FINANCE FUNCTIONS: SEIZING THE OPPORTUNITY
– A SOUTHEAST ASIA PERSPECTIVE
About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We’re a thriving global community of 233,000 members and 536,000 future members based in 178 countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today’s questions and preparing for the future. We’re a not-for-profit organisation.

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About PwC

At PwC, our purpose is to build trust in society and solve important problems. It is this focus which informs the services we provide and the decisions we make. With offices in 157 countries and more than 276,000 people, we are among the leading professional services networks in the world.

We work with our stakeholders to build trust in society and solve important problems. From developing new technology solutions to address our clients’ challenges, to helping people build digital skills, to enhancing the quality of our services, and much more.

PwC’s purpose means working with others to help address the biggest issues facing the world in a way that builds trust. For our people, this means living our purpose in all their daily interactions. One of the most pressing challenges today is the growing mismatch between the skills people have and those needed for the digital world. We’re committed to tackling this challenge and encouraging others to join us.

We are on a digital transformation journey marked by key investments in technology and a focus on upskilling our people. Our aim: to use the combination of people and technology to be the most relevant organisation for our stakeholders and one of the most Cloud-enabled organisations in the world.

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In 2019 and 2020 ACCA and PwC jointly published reports that looked at the future of the finance function. The first report, *Finance – A Journey to the Future*, focuses on its role and how data and technology were at the forefront of its evolution. The second report, *Finance Insights – Reimagined*, develops this narrative and considers how deriving insights and strategic decision-making are fundamental to the contribution of the function to its organisations. In this third report, we consider that journey and whether the pandemic has provided an opportunity for finance functions to develop that valuable contribution.

The report is based upon several interviews and virtual roundtables that were conducted in April 2021, together with a survey of ACCA members and affiliates, PwC contacts and various chief financial officers (CFOs). This must be seen in the context of the pandemic at the time that these activities were undertaken.
Finance functions are at a critical juncture today. Since the start of the pandemic, finance leaders have played a vital role in helping organisations survive and in some cases, thrive. From better cashflow management to supporting supply chain issues and dealing with the consequences on productivity, the contribution by finance teams during such an unprecedented crisis has been well appreciated by boards, executive leadership and external stakeholders.

As this report recognises, the ability of finance functions to respond in this manner was largely influenced by the advancement in their digital transformation journey pre-pandemic. This allowed accountants and finance professionals to be more adept and evolve to newer ways of working, producing insights that supported faster decision-making in a highly complex and uncertain environment.

The question then for finance teams is, What’s next? How should finance functions, particularly in Southeast Asia, capitalise on the greater relevance and impact it has engendered? How should they seize on even more opportunities to demonstrate value to the organisation?

Our research points to three key areas which we believe will be the focal points of opportunity. First, in expanding the digital transformation thrusts while forging trust and good ethics. Using analytics as an example, finance functions can build even stronger forward-based insights by leveraging more predictive and prescriptive capabilities. In doing so, finance teams will have to guard against over-reliance on past assumptions and data which may no longer hold, given current or future business models. Indeed, as they expand their use of artificial intelligence and machine learning, accountants will need to be vigilant towards the risks of bias and inexplicability. This will be important to promote greater integrity in decision-making and financial reporting, thereby enabling better accountability and good governance.

The second area of opportunity revolves around the skillsets, mindsets and behaviours needed. Moving forward, finance functions will have the opportunity to play the role of vertical and lateral super-connectors within the organisation. Vertically – as it supports converting strategy into operations and laterally – as it brings together different functions and business units towards the common goal. These will call for different abilities – in terms of communication, project management, inter-personal skills, being conversant in technology and sustainability matters etc.

Finally, finance leaders and professionals have a clear role to play in addressing sustainability imperatives. This includes addressing the climate emergency, impact from and on natural capital as well as social inequality issues. To do this, finance professionals will need to broaden the performance horizon away from just financials and expand the business planning horizon beyond the typical three to five years, which limits the opportunity to recognise the impact from these imperatives.

We are confident that this joint research between ACCA and PwC will stimulate future conversations among finance and business leaders, including at Board levels, on where these opportunities lie.
The pandemic has placed an even stronger focus on how organisations operate. The financial strength and performance of most organisations – be it business or public sector – have been severely tested. Operational resilience and adaptability have also been key to their survival.

Generally, finance functions have stepped up to the challenge and played an even more significant role during this time. However, approximately two thirds of respondents to an ACCA / PwC survey, both globally and in Southeast Asia (SEA), believe this heightened relevance may not last unless finance functions capitalise on this moment and develop an even stronger relevance.

Finance functions and the pandemic
The phrase ‘five years in five months’ has been used in many situations during the past year. It speaks to the remarkable level of achievement notwithstanding such unprecedented constraints. Businesses have continued to trade and respond to changing customer requirements not just in terms of products and services but also in the ways it interacts with them.

