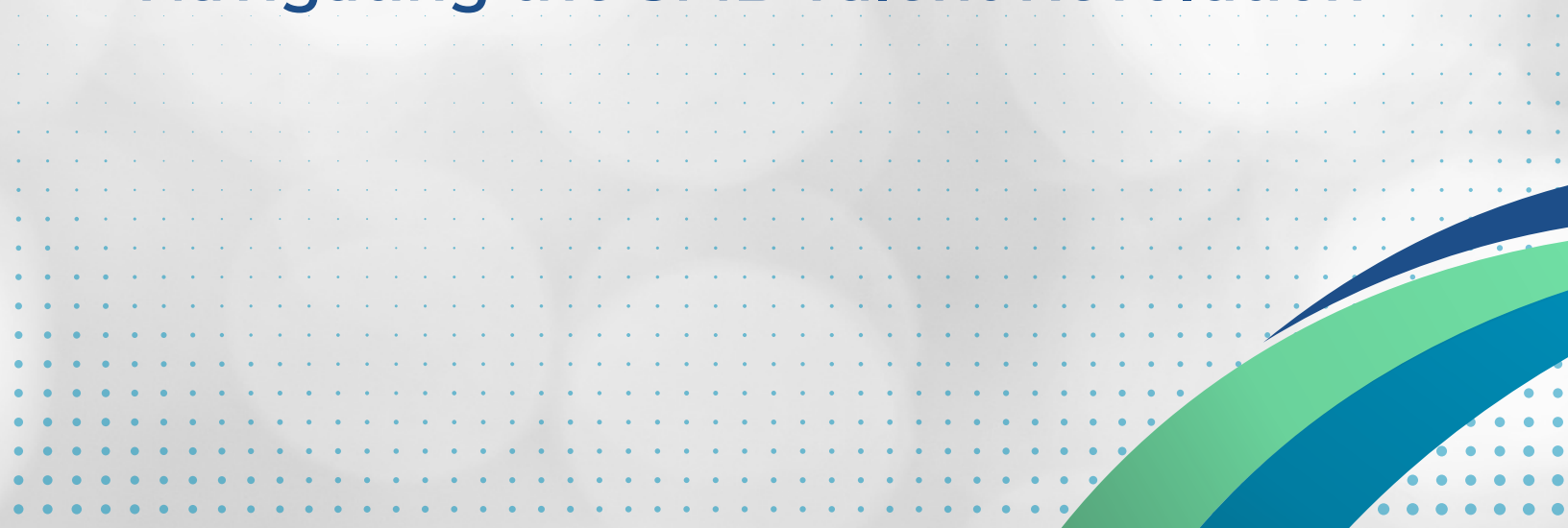




Insight Research Report

The Future of Finance:

Navigating the SMB Talent Revolution



Executive Summary

At a Glance

This report provides an overview of the finance talent landscape in the US and emerging talent trends in the industry. The finance and insurance industry contributes almost \$2 trillion (about \$6,200 per person in the US) to the US GDP and plays a crucial role in the US economy, but SMBs are struggling to find the right talent amidst a sea of candidates. Employers are adopting new strategies to attract and retain finance talent, with talent retention identified as a major concern by 68.90% of hiring managers. Inflation and economic instability have led to higher salaries in finance roles, emphasizing the importance of specialized certifications and education qualifications. The deployment of technology, such as AI and analytics, has accelerated digital transformation and increased the demand for advanced analytics skills. The emerging role of Chief Accounting Officers (CAOs) has become impactful, allowing CFOs to focus on finance transformation and scenario planning. Additionally, there is an urgent need for reskilling in the finance industry jobs as emerging technologies become more prevalent. The Inflation Reduction Act has also impacted the finance industry jobs, creating an estimated 32,000 jobs per year. This report concludes with key findings and strategies for building and managing finance talent.



82%

of CFOs see acquiring and retaining key talent as crucial for growth



51%

of Chief Accounting Officers are looking to automate the mundane tasks with cloud based.



82%

of CFOs are accelerating their investments in digital technology.

Current Finance Talent Landscape in the US

A. Overview of the Current Finance Talent Market in the US

The current finance talent market in the US is undergoing a significant transformation driven by factors such as digitalization, remote work, and an increasing focus on sustainability and ESG factors. As of February 2023, there are approximately 6.68 million Americans employed in the finance and insurance industry, and over 374,000 finance industry jobs are available. Furthermore, the finance and insurance industry plays a crucial role in the US economy, contributing almost \$2 trillion (about \$6,200 per person in the US) or 7.78% of the total US GDP. Still, SMBs are struggling to find the right talent amidst a sea of candidates.

