

**JYOTI NIVAS COLLEGE (AUTONOMOUS)  
POST GRADUATE CENTER  
BANGALORE**



**SEON**

**PRESENTS  
E-JOURNAL**

**(OCTOBER- 2021)**

**BY THE DEPARTMENT OF M.COM(FA)  
ON**

**CHANGING ROLES AND BENEFITS OF  
DIGITALIZATION IN FINANCE AND  
DEVELOPMENT**

# CHANGING ROLES AND BENEFITS OF DIGITALIZATION IN FINANCE AUTOMATION

## INTRODUCTION

**Digitalizing Finance: A major challenge for organizations of all kinds**



According to Gartner, in the early 2000s, the phrase "digital" was only placed among the Top 5 objectives for CEOs in 2.1% of the companies surveyed, but it is now a priority for one out of every five. According to Gartner, the proportion of organisations having a digital strategy increased from 62% in 2018 to 82% in 2019, indicating that 90% of companies have already experienced various sorts of interruption in their business models.

The globe has advanced to the global era of digitization because of a paradigm shift in technical breakthroughs. Innovative technologies are causing constant change in every industry today. Smart use of technology, such as employing mobile phones to automate daily tasks, data analysis for extracting insights, and other various use cases, has become a vital part of our daily life. The adoption of such breakthrough technologies results in digital transformation. In finance, digital transformation refers to the redesign of financial services using technology to drastically improve the present system.

The finance business has seen the most evident modernization. According to Markets and markets, the worldwide digital transformation market will reach 1009.8 billion USD by 2025, with a CAGR of 16.5%. The most important factors driving the growth of the digital transformation market are the rising use of mobile devices and the acceptance of cloud services.

## DIGITAL TRANSFORMATION IN FINANCE

Digital transformation in finance refers to the integration of technologies to suit changing requirements and improve operations and services. Financial institutions' procedures and how they give value to their consumers will be fundamentally altered because of the merger.

Financial services organisations can benefit from digital transformation in a variety of ways, including streamlining banking operations and recruiting new consumers. Consumer centricity and a laser-like focus on the demands of the customer are the keys to capturing their attention.

### Importance of Digital transformation in finance

In the financial industry, digital transformation is critical since it offers several advantages, as noted below:

#### **Standardization:**

Financial procedures are set to follow a definite standard because of digitization, resulting in overall better system performance.

#### **Automated functions:**

The use of technical tools tries to automate operations that were previously conducted manually. Automated services including purchase orders, invoice production, KYC verification, and money remittance have increased the productivity and efficiency of financial institutions.

#### **Faster performance:**

Processes like budget prediction to conclude month-end cycles on time become more accessible and faster thanks to Big Data analytics and other Machine Learning techniques.

#### **Insight driven functions:**

The goal of Artificial Intelligence and Data Analysis is to provide insights into financial models based on the information gathered.

## DIGITALIZATION

Digitalization is the process of changing business models via the adoption of digital technology in order to produce value through the use of modern technologies. The goal is to improve operations by utilizing new digital dimensions and digitizing data flow.

Customers want businesses to respond quickly and to be available at all times. They expect services and products to be available immediately. This forces firms to change in order to meet the requirements of their customers. Businesses are going online and embracing new digital changes to meet today's requirements.

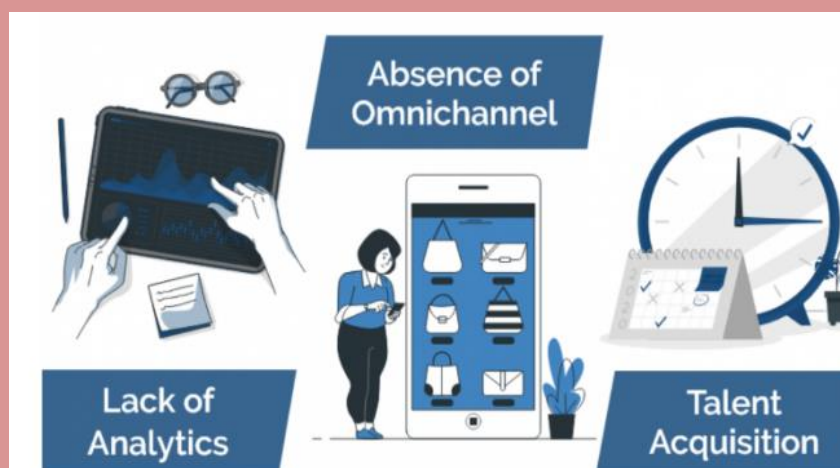
Organizations begin with a simple paperless environment and progress to more advanced digital changes such as virtual reality, internet of things, and block chain, among the others. It is now a driving force behind the company's internal and external operations. It all comes down to simplifying operations and providing a fresh consumer experience via high-tech apps and processes.

