THE FINANCE FUNCTION & ARTIFICIAL INTELLIGENCE

The Hidden Cost of Manual Finance Work

How leading finance organisations are reducing repetitive work, sharpening decisions, and earning a greater return on the AI they already own.

A briefing for CFOs, Finance Directors, COOs and Managing Partners

2026

EXECUTIVE SUMMARY

The finance function has absorbed more technology in the past decade than in the thirty years before it. Yet for most teams, the working week looks much as it did: reporting, reconciliation, commentary and compliance still consume the majority of the calendar, and the analytical work finance exists to provide is fitted into whatever time is left.

The instinctive explanation is a technology gap, and the instinctive remedy is another platform. The evidence points elsewhere. Most organisations already own capable AI. What they lack is a consistent way to apply it to the work finance already does. The constraint is not access to the tools; it is the absence of repeatable, verified ways of working built around them.

This briefing sets out three things: why so much finance work remains manual despite serious investment, what that manual work actually costs (measured in decisions, not licences), and where the highest-value opportunities to change it sit. It is written for leaders less interested in AI as a subject than in margin, speed, risk, and the quality of the decisions their numbers support.

42%

of finance activities can be fully automated with technology already available, per McKinsey, with a further 19% mostly automatable.

~1%

of CFOs have automated more than three-quarters of their finance processes, on McKinsey's CFO survey. The potential is largely unrealised.

6.4 days

median monthly close across 2,300 organisations benchmarked by APQC; the slowest quartile takes ten days or more.

THE PICTURE IN ONE PAGE

Where finance teams lose time

Two questions decide where AI is worth applying in finance: where does the manual effort actually go, and where does the technology create the most leverage? For most finance functions, the two answers land on the same tasks.

WHERE THE MANUAL EFFORT GOES

WHERE AI CREATES THE MOST LEVERAGE

Reporting	★★★★★
Commentary	★★★★★
Board packs	★★★★★
Reconciliation	★★★★☆
Documentation	★★★★☆
Forecasting	★★★★☆

The overlap is the opportunity. *The tasks that consume the most time are, with few exceptions, the same tasks where AI creates the most leverage. The return does not come from doing something new. It comes from changing the work finance already does most.*

Directional assessment based on common finance-function patterns and the nature of each task. It reflects a qualitative judgement of typical organisations, not survey data or a measurement of any single finance team.

ILLUSTRATIVE EXAMPLE · NOT A CUSTOMER CASE STUDY

And what recovering that time looks like

A FIVE-PERSON TEAM TODAY

- Ten-day monthly close
- Reconciliation performed by hand
- Management commentary written from scratch
- Several manual review cycles each period

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THE SAME TEAM, REWORKED

- Five-day close
- AI-assisted reporting on source-connected data
- AI-generated first drafts, verified by the team
- Fewer review cycles, errors caught earlier

≈ 240 hours returned each year

An illustrative scenario shown to convey orders of magnitude. The figures are not drawn from a specific customer.

SECTION 1

Why finance work remains surprisingly manual

The gap between what finance *could* automate and what it actually has is the more revealing number. McKinsey's analysis holds that current technology can fully automate around 42 percent of finance activities and mostly automate a further 19 percent. Yet on the same firm's CFO research, only about one percent of finance leaders have automated more than three-quarters of their processes. The capability has been available for years. Adoption has not followed.

The reasons are practical rather than technological. Financial data lives in too many places at once: transactions in the ERP, balances in the bank, revenue in a billing system, adjustments in a spreadsheet maintained by one person. Before anyone can analyse anything, someone has to gather, reconcile and consolidate it. In one 2025 benchmarking survey, ninety-four percent of finance teams still relied on Excel to run the close, and half of those pointed to it as the main reason the close ran slowly.

Where technology has been bought, it has usually been bolted onto processes that were never redesigned around it. Automation has been treated as an IT project rather than a finance-process decision, and so the tool speeds up one step while the workflow around it stays the same. The outcome is an increasingly common paradox: capable software sitting on top of an unchanged manual process.

