

Toward the long term: CFO perspectives on the future of finance

In a new survey, CFOs report a growing focus on longer-term planning and high expectations for technology, including generative AI.

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For finance leaders, the challenge of balancing a growing list of priorities, mandates, and reporting lines isn't getting any easier. CFOs play a range of critical roles in their organizations, including (but not limited to) crisis manager, functional leader, and thought partner to the CEO. In our newest CFO pulse survey,¹ finance leaders also cite emerging risks to their companies' growth—namely, supply chain disruptions and weak demand—that require attention and management.

CFOs tend to say they are looking beyond short-term concerns in a way they haven't in previous years.

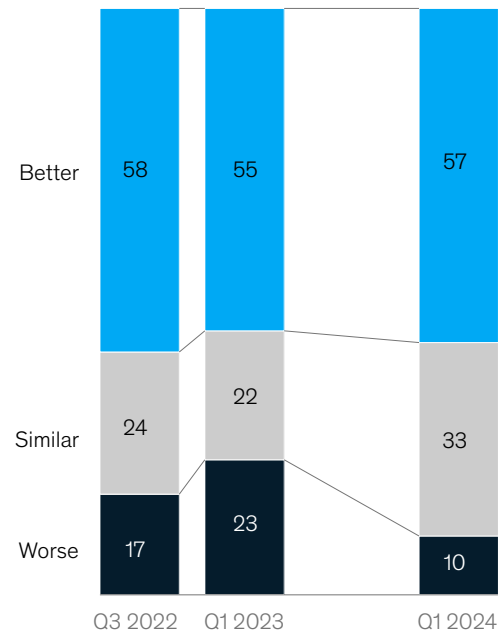
At the same time, CFOs tend to say they are looking beyond short-term concerns in a way they haven't in previous years. Most finance leaders cite strategic planning and long-term resource allocation and planning as top finance priorities, and much more often than they did in our 2023 survey. And while few CFOs say their finance functions have digitized their processes at scale or have adopted generative AI (gen AI), nearly all of them believe that gen AI has the potential to create value in myriad ways, from helping finance employees move away from manual analysis to improving leadership and strategy support.

¹ The online survey was in the field from March 14 to April 25, 2024, and garnered responses from 126 finance leaders of companies in 26 countries, with nearly half (61) working for companies headquartered in the United States. Of the 126 respondents, 47 are CFOs of companies and 79 are CFOs of business units or regions. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP.

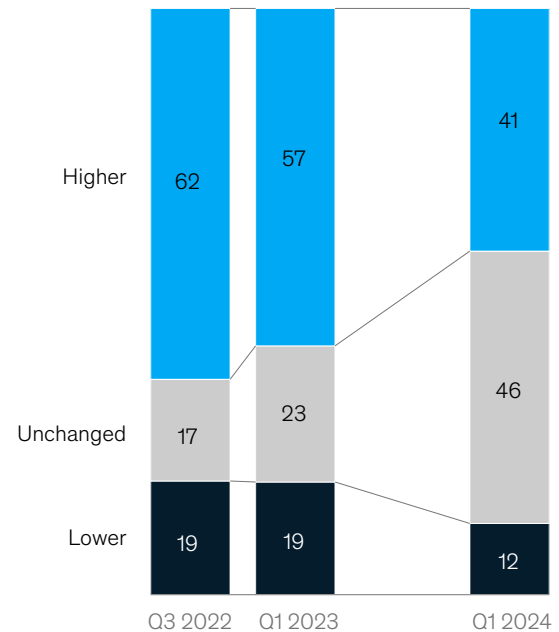
When asked about their overall business outlook, CFOs are increasingly likely to expect the status quo will hold in the next year. Compared with 2023, a larger percentage of finance leaders expect their industries' rate of growth will stay the same. They are also twice as likely to expect their companies' investment levels will hold steady—a departure from the past two surveys, when CFOs predicted an increase in investment. While concerns over inflation have ebbed since the 2023 survey, CFOs are 2.5 times more likely (49 percent, up from 20 percent) to say supply chain disruptions threaten their companies' growth. Similar to last year, a majority of respondents cite increased economic volatility as a risk.

