



PwC Malaysia

2023 Finance Function Survey Report

January 2024



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Introduction

The finance function today is at an interesting juncture. An evolving regulatory landscape, market uncertainties and increasing stakeholders expectations are pressuring the finance function to continuously reinvent itself.

With all these challenges to face, the finance function is required to be agile. In addition to its role as the custodian of financial information, the finance function is also expected to drive business transformation, ensure trust in financial data and be a strategic partner within the organisation.

High performing finance functions must continually look to refine its balance between various roles, either through targeted change or a more holistic review of the finance operating model.

Challenges faced by the **finance function**



Technological disruption



Talent shortage and skill gaps



Regulatory compliance and complexity



Data management and analytics



Increasing focus on sustainability reporting



Cost management and efficiency

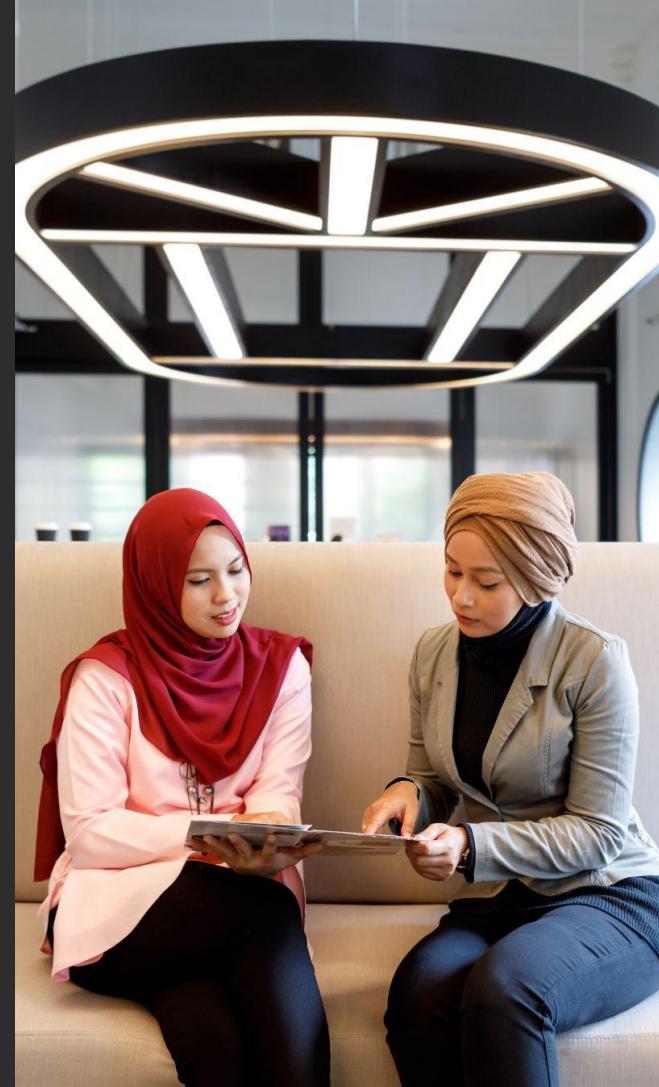




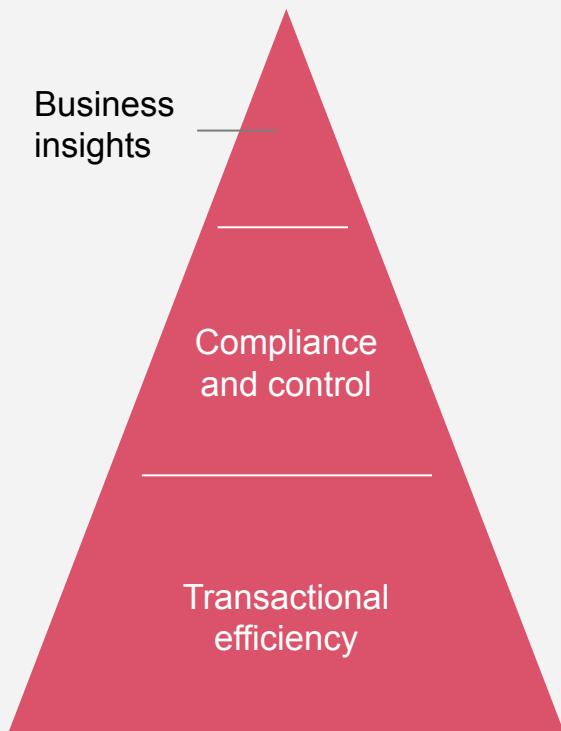
The PwC Finance Function Framework shows the relationship between the capabilities that finance plays within organisations: business insights, compliance and control, and transactional efficiency. These capabilities are supported by enablers such as vision and structure, people and upskilling, as well as data and technology.

