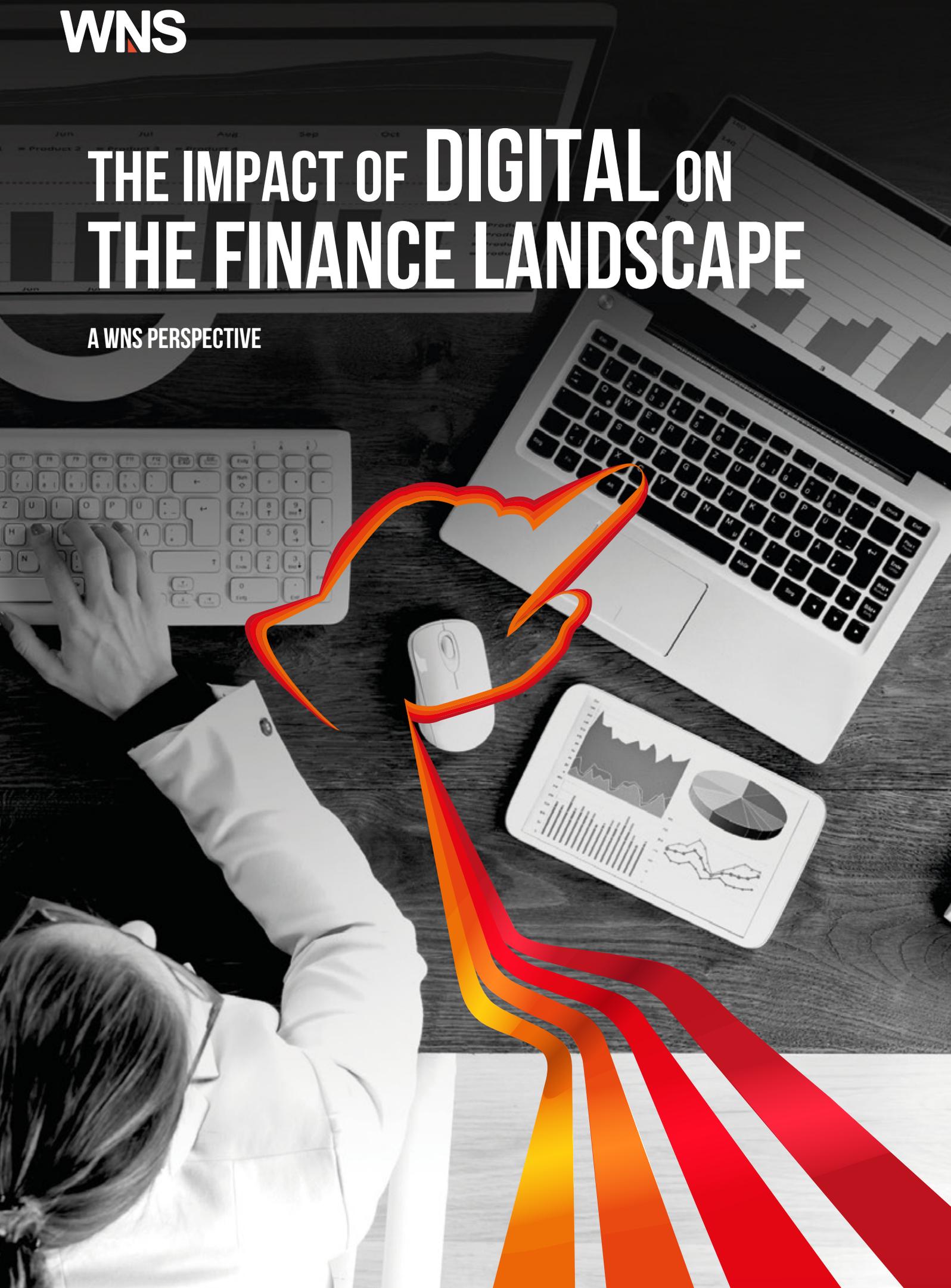


**WNS**

# THE IMPACT OF DIGITAL ON THE FINANCE LANDSCAPE

A WNS PERSPECTIVE





# THE IMPACT OF DIGITAL ON THE FINANCE LANDSCAPE

## A WNS Perspective

A survey conducted by McKinsey asks, “Are today’s Chief Financial Officers (CFOs) ready for tomorrow’s demands on finance?”<sup>1</sup> It’s a valid question because most CFOs are now responsible for risk, regulatory compliance, mergers and acquisitions, and even IT, cybersecurity and digitization — in other words, the complete Finance and Accounting (F&A) realm.

In this rapidly evolving environment, which is characterized by new and disruptive technologies such as Robotic Process Automation (RPA) and Artificial Intelligence (AI), CFOs are attempting to peer into the future to determine how to keep up with — or even lead — the changing world of digital finance. As these finance executives seek to become more strategic partners, they find they must respond to demographic shifts, changing client expectations and the rapid development of digital technologies. In fact, according to a Boston Consulting Group report, digital technologies — and their ability to transform the finance function with improved planning and decision-making, streamlined processes, and better cost management — are crucial to meeting today’s business challenges.<sup>2</sup>

One reason is that digital technologies such as robotics and AI-driven solutions can ensure error-free processes. The scope of financial services will move to higher-end, complex operations, creating the opportunity for upskilling talent with a larger requirement for data interpretation. No wonder digital leaders — those enterprises that appreciate the impact of digital on their finance functions — are investing ahead of the curve across all technologies, including AI, RPA, mobility and cognitive computing.

