

TRENDSPOTTING: FIVE TRENDS TO HELP YOU PRIORITIZE

Trending Topics summarizes news, information and perspective on matters affecting businesses and business leaders today. This insight is being provided to keep you up to date on the latest developments and trends influencing these topics. These views do not necessarily represent the views and opinions of PNC. For additional research on these topics, please consult the sources cited in this article.

As a financial professional, you have to cover all the accounting basics, and you might have a hand in strategy – but do you really want to be doing the bare minimum?¹ Get in the game by understanding what is coming next. Staying on top of financial trends can help you be more proactive in your field and more successful in your career.

Here are the most prominent trends that financial professionals need to watch in order to stay relevant.

1. AUTOMATION

Automation is an increasingly important part of financial reporting and accounting. From planning and forecasting to metric scorecards that show at a glance how the company is doing financially, automation is behind the curtain, making it happen — and that fact has a measurable impact on the skillset financial professionals need to have. “Whereas two years ago, 78% of CFOs saw Excel as the most important skill for their FP&A teams, only 5% see that as the most important skill today,” explains Adaptive Insights. “Instead, CFOs rated the ability to be adaptable to new technologies as the top skill for new hires, signaling a shift in desired skillsets for finance professionals in the future.”²

Automation is key to being able to manage large datasets, changing regulations and increasingly complex data. As a financial professional, you need to be flexible enough to accommodate the new technologies and knowledgeable enough to leverage them.

2. ARTIFICIAL INTELLIGENCE

Whether you call it artificial intelligence (AI) or cognitive computing like IBM does, new technologies are augmenting human abilities and introducing new capabilities that are driving success and dramatically improving efficiency. You can use AI to automatically adjust systems to comply with new regulations, flag possible fraud issues, and develop detailed, hyper-specific reports — and that’s just the beginning.

AI is also behind chatbots that let you answer financial questions, be they from customers or from within your company, without ever touching a key. It’s all automatic. You can thank AI for better stress testing and scenario forecasting. Current AI technologies can help you analyze situations, identify possible market conditions with machine-based learning, and develop recommended courses of action with minimal effort if you know how to leverage the technology.³

3. BLOCKCHAIN

If you thought the applications of blockchain technology were limited to bitcoin and other alternative currencies, think again. Blockchain, or distributed ledger technology (DLT), is useful in its own right. It lets you transfer assets of all types — from money to inventory, real estate to equipment — without using a central intermediary.⁴

DLT has the potential to radically transform current business processes as well as entire industries.

DLT records transactions in a decentralized, distributed network, which means that a record of each transaction or interaction is shared simultaneously across a network of computers to every participant — not just to the parties engaged in the specific interaction.

Each participant in the network has an identical copy of the ledger, documenting all transactions, that is synchronized and updated in real time.

A distributed ledger may be public or private. As the name implies, on a public ledger all transactions are recorded on the ledger and details of the transactions between parties are visible to all ledger participants. On a private ledger, all activity is recorded on the ledger; however, the parties to the transaction and the details contained in the transaction are viewable only to those participants with permission to access to them.

Across multiple industries, DLT is catching the eyes of executives. A primary benefit of DLT is fraud protection — a significant benefit that is highly attractive in today's business environment where fraud is a top concern. DLT establishes provenance of transaction records and prevents any one entity from unilaterally editing the ledger.

Employing “smart” contracts on a distributed ledger enables terms of a contractual agreement or work to be codified and placed to the ledger so terms of an agreement or workflow auto-execute, which removes friction, streamlines processes and speeds transaction times, possibly eliminating record reconciliation. DLT proofs of concept in cross-border trade nearly eliminate post-trade settlement delays and improve liquidity and record keeping.

4. HUMAN DIGITAL INTERFACES

Financial professionals should also be prepared for human digital interfaces. Typed passwords are not only less secure than modern biometric options, but they are being used much less, and that trend will only increase as time goes on. Blame it on the integration of technology into daily life, the rise of voice-controlled technologies, or the “science fiction” of it all, but fingerprint and facial scans are increasingly replacing traditional passwords.

Newer human digital interfaces let you talk to computers with gestures while others can gauge your emotions or needs by the way you interact with the system. Be ready for this type of next-level integration. While man as a machine may be a few years off, the applications for more secure and more intuitive technologies are readily apparent in the finance world — so get ready.

5. APPLICATION PROGRAMMING INTERFACES (APIs)

Finally, pay attention to application programming interfaces. Also called APIs, these are tools for accessing data in different ways. A company might use APIs to connect parts of its ecosystem or provide a method for customers and staff to access data remotely, such as through cloud computing.⁵

Going forward, you can expect that many operations and processes will move to the cloud via APIs, and you may experience a demand for bigger, more robust consumer applications. “Through open APIs, banks and credit unions will go through significant changes in the way they provide CX-based processes,” predicts The Financial Brand. “Fintech companies are becoming players in the customer journey, and banks and credit unions are no longer in control of the customer journey. Customers are increasingly adopting fintech offerings for better services, leaving banks and credit unions no choice but to adapt — or get left behind.”⁶ Your company (and career) are no exception.

CONCLUSION

Do what is best for your company and your career by paying attention to the trends, technologies and strategies coming down the pipeline. Automation, AI, blockchain, human digital interfaces and APIs are combining to make the world of finance virtually unrecognizable to previous decades.

To discuss these topics in more detail, please contact your PNC Relationship Manager or visit pnc.com/ideas.

¹ “Five Trends of CFOs to Watch,” by CFO.com. Available at: <http://ww2.cfo.com/products/whitepaper/five-trends-for-cfos-to-watch/>

² “CFOs on Board with Automation,” by Diane Orr, Adaptive Insights Blog, February 28, 2018. Available at: <https://blog.adaptiveinsights.com/how-to/cfos-board-automation/>

³ “The Five Biggest Technology Trends Affecting FinTech Today,” by Susan Visser, IBM, December 7, 2017. Available at: <https://www.ibm.com/blogs/insights-on-business/banking/5-biggest-technology-trends-affecting-fintech-today/>

⁴ “Fintech Trends: Five Insights for Now and the Future,” by Prakash Santhana, Dilip Krisna, Vikram Bhat, Deloitte. Available at: <https://www2.deloitte.com/us/en/pages/risk/articles/fintech-trends-insights.html>

⁵ “The API Economy: How to Unlock Value with New Business Models and Winning Experiences,” by: Kevin Egan, Michael L. Fitzgerald, Alan Glickhouse, Paula Kwit, Sugandh Megta, Savio Rodrigues, Christopher T. Schmitt, Juan Carlos Soto, Sham Vaidya, IBM, 2016. Available at: <https://www-935.ibm.com/services/us/gbs/thoughtleadership/apieconomy/>

⁶ “10 Big Financial Technology Trends for 2018,” by Amber Sullivan, The Financial Brand, January 25, 2018. Available at: <https://thefinancialbrand.com/69779/financial-technology-trends-data-ai-blockchain/>

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