

McKinsey Direct

# How finance skills are evolving in the era of artificial intelligence

In a world of advanced automation and AI, people skills are becoming a differentiator for finance professionals.

*This article was a collaborative effort by Katie Costanza, Steven Eklund, Kunwar Abhay Pratap Singh, Michele Tam, Robert Vuurman, and Edward Woodcock, representing views of McKinsey's Operations Practice.*



**Generative AI** and other digital technologies are transforming the way work is done, and finance roles are no exception. Less than a year after generative AI tools became widely available, 24 percent of staff in financial services companies were already using them<sup>1</sup> in their work.

It seems inevitable that these technologies will transform the way finance professionals work and the skills they require. This topic has already become a key concern for senior leaders. In a 2023 McKinsey survey, CFOs cited capability building and advanced technologies as the two most effective ways to build resilience in their organizations.

Traditional workplaces are facing other disruptions too, such as the emergence of remote and hybrid roles. How should finance leaders adapt their talent strategy to these new realities? And how should finance professionals change their skill sets to meet the demands of work in an AI-enabled world?

Some clues come from changes that are already under way in the recruitment market. We analyzed finance job postings in 80 publicly available databases, comparing the frequency with which different skills were listed in 2018 and 2022. That allowed us to identify which skills are seeing the largest increase in demand from employers.

To better understand the nature of the shift in skill mix, we categorized the 30 most frequently cited skills into four broad areas of capability:

1. **Finance subject matter expertise.** Such expertise includes foundational knowledge of core finance concepts such as the principles of accounting, tax, or treasury operations.
2. **Managing financial data, processes, and technologies.** This skill set involves the ability to maintain finance operations and information flow through the design, operation, and

maintenance of processes; controls; and the deployment of technology. Examples include proficiency in using technology solutions for various areas of finance and in defining finance processes, policies, and controls to manage finance risks.

3. **Generating financial insights to drive business impact.** This involves the ability to understand the commercial and operational context of the business, develop insights into the trajectory of financial performance, and make recommendations to improve financial and operational performance. Examples of such skills are facility at identifying value drivers, data analysis, market analysis, and problem solving.
4. **Leading self, teams, and organizations.** This category includes the soft skills required to influence and collaborate with a diverse set of stakeholders and teams to achieve business objectives. Examples are empathy, effective storytelling, and debiased decision making.

All four sets of skills appeared more often in job postings in 2022 than in 2018, suggesting that increased competition for talent encouraged employers to add more detail in postings. Compared with 2018, postings in the 2022 databases mentioned more than twice as many different skills.

The rate of growth among different skill groups varied dramatically, however. Mentions of finance subject matter expertise increased only 1.3 percent between 2018 and 2022, while the softer and more strategic skills associated with leading self, teams, and organizations increased by more than 7 percent (exhibit). Recruiters were least likely to add skills such as the ability to perform accounting operations such as accounts payable (skill group 1), use legacy tool sets like spreadsheets (group 2), or perform controls-focused financial management tasks (group 2) to their job postings. They were more likely to include capabilities in communications, coaching, or teamwork (group 4).