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<sup>1</sup><https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/are-todays-cfos-ready-for-tomorrows-demands-on-finance>

<sup>2</sup><https://www.bcg.com/en-us/publications/2017/function-excellence-how-digital-cfo-transforming-finance.aspx>

# THE BRAVE NEW WORLD OF DIGITAL FINANCE

Digital finance encompasses a magnitude of new financial products, financial businesses, finance-related software, and novel forms of customer communication and interaction — all delivered by FinTech companies and innovative financial service providers. While existing providers, such as established banks or insurance providers, are facing new competition from FinTech companies, they are also learning from their competition and discovering new ways to reach their younger and more technologically savvy clientele.<sup>3</sup>

But merely reaching customers is not enough. Today, an effective approach to digital finance means understanding three key ways in which digital finance is being transformed: technology evolution, the rise of digital technologies and technology taking over.

## TECHNOLOGY EVOLUTION: STARTING WITH THE BASICS

The introduction of technology into the finance function often begins with transaction-based activities such as data entry, manual reporting, audits and controls. According to a study published in the *Harvard Business Review*,<sup>4</sup>

the most common type of AI is the automation of digital and physical tasks — typically back-office administrative and financial activities — using RPA technologies. These tasks may include updating customer files with address changes or service additions, replacing lost credit or ATM cards, and “reading” legal and contractual documents using Natural Language Processing (NLP) to extract key provisions.

## RISE OF DIGITAL TECHNOLOGIES: MANAGING TACTICAL WORK

McKinsey identifies four digital technologies that are re-shaping the finance function:

- Automation and robotics to improve processes
- Data visualization to give end users real-time financial information
- Advanced analytics for finance to accelerate decision support
- Advanced analytics for business to uncover hidden shareholder value and growth opportunities

These technologies are being used to predict what a particular customer is likely to buy, identify credit fraud in real time, detect insurance claims fraud and automate personalized targeting of digital ads. Going hand in hand with these technologies is the increasing use of algorithms to detect patterns in vast volumes of data and interpret their meaning. When a company implements digital

<sup>3</sup>[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2928833](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2928833)

<sup>4</sup><https://hbr.org/2018/01/artificial-intelligence-for-the-real-world>

technologies effectively, finance teams need deal only with exceptions and cases with high complexity that technology alone cannot handle.

## TECHNOLOGY TAKING OVER: PATH TO STRATEGIC DECISION-MAKING

When technology takes over all transactional activities, finance resources can move towards decision-making, and supporting strategic planning and risk management activities. In this scenario, companies engage employees and customers using NLP chatbots, intelligent agents and machine learning. For example, intelligent agents may offer 24x7 customer service addressing a broad and growing array of issues from password requests to technical support questions — all in the customer's natural language.<sup>5</sup>

## THRIVING IN AN INCREASINGLY DIGITAL WORLD

A *Harvard Business Review* survey of 250 executives shows that three-quarters of them believe AI will substantially transform their companies within three years.<sup>6</sup>

As digital continues to exert a massive impact, businesses are working to balance profitability with future-proofing digital initiatives. To manage processes and expectations from both customers and investors, CFOs will need to deftly manage expanding digital capabilities. After all, only with integrated data and a full set of digital tools can CFOs detect and quickly respond to real-time business changes.

For its part, the effectiveness of technology itself will depend on increasingly integrated digital ecosystems — the result of scalable and flexible platforms with end-to-end coverage that will enable companies to access the right data at the right time, gathering powerful analytical insights while generating real-time, predictive reports.



<sup>5</sup>Ibid.

<sup>6</sup>Ibid.

# Financial report

## Balance sheet

<b>Assets</b>	<b>1,734,826</b>
Current assets	88,905
Non-current assets	1,645,921
<b>Liabilities</b>	<b>166,630</b>
Current liabilities	110,327
Non-current liabilities	56,303
<b>Equity</b>	<b>74,393</b>
Paid-in capital	72,921
Retained earnings	1,472



## Equity statement

<b>Current year</b>	Comprehensive income
	Issue of share capital
	Dividends
<b>Previous year</b>	Comprehensive income
	Issue of share capital
	Dividends

## Income statement

<b>Revenues</b>	<b>12,978,516</b>
Net sales	12,873,892
Investment	104,624
<b>Expenses</b>	<b>6,372,535</b>
Research and Development	1,385,395
Operating expenses	4,439,118
Marketing	548,022
<b>Net income</b>	<b>6,505,981</b>



## Cash flow

Operating activities	Revenues
	Earnings
	Depreciation
Investing activities	Real estate
	Equipment
Financing activities	Dividends





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