The role of a high-performing finance function should strike a balance between these capabilities. This will depend on various factors affecting the organisation, such as its financial position, aspirations, as well as its key targets, among others.

In this changing landscape, the finance function should place greater emphasis on business insights together with data-driven decision-making. The expected transition in priorities away from transactional efficiency is a result of organisations investing in systems and technologies aimed at controlling, standardising and automating their daily business operations.



Traditional model



Enablers



Sustainable future state

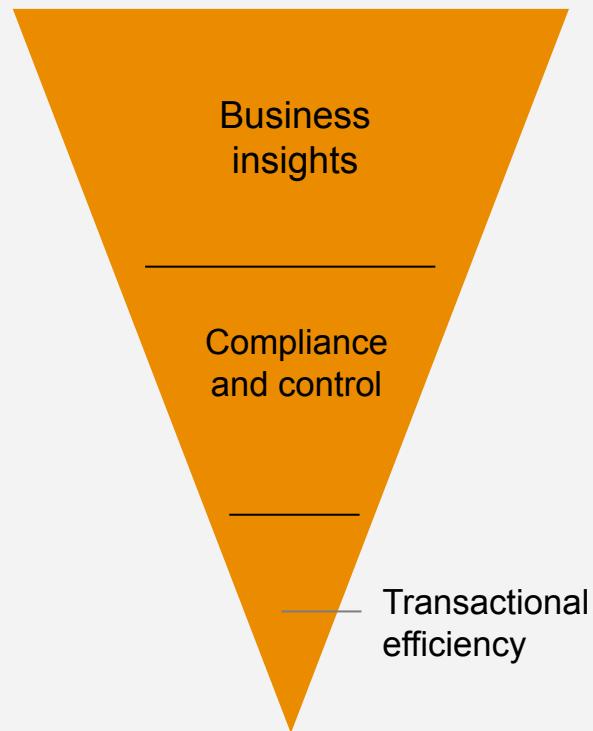


Diagram 1: Capabilities and enablers for finance function

Source: PwC

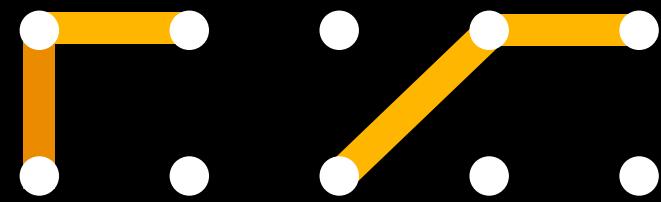


From our respondents: The state of Finance Function

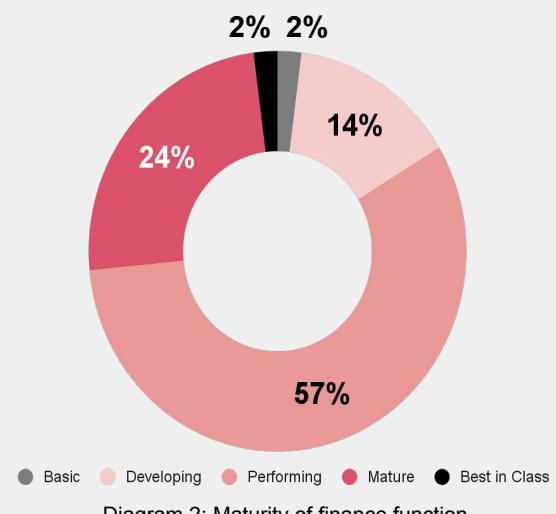
PwC Malaysia conducted a Finance Function Survey in 2023 based on the PwC Finance Function Framework to understand the maturity and effectiveness of finance functions amongst our respondents. The assessment scores maturity across capabilities and enablers, which form the Finance Function Framework.

