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Generative AI in Finance: 2023 Lookback and 2024 Outlook

The impact of AI on finance—a year of significant developments in finance modernization

2023 was a game-changing year for business, with inflationary pressure, a better than expected economy and market performance, and an explosion of interest in generative artificial intelligence (AI) for the enterprise. For many CFOs, it was an intriguing year in how AI could transform the future of their finance organizations. In 2024, CFOs are beyond education stage. **This is the year to experiment, prove value, and begin adoption of AI and generative AI in finance.**

Progress Made in 2023 and Looking Ahead to 2024

For Finance leaders, 2023 was about learning what generative AI is and how it fits into the tech landscape. Many companies launched pilots and discovered a **"solution void"**—a gap between the technology's capabilities and "ready to use" applications for finance. There weren't many fit for purpose solutions that finance leaders could easily deploy, without building custom. As we step into 2024, that's already changing.

We predict the void will begin to close, as more complete applications of generative AI emerge for finance organizations. Software companies will likely play a critical role in providing AI-integrated tools that offer more direct applications in financial operations. The scaled rollout of generative-AI-enabled applications that support workplace productivity, like Microsoft Copilot, Google Duet AI, and Amazon QuickSight will help finance professionals become more familiar with generative AI, incorporating this technology into their daily work. That'll help inspire more ideas for applications in finance and turn the innovation wheel to further close the solution void.

CFOs' Focus for 2024

CFOs in 2024 should prioritize strategically integrating generative AI, with an awareness of the solution void:

01. Productivity Gains: Encourage your teams to use corporate-approved generative AI tools for daily note taking, brainstorming, writing, and summarization. The more familiar your teams are with what generative AI can do, the better equipped they will be to adopt this technology in finance broadly.

02. Think Big: Given public familiarity with tools like ChatGPT and Bard , there may be a tendency to think of generative AI as synonymous with those applications or to use terms like "chat bot" or "automated writer". The potential of generative AI is much bigger, with potential to transform end-to-end process in finance. When gathering ideas or use cases from your teams, challenge them to set transformational goals versus incremental change.

03. One Tool in the Kit: Utilize generative AI as part of a diverse toolkit, ensuring it complements other financial tools, such as machine learning, predictive forecasting tools, modern Enterprise resource planning (ERP) systems, etc.

04. Emphasize Change Management: Foster understanding and trust in AI within organizations, recognizing the technology and solutions that use it are evolving.

Clarifying Misconceptions about Generative AI

Addressing misconceptions is crucial as finance professionals explore generative AI:

- **Understanding Complexity:** Acknowledging that while generative AI is promising, implementing at scale in finance is more complicated and potentially costly than many CFOs may think.
- **Beyond a Stand-Alone Solution:** Recognizing that AI is a vital part of a larger solution set and not a cure-all,
- **Capabilities Beyond Narratives:** Generative AI's utility extends beyond narrative generation to include advanced data analysis and coding.
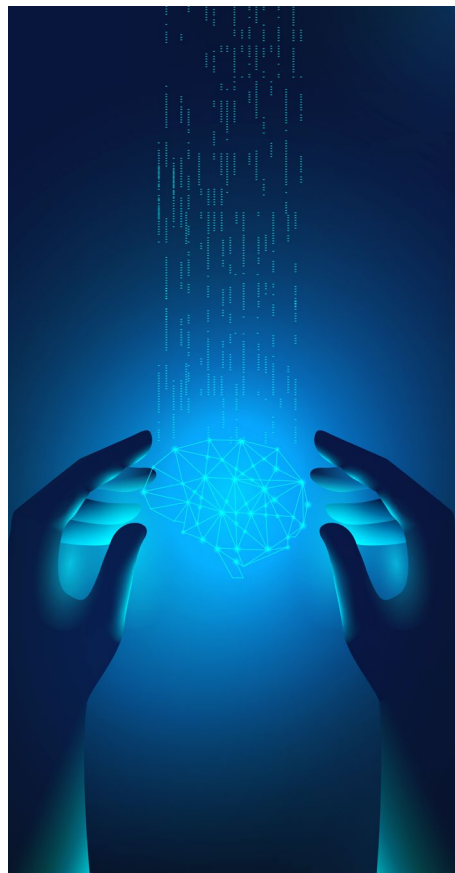
Immediate Steps to Take

To effectively utilize generative AI, organizations should:

Collaborate Early and Effectively: Engage with technology teams to understand AI policy, capability, and internal priorities.

Allocate Resources for Pilots: Dedicate budget to explore AI through practical use cases, particularly focusing on areas that between system boundaries.

Adopt a Broad Perspective: Consider generative AI within the context of the entire organization, using it as a tool to address specific gaps in the finance process automation landscape.

2024 is going to be an exciting year for business, with generative AI at the center of new ways to serve the customer and shareholder, improve operations and profitability.

CFOs are poised to be at the center of the journey, both for growth of business and the evolution of their finance functions.

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