Compared with past surveys, CFOs are more likely to expect their industries' growth rates and companies' investment levels to hold steady.

Expected rate of industry growth, next 12 months, % of respondents



Expected change in companies' level of investment,¹ next 12 months, % of respondents



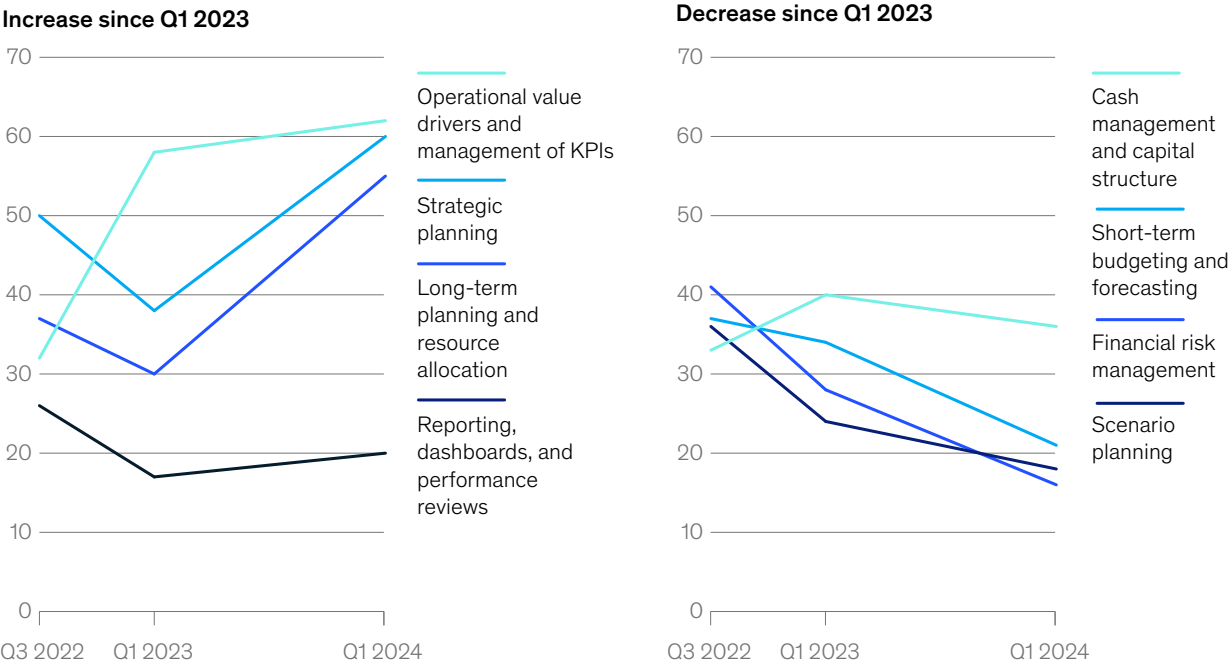
Note: Figures may not sum to 100%, as respondents who answered "don't know" are not shown.
¹For example, capital expenditure, R&D, and marketing.
Source: McKinsey Global Surveys of CFOs, 2022–24

McKinsey & Company

When asked about their own finance organizations, CFOs continue to cite operational value drivers and KPI management as a top priority—as they did one year ago. But other results suggest they are refocusing on the future. Fifty-five percent now say that long-term planning and resource allocation is also a top priority for finance, up from 30 percent in the past survey. Likewise, the percentage of CFOs citing strategic planning as a top priority has grown considerably since 2023: 60 percent now say so, versus 38 percent last year.

With respect to their priorities, finance functions seem to be refocusing on the long term.