Overall, more than half (57%) of finance functions feel that they are at the 'Performing' stage, with some room for improvement across capabilities and enablers.

Encouragingly, this is followed by 24% who believe they are operating at the 'Mature' phase with better-established practices. Yet, there are still 16% of surveyed respondents who are still at the initial 'Basic' and 'Developing' stages.



Finance function maturity in Malaysia



Maturity scoring across capabilities and enablers in the Finance Function Framework

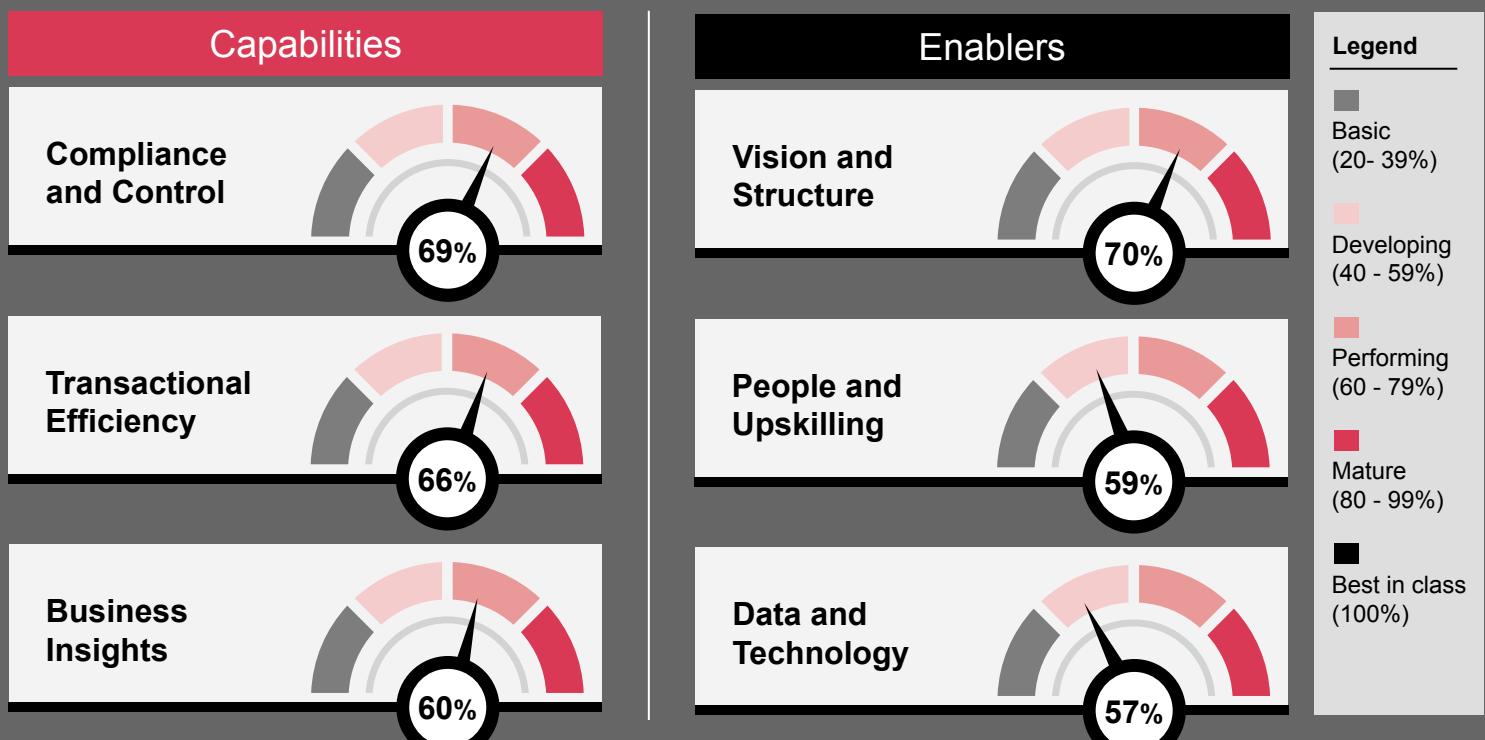


Diagram 3: Maturity scoring on Finance Function Framework



Opportunities for finance transformation



Despite the capabilities and enablers are at 'Performing' or 'Developing', the survey identifies three key opportunities that finance functions can focus on. This shift aims to move their role beyond just a steward of financial data, and become a vital source of business intelligence. This transformation enables organisations to navigate challenges, identify potential opportunities and drive sustainable growth.