It has been no different for finance functions and our survey which elicited over 3,000 responses globally and over 300 from Southeast Asia¹, shows their responses have focused on four key areas, without which they would have all found it significantly more difficult to survive the economic crisis brought on by the pandemic. These four areas are shown below in Figure 1.

Many finance teams in SEA have gained a seat at the leadership table, be it in the board room or at the executive level. Amid this crisis, they witnessed a stronger appreciation for what finance does and its increasing relevance in all aspects of business decision making. For some, this relevance is around baseline measures such as cash flow analysis, revenue forecasts or budgeting but for many, this involves a more strategic and forward-

FIGURE 1: Areas where finance functions have needed to make rapid changes

¹ For the purposes of this summary the results for SEA represent the survey responses from Indonesia, Malaysia, Singapore, and Thailand.
looking role. The financial impact of the responses that organisations have been required to take has reinforced the need to be able to model an ever-changing set of scenarios as the situation has continued to evolve. Finance has been in many cases, and should be at the heart of this analysis, scenario modelling and decision making.

**Relevance**

In earlier research by ACCA and PwC, the changing role of finance was highlighted. If finance functions were to remain relevant then they needed to embrace a core purpose of three components, business insights, transactional efficiency and compliance and control. The respondents to this survey suggested that each of these components have increased because of the pandemic. Figure 2 below shows the change recorded by the respondents from SEA.

Organisations have demanded that finance teams provide greater insights and consequently the time spent in this area has increased. However, the compliance burden has also increased, partially in response to government interventions and the need to ensure operational resilience at a time when many organisations moved to a near 100% remote working from their traditional office-based model. The need for reliable and up-to-date information has placed challenges on transaction processing, especially on accounts payable/receivable where, for many, manual interventions and authorisations were still a large part of the process.

A CFO based in Singapore commented, ‘there has been a lot of additional work for everyone at the same time. It is also clear that there are not more resources to develop insights. People wish to know where we are steering the ship and the organisation realises that the only real comprehensive team that can give transparent insight on where we are headed, and where the risks are, is the finance team.’ They continued, ‘the way we address this is through simplification and automation, through releasing resources that do the non-value add, repetitive work’.

Another CFO commented that as a result of the pandemic they felt that, ‘what has actually happened is that the finance team understands business partnering a bit more in Asia. If you cannot get the data that will allow you to speak to whoever you need to, be that an investor or a stakeholder, then you work backwards to getting the data the way that you need it.’

However, the chart below (Figure 3) shows that only 32% of the respondents in SEA felt that there had been a lasting change in the relevance of the finance function, whilst another 30% felt that the change had yet to be capitalised on. This suggests that in the minds of many, the achievements of the past 12 months may only be transitory.
One CFO working across SEA who contributed to the roundtable said that from their experience the pandemic had ‘totally pushed the finance function of our company to the forefront’. How can that be sustained?

If the finance function is to remain relevant it also needs to accept that the landscape of performance has changed. Traditional planning and controlling cycles may have changed forever. The definition of performance is increasingly broad as stakeholders look at an organisation’s performance through various lenses other than pure financial measures. The increase in performance reporting dimensions, encompassing a more holistic view of performance and more of an integrated reporting mindset requires the capture and understanding of new data sources – financial and non-financial.

A finance leader commented that:

‘I used to think that my weekly forecast process was actually quite robust, however the pandemic proved it totally inadequate. Even a daily forecast was inadequate because things were changing so rapidly’.

Remote working, technology used and new skills needed have had the most lasting impact on finance function during the pandemic

The ways in which the finance function can be thought to have changed are shown in the following chart (Figure 4).

These findings clearly demonstrate that finance can drive more into the insight space while retaining its focus on compliance and control and being more efficient and effective in the way it operates. This can be achieved through new ways of working, leading with more advanced analytics through technology and data while ramping up on the different mix of skills needed.

Interestingly, these findings also highlight an important area where finance functions need to do more. The purpose of the function is inextricably connected with the organisation’s purpose. Today, this can no longer be a single-minded pursuit of profit maximisation. Many business leaders acknowledge that businesses have to address sustainability issues. These range from climate change, impact on and from natural capital and biodiversity issues as well as social inequalities issues. The devastating impact from the pandemic in pushing more people into poverty, reducing consumption power across the board, creating even wider digital and educational divides are matters that should compete for the attention of progressive boards and senior management. This represents an enormous opportunity for finance functions to strengthen its relevance. It can increase the value of sustainability-based insights into strategic and operational decision-making and foster the right control mindset over these issues across the entire organisation.