Businesses that do not embrace digital transformation risk being extinct in the near future. This assertion is based on the fact that clients will lose interest in their products and services. Nokia is one of the most prominent instances in this regard. It refused to adopt Android Technology.

## REQUIREMENTS OF DIGITILIZATION

- ✚ The creation of a comprehensive Digitalization Strategy.
- ✚ Through evolution, revolution, and digital units, creates a digital organization.
- ✚ Design Thinking, Lean Startup, and Agile Methodology are used to create digital business models.
- ✚ In product development, Agile Methodologies are used.
- ✚ Creating an IT infrastructure that is adaptable.

## CHALLENGES



Despite all of these advantages and possibilities, there are several problems connected with digitalization. You'll be astonished to learn that these difficulties are not caused by a lack of necessary technologies. But there are also plenty of additional factors to consider. Here are a few examples

## 🚩 INADEQUATE ANALYTICS

First and foremost, digital transformation necessitates a thorough analysis of the organization's data. Businesses that have been in operation for almost 20 years yet lack analytical data about their consumers and staff. The first step toward artificial intelligence automation is to have well-managed data about the company.

## 🚩 ABSENCE OF OMNICHANNEL

The customer experience is evolving in tandem with technological advancements. In the past, firms just had one salesperson. Customers, on the other hand, no longer rely on a single salesman. They want your website, your mobile app, and your social media presence, among other things. These Omni-shoppers will shop across several platforms, making it difficult for businesses to stay active everywhere.

## 🚩 ACQUISITION OF SKILLS

Organizations may consider digitization before second-guessing their decision. It's not for a want of funds or technology; it's for a lack of the proper people to drive it. This is due to the fact that it is not only driven by the IT department. Top management must teach everyone from the top down how to use it. To drive digital transformation, businesses must have a well-thought-out plan. It will also assist if there are designated executive positions for pushing this approach.

## OPPORTUNITIES

Digitalization may provide a firm with a plethora of benefits. Let's take a look at a couple of them.

### 🚩 Automation through Advance Technology:



Artificial Intelligence, Computer Vision, and Machine Learning are examples of advanced technologies that have automated numerous aspects of life. Its applications may be found in health,

ecommerce, education, finance, manufacturing, and so on. Following the Covid-19 epidemic, these technologies are rapidly advancing, and many institutions are reaping the benefits. In the next 2-5 years, these technologies will mature, bringing more automation and precision to companies and other areas of life.

#### **Accelerating Customer Experience:**

Customer experience improves as a result of digitization. We can see several retailers in our area that have gone online and set up their own ecommerce site. It allows people to purchase items online rather than physically visiting a store. There are also online talking applications for improved engagement and consumer behavior analysis tools. All of these technologies are quite beneficial in providing a better client experience while also increasing revenue.

#### **Redefining Customer Journey:**

Businesses have seen a complete 180-degree turn as a result of the epidemic. Businesses are now rethinking their customer requirements. Not just for their consumers, but also for their staff. Artificial intelligence algorithms are being used by airlines, stadiums, and banks to create new seating arrangements. Companies are putting safety first and working from home has become the standard.

### **BENEFITS OF DIGITAL TRANSFORMATION**

The world is moving closer to a digital future. The way we generate, distribute, and utilize energy is being transformed by digitization. This research examines 330 data points from 230 customers, providing a compelling argument for businesses to move beyond digital transformation thoughts and into action.

#### **Efficiency -Taking your performance to new heights:**

Sensors, app-based controls, analytics, edge computing, and smart machinery are examples of integrated and linked technology that can help increase efficiency. They give clever automation and data insights that have a significant influence on overall performance when used together.

