

AUTONOMOUS FINANCE - THE WAY FORWARD

Abstract

Autonomous Finance is the way to operate with minimal human intervention. Empowered by AI / ML processes will operate through self-learning software which will not only optimize front-middle and back office but also focus on data accuracy, transparency, and ease of access to make decision-making process effective and efficient. There are certainly some challenges which needs to be addressed to ensure a successful transition from automated to autonomous function.

Keywords: Autonomous Finance, AI / ML, RPA, Challenges.

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The Finance function is undergoing a major transformation. CFOs are looking forward to moving Autonomous Finance Operation, which is now empowered with AI, operating through interconnected system to operate cross functional data. The Function is driven by the rise of new technologies such as artificial intelligence (AI), Generative AI, and Machine learning (ML). These technologies are making it possible to automate many of the manual tasks currently performed by finance professionals, freeing them up to focus on more strategic work.

I. SO, WHAT IS AUTONOMOUS FINANCE?

So, the Autonomous Finance is a term which can be used to describe the use of technology to automate financial processes and decision-making in real time without depending much upon human intervention. It is a broad term encompassing various technologies, including AI, ML, blockchain, and robotic process automation (RPA).

With the advancement of technology, finance is at such stage where broadly all transactional activities could be transformed. In fact, many of such activities are already getting processed without any human intervention. Each sub-function or process has its own scope where we can see technology could be leveraged to not only gain productivity and efficiency but also to improve process of decision making.

1. General Accounting

- To automate complex journal entries like intercompany transactions
- To provide insight details of various reconciliation entries.
- For MIS books adjustment including allocations of indirect costs and overhead.

2. Accounts Payable

- 2 ways / 3 ways invoices matching.
- Expense / budget approval with specified policies
- Identification of duplication, erroneous invoices

3. Accounts Receivable

- Generating invoices based on PO / Sales Orders / WO
- Incorporating changes in invoices based on updated PO / Sales Orders / WO
- Reconciling cash on accounts
- Predictive analysis of dispute and initiation of dispute resolutions

4. FP&A

- Consolidation of budget input
- Validation of budget input with forecast and past trends
- Validation of Investment budget in accordance with Business case forecast

5. Payroll

- Identifying time sheet errors and omissions
- Over Time pattern analysis
- Deduction calculation and application
- Harmonizing time sheet data across multiple systems like time sheet, leaves, Travel etc.

6. Others

- Cash flow Statements and projections
- Generating data as per external reporting requirement

II. WHY DO THE CFO NEED TO THINK ABOUT ADOPTING MOVING TOWARDS AUTONOMOUS FINANCE?

There are several potential use cases which shows adoption of the New IOT is eventually going to be business as usual. Some of them could include following,

- 1. Improved Decision-Making:** Through Autonomous Finance businesses user can access real-time insights that can help them to make better decisions about their finances. For example, AI can be used to analyze spending patterns and identify areas where businesses can save money.
- 2. Increased Compliance:** It can help businesses to comply with regulations more easily. For example, blockchain can be used to track financial transactions and ensure that they are all compliant with the law.
- 3. Reduced Costs:** It can help businesses to reduce their costs by automating many of the manual tasks that they currently perform. For example, RPA can be used to automate the processing of invoices.
- 4. Assurance and Trust:** Through technology like Blockchain, transferring ownership of assets, goods over Internet is secured, traceable, and protected. The smart contracts will

benefit businesses not only to reduce a lot of contracting expenses, but also to track historical changes in contract to avoid any dispute.

III. THE CHALLENGES

While there are many potential benefits to Autonomous Finance there are also some challenges that businesses will need to overcome to implement it successfully. These challenges include:

- 1. Data Accuracy:** The system will be as intelligent as the data is. Since the system intelligence relies on accurate data to make good decisions, businesses will need to ensure that their data is accurate and up to date before they can implement this solution.
- 2. Understanding of what can be Automated:** Businesses will need to develop a clear understanding of what tasks can be automated and what tasks still require human intervention. This will require a deep understanding of the business and the financial processes involved.
- 3. Organizational Change:** Implementing such solution will require a significant change in the way that businesses operate. Businesses will need to create a culture that is open to change and that is willing to embrace new technologies.

IV. CONCLUSION

The potential benefits of adopting Autonomous Finance are significant, but there are also some challenges that businesses will need to overcome to implement it successfully. Businesses that can overcome these challenges will be well-positioned to succeed in the future.

V. RECOMMENDATIONS

Based on the above, businesses may take the following steps to prepare for the future

- Start by assessing their current financial processes and identifying areas where automation could be used.
- Invest in the development of new skills and capabilities that will be needed to manage an autonomous finance function.
- Create a culture that is open to change and that is willing to embrace new technologies.

By taking these steps, businesses can position themselves to take advantage of the potential benefits of Autonomous Finance and achieve their strategic goals.