1 Data and technology is the biggest challenge to finance function

System and data management are paramount as they underpin data accuracy, efficiency and the strategic relevance of the finance function. However, the aggregated maturity level on data and technology as an enabler is currently the lowest at 57% among the three enablers.

49% of the respondents state that they are currently operating at the 'Mature' stage and beyond in terms of their data management. However, only 35% of the respondents report operating at the same level of maturity for system management.

The higher maturity for data management, characterised by clear ownership and routine quality assurance on data, will provide a competitive advantage in generating valuable business insights when the organisation's system management is improved.



35% of the respondents have consistent data architecture with limited instances of single Enterprise Resource Planning (ERP)



49% of the respondents have clear data ownership defined for all finance systems with systems' operational integrity and availability addressed through formal Service Level Agreements

How to address the data and technology challenge?

The finance function can enhance its system and data management through the following actions, leading to streamlined processes and enhanced efficiency:

- **Task automation and digitisation:** reduces errors and manual effort required in routine and repetitive tasks
- **Data integration:** eliminates the need for time-consuming data gathering from disparate sources and providing a comprehensive view of the organisation's performance
- **Advanced analytics:** leverage generative artificial intelligence (GenAI) to accelerate the production of meaningful insights, fostering data-driven decision-making



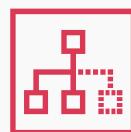
2 In need of active and consistent management of finance talent

Based on the assessment, people and upskilling aspects are assigned lower ratings, typically up to the 'Developing' stage. This indicates that the majority of respondents are focused on meeting its immediate talent needs and are unable to prepare for the future.

Without structured upskilling initiatives in place, talent retention could become a broader challenge. This may lead to employees facing skill gaps, underperforming in their current role and experiencing stagnant career growth. As the right skills and capabilities are critical to an effective finance function, this situation is bound to have an impact on the organisations' finance effectiveness.

In general, the trends align with the sentiment among employees in Malaysia. Our [PwC's Asia Pacific Workforce Hopes and Fears Survey 2023 \(Malaysia findings\)](#) found that:

- 55% of employees believe that the skills required for their jobs will change significantly within the next five years
- 59% of Malaysian employees say that their job requires specialist training - up from 48% last year



Only 22% of respondents have a formalised succession planning programme for the organisation



Only 33% of respondents have clearly defined, group-wide and consistent management of finance talent



Only 35% of respondents have implemented a consistent capability model and training for the finance function





3 As sustainability transforms businesses, finance function has a key role

ESG issues have been gaining prominence in the past few years. Whether stemming from the direct consequences of climate change or perceptions surrounding the handling of ESG matters, there is no doubt that sustainability will transform businesses.

Given this trend, finance functions are increasingly tasked to play a more active role especially in helping the business to mitigate adverse impact by providing business insights and fulfilling regulatory requirements on reporting ESG data.

The survey indicates that finance functions' capabilities in responding to sustainability requirements are still in the 'Developing' stage.



Only 6% of respondents provide sustainability analytics and insights beyond the historical ESG KPIs and conduct scenario analyses over climate risk together with its financial impacts

