North American CFO Signals™ 3Q 2023 highlights

This quarter’s survey reveals a fair degree of positive momentum—in CFOs’ assessments of North America’s economy, their level of optimism for their own companies’ financial prospects, and their expectations for year-over-year (YOY) growth.

Regional economic assessments
CFOs boosted their assessments of the economies of North America, Europe, and South America, compared to 2Q23, considering both current conditions and the year ahead. Meanwhile, they dimmed their views of current and future economic conditions in China.

Company growth expectations
CFOs have higher YOY growth expectations for revenue, earnings, and domestic hiring this quarter, compared to 2Q23. Their expectations for earnings reflect the greatest increase, jumping to 8.3% this quarter, from 4.4% in 2Q23. YOY growth expectations for capital investment, dividends, and domestic wages/salaries trended downward from 2Q23.

Capital markets assessment (N=116)
How do CFOs regard U.S. equity market valuations? Percent of CFOs saying U.S. equity markets are overvalued, undervalued, or neither. (Responses are compared to S&P 500 at survey midpoint)

Internal risk concerns
Talent availability and retention land at the top of CFOs’ most worrisome internal risks, followed by execution and prioritization of business strategies. Innovation and growth, along with data and technology, are the next most frequently mentioned internal risks.

External risk concerns
Geopolitics along with policies and regulations stand out as CFOs top external risks in 3Q23. Macroeconomics, including concerns over interest rates and inflation, also continue to rank among CFOs’ most worrisome external risks.

Fielded July 31 – August 20, 2023, CFO Signals had 116 CFO participants from the U.S., Canada, and Mexico, the vast majority from companies with more than $1 billion in annual revenue.
North American CFO Signals™ 3Q 2023: Special topic: Generative AI

Survey results also indicate interest in the potential uses and benefits of Generative Artificial Intelligence (GenAI), some experimentation with the technology, and at the same time, some concerns and barriers to adopting and deploying it. Foremost among CFOs’ concerns about GenAI are its impact to risk and internal controls, and data infrastructure and technology needs, as well as investment requirements.

### How important is GenAI to achieving your business strategy? (N=115)

- Not very important: 20%
- Very important: 6%
- Important: 18%
- Not important: 22%
- Neither important nor unimportant: 34%

### Where is your organization on its GenAI journey? (N=115)

- Experimenting with it: 42%
- Reading and talking about it: 24%
- Too soon to tell: 17%
- Incorporating it into our strategy: 15%
- Waiting to see what competitors do: 1%
- Other: 1%

### In your opinion, what are the most promising potential uses of GenAI for the finance function? (N=106)

**Most frequently cited comments by category (number of CFOs citing each category)**

- Planning, forecasting, and analysis: 49
- Automated routine/transactional processes: 26
- Increased efficiency and cost reduction: 20
- Improved decision-making and insights: 18
- Accounting, reporting, and reconciliations: 12
- Don't know/too soon to tell: 7
- Internal audit/internal controls: 5
- Other: 1

### What are your top three concerns about GenAI? (N=115)

1. Impact to risk and internal controls: 57%
2. Data infrastructure and technology needs: 52%
3. Investment needs (technology and capabilities): 51%

### If your organization plans to adopt GenAI, what top three benefits do you hope to achieve? (N=112)

- Reduce costs: 52%
- Improve customer/client experience: 50%
- Increase margins, efficiencies, and/or productivity: 45%
- Develop new capabilities, services, or products: 38%
- Create scale and/or capacity: 33%

### As CFO, what would help you in making decisions related to GenAI? (N=101)

**Most frequently cited comments by category (number of CFOs citing each category)**

- Use cases of GenAI: 39
- Evaluation of the costs, benefits, and returns: 28
- Understanding of risks and limitations: 16
- Knowledge and information on the potential of GenAI: 16

### What are the three greatest barriers your organization might face in adopting and deploying GenAI? (N=115)

1. Talent resources and capabilities: 63%
2. Data and technology resources: 49%
3. Risk and governance concerns: 45%