Employment (in thousands) for Finance and insurance sector Jan 22 - March 23

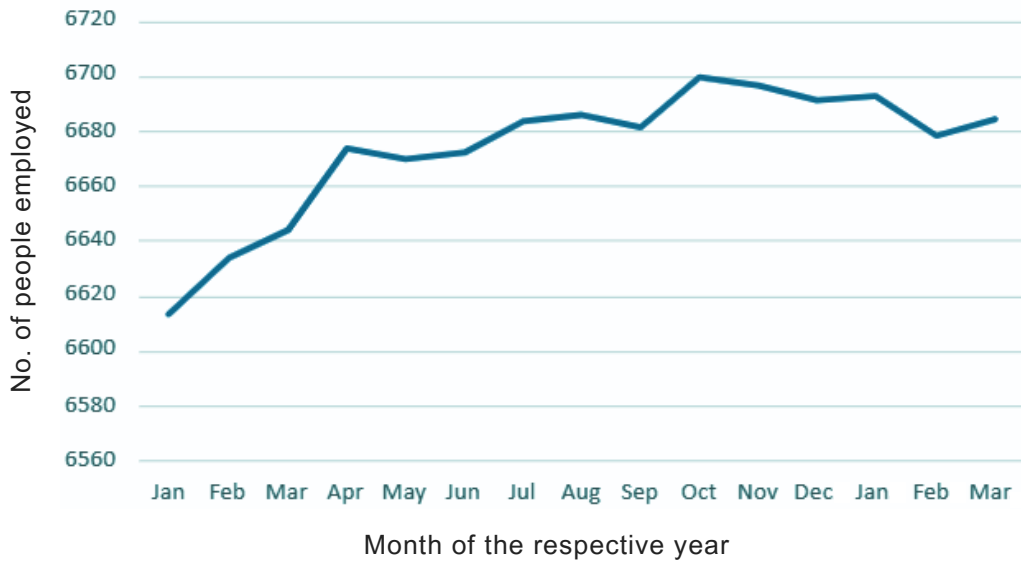


Figure 2: U.S. Bureau of Labor Statistics

Job Opening (Full-Time) April, 2023

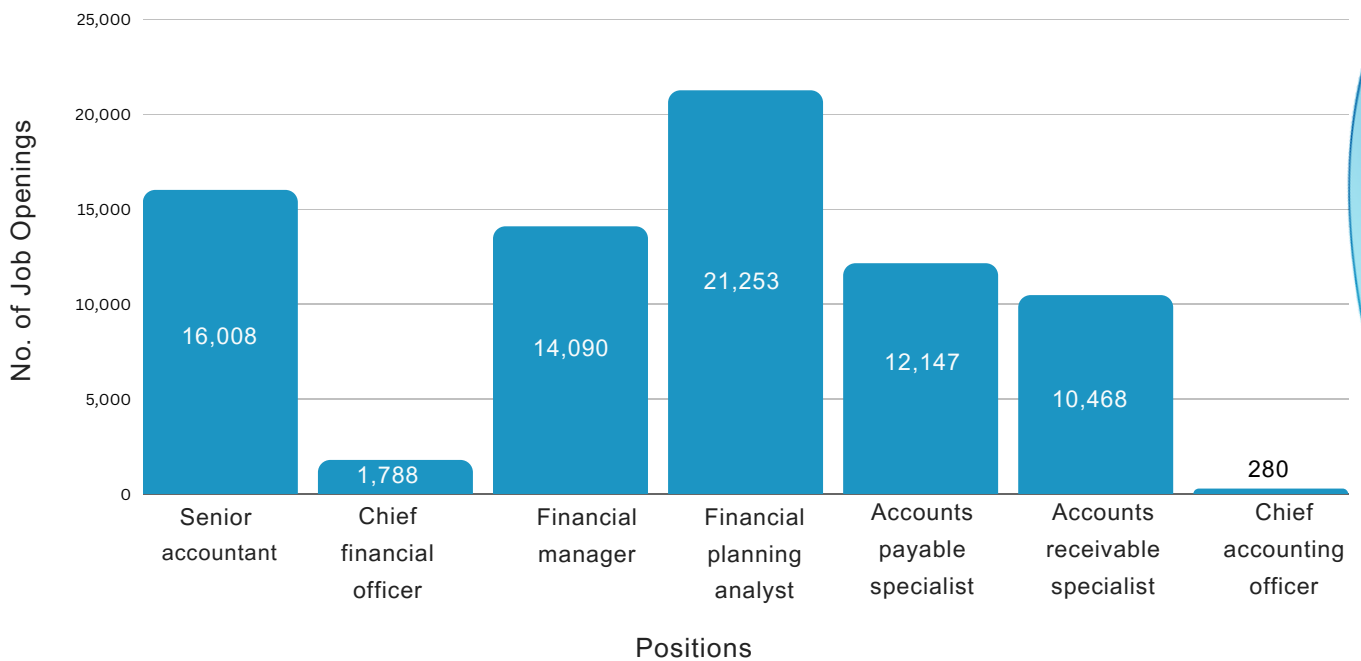


Figure 3: Source- Glassdoor

B. Trends in Finance Talent Recruitment and Retention

U.S. Bureau of Labor Statistics projects a 7% annualized growth in business and finance employment from 2021 to 2031. Recruiting and retaining top finance talent has become increasingly challenging in recent years. Employers are competing for the same pool of talent, and job seekers have more choices than ever before. As a result, employers are adopting new strategies to attract and retain finance talent.

According to a study by Deloitte, the findings of the survey on hiring managers:

Top Three Drivers for Hiring in 2023	The percentage of private hiring managers in the survey sample who confirmed the statement
Need for more headcount in areas with increasing workloads	38.6%
Obtaining talent with technological skills	20.5%
Attrition caused by the Great Resignation	17.5%

C. Challenges Faced by Companies in Recruiting and Retaining Finance Talent

Companies face several challenges in recruiting and retaining finance talent, such as increasing competition, changing work preferences of millennials, and a shortage of specialized finance talent. Deloitte also found that accounting and finance hiring managers at public companies face a greater challenge with talent retention than those at private companies. The same study by Deloitte concluded the following opinions of hiring managers:

68.9%

Identified talent retention as a major concern

73.7%

Identified a significant effort will be required to attract and retain employees.

Challenges of the Great Resignation



This caused a surge in employees leaving their jobs for better opportunities.



Challenges are compounded by a surge in regulations and standards.