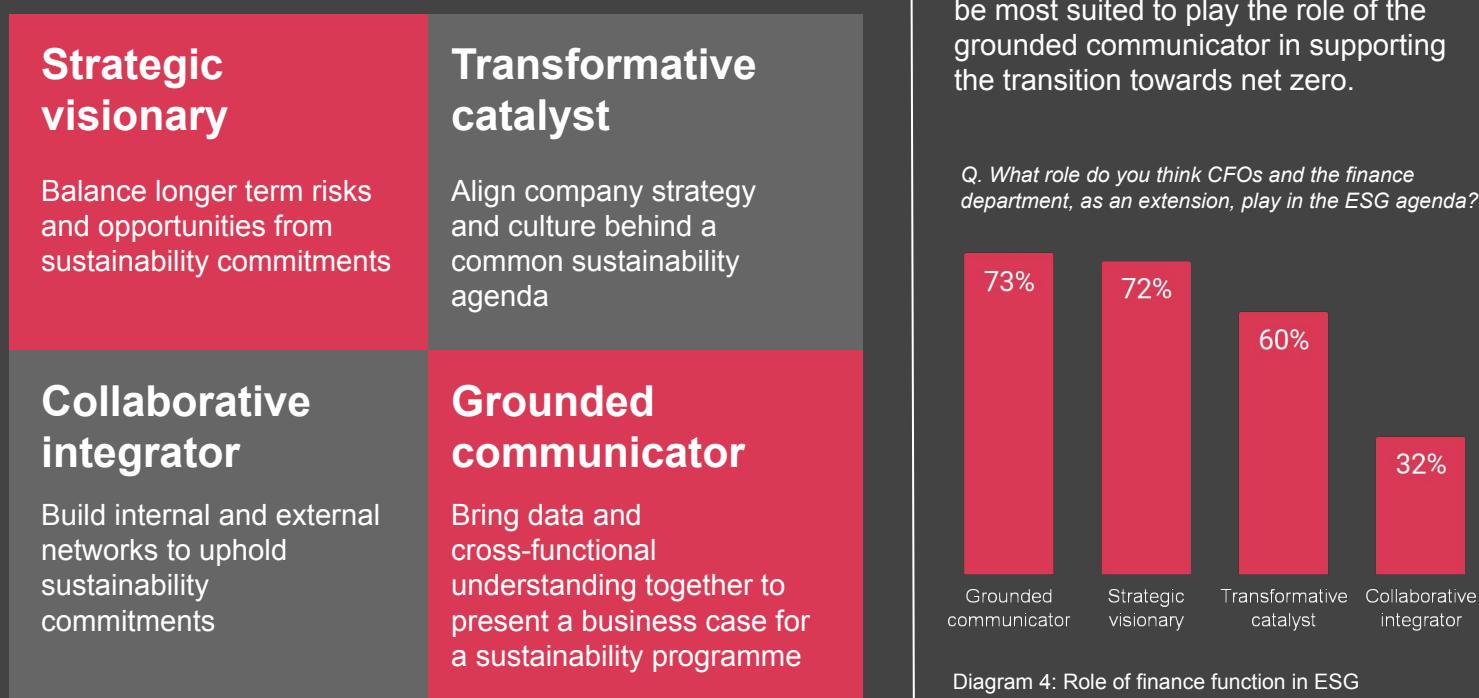


Only 10% have ESG data maintained as part of the organisation's ERP system

The development of sustainability reporting standards will require input from the finance function

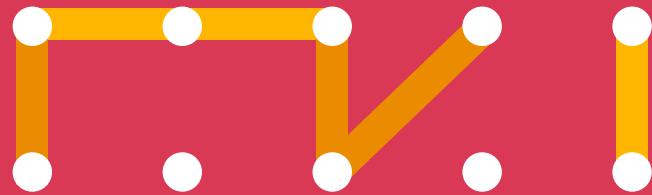
There has been increasing development in the adoption of sustainability reporting standards globally as well as locally in Malaysia. These developments will influence the collection and reporting of sustainability data by organisations. In navigating these changes, the expertise within the finance function will play a crucial role, as specific skill sets within this domain are vital for effectively addressing the evolving landscape of sustainability reporting.

PwC's '[How CFOs further value creation by leading on sustainability](#)' outlines four areas where the CFO and the finance function can take a leading role in sustainability:





Call to action: Next steps



1

Invest in a robust system and data management

The increasing use and adoption of technology as part of finance operation continues to transform the role of finance function. Data analytics, Robotic Process Automation (RPA) and artificial intelligence (AI), when properly applied, can empower the finance function by reducing the time spent on repetitive tasks and manual data entries. This, in turn, allows the finance function to reallocate resources for business insights and data-driven decision-making.

A “best-in-class” data and system management could include:

- A single ERP solution that is centrally hosted with common group-wide user interface and support arrangements
- Spreadsheets are not used for regular data transformation. Most data can be pulled from a common data warehouse
- Data management quality strategies are approved by the Board of Directors and driven by senior leadership

2

Focus on upskilling to meet current and future business needs

Changing business models, increasing stakeholders expectations and regulatory shifts necessitate a transformation towards a finance function that is future-ready.

