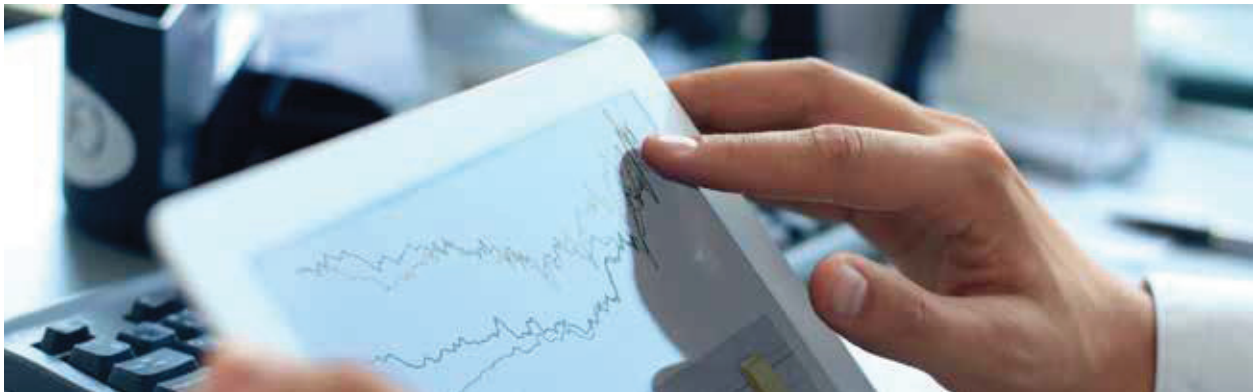


Digitalisation of finance functions

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The Finance Forum heard about the potential application of machine learning to different



The digital transformation of the finance function can alleviate the workload of the human, allowing redistribution of human capital to value added activities.

Participants at the most recent Finance Forum discovered how, through presentations by **Théo Alves Da Costa**, Senior Data Scientist, **Ekimetrics UK**, and **Phil Coombs**, Account Director, **Rimilia Holdings Ltd**. The session was co-chaired by **John Peachey**, Managing Director - CFO Global Markets, **HSBC**, and **David Strong**, Digital Practice Director - Cloud Transformation, **Sopra Steria**.

AI 2.0

Théo Alves Da Costa outlines the evolution of Artificial Intelligence (AI). It began with rule-based learning: the programmer writes the rules for the machine to follow. This has progressed to learned rules, where little input is required from the programmer. The machine is provided with the data and extrapolates its own rules.

That is not to say that the machine stands alone. It still requires human input. The human feeds the machine with relevant data and then monitors the output. In order to ascertain the relevant inputs, the business first needs to understand where the human adds value. Not everything needs to be automated.

AI in finance

Alves Da Costa explains that, to create a fully understood system, all stakeholders must be consulted. The finance expert should explain the accounting rules to know what the AI has to solve. The data scientist is required to input this expertise into the algorithm. IT expertise is necessary to connect the data sources and automate the process, before the industrialisation phase, to check feasibility. The finance expert can then monitor the output from the algorithms.

For example, in auditing investment funds, AI can be used to highlight discrepancies and therefore detect errors in different scenarios. Recommendation algorithms can suggest explanations for each discrepancy.

The interface between the AI and the human then becomes important. The results need to be easily visualised and understood by someone other than a data scientist. As with a black box, it's risky to input data for machine learning with no understanding as to what's inside.

AI these elements combine in order to create a roadmap towards a data science approach in finance functions.

Credit and Collections

Phil Coombs, Rimilia Holdings Ltd, highlights a second example. While AI has been applied to order management, customer billing and cash applications, credit and collections has untapped potential.

By analysing the past payment behaviour of clients, cash flow can be better controlled by focusing attentions on late payments, and reducing aged debt. Potential problems can be predicted in advance. The human no longer has to be reactive, but can be proactive. This overall streamlining can lead to a better distribution of resources, specifically human capital, where people can move to value-added functions.

It can directly benefit customer interactions, by specifying who to contact and when, rather than annoying customers unnecessarily. Similarly, by understanding the payment habits of customers, credit can be applied according to past performance. This can lead to more sales with those who are proven to be prompt payers, rather than restricting their credit access leading to transferrals to competitors.

Continuous learning from past experience has never been easier nor more beneficial. ■