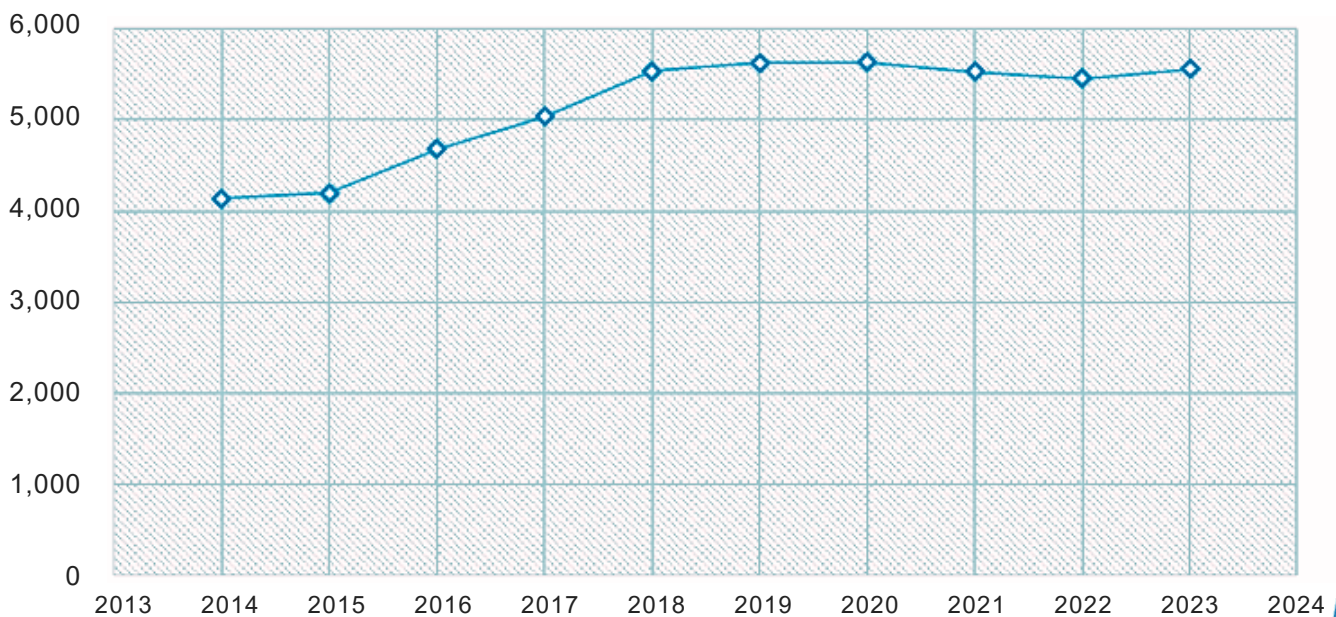


Large companies are undergoing significant finance transformation projects and implementing innovative technologies

Impact of Inflation

- Inflation and economic instability lead to higher salaries in finance roles, such as Senior Financial and Investment Analysts who earn a median annual salary of USD 76,570, nearly USD 31,000 more than the median wage for all jobs in the US.
- As a result, businesses have elevated expectations for education qualifications and expect to hire top talent with specialized certifications to manage finances effectively.

Annual Average Finance Professional Salary (in USD)



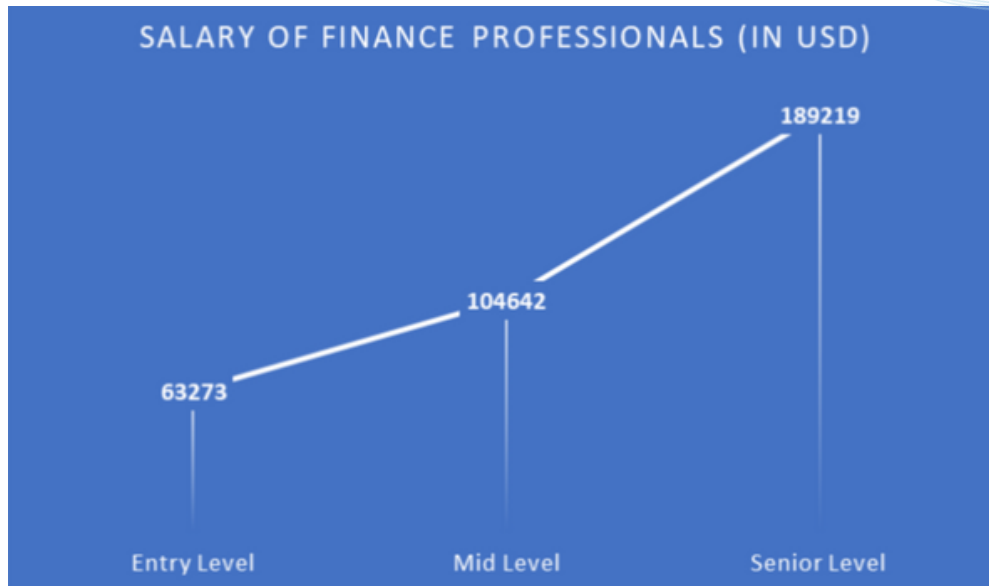


Figure 4: Source- U.S. Bureau of labor statistics

II. Emerging Finance Talent Trends in the US

A. Deploying technology to augment finance talent

Finance talent management is being revolutionized by technology. Companies are now utilizing technology to make recruitment processes more efficient, improve training programs, and increase employee engagement. The adoption of AI, automation, and analytics is on the rise among CFOs, with 48% stating that these tools are being used to fast-track digital transformation initiatives. Such advanced technologies have the potential to enhance employee engagement, and organizations are incorporating them into training programs to build a more agile team.

