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## NAVIGATING THE 'SHIFTS' & 'DRIFTS' IN THE OFFICE OF THE CFO IN 2026

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## INTRODUCTION

In the natural world, ecosystems can change in subtle “drifts” or momentous “shifts”. We experienced both during the Covid pandemic.

Financial and business ecosystems, change in an analogous way, presenting extraordinary challenges for strategy setters. In 2025/26 there have been dramatic shifts, such as the introduction of Agentic AI, unprecedented geopolitical tension and the EU AI Act and more gradual drifts in inflationary pressure, tax regulation and macroeconomic uncertainty.

What makes the 2026 journey so challenging is not that the issues are necessarily bigger, or more varied, but that the forces bearing down on finance are all arriving simultaneously. In these conditions, strategy has to become a continuous process of adjustment, anchored in financial discipline but flexible enough to respond quickly when conditions change.

The companies that prospered during Covid, were those that had not only invested in the fundamentals (systems, processes and people) but had weaved agility into every aspect of the business.





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## WHEN EVERYTHING IS A HIGH PRIORITY

Look at any recent survey of CFO priorities and one will find the same familiar themes, such as, growth, cost pressure, talent, transformation, risk, regulation, digital capability and data quality. The ranking may vary from survey to survey, but the percentage differences between one issue and the next are often too close to call. A 2026 Deloitte survey<sup>1</sup> reports that there was only a four-percentage point difference separating the first and fifth most cited CFO priorities for organisational success in 2025/26. In 2026, every issue appears to be crucial.

**This leaves CFOs more exposed than ever, juggling a growing list of priorities with limited resources.** The result is that the CFO has to work within a strategic environment in which certainty is scarce, making trade-offs a frequent necessity and the cost of inaction is rising. But the nature of strategy itself is changing as well.

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## STRATEGY AND GROWTH

Historically, the CFO's strategic contribution was often weighted towards cost control, capital discipline, performance and compliance. Those responsibilities still matter, but they are no longer enough on their own. In 2026, the strategy process itself is changing, and with it the CFO's role in shaping growth.

In a more volatile environment, strategy can no longer be developed as a once-a-year top-down exercise. It has to become more continuous, more evidence-led and more tightly connected to the way resources are allocated across the organisation. That places the CFO much closer to the centre of strategy development than in the past.

The modern CFO is uniquely placed to understand the drivers of performance, the economics of the business model and the trade-offs involved in pursuing growth. This is not simply about controlling cost. It is about ensuring that AI investments, capital, talent, technology and management attention are directed towards the initiatives most likely to create value. In that sense, the CFO plays a critical role in helping the organisation distinguish between growth that is attractive in theory and growth that is scalable, profitable and strategically aligned.

No CFO can achieve that alone. In today's complex, AI-infused, multidisciplinary

environment, strategy development has to be more cross-functional. Finance, operations, technology, commercial leadership and HR all need to work together in a genuine spirit of co-creation.

Against that backdrop, four further issues stand out in 2026, namely,

- the changing face of finance transformation
- the growing strain created by finance talent shortages
- the accelerating burden of risk and regulation
- the need to reinvent financial reporting.



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# FINANCE TRANSFORMATION

This new environment is also exposing the limitations of traditional finance transformation. The familiar multi-year programme, with fixed phases, lengthy implementation cycles and benefits only expected well into the future, looks increasingly at odds with business reality.

The target operating model should be to move people, money, and AI agents onto one open, intelligent platform. After all, superintelligence, when it eventually comes about, starts with better, more usable data:

- An object data model that provides contextual, cross-functional insight
- A single source of truth that improves both decision quality and AI learning
- In-memory, real-time analysis and scenario modeling

Businesses need faster, more modular and more adaptive change. Economic conditions are shifting more quickly, business models are evolving more rapidly and the risk landscape is becoming more dynamic. Planning, forecasting and reporting have to anticipate this volatility and move in step. According to a PwC's AI Agent Survey, there is up to a 40% improvement in forecasting accuracy and speed when finance teams deploy AI agents<sup>2</sup>.

