

The future of finance

Risk and compliance

September 2021

What are the challenges facing organisations 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	Emergence of cyber ¹	Evolving role of risk management
<p>Minimise enterprise risk through enhanced focus on emerging technologies</p> <ul style="list-style-type: none"> Technologies and capabilities include: <ul style="list-style-type: none"> 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 	<p>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?</p> <ul style="list-style-type: none"> Align security needs with business goals, incorporating human centred design Establish digital trust and consumer authentication Build technology resilience through cloud transformation Anticipate the next wave of regulation Automate the security function 	<p>The future of risk management is the convergence of governance, analytics AND technology</p> <ul style="list-style-type: none"> Risk quantification: Finance works with the business to proactively identify and prioritise 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 organisation

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



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...

Controls purely for regulation & compliance

Reactionary analysis through reports & spreadsheets

Transaction focused Finance workforce, limited digital acumen

15% automated controls in Finance

Legacy open audit points & control deficiencies

...prepare for the future...

Drive standardisation



Controls for Financial Reporting & Operational risks

Shape the data driven experience



Leveraging data analytics for Financial metrics

Optimise everything



Continuous cycles of enhancements

Flexible on-demand controls



Controls embedded into daily operations with accountability

Serve as strategist



Tech generated insights and commentary for broader business

Enable new technology



Cloud everywhere, RPA & AI enabled controls

...here's why.

50% Reduction in manual reconciliations

45% Cut in the cost of general accounting

30% Reduction in cost of Finance

80% Reduction in # manual reports

35% Reduction in Finance IT spend

*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 organisations 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 organisation to further support risk and compliance:



Analytics, technology and data

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



Behavioural

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 organisation 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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