disruption (40%) and high inflation (38%) as the top risks facing their businesses.

Isaac M. O'Bannon • Oct. 04, 2023

U.S. corporate finance leaders have firmly pivoted their focus from revenue growth to

"CFOs have positioned themselves decisively in defense mode. With the end of the low-cost capital era and inflation still uncomfortably high in some parts of the economy, finance leaders are taking control by driving efficiencies in their organizations," said Stephen Philipson, head of Global Markets and Specialized Finance at U.S. Bank.

"As we work with CFO clients on how to position their balance sheets for a potentially more challenging economic environment, the focus is on prudent capital-allocation decisions. We talk about how to weigh cost-control efforts against focused investments that could drive future growth. As our survey results show, this balance is challenging CFOs," Philipson added.

KEY SURVEY FINDINGS:

Top risks

- Rising interest rates, while still not a top risk, jumped from the least concerning risk last year to middle of the pack this year (23%). Similarly, regulatory changes (25%) moved up in the risk rankings this year.
- Finance leaders ranked talent shortage (43%), pace of technology change/digital disruption (40%) and high inflation (38%) as the top risks facing their businesses. California finance leaders said high inflation is their top business risk, much higher than finance leaders across the country.
- Only 33% of finance leaders are more than somewhat confident in their company's ability to manage inflation risks; Only 6% are highly confident.

Cuts vs. growth

- Cost cutting and driving efficiencies within the finance function is the top priority (38%), compared with 30% in 2022 and a mere 23% in 2021; cost cutting and driving efficiencies across the business is the second highest priority (33%).

compared with 40% in 2021.
- Instead, CFOs ranked investing in technology in order to cut costs first, followed by restructuring their workforce and outsourcing business functions and processes. Data analytics (53%), artificial intelligence (52%) and cloud computing (48%) are the top priorities for technology investments.
- Within the healthcare sector, about six in 10 believe AI could completely redefine how the finance function is operated. In other sectors, it was only about half of finance leaders.

Increased appetite for digital payments

- 68% of respondents intend to use instant payments (RTP® Network, FedNow Service) two years from now. The survey found that 42% currently use real-time payments, up from 38% in 2022.
- Respondents from consumer and retail (56%) and hospitality and leisure (54%) were more likely to say they used instant payments today than industries such as oil and gas (34%) and aerospace and defense (30%).
- Improved working capital (46%) resulting from faster payments processing, and improved customer and supplier experiences (43%) are the two primary drivers for adoption of instant payments.

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