Finance organizations’ top priorities, next 12 months, % of respondents

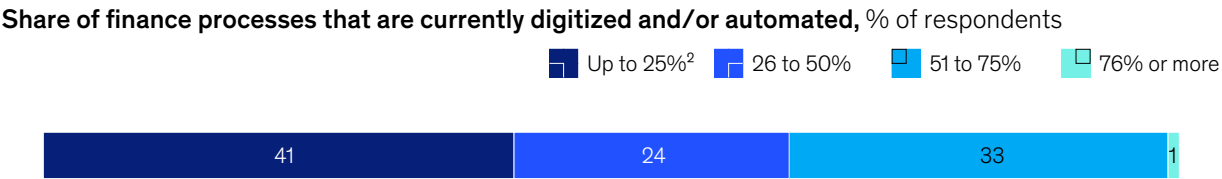
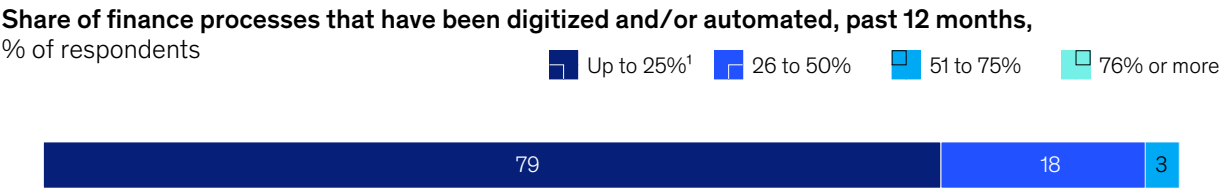


Source: McKinsey Global Surveys of CFOs, 2022–24

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For all the benefits that digital technology—and gen AI, specifically—can bring to finance organizations, the survey suggests that many of them have room to improve their implementation and use of tech. On one hand, nearly all respondents (98 percent) say their finance functions have invested in digitization and automation, regardless of where they are on their digitization journeys. On the other, a plurality of CFOs report that just one-quarter or less of their processes are currently digitized or automated.

While nearly all CFOs say their finance functions have digitized processes in the past year, many are still early in their journeys.

