

Tech adoption in finance

Is the finance function adopting tech or lagging behind in Bahrain?

HOW DOES BAHRAIN COMPARE IN RELATION TO GLOBAL TRENDS?

Technology across the wider gulf has been widely explored and leveraged, particularly as it plays a significant part of the growth and innovation strategy for most governments across the emerging economies of Bahrain, the UAE and Saudi Arabia.

Such relevance has given rise to imperative strategic bodies such as the Bahrain Economic Development Board, the Bahrain Fin-tech Bay and Central Bank of Bahrain, who are working rigorously to drive economic development in the technology space.

According to our latest research¹, it is evident that developed markets are making slower progress which is driven by a need to want additional assurance around certain aspects of cloud technology, whether that's security, integrity of data, functionality, or the overall financial situation in terms of balancing operating expenditure versus capital expenditure. There is a nervousness about being early adopters.

Whilst there may be hesitancy in some mature markets, emerging markets, particularly Bahrain, are increasingly taking a positive approach and implementing the latest technology, which is further evident through the case examples presented in this white paper. Senior Partner, Jatin Karia said, "archaic and legacy based systems and processes become a part of an organisations DNA, therefore managing change and embracing new opportunities often are considered amidst the financial and risk implications. That said, we are seeing Bahrain moving forward in an agile and innovative way.

IT Advisory Director, Navneet Sharma believes that whilst some dynamic businesses are reaping the benefits from the introduction of enterprise management software applications, robotics (RPA), artificial intelligence (AI) and advanced business intelligence tools, for others there is a significant risk of being left behind and even making costly strategic errors". Our recent survey* of senior executives shows that only around half of organisations have a clear strategy and business case for enhanced digital transformation within the finance & compliance functions.

We explored whether businesses across the market in Bahrain are ready to make better business decisions.

Why is a clear strategy so important?

Globally, almost a third of companies are yet to construct a strategy and business case around digital finance transformation. Grant Thornton UK partner Mark O'Sullivan says: "This matches our experience that many organisations don't recognise its importance. All too often we see ownership and responsibility for decisions on IT systems and technology delegated to the IT function with minimal or no business input. They are then surprised when they come to implement that technology and the affected areas of the business have no engagement and it ends up being a poorly implemented, poorly used technology."

Within Bahrain, however, our discussions highlight that digital transformation strategy is the way forward and state of the art new concepts are on horizon to deliver new products and services. Businesses do have a strategy to embrace and embed technology into their business, however transformation strategies require further insights.



1. The Grant Thornton International Business Report (IBR) is the world's leading mid-market business survey. The report surveys more than 10,000 senior executives in 37 economies on an annual basis, providing insight into the economic and commercial issues affecting both listed and privately held businesses.

Data holds the key to successful business intelligence solutions

Within the global report, more than 30% of respondents have indicated that they plan to invest in business intelligence and enterprise performance management (EPM) solutions, with enterprise resource planning (ERP) also scoring highly at 28.6%. Mark says: "The results are in line with what we expected. Around 50% of the conversations I'm having are focused around organisations that want to employ business intelligence. However, it often comes back to challenges around the quality of data. Organisations know they want business intelligence, but don't understand what it takes to deliver it, the steps you need to take in creating integrity of data. Similarly, they often don't understand the possibilities."

Jatin says: "data is seen as an imperative business intelligence tool across Bahrain, with almost every government authority and private sector business now relying on it to make key strategic decisions". The findings of our local research further fortify this given that a significant number of conceptual solutions are currently being evaluated across the organizations.

What's the 'biggest source of inefficiency' in the finance function?

North America is leading the charge on business intelligence, visualisation and data dashboards, while there is a solid adoption across the globe of EPM tools, such as financial planning, close and consolidation software. Mark says: "The EPM side is reassuring as this is basic 'housekeeping'. When I go into finance functions the failure to properly embed quality EPM is the largest single source of inefficiency in a finance function. Whether it's the amount of manual effort taken to close down the month-end or the amount of effort that goes into planning, budgeting and forecasting without really yielding any better quality in terms of the outputs.

Furthermore, a recent ACCA report titled, The race for relevance, explores technology opportunities for the finance function and draws on the experiences of more than 50 finance and industry experts, the report considers six technologies that can benefit the finance function: cloud, cyber, social media, analytics, robotic process automation (RPA) and artificial intelligence (AI). Between them, these six technologies can enhance finance processes, protect information assets, support internal and external communication, and improve corporate decision-making.

Navneet further explores these finance tools by way of addressing the inefficiencies which may exist. Considering the current costs of Regulatory Compliance and Reporting, Reg-Tech offers greater automation and efficiency to organizations of all sizes. Collaborative effort will be required to harness the true capabilities and value through localization, A very recent localized development in this regard is the initiative on e-KYC (electronic Know Your Customer) at the Country Level, that will bring cost savings across all industries. The current focus is on Government Services, Banking, Insurance, Micro-financing, Telecommunication, FMCG & Retail, Leasing & Financing and Hospitality.

Better business decisions

The three imperative facets which drive a business include its people, processes and technology. Together they underpin the strategy, whether it's strategy for the finance function or the entire organisation. If you align the decisions that are made around technology to your strategy, you'll make better business decisions.

Across Bahrain we are seeing a clear distinction amongst the industry leaders who are developing Proof of Concepts (PoC) and supporting strategic investments in technology.

To find out more about how your company can take advantage of digital opportunities, contact Navneet Sharma.

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