#### **Productivity-Maximizing output while reducing waste is the goal:**

Businesses can accomplish more with less thanks to digital technology. Businesses may achieve higher output with less energy, fewer materials, and fewer people with IoT-enabled tracking, automated production lines and data analytics.

### **🚧 Sustainability -Taking on the carbon issue:**

Businesses may use intelligent platforms with totally digital energy management and automation systems to track sustainability goals, detect energy waste, and substantially reduce secretions. With the right digital strategy, businesses may lower their carbon footprints by up to 50%. Environmental stewardship benefits not only the environment, but also promotes consumer loyalty and brand image, increases shareholder value, and saves money.

### **🚧 Return on Investment - Understanding the importance of digital transformation:**

Many companies are hesitant to switch to digital because they fear there will be no return on investment or that the payback will take too long. This is a mistake. The typical payback period for digital investments in energy management and automation has been found to be about five years.

### **🚧 Safety -Keeping the workers safe while increasing efficiency:**

Safety must always come first in any industrial, mining, or manufacturing situation. Robotics can replace human involvement in high-risk situations, while artificial intelligence, augmented/virtual reality, and big data can provide more control and lower risks. From training to manufacturing floors and dangerous mining tasks, digital technology can educate and protect people in a variety of ways.

## **Research in Digitalization**

Digitalization is the most significant technological trend that is changing in business and society. The firms are constantly under pressure to use digital technologies and to adopt their business models. However digital evokes many benefits and also requires investments and associated costs in the given progress of digital technologies. The main goal is to provide a better understanding of digitalization term. It is the use of digital technologies to change a business model and provide a new revenue and value producing opportunities and process of moving to a digital business. The aim is to create a value from the use of new advanced technologies by exploiting the digital network dynamics and the digital flow of information.

Despite the relevance of digitalization, academic research in this area was limited. It indicated that the potential impact on management accounting and the finance function was huge with several companies having special transformation departments (for example: marketing, human resources and finance) to guide the digital.



Moll and Yigitbasioglu in 2019 and Rikhardsson and Yigitbasioglu in 2018 provide overview of the literature. The digitalization is about to enter the scholarly debate. The field appears dominated by the consultants and pioneers.

## New Role of Finance in Digital World

The role and function in the organization such as human resources and finance are center stage within the organization and bringing in the need of professional to create competitive advantage. The role of finance in digital world is a strategy than counters and fund managers.

### The role of finance in digital world is...

#### 1. Be aware of changing environment:

It is the most important features that the finance must be demonstrated. It is used to understand the value of business. Some of the activities could be:

- **Collaborate:** it is to ensure understanding the business and works with the business partners to design the right solutions around possible business models considering the market situation, competition, and risk management.
- **Track customer behavior:** through channel partners, social platforms is to generate a new opportunity or lead for business from existing customers. Personalization is a trend and need to be tracked at the customer level and for a segment of customers to ensure customer satisfaction.
- **Risk Management:** Tracking competition, project over runs, pricing and predictive analysis to secure top and bottom line.

#### 2. Be predictive but with rights controls:

To maintain the organization and provide information in the future, it is the responsibility of the finance function to ensure that risk is adequately managed and that the appropriate controls are in place.

- **Predictive analysis with unstructured data:** to combine the enterprise data with finance and also combine with unstructured data from various sources such as call centers, social campaigns and social websites to provide information to business.
- **Audit of bots and back-end data:** Automatic finance and enterprise data is given but it should develop the scientists who should continuously audit in the new technologies to ensure the organization.
- **Data and cyber security custodian:** to establish the right data the governance and ownership of data in a decision making and have a right cyber security strategy to prevent cyber-attacks. A role of chief data officer could emerge as a part of CFO organization.



### 3. Innovation of an organization

Finance should take a lead role in identifying, refining and supporting innovations in an organization and to become transformational leaders to create the enterprise of innovation culture.

- **Forge right alliances:** strategic alliances are well established way of creating. Finance function should ensure the business right alliances with proper commercial and revenue arrangement to secure sustainable growth for the future.
- **Create employee, customer and vendor efficiencies:** all improvement can be brought about conversational interfaces using bots AI and social technologies. It should also track these interfaces to develop information for an organization.
- **Foster innovation internally and externally:** extensive use of new technologies to provide both internally and externally. To provide deeper analysis of the business partners or keeping customers engaged with continuous product improvements in partnership with business.

