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White Paper

The evolving role of the bank CFO



The Evolving Role of the Bank CFO: Introduction

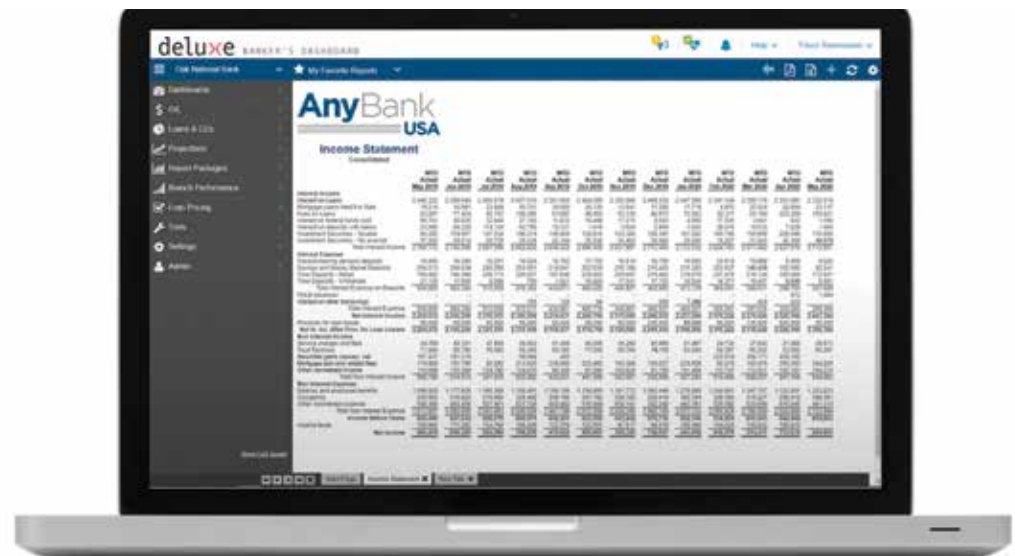
With products like **Banker's Dashboard** software, which give bankers anytime, anywhere access to their bank's financial performance, the need for the ever-present spreadsheet of the past is going away. And so is the time needed to generate those reports.

Traditionally, the CFO's role has been one of financial leader, number cruncher and bottom-line arbiter. Today, that role is evolving into one of not only value-adding financial leader, but beyond finance and accounting altogether. According to McKinsey, 41 percent of the CFO's role is outside of finance and accounting. Let's explore why and how the role of CFO is evolving, how the CFO can support the CEO and what we can expect the role to look like in the future.

In the not-so-distant past, a bank's chief financial officer was, basically, an accountant who dealt mainly, if not only, in numbers and spreadsheets. As former CFOs, Ann Jones, a client support consultant for Deluxe Corporation, and Barry Adcock, a sales executive with Banker's Dashboard, explain how they've seen the role of CFO evolve and change over the past few years.

"The CFO used to sit in his or her office number crunching," says Ann Jones. "That person wasn't very social, either. The CFO would report results on spreadsheets and didn't have much else of a role to play within the bank."

The combination of new technology and a new generation is changing all of that.



The Evolving Role of the Bank CFO: A Value-Adding Financial Leader

A Value-Adding Financial Leader

“Twenty years ago, it took all day for the CFO to generate reports about any aspect of a bank’s financial performance,” he says. “Now it takes hours. So, now, the CFO is saying: “Hey, wait a minute. Why am I not doing more analysis instead of just number crunching? Why am I not making decisions based on this data?”

There’s also the matter of a new crop of people entering the CFO pipeline. “Generations X and Y are much more sociable. They step up. Now there’s too much personality in the people entering the role for the CFO to be just an accountant,” he says. “Gen X and Y are better communicators, too.” They’re the ones pushing the CFO role into new territory. HR, IT, compliance, you name it, the CFO has a hand in it.

That’s because new technology, like the Banker’s Dashboard software, turns the process of running reports on the bank’s financials into an hours-long project rather than a day-long hassle with a spreadsheet. When technology transformed the number-crunching role, it quite simply freed up the CFO’s time.

All of a sudden, there was an opportunity for the CFO to start analyzing those numbers and putting together data that could support a CEO’s initiatives, and the new crop of people entering the CFO pipeline, namely Gens X and Y, are more sociable, outgoing and willing to take risks on new projects than their accountant predecessors. They forged into new areas like HR and IT, and a new type of CFO was born.

The most important change in the role of CFO is in relation to the CEO. In years past, the CFO simply reported, quite literally running reports, to the CEO about the bank’s financials. Now, the CFO is the CEO’s right-hand man or woman.