Top Tasks for which Business Leaders seek ML Support

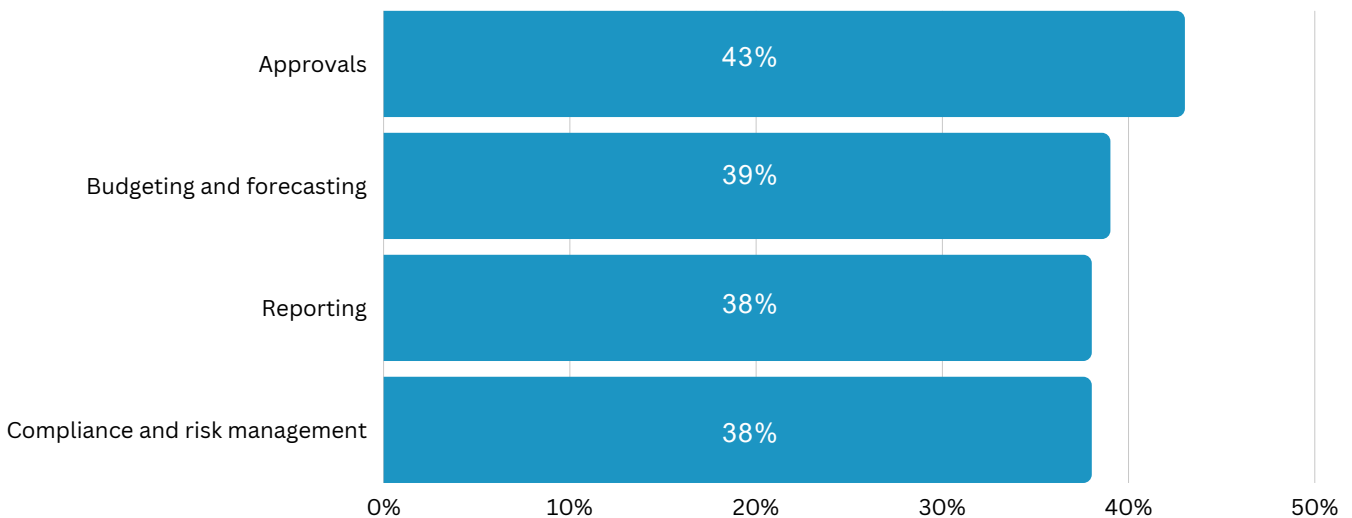
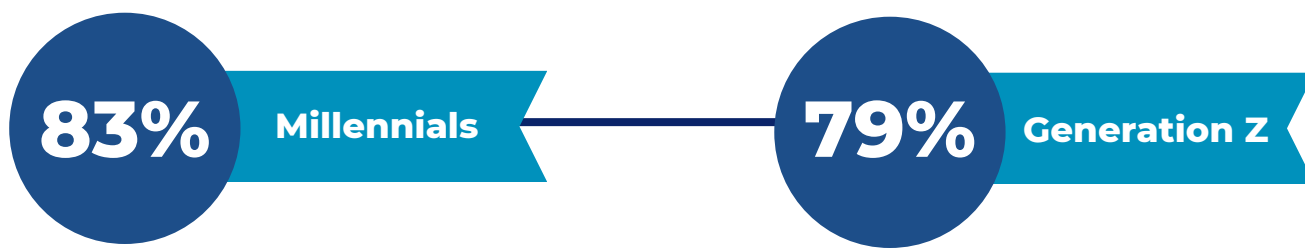


Figure 5- Source: Report by Oracle

B. Increasing Demand for Specialized Skills in Finance

Gartner's research reveals that over 80% of finance organizations plan to increase their use of advanced analytics to gain business insights in 2021 & beyond. However, Gartner predicts that less than 40% of cloud financial management solution implementations will achieve their goals by 2024 due to lack of change management & post-go-live management capabilities within finance functions. This highlights the importance for finance professionals to acquire advanced analytics skills to ensure the successful implementation and utilization of cloud financial management solutions.

C. Shift towards a More Diverse and Inclusive Finance Talent Pool



According to the Money and Machines Report, it was found that 83% of millennials and 79% of Generation Z respondents would trust a robot more than their organization's finance team. Additionally, millennial employees were nearly four times more likely than Baby Boomers to prefer working for a company that uses AI to manage finance.

Acknowledging new roles such as Chief Accounting Officers (CAOs) has become impactful, as the role of CFOs has expanded from financial reporting to business strategy and digital transformation. The demand for CAOs has increased as they provide the tactical tasks necessary for CFOs to thrive. CAOs oversee the daily accounting operations and partner with CFOs to automate mundane tasks through cloud-based ERP (Enterprise Resource Management) and EPM (Enterprise Performance Management). This automation frees up time for CFOs to focus on finance transformation and scenario planning. CAOs act as executive-level co-pilots, making important financial decisions and sharing the CFO's workload.