## CHANGING ROLES AND BENEFITS OF DIGITALIZATION IN FINANCE AUTOMATION

### 1. End to end process automation

Clear Cadence utilizes leading Business Process Management Software (BPMS) and Robotic Process Automation (RPA) to automate business. And it is believed in analyzing departmental workflows, improving them and then identifying how they should be measured before any automation begins.

Business Process Management (BPM) is not a methodology but rather a discipline of ensuring that business processes follow a company's strategic direction. Once in all of this is clear, we start designing and developing a system that will increase efficiencies to your business. Automation comes in various forms when you are looking at BPMS. The obvious one and what most people think about while considering BPMS is structured workflow.

The ability to put a business rule into a series of conditional steps that allow your employees to get their work quickly, do it all digitally versus manually and for you to control where the work should go further. Additionally allowing multiple people to work on a single work item via, the use of parallel processing.

Robotic Process Automation (RPA) that creates software "bots" those which perform the routine, monotonous tasks that a human would typically to do. Examples of tasks that could be handled by the RPA:

- ❖ Perform the matching of incoming contents with the work already in progress.
- ❖ Allowing straight-through process where no one needs to touch the work being performed.
- ❖ Allowing small integrations into other systems that would need humanly intercession.

**There are various aspects to a properly fashioned business process management workflow, they are...**

- ❖ After Intake Management, the content can go through a classification step where it is automatically identified as a particular document type and thus available.
- ❖ Initial tracking measurements for instance SLAs and KPIs, are established at the start and end of the workflow as well as at specific point. For example, entering a work in queue.
- ❖ Business rules are used to route the content to proper places based on metadata or actions taken by a user.
- ❖ Steps can be automated via RPA to perform the programmatic matching of new items to existing ones or to integrate data and content with the back-end systems.
- ❖ User controls are put in place to allow the people who should be doing the work access work. Timers can be used at the key points in the workflow to allow for automated escalations of content or to automate follow-ups after a configurable amount of time. Dynamic routing utilises metadata for conditional routing. For example, a dollar amount can be evaluated so that the lower values go to one queue and higher ones go to another.

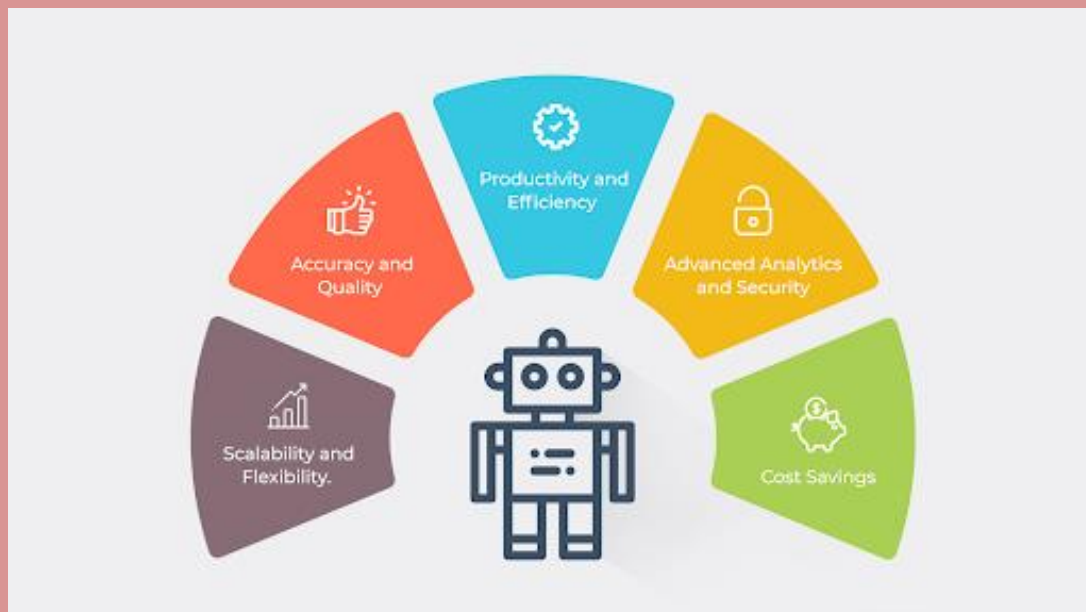
## **2. Bringing insight to the data**

In a world where uncertainty is the new norm, where the technology is getting smarter, where robots are automating and simulating human activity, and where the big data is getting bigger, the pace of winning and losing is getting fast. The margin for an error for the organisations is now even smaller, meaning high-quality decisions grounded in insight have never been more important.