SECTION 2

The hidden cost is measured in decisions, not licences

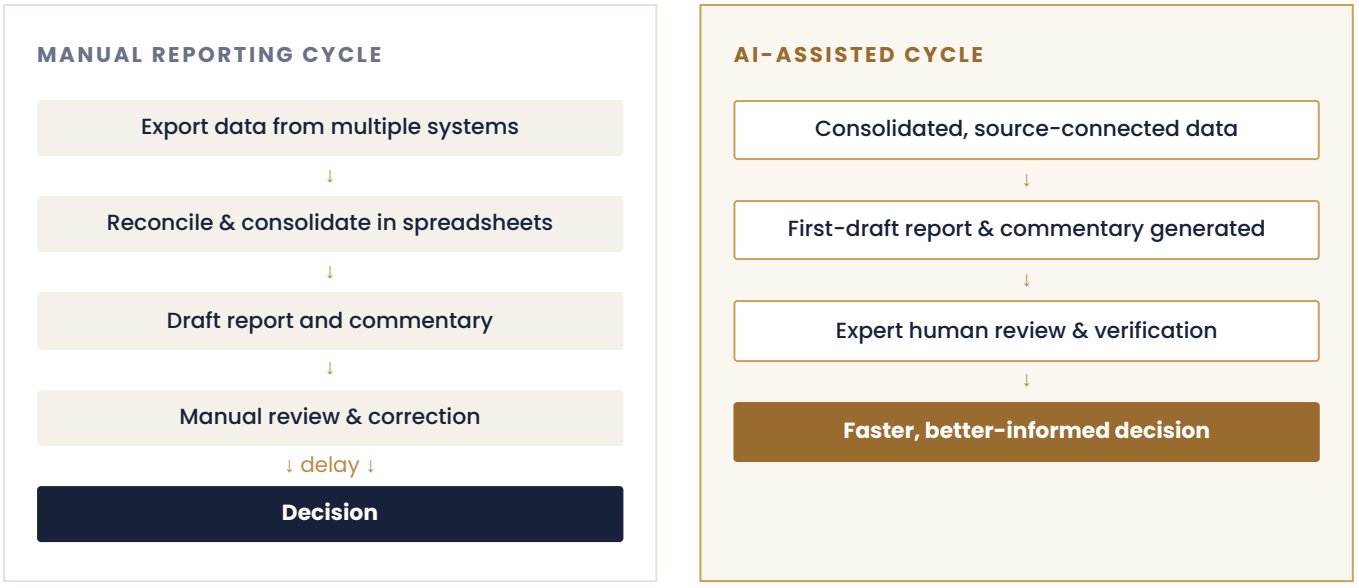
The cost of manual finance work rarely appears on any budget line, which is precisely why it persists. It is not a software cost. It is a business cost, and it accrues in four places.

Time that produces numbers instead of interpreting them

A team spending ten days closing the books is, for those ten days, not forecasting, not partnering with the business, and not looking ahead. Reconciliation is the heaviest single drain: cash reconciliation alone consumes between twenty and fifty hours a month for a typical team. Consider an illustrative case: moving a four-person team from a ten-day close to a five-day close frees roughly 240 person-hours a year, the equivalent of six full working weeks of finance capacity, without adding a single hire.

Decisions that arrive late

When the numbers land a week after period-end, every decision that depends on them lands a week late too. In a stable quarter that is an inconvenience. In a volatile one it is the difference between acting on a variance and explaining it after the fact.



The shift is not the removal of the finance professional. It is the removal of the low-judgement work that stands between them and the decision.

Duplicated effort, inconsistent output, and concentrated knowledge

Manual processes quietly multiply cost in ways that never get counted. The same figures are rekeyed across systems. Two analysts produce the same report to different standards. Review cycles expand to catch the errors that manual work inevitably introduces, so senior people spend their time checking rather than deciding. And because the method lives in a few experienced heads rather than in a documented process, the function carries a quiet key-person risk: when that person is away, the work slows or stops.

> *The true cost of manual finance work is not the hours it consumes. It is the decisions those hours displace.*

SECTION 3

Five workflows every finance leader should review this quarter

These are not use cases for a pilot. They are established workflows most finance functions already run every month, where structured data and language capability change the economics of the work rather than the headcount.

01 Month-end close & reconciliation

TODAY
Data pulled from several systems and reconciled by hand in spreadsheets, line by line.

WITH AI
Automated matching and anomaly detection flag the exceptions; people review the exceptions, not every line.

BOTTLENECK
Fragmented sources and manual matching; errors surface late, when there is no time to fix them cleanly.

OUTCOME
Shorter, more reliable close; days returned to analysis.

02 Management & board reporting packs

TODAY
Analysts assemble figures and hand-write narrative into a recurring deck each cycle.