This would require effective management of people and upskilling initiatives as outline by this survey:

- Mature capability model with clear and structured personal development strategy

- Clearly defined career paths with diverse options for development, with highly managed movement of talent
- Rigorous training programme covering at least the following skills: technical, business partnering/ change management and other soft skills
- Five (5) years succession planning, which aligns with development and recruitment strategy

3

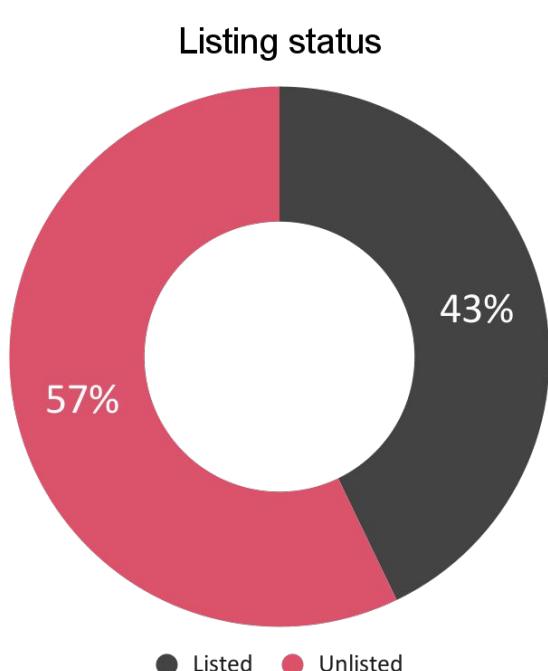
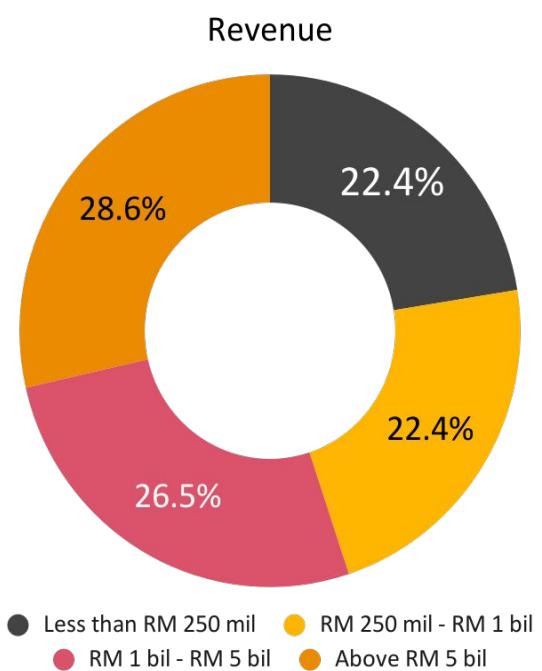
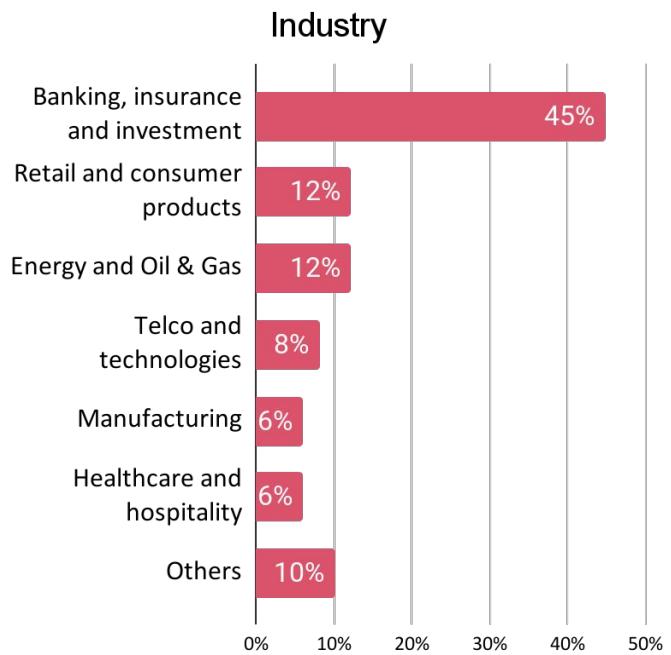
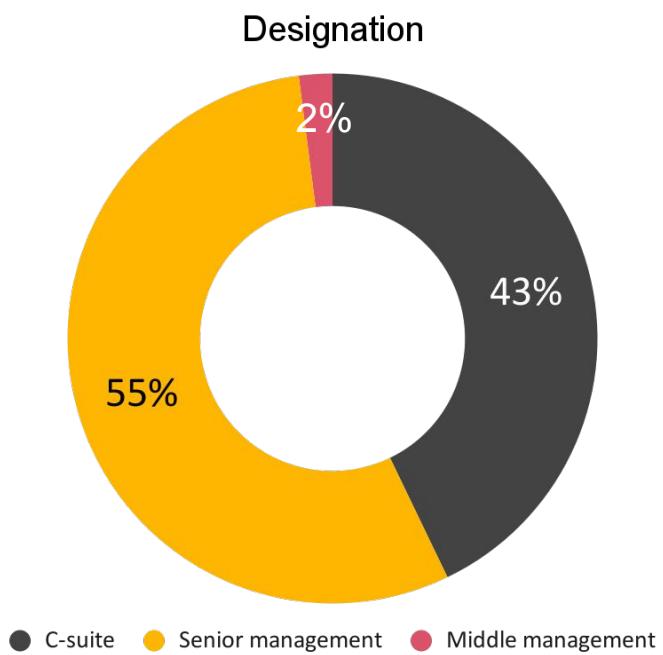
Collaborate closely with the sustainability team to achieve organisation's sustainability strategy