III. Strategies for Building and Managing Finance Talent in the US

A. Importance of a Well-Defined Talent Management Strategy

Having a well-defined talent management strategy is critical to building and managing finance talent. Employers need to have a clear understanding of their talent needs and develop strategies to attract, retain, and develop the best talent for their organizations. According to the World Economic Forum, there is an urgent need for reskilling in the finance industry as emerging technologies like machine learning and AI-driven analytics become more prevalent. The amount of data in the world is predicted to grow from 59 zettabytes (2^{70}) in 2020 to 175 zettabytes (2^{70}) by 2025, and the skills gap is growing as technologies emerge faster than ever. In response to this, finance teams need to up their digital intelligence game, and data-driven analysis powered by AI will become the norm across the entire finance organization. This will lead to greater insights into finance and operations, increasing the competitiveness and strategic focus of the overall organization. Bringing the existing team on the transformation journey is a win-win, improving retention, increasing morale, and enabling better performance.

B. Best Practices for Recruiting and Retaining Finance Talent

Employers can adopt several best practices to attract and retain top finance talent. These include offering competitive compensation packages, providing opportunities for professional development, and creating a positive workplace culture. Best practices for recruiting and retaining finance talent should focus on a shift towards skill-based hiring rather than qualification-based hiring.

74%
Generation Z

According to research by American Student Associate, percentage of people who favor skill rather than educational background.

81%
Employers

C. Developing and Training Existing Finance Talent to Meet Future Needs

Employers need to invest in the development and training of their existing finance talent to meet future needs. This can include providing training and development programs, offering mentoring and coaching opportunities, and creating a culture of continuous learning.

Role of AI: AI plays a crucial role in streamlining various finance processes, including accounts payable processes and financial close processes, thereby reducing manual work and expediting approvals. According to Corporate Finance Institute ChatGPT has proven to be a noteworthy collaborator for finance professionals in a variety of tasks. From analyzing financial statements and identifying trends in market data, to ensuring compliance with regulations and mitigating risks, it has shown itself to be a valuable partner in the daily operations of financial institutions. Additionally, it can aid in generating more accurate financial forecasts, identifying key variables in financial models, and even automating data entry to reduce errors and save time. With its ability to quickly analyze large datasets and generate reports summarizing financial models, ChatGPT has become an indispensable member of the finance team. Additionally, AI-guided digital assistants enable employees to interact with ERP systems using natural language, making it easier to find information and get work done. These benefits can help companies attract and retain top finance talent.

Table 2- According to a 2021 research report by Savanta and Oracle, 85% of business leaders are seeking help from artificial intelligence in finance in three ways:

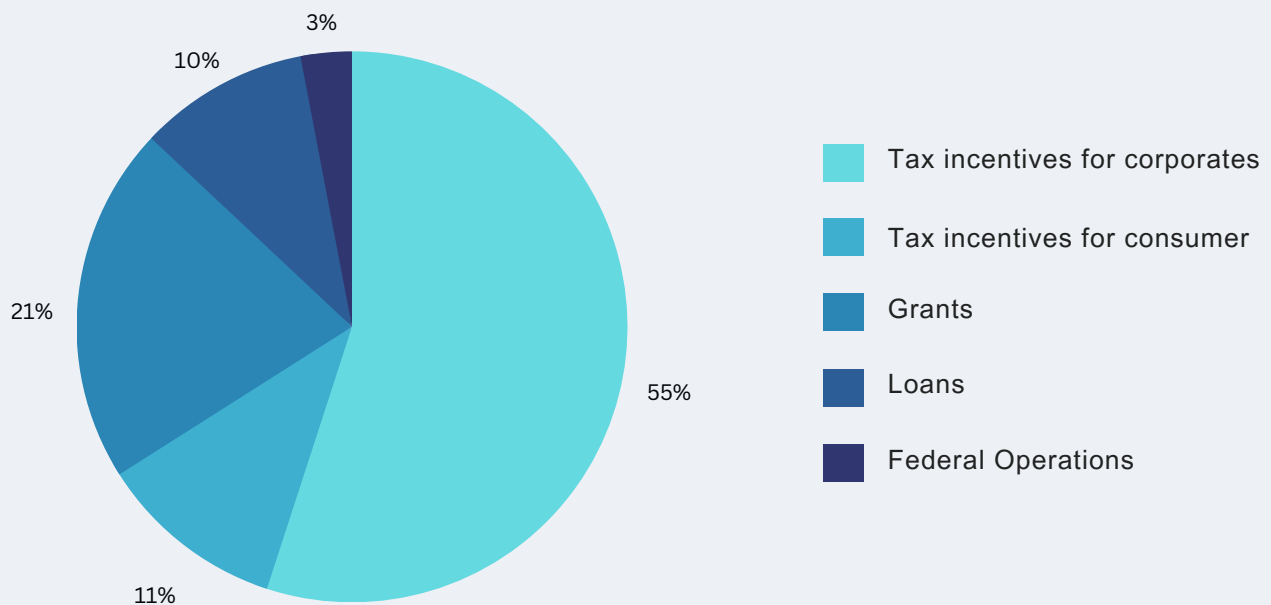
Ways AI is utilized in finance	Benefits
Automating manual processes, including accounts payable processes	Smart recognition and classification of invoices, identifying key information, detecting fraud, reconciling accounts, and expediting approvals.
Automated financial close processes	Faster closing times, shifting employee activity to analysis, strategy, and action using smart prediction with scenario modeling and unbiased forecasting.
AI-guided digital assistants	Context-aware, conversational & available on almost any device, allowing employees to interact with ERP systems using natural language, without the need for complex query language or transaction codes, making it easier to find information & get work done.