**FIGURE 4:** Factors considered to have a lasting impact of the pandemic on the function

<table>
<thead>
<tr>
<th>Factor</th>
<th>Global</th>
<th>Southeast Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote working</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>Technology utilised</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>Mix of skills needed</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Planning and forecasting cycles</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Internal control frameworks</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>Relationship with key internal stakeholders</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Data governance</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Scenario modelling and analysis</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Finance business partnering</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Purpose of the function</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>
Data and technology

Data has become ever more important in the pandemic. Being able to use the data – financial, operational or data which exists outside the organisation itself about competitor and customer behaviour and the economy – to derive credible scenarios for future actions has paid dividends for many finance functions. The respondents to the ACCA and PwC survey highlighted investment in cloud-based solutions and cloud technologies as the most significant next step for their organisations. Among the benefits that these bring, cloud-based solutions allow for greater volumes of data to be analysed and bring a whole range of analytics tools for finance teams to exploit.

For one CFO based in Singapore, the impact of the pandemic was that ‘the finance team is working a lot closer with the IT department now’. This underlines the message that data and technology have been essential for finance teams in the past 12 months. Another added that ‘the discussion around transformation requires [the finance function] to act as one with IT’.

Investment in cloud-based solutions and cloud technologies are the most significant next step for SEA organisations

Figure 5 below shows the percentages who anticipated investing in a particular technology because of the pandemic.

Interestingly, almost across the board, respondents from SEA have, in comparison to the global results, a relatively stronger expectation in pursuing its digital capabilities, particularly in forward-based analytics (predictive and prescriptive) and the adoption of automation and AI. This represents an important opportunity to contribute even more significantly in generating sharper insights and supporting better and faster decision-making.

Those who participated in the joint roundtables and had implemented a suite of best-of-breed cloud-based solutions clearly felt that the ability to access and manipulate data over the last 12 months have substantially improved the finance function’s performance. Some have undertaken tactical improvements, especially around optimising cash flow, during the pandemic to automate more of the process and remove layers of manual authorisation and intervention. Importantly, most report, that their levels of internal control have not been compromised.

Another CFO working across SEA commented:

‘I think that we need to look at our staff and our current processes and ask – what can we digitalise? We need to educate our people and also to start collaborating’.

Another CFO based in Singapore reflected on the importance of technology. ‘Automation has been a very hot topic for the past two to three years. It may well have matured [in SEA] before the survey was conducted. If we are speaking about ACCA professionals, I would like to think that we are leading the way.’ A CFO whose organisation operates in different locations across the region commented that, ‘Singapore is a bit more technologically advanced in terms of adoption rate, so transactional efficiency [as seen above] may be less of an issue. There are those countries who are a little behind in these things’.

The need for effective data governance, in part as a result of the accelerating rate of transformation, was highlighted

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**FIGURE 5: Areas of technology that respondents plan to invest in after the pandemic**

- Global
- Southeast Asia

- Cyber risk
- Cloud computing
- Cloud based solutions
- Agile developments
- Scenario modelling
- Predictive analytics
- Prescriptive analytics
- Robotic process automation
- Use of AI and ML
- Use of data lakes
- Blockchain
- Cyber risk
- Cloud computing
- Cloud based solutions
- Agile developments
- Scenario modelling
- Predictive analytics
- Prescriptive analytics
- Robotic process automation
- Use of AI and ML
- Use of data lakes
- Blockchain
by one CFO based in Singapore who commented, ‘with
digitalisation there is a need to focus on the governance
around data. Previously this was not a priority, but with
this dynamic everyone is a lot more concerned about
data governance, and it is becoming more and more
important. So there has been a lot of positive impact in
my organisation for this in the finance team’.

Another important area where finance needs to look at
technology is around process automation, which reduces
time per task and increases collaboration and efficiency of
finance teams. A theme repeatedly heard over the course
of our research that “it would have been impossible
without the technology”.

Whilst for workers-from-home this covers video meeting
tools, and it extends into other collaboration tools where
people can co-create outputs in workshops and work on
presentations, documents and datasets at the same time
to drive insights.

Use of such technologies needs to be reassessed and
accelerated as we now move into a hybrid office/virtual
world. It can, however, only be driven by efficient and
effective data collection and access to data sources.

Finance teams need to demonstrate their detailed
understanding of the business model and their internal
and external drivers. They also need to understand the
data model that supports decision making and the insights
they need to generate around business performance. The
rapid evolution of reporting requirements and the need
to embrace these in internal decision-making mean that
finance teams need to apply what they have learned in the
pandemic about financial processes and data and extend
them to other forms of data collection and reporting.

The survey respondents in SEA saw a different pattern
of significant issues in the finance function at the time of the
survey (March 2021) as opposed to the global respondents
(Figure 6). For those in SEA, the challenge of productivity
and responding to changing regulations exceeded the
concerns expressed elsewhere with regards to the mental
health of the workforce. Indeed, this ranked third highest
in SEA as the pandemic nonetheless significantly impacted
human capital across the organisation. Interestingly
however, in SEA and globally, issues around environment,
social and corporate governance were rated a lower
priority at the time. We believe this is an important area for
finance leadership to address as climate change has not
stopped and net-zero deadlines are getting ever closer.

