

THE FUTURE OF FINANCIAL ANALYST

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Abstract—In modern business world, organizations are well enough to manage the uncertainty with the advent of new technology. For a fast-growing organization, the biggest challenge will be scaling and raising their funds in the future. To withstand in the market the firms should find some new ways for better investment and it should boost its financial efficiency. Most of the organisations have started to replace the traditional form of accounting practices with the advent of Data Analytics. Organisation need to analyse the past, present data and able to forecast their future requirement. The financial analyst helps the firm in handling the funds and improves the financial soundness of the organisation. This paper has been attempted to understand how the financial analyst will redesign the finance function in future.

Keywords—Data Analytics, Financial Analytics, Financial Implications, Future Organisations, Technology.

INTRODUCTION

Organizations have become more digitalized in this era, this transformation insist them to redesign themselves responding to environmental changes, facilitate rapid learning, and accomplish the dynamic demands of their stakeholders. The ultimate goal of any organization is profitability; most organizations will measure their growth in terms of net profit, revenue, and other financial data. Generally business owners will use the criteria's like sales, number of employees, physical expansion and increased market share for assessing their growth. At the end, success or growth will be evaluated based on the accomplishment of organisational goals.

Organizations are seeing increasing competition, regulatory complexity and an immediate demand for profitable growth. Profitability plays a vital role for the future growth of any organisation. This factor highlights the future performance of organization which will help the stakeholders to make strategic decisions. For any organization, finance is the one of the key department covering a range of financial activities in of form of financial reports to assist the management in strategic decision making. The efficiency of the firm is always measured by financial stability. In an organisation, finance is the only functional group which contains all organizational data, and it has the ability to analyse the relationship of data. We can say that the finance protects the business from the internal and external factors through strategically reporting.

As already mentioned by the authors, the strategic factor denoting a company's growth and existence is the level of profitability attained during that period. Financial analysis helps in understanding the current financial position and future financial requirements of the company. Stakeholders seek financial facts from their finance teams, the finance is the only department which provide a picture of the organization's health. Now a days, Finance organizations have come under pressure to play more strategic roles in their businesses, by replacing a traditional way of book keeping with more relevant information and decision making to the organizations by cloud computing. It is not easy for the organization to carry a finance function without an expert.

As the speed of business accelerates, the flows of funds in the firms are also increasing. This anticipated business growth will likely to change the face of finance in the coming years. Firms need expertise in employing all its funds. Throughout the world most of the firms believes that financial expert can identify and analyse the areas of potential risk, predicting change and future trends, estimating future cash flows, earning capacity, financial soundness, etc. For performing this multifaceted task, a financial analyst is required. Financial analyst has a key role in determining the company's current value and future business prospects. The responsibility of a financial analyst involves analysing financial information of

a business and forecast the futuristic view which helps the firms in making investment decisions. The financial analysts offer reliable and accurate information to management and recommend course of actions in terms of the finance functions in an organisation.

Why Financial analyst?

Traditional finance functions concentrate more on procurement of funds whereas modern finance is concerned with procurement and application of funds. Most of the organisations are following modern finance approach because it involves both acquisition and allocation of funds. As a result, firms started to use multiple platforms for managing their funds. This made the firms to seek an analyst who really guide the firm in managing their funds.

What is the role of financial analyst in an organisation?

Primary Role

- Understanding the financial need and requirement of the company
- Evaluating the performance of investment instruments periodically and help the firm in making decisions in market investment
- Calculating the future cash inflows and outflows of business firms
- Assessing the strategies of competitors, effect of tax rates on investments

Supporting Role

- Dealing with spread sheets, balance sheets, and other relevant databases to gain knowledge on firm's functions.

How the financial analyst will restructure the finance function in new era?

The role of financial analyst will be challenging in the near future. He/she should be more competent, enough understanding of the market practices, choosing a best investment proposal and moreover able to formalise the process of risk management within an organisation. There are six forces that will shape the analysts function in the coming ages.

1. Drive towards Integration

In future, the strategic plan, capital expenditure, workforce, budget, etc..., will all be integrated and the financial analysts will be taking a major role right from procurement to supply chain management. Through integration of finance function, the analysts will get the opportunity to interact with other systems in the organisation. This will enhance the financial efficiency of the organisation.

2. Drive towards Efficiency

With the advent of technology, analysts will be able to understand their finance systems and processes better now - a - days. The financial analysts need a broader range of skills and qualification to meet the challenges in the coming years. They should be able to analyse and communicate the business results to different users of accounting information in an efficient way. They have to find new means of working by replacing the traditional working style which involves more on accounting skills.

3. Drive towards Regulation

The digital technology revolution has led to tremendous growth of industries in the market which also resulted in new conventions. Several financial crises in the past have led to various financial regulations. By looking into these, the financial analyst need to be more dynamic in taking up the future regulation. The analyst has to join with the regulators to maintain financial stability in the market.

4. Drive towards Innovations

Things are changing at a faster rate and existing business process will no longer sustain in the market. In an organisation the financial analysts must be the innovation champions. Their concern will be on data protection, data handling and analysis, portfolio management, economic recession, adoption of new technology in financial instruments, etc., in the future.

5. Drive towards Market Discipline

Market discipline refers to the prevention of taking excessive risk by the firms. The market movements will offer more twists and turns in the years to come and the firms need to prepare for this ruin. Increased business uncertainty among

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the stakeholders results in withdrawal of support from firm's related activities. Under this circumstance the analysts should ensure financial stability by providing sufficient information to the market participants. The analysts should use the right mechanism to exercise market discipline in the future.

6. Drive towards Data Analytics

At present the firms started to use data and analytics for enhanced business decisions with the help of IT services and expected to continue in future. As a result, the role of financial analysts becomes thought-provoking in the organisation. They need to equip themselves in using sophisticated statistical techniques to obtain accurate financial results. Precise results help the analyst to suggest a right investment strategy to the firms. This way of assimilating and disseminating information in terms of business operations will make the analysts as a chief knowledge officer in the organisation in the future.

CONCLUSION

In future, we think traditional analysts who rely on financial data analysis may be replaced gradually by robots says Leping, a Chinese technology analyst. So future finance functions need to merge and analysts has to pool and use the available resources in an efficient way to satisfy the business needs. Right analyst will enhance the value and lower the uncertainty of the firm and vice versa. The analysts must ensure that finance is properly placed within the overall structure of the organisation. At last the competence of the financial analyst is measured in terms of how he/she is managing his portfolio and alignment with other functions such as values, goals, strategy, structure and culture in the organisation. In short, the role of financial analyst will dramatically change in the future.

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