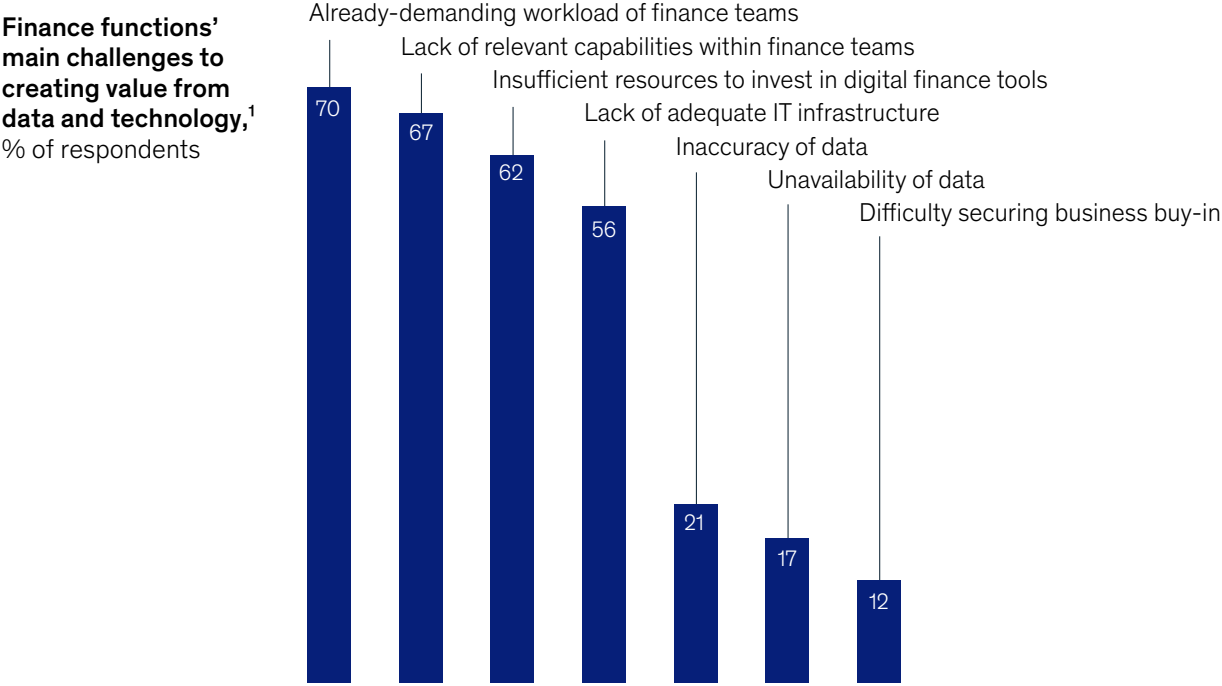


Note: Figures may not sum to 100%, as respondents who answered "don't know" are not shown.
¹4 CFO respondents said none of their finance processes have been digitized and/or automated in the past 12 months.
²1 CFO respondent said none of their finance processes are currently digitized and/or automated.
Source: McKinsey Global Survey of CFOs in 32 countries, March 14–April 25, 2024 (n = 126)

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Part of the reason for low digitization rates may be the breadth of the tech-related challenges—many of which are organizational—that finance functions face. When asked about the roadblocks to creating value from data and technology, CFOs report that their finance functions face already-demanding workloads, a lack of relevant capabilities, and insufficient resources. All three of these challenges are more prevalent than the tech infrastructure or data-related issues we asked about.

The results suggest that organizational—rather than technical—issues pose the biggest barriers to capturing tech-related value in finance.



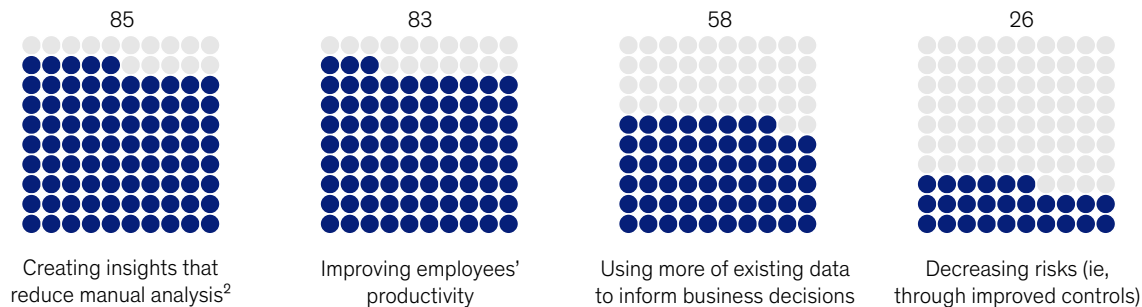
¹ Respondents who answered "other" or "don't know" are not shown.
Source: McKinsey Global Survey of CFOs in 32 countries, March 14–April 25, 2024 (n = 126)

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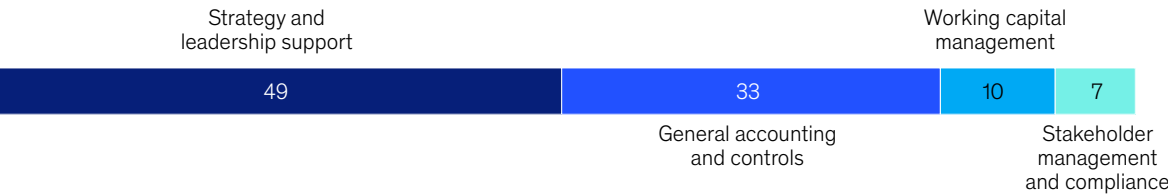
Among CFOs, expectations for AI and gen AI are high. There's near-universal consensus that these technologies will create value for the finance function, even in areas where they're not yet in use. More than eight in ten CFO respondents believe that AI and gen AI will generate insights that enable employees to spend more time on value-adding (rather than manual) tasks and will improve employees' overall productivity. When asked about potential gen AI applications that would be most useful to finance, CFOs most often identify strategy and leadership support (49 percent), such as insight generation and competitor insights monitoring. This is followed by one-third of CFOs who cite controlling and general accounting use cases.