Skills and careers

The nature of the business model within finance is
changing. No longer is it acceptable to tell what has been.
The pandemic has directed attention on the ‘to be’ and
“what could be”. Predictive and prescriptive analytics that
use data to look forward are of increasing importance
and the skills needed to build performance management
frameworks that encompass them are in high demand.
Our survey and roundtables showed that finance teams are
often lacking in a data-centric approach and the skills to
derive meaningful insights. In addition to data skills, finance
teams must be able to translate and communicate the data
into insights relevant to the business decision makers.

**FIGURE 6:** Lasting impacts on the finance function

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>Southeast Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Ability to respond to</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>the changing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mental health</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>of workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating model</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>resilience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Availability of</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>information to make</td>
<td></td>
<td></td>
</tr>
<tr>
<td>good decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental, social</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>and corporate governance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9
This leads to the conclusion that a broader set of skills is becoming ever more important – from data and analytics to technology, influencing skills, and the desire to be inquisitive around data, explore it from a business angle and the confidence to challenge senior executives based on what the data is telling you. Performance is about many aspects and finance teams need to be able to interact across the breadth of this agenda. As organisations adopt a broader definition of performance, the skill balance of finance functions will need to change and respond accordingly.

A CFO from Singapore commented on one aspect of the skills agenda which has been a consistent theme in the discussions, ‘there are a lot of people learning Python. We don’t really need to know how to write software, but we do need to know how it works, what tools are available to us. So, for the finance function, whilst do you not need to overwhelm yourself, you do need to know certain aspects of the new technologies, but not everything; just enough to know how it can help you in managing the compliance and control and provide accurate reports to your stakeholders’.

It is important to not forget the mental health impact of the pandemic – in both the immediate and longer term. There remains significant uncertainty for everybody around the workplace of the future. Finance teams reported a level of fatigue brought about by increased demands placed upon them, shortened timescales and uncertainties around their personal lives. Developing a way forward from this presents a challenge. These conflicting uncertainties will remain for many years and if, as organisations, we move to more remote working models (as opposed to working-from-home) then much needs to change. In the shorter-term leaders need to appreciate the need to address these issues. In the longer term, new ways of working need to be adopted.

As skills become more focused, career paths will continue to change. The skills that are valued are evolving but at the core is adaptability and flexibility for the changing world. Understanding the multi-talented teams that finance need is a key to success.

**Innovation and collaboration**

The pandemic has seen many finance functions work in ways that had not been anticipated. Some have come through immediate struggles to succeed. The narrative of how we work in future is clouded at present. What is certain is that organisations that can carry forward the lessons of innovation and creativity are those that will succeed. Innovation and creativity require collaboration. One factor highlighted by many in this research is how finance teams have become a part of many more conversations. Finance needs to play the role of a super-connector and trusted advisor across the organisation. Maintaining this relevance is perhaps the greatest challenge. Yet delivering insights from robust data and well-thought through arguments are at the heart of this.

**And the opportunity...**

The pandemic continues to bring evolution to the finance function. While there is a positive story of continued relevance, there is also a gap between relevance and recognised improvement – the continued seat at the table. A CFO, based in Singapore, ‘It has been a long time since the finance organisation has had a seat at the table. I think that this is something that we will be, more and more, asked to contribute. I find this refreshingly positive. But it will require us to really change ourselves and to embrace agility, challenge the ways that we do things’.

Finance teams have a unique chance to seize the opportunity presented as we embrace the uncertainty of recent times and emerge from it. The measures of organisational performance are broadening, to include the environmental, social and governance agenda, and the role of finance needs to continue to develop to meet these requirements. Finance teams need to help drive better business decision making. To do this, they must leverage data and technology and redefine the traditional performance management framework whilst increasing efficiency and reducing cost.

The time to deliver this revolution in how finance operates has shortened and the change needs to begin in earnest if finance teams are to continue the positive momentum built and remain relevant.
There are six key actions for the post-pandemic finance function to consider to assist it in capitalising on the current opportunities:

1. Redefine the focus of finance to include broader performance metrics for natural and human capital.

2. Invest in technologies that can be used to create and support an enterprise-wide data model.

3. Use predictive analytics based upon this model to drive more holistic business decision-making.

4. Enhance business partnering and analytical skills to ensure that finance can fulfill this new role across the organisation and continue to improve collaboration both across it and with external parties.

5. Drive for greater efficiency, productivity and standardisation across processes and common platforms.

6. Through these actions, establish finance as the central point within the organisation for achieving sustainable and responsible growth and enhancing the reputation of the organisation.