If the CEO in a bank is the idea person, the planner, the one who sees the big picture, the CFO is the one using the bank’s financial data to help develop strategies to make the CEO’s vision happen. Or, not happen. As the analyzer of the bank’s financial data, the CFO should be there to say no to new initiatives or projects if the numbers don’t line up just right.

So, the pain points that keep CEOs up at night and the initiatives he or she wants to enact



“Why am I not doing more analysis instead of just number crunching? Why am I not making decisions based on this data?”

can fall, in one way or another, to the CFO. Why? Because everything in a bank, whether it’s hiring new tellers, investing in technology to keep pace with fintech, or keeping up with the Bank of Americas of the world, is about the bottom line numbers, and the numbers are the CFO’s wheelhouse.

The Evolving Role of the Bank CFO: How is the CFO's Role Changing?

According to a report from McKinsey, the CFO may find that different activities or functions are reporting under them as their role evolves, including:

- » Risk management
- » Procurement
- » Regulatory compliance
- » Integration
- » M&A
- » Board engagement
- » IT

How is the CFO's Role Changing?

CFOs are branching out into many areas of the bank. Some of them include:

Strategic advisor

This person understands the market opportunity, strategy, and business model of the organization. They also provide a unique perspective that looks across all departments.

Besides the CEO, the modern CFO is the only person with a clear view of the big picture with a limited bias toward one aspect of its performance. When CFOs have exposure to both finance and accounting, as well as strong leadership experience, they are best prepared for the strategic needs of a business.

Disciplined Operator

Today's CFO provides data, information, and insights and then puts them into action. The modern CFO understands how to build scalable systems and processes.

Innovative Technologist

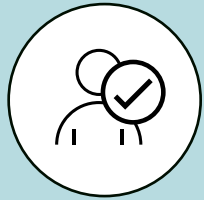
It should be noted that tomorrow's CFO drives innovative technology solutions in support of the business.

An educated consumer of technology, the modern CFO pushes the envelope, demanding creative solutions that empower employees. They are dangerous enough to know what to ask for and educated enough to know what is possible.

The Evolving Role of the Bank CFO: Ways the CFO can help with the CEO's top priorities.

Ways the CFO can help with the CEO's top priorities

In the same report from McKinsey, four in ten CFOs said they spent the majority of their time in the past year on roles besides traditional and specialty finance. Among these other roles, CFOs most often focused on strategic leadership, organizational transformation, and performance management.



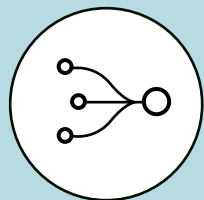
Recruiting and retaining talent.

A bank may have an HR generalist, but he or she will now report to the CFO. That's because HR knows everything dollars and cents about every employee, from salary to benefits to retirement plans. Suddenly acquiring and retaining top talent falls under the CFO umbrella.



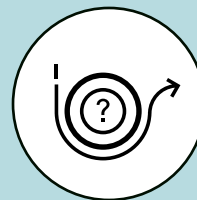
Creating loyalty programs.

A loyalty rewards program is one powerful way to attract new customers and enliven the ones you already have that aren't fully engaged. The CFO can run the numbers and determine what sorts of rewards make the best sense for the bank's bottom line.



Streamlining operations.

The CFO has access to data via new technology and can spot inefficiencies and other places for improvement. It helps the bank be lean, reduce operating costs and be ready to compete with not only other banks but with fintech.