Technology can automate a lot of what we used to do when it comes to analysing the data. It can even take this a step further and simulate some of the thought processes. Technology has one shortfall it's not human, and generating insights is an inherently human process that needs human traits to interpret what is happening. Faced with a deluge of data, finding a way to combine all these human qualities with the tools on offer will provide organisations to make high quality decisions grounded in great insights.

## IMPACT OF RPA TECHNOLOGIES ON ACCOUNTING SYSTEMS

- ✚ Robotic Process Automation (RPA) is a technology that allows the robotization of business processes and has a great impact on the conversion of Accounting Industry, which combines the power of traditional industries with slitting, edge Internet technologies.



- ✚ Companies can create robotic trials that can define, recognise, and most crucially learn activities by utilising artificial intelligence (AI) credentials for processing resolved transactions, updating data, initiating jobs/transactions, and interfacing with other applications.
- ✚ RPA and related other technologies will reduce the reliance to human work, reduce costs and boost efficiency in business operations.
- ✚ RPA will especially enhance error-free and accurate transactions in account and raise the efficiency and effectiveness in monitoring and auditing transactions.
- ✚ RPA will be the entry point in the roadmap of robotic robotization and development of robotics and will be used extensively and increasingly in business operations in the coming years. Automation using AI will be the next game changer in the world, and RPA will be the entry point in the roadmap of robotic robotization and development of robotics. Recent studies and analyses have even pushed for the replacement of human labour force and jobs in some businesses with robots or robotic systems.
- ✚ RPA and robotization will disruptively change the processes, transactions, and excursion in accounting. Especially inefficient accounting operations will be addressed by RPA and accounting professionals will concentrate more strategic operations. RPA will also assure the automated internal control auditing and automated critical financial reporting.

## ACCOUNTANT AS DIGITAL INNOVATOR - roles and competencies in the age of automation

An Accountant need to have followed qualification and abilities to catch up with RPA...

### ✚ Communication:

Top-down communication mechanisms, if they ever were, are no longer effective. As a financial professional, you must be able to ask good questions, listen objectively to different points of view, think critically about the information you have, and respond effectively to a variety of stakeholders across several forms of communication. Maintaining a continuous interaction with your constituents is also critical to obtaining the most useful information for resolving problems and identifying potential.

### ✚ Leadership:

As the rate of technological transformation accelerates, your clients, colleagues, and employees may feel unable follow up. They would worry about how new technology will affect their businesses. These feelings and concerns may make the communication more challenging than normal workplace exchanges.

### ✚ Strategic and critical thinking:

As automation technology frees you from the routine and manual portions of financial job, you'll have more time to focus on tasks that increase efficiency and income.

### ✚ Anticipating and serving evolving needs:

In addition to data analysis, you'll also get to recognize emerging requirements around you. At an equivalent time, complex problem-solving, adaptive thinking, and even future forecasting are going to be expected of top finance professionals.

### ✚ Integration and collaboration:

Finance experts will need to interact closely with people who produce different skill sets and specialties to integrate and collaborate. As the world becomes more complicated, you'll need to collaborate closely with material specialists, department heads, and other essential individuals who can assist you inform your work and build the big-picture concept.

### ✚ Tech-savvy and data analytics:

While it'd seem obvious, virtually no job is going to be untouched by technology. To best spot new developments and recognize how they will benefit your business, develop, and maintain both an enthusiasm for brand spanking new technology, also as intellectual curiosity about what's coming next. As machine learning becomes more challenging and new applications emerge often, trying to find ways to maximise their potential within their own or their client's organisation can offer you a competitive edge that less tech-savvy finance professionals don't have with them.

### **✚ Functional and domain expertise:**

Of course, even with enormous technological advancements, finance professionals must be skilled in their areas of experience. Various roles of accountant require different education, certifications and competencies. In addition, this area of labour often requires a code of ethical and moral behaviour that earns the trust of those who put their finances and, sometimes, livelihoods in your hands.