AI is helping to accelerate transformation but 'shadow AI' is creating a difficult tension for CFOs. Changes in finance processes should change under the direction of a finance transformation programme but increasingly changes are happening 'under the radar'. Teams under pressure to move faster are experimenting with new tools, AI prompts, workflows and workarounds. Shadow AI is by definition less visible and is spreading faster than many finance leaders anticipated. A 2025 Microsoft survey reported that 71% of UK employees used unapproved consumer AI tools at work, and 51% continue to do so every week<sup>3</sup>.

## *So how should CFOs respond to this challenge?*

The judgement that finance leaders have to make is whether shadow AI is a threat to transformation, or an enabler of transformation and something to be encouraged.

The answer is probably both. Shadow AI is a risk but also provides valuable feedback. It is often a clue that the 'approved' processes are too slow, too rigid or too disconnected from the needs of the people using them. Staff then choose the path of least resistance and create their own AI workarounds instead.

The lesson for CFOs is not to suppress all grassroots innovation, but to provide a path where experimentation can be assessed and scaled safely. That is likely to be one of the defining management challenges of 2026.





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## FINANCE TALENT

The pressure around AI and data science in finance is intensified by the shortage of finance professionals and the growing gap between strategy and the ability to deliver. Most CFOs acknowledge that AI matters competitively but far fewer have the skills, capacity and operating discipline to produce dependable results.

Deloitte reports that 64% of finance executives say they plan to infuse more technical skills and capabilities within their function over fiscal years 2025 and 2026<sup>1</sup>.

In practice, most organisations have made more progress with generative AI and copilots than with traditional machine learning and algorithms. Generative tools are readily accessible and immediately useful. For example, they can help with drafting, summarising, querying and accelerating routine analytical tasks. But that still leaves a significant gap in capability and long-term value creation.

This is why embedded AI is becoming so important. AI capabilities built directly into modern financial management applications, ERP platforms and planning tools are often the most practical path forward for finance. They are easier to adopt and govern as well as more likely to operate on trusted, ring-fenced data. PwC says, AI is reshaping finance from the inside out, and CFOs are focusing where precision matters most – process controls, compliance, and the back office<sup>4</sup>.

In that sense, the modern finance platform is more than a transaction engine or reporting backbone. It is becoming the controlled and trusted data environment in which finance can introduce AI and supervise it.

