

The future of finance

Risk and compliance

September 2021

What are the challenges that organizations are facing today?

The environment in which companies operate today is constantly evolving and the risks of yesterday have taken on a new meaning today. The following presents a look at the risks enterprises are facing and what Finance can do to proactively address risk and maintain compliance.

Trusted Enterprise: Managing the evolving risk landscape

Digital disruption

Minimize enterprise risk through enhanced focus on emerging technologies

- Technologies and capabilities include:
- AI and automation:** RPA, machine learning
- Virtual collaboration:** Virtual close/audit tools
- Blockchain:** Distributed GL, secure payments
- API:** Integrated apps and use of public data for financial analysis
- Advanced analytics:** Intelligent Forecasting
- Augmented reality:** VR

Emergence of cyber¹

Cyber security threats are one of the largest risks for the workforce of the future, especially in the virtual world. How can cyber help Finance?

- Align security needs with business goals, incorporating human-centered design
- Establish digital trust and consumer authentication
- Build technology resilience through cloud transformation
- Anticipate the next wave of regulation
- Automate the security function

Evolving role of risk management

The future of risk management is the convergence of governance, analytics AND technology

- Risk quantification:** Finance works with the business to proactively identify and prioritize Key Risk Indicators (KRIs)
- Risk automation:** Automation presents opportunities to streamline processes and enhance compliance across Finance
- Cyber risk management:** Cyber security is a strategic enterprise capability that goes beyond IT – and includes Finance
- Risk analysis and reporting:** Finance is an insightful business partner monitoring risk

¹Source: KPMG's All hands on deck: Key cyber security considerations for 2020.

Trusted Finance: Risk & Compliance in the finance organization

Finance contains key roles to help maintain risk and compliance across the company. Here's how they can create value:

Chief Accounting Officer (CAO)

Extreme automation and digital technologies can build quality compliance of accounting activities through reduced manual error/execution and increased use of cloud-based technology to securitize data/maintain transactional integrity. What to think about: *Virtual Close*



Chief Tax Officer (CTO)

Tax is a critical partner in finance transformation to ensure that financial data is structured for statutory needs. An integrated data model, digital technologies and data visualization can create value in reduced material misstatements and more time for tax planning, analysis and insights.



Director of Internal Audit (IA)

As the owner of internal controls and risk assessment, the Director of IA has the opportunity to generate greater insights for the enterprise with a data-driven internal audit.



Chief Financial Officer (CFO)

As finance leader, the CFO can create value through a Connected Audit. Enhanced data and technology capabilities for risk response and collaboration can enhance audit quality, reduce audit support efforts and drive effective use of funds. What to think about: *Virtual Audit*



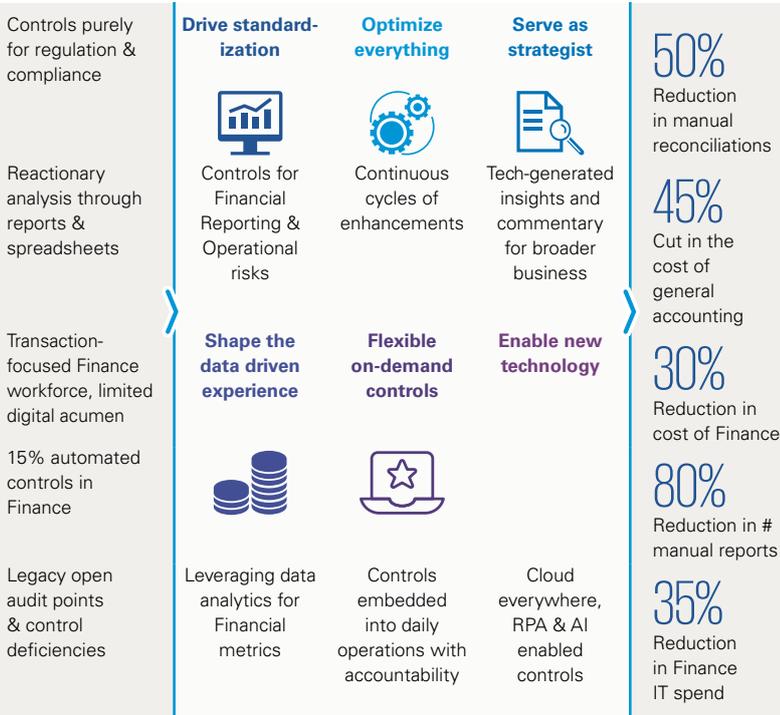
Together, finance leaders can respond

Controls will serve as a catalyst for enhanced services when embedded into Finance operations; with risk & regulation management coming for free*

Forget the past...

...prepare for the future...

...here's why.



*Source: Powered Enterprise | Finance. KPMG International 2020

Trusted Partner: Risk & Compliance as value creators, not problem finders

Risk and compliance capabilities within Finance, Tax and Internal audit organizations must evolve to work with the enterprise to enable predictive and proactive problem solving. New skillsets are required to support the business, including end-to-end process knowledge, design thinking, and data analytics and technology skills.

Evolving skillsets can incorporate data, analytics and technology. Below are some of the skills expected across the finance organization to further support risk and compliance:



Analytics, technology and data

Analytics and insights, visualization, data mining and modeling, process automation



Behavioral

Relationship management, impactful storytelling, feedback, communication and critical thinking



Strategic business initiatives

Strategic thinking, research capabilities, speak "business", global markets insights, process design and navigation



Financial controls and compliance

Business modeling, core financial driver analysis, risk management and governance, SOX compliance

How can you get started?

- What emerging technologies does your organization already have to enable compliance?
- Does your technology address cyber security risks?
- Are your risk and compliance activities also generating business insights?
- Can your current Finance workforce address the evolving skillsets required within risk & compliance?
- Does Finance successfully partner with the business, tax and internal audit to enable innovation?

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