With the adoption of net zero goals by organisations, the finance function is expected to provide support in meeting this aspiration. As the custodian of organisation's financial data, the finance function is at a position to not only provide the relevant sustainability-related financial data, but also ensure that this aspiration becomes an integral part of the organisation's business strategy and plan, including its implementation as part of day-to-day operations. Focus on this area will need to be complemented by upskilling support as well as the required investments in sustainability-related system and data management.

About our survey

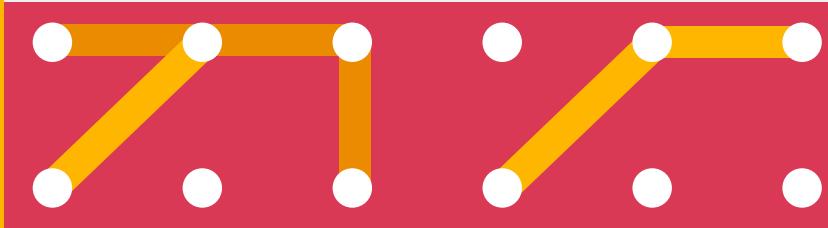
Demographics

Between June and September 2023, an online survey was conducted in which 49 responses were received. The demographic profile of respondents are as below:



About our survey

Methodology



For the purpose of this report, we analysed the responses received from financial professionals against PwC's Finance Function Framework with a 5-point maturity scale.

PwC's Finance Function Framework

Capabilities

Business insights

1. Management reporting
2. Business analysis
3. Strategy and planning
4. Budgeting and forecasting
5. Change management and continuous improvement
6. Environment, Social and Governance (ESG)

Transactional efficiency

5. General accounting and financial reporting
6. Procurement
7. Order to cash

Compliance and control

9. Treasury cash management
10. Risk management and governance
11. Compliance and internal control
12. Tax management

Enablers

Vision and structure

1. Finance vision
2. Finance function structure

People and upskilling

5. Talent management
6. Training
7. Career expectation / Succession planning

Data and technology

9. System management
10. Data management
11. ESG data

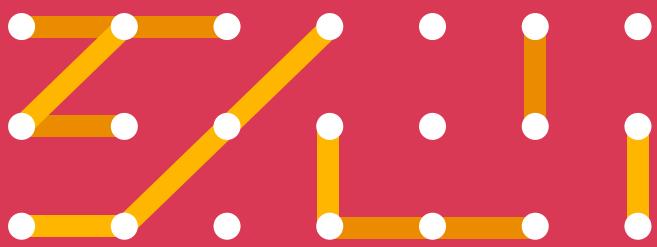
Maturity scale

Category	Score (%)	Description
Basic	20 - 39	The finance function is currently at an elementary stage with significant opportunities for improvement and development.
Developing	40 - 59	The finance function is in the process of improvement, focusing on enhancing capabilities and efficiency.
Performing	60 - 79	The finance function is operating at a satisfactory level, meeting standard expectations for performance and effectiveness.
Mature	80 - 99	The finance function has reached a well-established state, demonstrating a high degree of competency and stability.
Best in class	100	The finance function currently demonstrates best practices and setting industry standards.