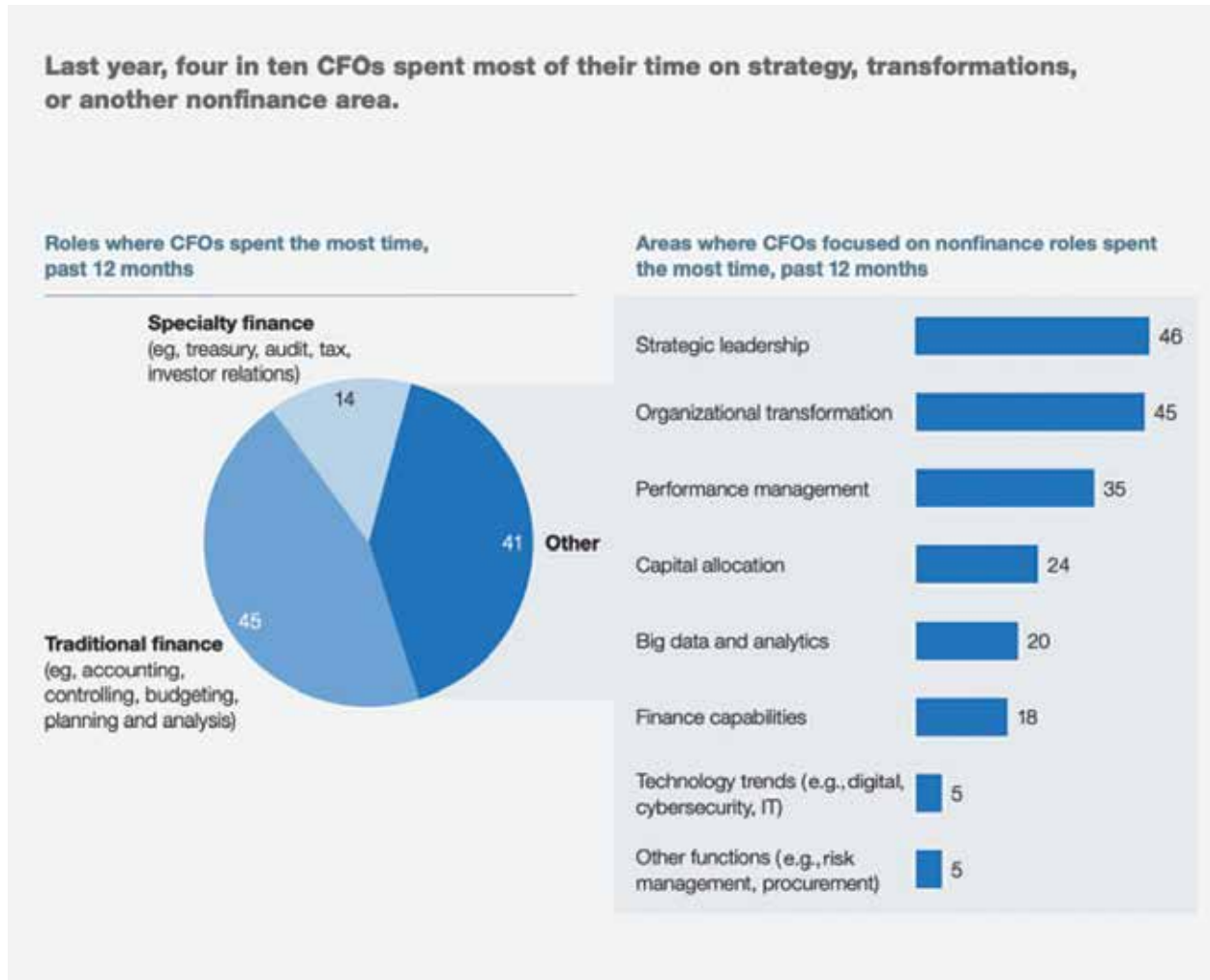


Assessing the risk of the CEO's plans.

Whether it's buying new technology or totally transforming the branch experience, the CFO can be the voice of reason to rein in the CEO's lofty ideas. Sometimes it doesn't make financial sense to implement new initiatives and programs, and the CFO is the one who is going to have to say no.

The CFO's role is evolving and their career paths are evolving along with it. More and more CFOs are finding their way into the CEO's chair, and with the breadth of experience in all aspects of the bank's operations, that trend should continue.

The Evolving Role of the Bank CFO: Ways the CFO can help with the CEO's top priorities



Given the focus on performance management at Deluxe, it was not a surprise to see it show up so high on the list of CFO roles. To excel at performance management, you need a culture that promotes it at your institution.

Here are five steps to help you get there:

1. Designate a performance management leader.
2. Engage and involve all team members.
3. Eliminate wasted energy.
4. Match performance goals to the market.
5. Get board members on board.

To learn more about bringing a culture of performance management to your institution, please [watch this video](#) featuring a fellow community banker sharing their venture down the performance management path.

Source: [McKinsey Special Collection: The Role of the CFO](#)

The Evolving Role of the Bank CFO: Banker's Dashboard



Banker's Dashboard

An informed workforce is essential to creating a performance culture. Deluxe works with over 300 clients who use Banker's Dashboard to power their performance culture with actionable insights into their bank's financial status, enabling timely decisions that improve their bottom line. Easy to integrate, Banker's Dashboard allows your team to access and assess margin components, branch performance, forecasts and more—accurately, quickly and around the clock with user-friendly, point-and-click simplicity.

**Want more information on Banker's Dashboard?
Contact us today.**

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