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Generative AI:
Prompting 101 for Finance

Terms to know

Generative AI – creates new content (text, images, videos, etc.) from a dataset (PDF, XLS, integration to systems like ERP, etc.)

Large Language Models (LLM) – GenAI models that understand & generate text like humans (e.g., ChatGPT, Bard, Llama)

Prompt – "instructions" users give to LLM (written in plain English)

What is prompting?

Prompting is the process of designing and refining everyday language text/voice prompts for use in Large Language Models.

Prompting relies on model inputs (instructions) to obtain model outputs (generated responses), with the goal to **maximize the quality of model responses** – *to answer the question you're asking*.

What does it mean for me?

Generative AI has the potential to transform Finance. Many organizations are launching 'sandbox' LLMs for use inside your company. You may have one already. Play around. Get familiar. These tools will be part of your every day sooner than you think.

Prompting tips

LLMs are powerful and evolving tools, but they are not as intuitive as humans. They do not always understand the context behind your questions. Here are three tips to get the most of a Large Language Model:

1. **Be clear and specific**
   Make prompts unambiguous, specifying format, tone, and desired output

   ✕ *Provide actuals to forecast variance*

   ✓ *Summarize actuals to forecast expense variance for Q1 2023 for North America region, including which expense lines drove the greatest variance and why*

2. **Provide context**
   Guide LLM with helpful details

   ✕ *Create a forecast simulation that assumes sales decrease and costs increase*

   ✓ *Model a forecast simulation where US sales fall by 5% and my costs of sales increase by 10%; what is the P&L impact?*

3. **Consider phrasing**
   Avoid open-ended questions

   ✕ *Which active customers are the riskiest?*

   ✓ *Looking at historical on-time payment details, which five customers with open account balances are most likely not to pay?*

Tone: *Write with a [X] tone*

Formal	Persuasive
Conversational	Witty
Data-Driven	Simple

Format: *Write this content . . .*

As an email	As a table
In bullet form	For a newsletter
As a numbered list	Limited to 30 words

Building on your prompts

Now, summarize this data in an email that I can share with the CFO...

Include the words innovative and reliable

Prompt categories

Summarizing – concise summary of long text/data or a collection of text/data sources

Prompt	Output
Summarize the quarterly financial performance during FY23 for our company, highlighting key revenue drivers	*Based on P&L data, overall revenue increased by X%. Top-selling categories were Electronics & Apparel, contributing to Y% and Z% of revenue…*

Making Predictions – insights, analysis, and recommendations

Prompt	Output
How will 5% decrease in COGS impact gross margin for next quarter, given no change in pricing strategy or sales volumes or any other cost fluctuations	*Based on the P&L data of the retail chain, a 5% decrease in COGS is expected to have a X% increase on gross margin for the upcoming quarter…*

Extracting – data and patterns from unstructured text

Prompt	Output
Identify the largest variance between budgeted and forecasted net income figures for June 2023	*The largest variance between the budgeted and forecasted net income for June is $Z, primarily due to X and Y drivers…*

Brainstorming – new business ideas, profitability improvement, open ended "insight" questions

Prompt	Output
Using the last two years of historical actual data, suggest some potential actions to improve our working capital	*Consider a data-driven approach to inventory management. By reducing inventory levels by X%, expediting collections by Y%, working capital would improve by Z%*

Writing – management reports (P&L by region, product line), financial reports (10-K), memos

Prompt	Output
Write a variance analysis report for June 2023 comparing the actual revenue, expenses, and net income against the budgeted and forecasted figures	Subject: Monthly Variance Analysis Dear [Recipient], I am pleased to present the Monthly Variance Analysis Report for June 2023. This report provides…

Reformatting – transforming or restructuring the data into a new specified type, format or style

Prompt	Output
Take the transcript from our latest budget review meeting and summarize key takeaways and action items in bullet points	*<Summarized bullet points highlighting budget review takeaways and action items>*

Continue the conversation

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