About our survey

Survey results

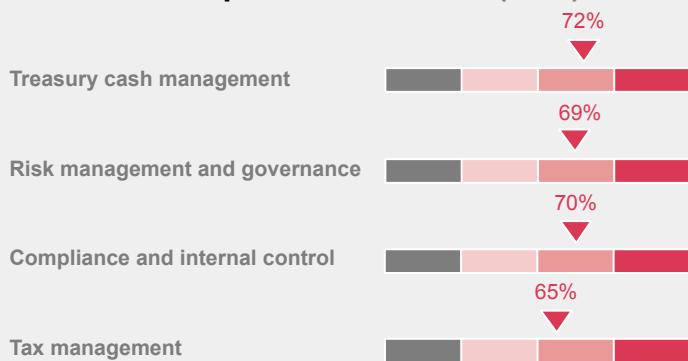
Average maturity scoring



The following are the maturity scoring across each aspect of the finance function capabilities and the relevant enablers.

Capabilities

Compliance & Control (69%)



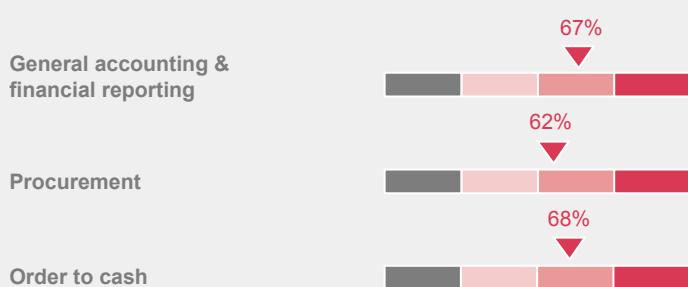
Legend

▼ Overall industry average maturity scoring

Business Insight (60%)

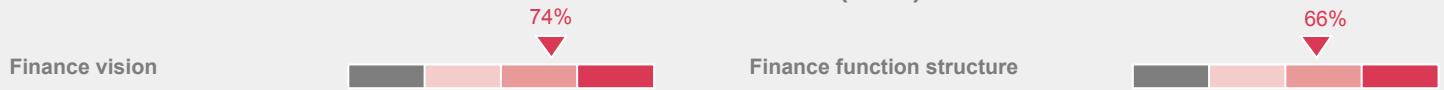


Transactional Efficiency (65%)

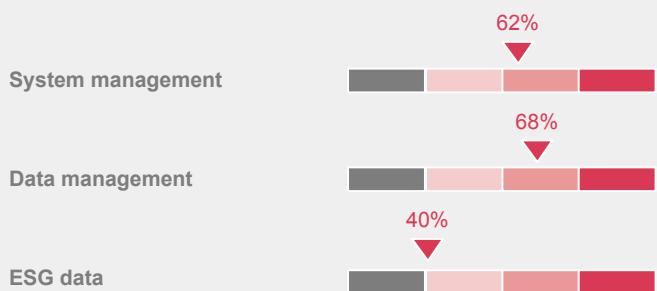


Enablers

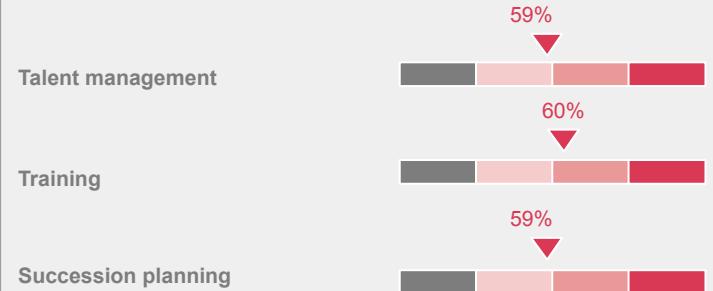
Vision & Structure (70%)



System & Data (57%)



People and Upskilling (59%)



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