CFOs have high expectations for the benefits AI and generative AI can bring to finance.

Ways that AI and generative AI will create value for the finance function, next 5 years,¹ % of respondents



Generative AI application that will be most useful to the finance function, next 5 years,³ % of respondents



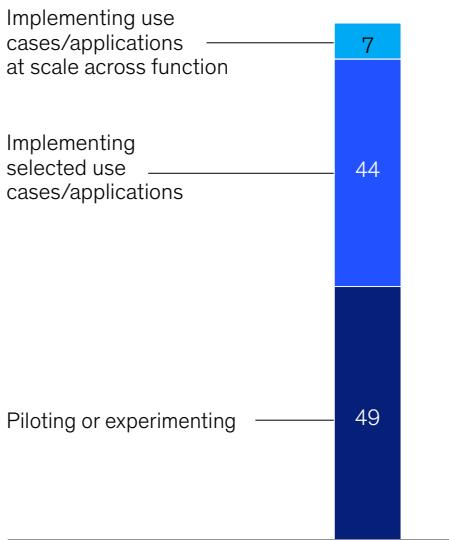
¹ Respondents who answered "other" or "not applicable" are not shown. Only 2 respondents said "not applicable; I do not expect the finance function's use of AI and gen AI to create value."
² I.e., so employees can spend more time on value-adding tasks.
³ Figures do not sum to 100%, as respondents who answered "other" or "don't know" are not shown.
Source: McKinsey Global Survey of CFOs in 32 countries, March 14–April 25, 2024 (n = 126)

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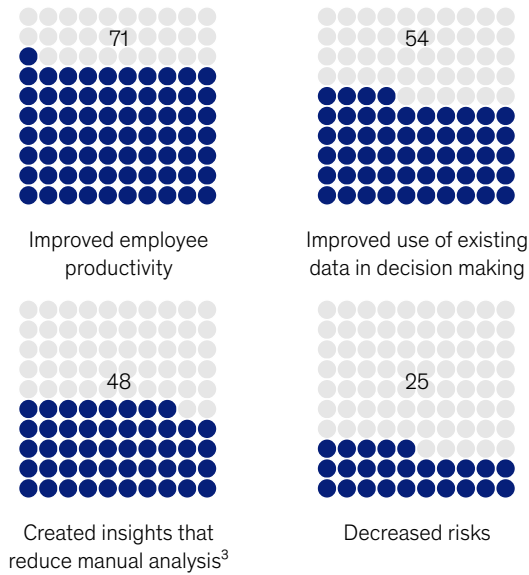
Just one in five CFOs reports the use of gen AI tools, and of them, nearly half are still in the pilot and experimentation phase. For those who are already putting gen AI to work, they report the same benefits that CFOs expect the tools will offer in the future. The largest share, 71 percent, say gen AI has created value by improving the productivity of finance employees. After that, 54 percent cite better use of data in business decisions and 48 percent cite insight generation that allows employees to focus on higher-order tasks.

In areas where finance functions have already adopted generative AI, CFOs most often cite increased employee productivity as a benefit.

Finance functions' implementation of generative AI tools to date,¹ % of respondents



Ways that generative AI has already created value for the finance function,² % of respondents



¹Questions were asked only of respondents (n = 33) who identified gen AI as a digital and/or automation technology their finance functions are currently using.
²Respondents who answered "other" or "not applicable" are not shown. 3 percent of respondents said "not applicable; I do not expect the finance function's use of AI and gen AI to create value."
³I.e., so employees can spend more time on value-adding tasks.
Source: McKinsey Global Survey of CFOs in 32 countries, March 14–April 25, 2024 (n = 126)

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In an increasingly volatile world, CFOs have an especially critical role to play in creating financial value—while also dealing with urgent demands and leading the finance function through the current wave of technology-driven organizational change. They can, and need to, be front and center in helping their companies navigate the current environment by balancing short-term management with long-term value creation. While most finance organizations have just started their gen AI journeys, these technologies also present CFOs, and finance more broadly, with a significant opportunity to increase their effectiveness and efficiency.

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