### **Digital transformation and change management**

One of the most crucial tactics for ensuring a successful transformation is change management. Modern organisations must handle change, which necessitates a shift in management practises. In the present digital transition, the ability to label and modify to change within an organisation is becoming a critical element of survival for many modern firms. The need for digital transformation has become unavoidable. Digital transformation was needed for practically every business unit and functions by 2020, particularly finance departments, which had been lagging in terms of tools and efforts for quite some time. Companies must address the human component as well as establishing the role of change management in their digital transformation to be successful. Change management strategies may differ from one organisation to the next, but they consistently have three fundamental goals:

#### **✚ To increase the workforce's return on investment:**

The changes connected with digital transformation should be implemented to increase your workforce's efficiency and productivity; each change should assist your employees in doing their jobs better and faster.

#### **✚ To obtain a competitive advantage:**

By involving a process of structural change, change management assists firms in identifying chances to acquire a competitive edge by lowering costs, enhancing innovation, or improving service quality.

#### **✚ Energize and empower employees:**

According to the research, 70% of change initiatives fail owing to a lack of employee support, as they believe that changes will result in a loss of income. Employees who feel valued and supported are more likely to embrace change initiatives, according to change management.

## THE FINANCE FUNCTION IS BEING TRANSFORMED BY FIVE DIGITALIZATION TRENDS

Digitalization has emerged as a major concern for CFOs in an increasingly virtual environment. Companies that had invested in digital solutions fared better than those that had not during the epidemic, when remote financial closures became a reality for most finance departments. Finance executives, having learned their lesson, are planning to invest more in cloud computing and data integration in 2021.

CFOs and their teams are already seeing how data integration across a business can help create value, and how analytics can help with predictive rather than reactive decision-making, all of which aids in achieving

**In the Post-Covid age, these are some of the top digitization developments for finance functions.**

### **🚧 Automation will no longer be a point of contention:**

Manual processes and repetitive, rule-based tasks will be phased out of finance and replaced by automation. A repeatable, systematic, and transparent automated procedure eliminates risk and gives you confidence in your reporting results.

### **🚧 Finance teams will increasingly work from home:**

Companies across the world are considering making remote or hybrid employment a permanent option. First and foremost, CFOs must commit to providing their employees with the appropriate technical tools. Second, they should encourage individual teams to work together and collaborate. Cross-functional leadership is required throughout the firm, and CFOs must actively lead in the development and maintenance of a new corporate culture, with HR and IT divisions assisting.

### **🚧 Up skilling will become commonplace:**

Disruptive digital technology change is altering the roles of management accountants and threatens to eliminate many existing positions, including finance specialists and accountants. Data and programming abilities may become as crucial as accounting skills soon.

### **🚧 Data will be the most important factor in achieving success:**

A "data-centric organisation" views data as more than just a useful commodity; it's also a key factor in business strategy. In a recent IMA (Institute of Management Accountants) survey, most of the finance and accounting professionals claimed their organisations took a "strong" or "very strong" data-centric approach to information technology.

## 🚩 Enterprise Risk Management is elevated to a financial responsibility:

Companies will be highly focused on risk mitigation in 2021. In fact, by appropriately implementing the ERM framework, management accountants can better foresee and prepare for disruptions and natural disasters, with business continuity and remote work plans and processes in place.

### CONCLUSION

Open digital standards in banking can increase competition by fundamentally changing the way that consumers purchase banking services. They facilitate the entry of new business models that help consumers to obtain better value from their existing banking services, and to move between services without consumers having to do the hard work of evaluating how different offers fit with their requirements (which can be identified in their usage data). This E journal argues that these demonstrate a way for the state, or rather its independent competition agency, to be entrepreneurial and exercise a vision of how digital innovation can make markets work better for consumers, while remaining consistent with the principles of competitive neutrality (which can pose challenges to other proposed roles for an entrepreneurial state). This highlight the importance of competition agencies not being restricted to examining and resolving supply side problems if they are to be effective in making competition work for consumers. Effective markets require an active and empowered demand-side, and this requires much more than simply protecting them from mis-selling and other unfair practices, this is well demonstrated in the case of open Digital and finance standards.