How Inflation Reduction Act impacted the Finance talent trends

Inflation Reduction Act: As the Inflation Reduction Act (IRA) has recently allocated federal funding towards climate efforts, there is a growing need for finance professionals who can navigate the complex regulations and requirements to access the \$216 billion in tax credits available for private investment in clean energy, transportation, and manufacturing. Companies need to provide their existing finance talent with the necessary training to understand the financial benefits of investing in technologies such as EVs, energy-efficient appliances, rooftop solar panels, geothermal heating, and home batteries. The expansion of the US Department of Energy's Loan Program Office, with a new loan program capped at \$250 billion, is also expected to create an increased demand for financial solutions partners, making crucial to develop and train finance professionals who can meet the future needs of the industry.

The annual jobs created due to the Inflation Reduction Act are estimated at 912,159 (Pollin R. et. al, 2022). Global estimate says that 3-4% of the population is employed in the Finance and Insurance Sector, assuming that 3.5% of the population is employed in the finance sector, we can estimate the total jobs created in the finance sector as approximate 32000 per year.

Visualizing the Allocation of \$394 Billion in IRA Funding



IV. In Summary

Key Findings

The finance talent landscape in the US is highly competitive, with employers facing challenges in recruiting and retaining top talent. Emerging trends in finance talent include the use of technology to enhance talent management, increasing demand for specialized skills, and a shift towards the adoption of Artificial Intelligence.

