

WHERE IS THE FIT FOR AI IN FINANCE?



INTRODUCTION

In the midst of all of the discussions and hype about the transformative power of Artificial Intelligence (AI) across various information worker sectors, **finance team members might feel somewhat left out.** The spotlight has largely been on how AI can revolutionize content creation and automate customer service, promising significant efficiency gains for those workers.

However, this narrative seems to overlook the unique challenges and opportunities within finance departments. Despite this, the **potential for AI to revolutionize how finance professionals interact with data, enhance their efficiency, and free up more time for valuable analysis is immense.** Of course, AI-powered applications can now read invoices, purchase orders, and the like and code them properly into your finance software, but that is really just another step in the evolution of data entry.

THE ROLE OF AI IN FINANCE

Once you strip away the complex layers of technical accounting standards and regulatory compliance, the essence of finance fundamentally boils down to the art and science of data crunching. **At its core, finance is about analyzing numbers, identifying patterns, and drawing insights from vast datasets to inform strategic decisions.** Whether forecasting future trends, managing budgets, or evaluating financial performance, the ability to process and interpret data efficiently stands as the cornerstone of effective financial management.



This perspective underscores the critical role of data analysis in finance, highlighting how, beyond the meticulous adherence to accounting principles, **the real power in finance lies in the adept handling of data to drive organizational success.** This is where AI can **immediately contribute** to enhancing what your finance team can accomplish.

Finance professionals often grapple with vast amounts of data, seeking insights and answers to complex questions. AI can significantly expedite this process, enabling quicker and more accurate analysis. This capability is not just about handling larger volumes of data but also about **analyzing it in novel ways that were previously impractical or impossible.**

SPECIFIC EXAMPLES OF AI IN FINANCE

Consider the month-end processing routine in a finance department. Occasionally, a balance might be off, not due to a single transaction but possibly two or more transactions whose sums equal the discrepancy. Traditionally, identifying these transactions could be a tedious and time-consuming task. However, with AI, a simple natural language query asking for all pairs of invoices that sum up to a specific number could swiftly pinpoint the transactions in question.

Similarly, if there's a need to locate an invoice within a certain amount range from the past nine months, an AI assistant could easily narrow the search through a straightforward English query.

Moreover, nonprofit finance departments that manage large numbers of funds or projects can greatly benefit from AI. For instance, AI can quickly generate reports listing all endowment projects with no expenses in the current fiscal year, or identify all athletics projects with an ending balance greater than \$100,000, or find all projects with the name Cunningham in the project description across thousands of projects. Such queries, which might have taken considerable effort and time, can now be answered within seconds, thanks to AI-powered data analysis.

You may also want to analyze a trend for a single expense item or type of project. Extracting this data using current tools could be tedious and time-consuming. Assisted by AI, it could be as simple as typing out a couple of questions/instructions.

Finance professionals must navigate plenty of challenges like these on a daily basis, and AI can streamline much of this time-consuming work.

THE BROADER IMPACT ON FINANCE DEPARTMENTS

The ability to swiftly navigate through complex data also allows finance professionals to quickly find answers to or validate their thoughts on those nagging questions that linger in the back of their minds, ensuring a higher level of confidence in the numbers.



The efficiency gains mean that finance teams can support the growth of their organization without the need to expand team size. More importantly, by automating routine and complex data analysis tasks, AI frees up finance professionals to focus on more strategic and impactful analysis.

I have never seen the level of excitement from finance people around the potential of any software to impact how they work since the introduction of the spreadsheet (yes, I am that old). When we demo these capabilities, the response is amazing. People are genuinely excited about the shift from having to “work on data” to being able to “work with data.”

CONCLUSION

The integration of AI into finance departments is not just about keeping pace with technology but about **fundamentally enhancing how finance professionals work**. By leveraging AI for data analysis, finance departments can operate more efficiently, gain deeper insights, and contribute more strategically to their organizations.

While most finance professionals (and their boards) are not ready to turn the technical and compliance aspects of finance operations over to AI, it is clear that there are places where AI can offer immediate operational efficiencies. The examples highlighted here are just the tip of the iceberg. As AI technology continues to evolve, its potential applications within finance departments are bound to expand, opening up new avenues for innovation and efficiency. The future of finance, powered by AI, is not only promising but is already unfolding before us.

If you would like to learn more, see a demo of these capabilities, or inquire if you qualify to participate as a beta customer of this technology, reach out to our team through the website www.ReportingXpress.com