interactions to support meaningful decision-making.

'The finance business partner is someone in finance who adds value and is not just an accountant who sits in an isolated room with the door closed all the time'.

Transformation & Digital Lead, Energy, Europe

From where we stand, the future of work in finance teams looks like a fusion of generalist and specialist roles, defined by a mix of technical and enabling skills — business partnering through creativity, communication, collaboration, and agility. Our previous Future of Finance research found that the finance function was moving away from working in isolation with a narrow focus on analysis and reporting to becoming integrated across the organisation to create value. The findings from our Future of Finance 2.0 research show that this movement is continuing. Today, more than ever, finance needs to collaborate with other departments and creating a business partner model is an effective way of doing this.

The 'Workplace evolution' paper will explore what hybrid working looks like across different organisations and industries, the ways it has changed how people work, and whether enhanced or different skills are needed to operate effectively in a hybrid environment.

Continuing the Future of Finance 2.0 journey

Phase 3 of our research is in progress, and we will report our findings in late 2023. Visit www.aicpa-cima.com/future to learn more.

How you can be involved

Contact us to share your experiences, observations, and opinions on the themes highlighted in this report. Your responses will help us ensure the future relevance of the management accounting profession. Email us at future.finance@aicpa-cima.com.

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