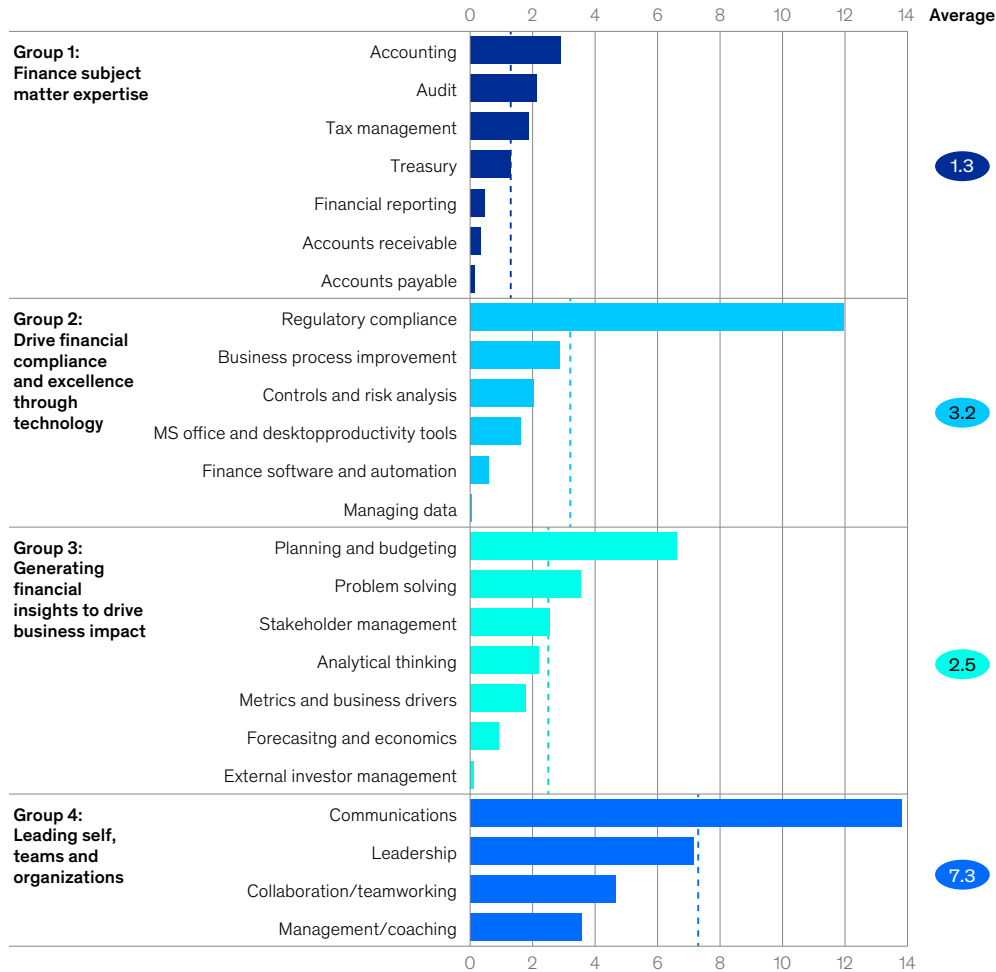
---

<sup>1</sup>“The state of AI in 2023: Generative AI’s breakout year,” August 1, 2023.

Exhibit

## Finance job postings show demand for traditional expertise falling in favor of interpersonal skills and driving business impact.

Increase in frequency specific skills are mentioned in finance job postings, 2018–2022, across four skill groupings,<sup>1</sup>%



<sup>1</sup>2022–2018 absolute weighted average change % occurrence within top 25 skills. Source: Analysis of finance job postings in 80 publicly available databases, comparing jobs posted in 2018 and 2022.

McKinsey & Company

### What's driving the change?

Automation may be driving the pivot from more transactional and know-how-based skills to harder-to-replicate human-centered skill sets. Newer technologies are replacing basic tools like spreadsheets with more sophisticated software. Transactional activities such as accounts payable and receivable are increasingly automated through a combination of robotics, chatbots, and smart workflow technologies.

The adoption of generative AI in the workplace is likely to accelerate this trend. With the right supporting applications and skilled prompt design, large language models such as ChatGPT can write reports, summarize data, and assist in researching subjects such as accounting or tax principles. That will reduce the number of subject matter experts needed to advise in these areas.

So why is demand increasing for skills related to personal and organizational leadership? The answer may be that these are the skills needed to translate financial insights into better business performance. Skills such as communication, leadership, coaching and mentoring, and teamwork are needed to ensure that the right decisions are made, the right stakeholders are involved, and increasingly complex and diverse organizations mobilize around the correct set of actions and priorities.

### **Actions for finance leaders**

Improvements in technology are reducing the time and effort needed to generate insights from financial data, but insights alone are insufficient to drive business performance. In addition to fluency with these tools, financial professionals need to develop the complementary skills that allow them to use such technologies to their fullest potential. These skills include the ability to frame business problems succinctly and develop the right questions to be investigated, effectively communicate insights

to the business, and orchestrate effective decision making for the right courses of action.

Finance organizations are already starting to adjust to the impact of technology, but the accelerating pace of change could result in significant disruptions for both employees and organizations. To minimize the pain of transition, finance leaders can take the following actions:

1. Determine the full range of skills their organizations will require in the short, medium, and long term.
2. Assess the skills of current staff to identify the biggest gaps in skills needed for future success.
3. Invest in a targeted capability-building program focused on the prioritized skill sets.
4. Recruit talent strategically to fill gaps where needed.

**Katie Costanza** is a consultant in McKinsey's Chicago office, where **Michele Tam** is an associate partner; **Steven Eklund** is a partner in the Stamford office, where **Ed Woodcock** is a senior expert; and **Kunwar Abhay Pratap Singh** and **Robert Vuurman** are consultants in the Waltham office.

Copyright © 2024 McKinsey & Company. All rights reserved.