WITH AI
A structured first draft, including narrative, is generated from the numbers for finance to shape and approve.

BOTTLENECK
Production dominates; the pack is built under time pressure and often arrives late.

OUTCOME
Consistent packs produced in hours, not days.

03 Variance analysis & management commentary

TODAY
Variances identified manually and explained in written commentary, month after month.

WITH AI
Candidate explanations are drafted from the data; the analyst validates, corrects and adds judgement.

BOTTLENECK
Repetitive drafting absorbs senior time better spent interpreting the movement.

OUTCOME
Faster commentary; more time on the "why".

04 Compliance & policy documentation

TODAY
Policies, controls narratives and audit documentation written and updated from scratch.

WITH AI
Drafts produced against approved templates and standards; experts review for accuracy and fit.

BOTTLENECK
High-volume, standardised writing that is exacting but low in genuine judgement.

OUTCOME
Consistent documentation; lower preparation load.

05 Forecasting & budget preparation

TODAY
Inputs gathered from many owners and assembled into models by hand each planning cycle.

WITH AI
Assembly and first-pass scenarios are accelerated; finance directs the assumptions and the judgement calls.

BOTTLENECK
Data collection and consolidation crowd out the scenario work that adds the value.

OUTCOME
More scenarios explored, in less time.

SECTION 4

What leading finance functions do differently

The organisations pulling ahead are not the ones with better software. In most cases they run the same tools as everyone else. What separates them is a set of habits, not a set of licences.

- **They redesign the workflow, not just the tool.** The process is rebuilt around what the technology can now do, rather than the technology being dropped into the old process.
- **They standardise how AI is used.** The same task is done the same way across the team, so output is consistent and reviewable rather than idiosyncratic.
- **They verify, they do not trust blindly.** Every AI-assisted output passes through a defined human check. In finance, verification is the point, not an afterthought.
- **They build repeatable processes.** A one-off win by one clever person is not capability. A documented, repeatable workflow is.
- **They develop the ability across the team.** The skill sits with the people who understand the business, not concentrated in a single specialist.

How the change is typically sequenced

PHASE 1 · 0–30 DAYS

Establish

- Identify the repetitive workflows worth changing first
- Standardise how AI is used on them
- Bring key users up to speed

PHASE 2 · 30–90 DAYS

Embed

- Roll out the repeatable workflows
- Introduce verification as a standard step
- Measure adoption, not attendance

PHASE 3 · 3–12 MONTHS

Scale

- Extend capability across the function
- Reduce dependence on individual experts
- Track the business outcomes

SECTION 5

Five ways this goes wrong

- **Buying software without changing the workflow.** The most common and most expensive mistake. The tool is new; the process is not; nothing moves.
- **Depending on a single AI-fluent individual.** It solves the problem for one person and creates a bottleneck and a key-person risk for everyone else.
- **No verification.** Unchecked AI output in a finance function is not efficiency; it is exposure.
- **No standards or governance.** Without agreed ways of working, quality varies by whoever happened to do the task.
- **No measurement and no adoption plan.** Tools are purchased, capability is assumed, habits never change, and the investment quietly underperforms.

WHERE ORGANISATIONS GO FROM HERE

Turning AI already owned into results already expected

The finance functions earning the greatest return from AI are not spending the most on it. They concentrate on three things, in order.

1

Help the experts who already understand the business apply AI within their own work.

2

Turn ad-hoc use into repeatable, verified workflows the whole team can run.

3

Build the capability across the function rather than isolating it in one person.

Etiq is one approach built around exactly this. Most organisations already own excellent AI; what they lack is a consistent way to apply it across the finance function. Etiq helps finance teams build practical, repeatable and verifiable AI workflows around the work they already own, improving productivity, consistency and decision-making without replacing systems or adding complexity. If any of the workflows in this briefing reflect where your own team loses time, they are a reasonable place to begin.

SOURCES. McKinsey & Company, "Bots, algorithms, and the future of the finance function" (finance-activity automation potential). McKinsey CFO survey reporting, via CFO.com (share of CFOs automating >75% of finance processes). APQC General Accounting Open Standards Benchmarking, c. 2,300 organisations (median days to close). Ledge, "State of Month-End Close" 2025 survey of finance professionals (close duration, reliance on spreadsheets, cash-reconciliation hours). Figures describing individual team scenarios are illustrative and provided to show orders of magnitude, not measured benchmarks.