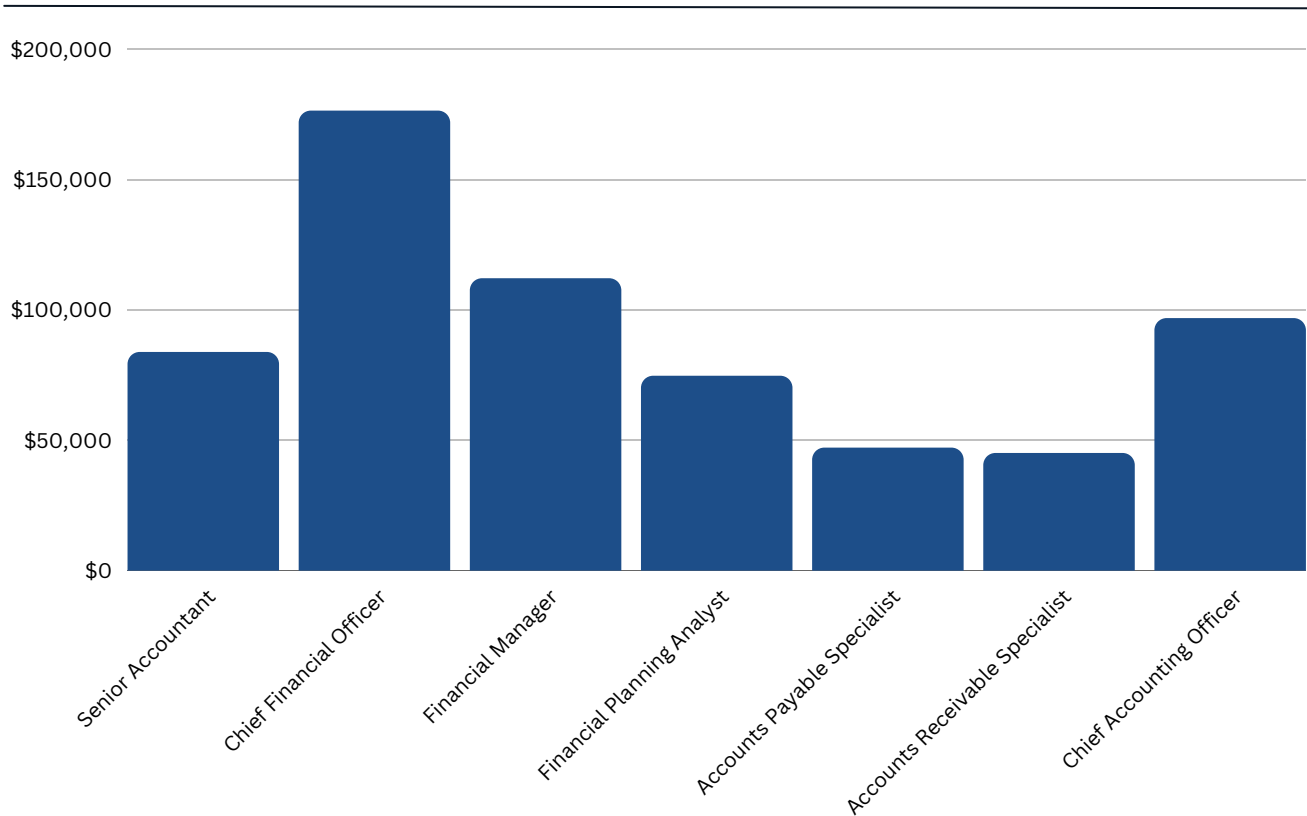
In the digital age, it is essential to have digital finance competencies that allow finance employees to use technology effectively, act as a bridge between the business and digital experts, quickly learn and adapt to new digital technologies, identify and manage bias in machine learning, and embrace innovative technologies and new ways of working. However, navigating this complex and rapidly evolving field can be challenging. That's why it can be helpful to partner with finance solution providers that specialize in these areas and can offer guidance and support as organizations work to build and manage their finance talent.

For more information on business partnering, please connect with us at info@valuexpa.com!

ValueXPA is a Global technology-enabled Finance-as-a-Service Partner for Small and Mid-sized Businesses and Institutions. We help organizations with critical Management Decisions, Financial operational reporting and insights, Advanced Analytics & Automation and Finance Processes Managed Services.

Appendix

US Nation Average Salary (April, 2023)



Source: Glassdoor

Indicative Cost of Pursuing Special Finance Certifications and Charters

Certification Name	Cost
Chartered Financial Analyst (CFA)	USD 4,000 - USD 5,000
Certified Public Accountant (CPA)	USD 3,000
Financial Modeling & Valuation Analyst	Starting at USD 497
Chartered Alternative Investment Analyst	USD 3,000
Certified Financial Planner (CFP)	USD 2,000
Financial Risk Manager (FRM)	USD 1,500

Source: Corporate Finance Institute



Karthikeyan V Raaj
Founding Partner

About the Author:

Karthikeyan V Raaj has over 18 years of experience as a Senior Finance Executive and as a CFO business partner. He has championed strategic projects and helped transform finance functions to enable growth of his client organizations. Currently, he is the Founding Partner of ValueXPA, a Global technology-enabled Finance-as-a-Service Partner for Small and Mid-sized Businesses and Institutions. As a CFO Partner, he has advised and helped over 50 small and mid-sized businesses, start-ups and Not-for-profit Institutions - across areas like financial planning, tracking and managing their financial performance through systems, optimizing finance processes through automation and outsourcing.

His specialties include CFO Partnering on Strategic and Business Financial Advisory, Finance Transformation, Financial Modelling, Financial Planning and Analysis, Performance Management Reporting & Decision-support, Development of KPIs and Management Dashboards, Valuation and Analytical Process Automation using Low code/ No code tools. Earlier, he held leadership roles at Barclays and S&P Global. For Global Business Leaders/companies & Financial Institutions, he offered Financial Decision and Controller Solutions and also built & led Investment Research teams globally. He holds an MBA degree specializing in Finance and is also a qualified Engineer.

For more information on business partnering
please connect with us!

Write to us at info@valuexpa.com

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