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## RISK AND REGULATION

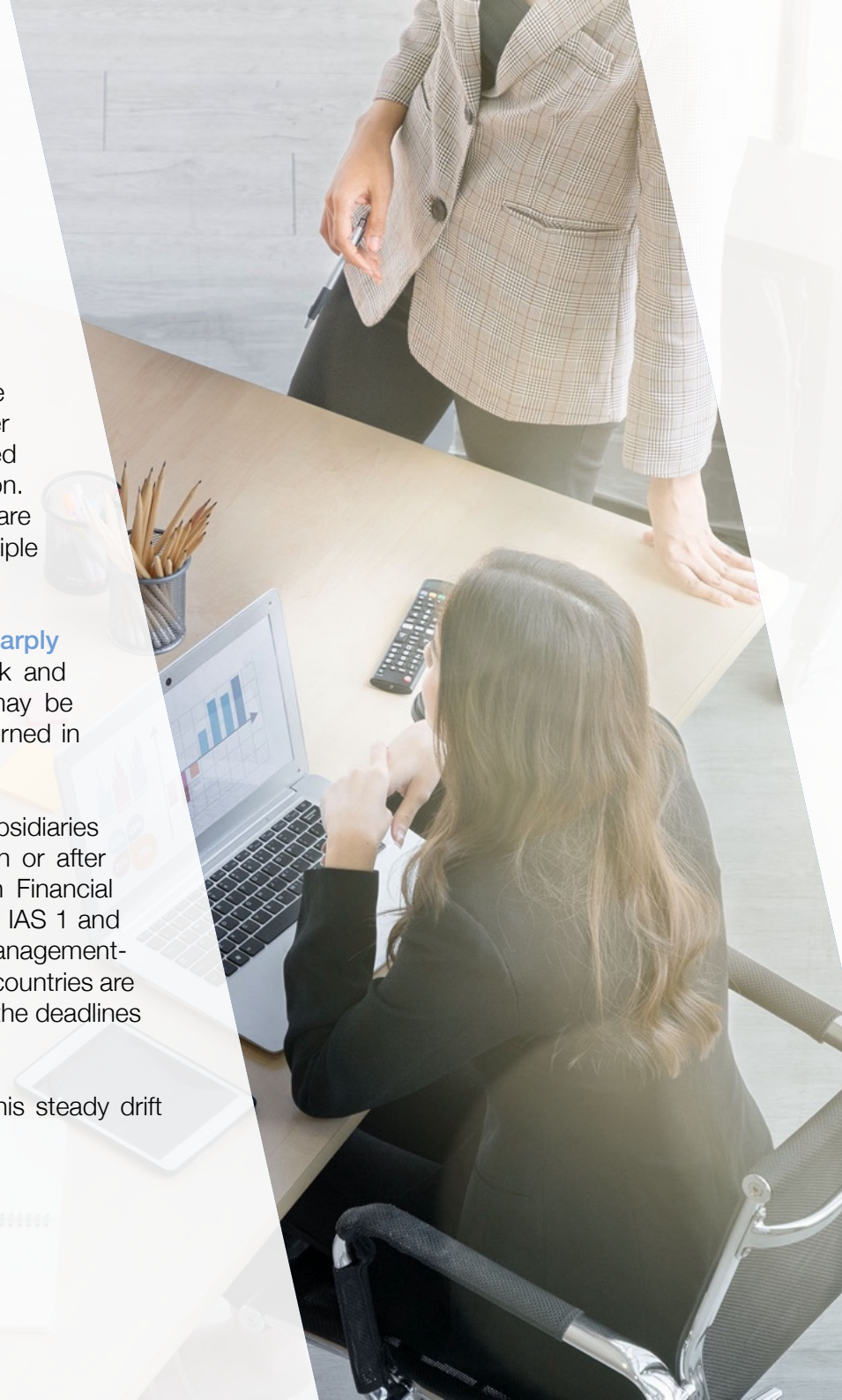
The risk environment facing finance is becoming broader, more interconnected and less familiar.

Tax and regulatory complexity continue to grow. Authorities such as HMRC in the UK and the ATO in Australia are increasing enquiries and targeted interventions. Governments are introducing more digital reporting mandates, requiring more frequent submissions and greater consistency of data. At the same time, authorities are using digital techniques and AI-led surveillance to identify anomalies in statutory returns, increasing the likelihood of investigation. Freshfields, the international law firm says that across Europe, the UK and the US, regulators are increasingly collaborating across sectors and jurisdictions to address risks that cut across multiple domains<sup>5</sup>.

AI introduces a further layer of complexity. **Multinational organisations must navigate sharply different regulatory expectations from one jurisdiction to another.** Attitudes to AI risk and regulation differ markedly, for example, between the United States and Europe. What may be commercially acceptable in one market may be regarded as too risky or insufficiently governed in another. For multinational businesses, this inconsistency is increasingly difficult to manage.

Alongside this, emerging accounting standards are adding to the CFO's burden. IFRS 19, Subsidiaries without Public Accountability, becomes effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. IFRS 18, Presentation and Disclosure in Financial Statements, issued in April 2024 and effective from 2027, is a major overhaul. It is replacing IAS 1 and introduces mandatory operating profit subtotals and new disclosure requirements around management-defined performance measures. While the EU provides the overarching framework, individual countries are setting their own aggressive, multi-phased timelines for eInvoicing. The direction is clear and the deadlines are firm.

The list is formidable, growing and unavoidable. CFOs have little choice but to confront this steady drift towards a heavier statutory and compliance burden.



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## RE-INVENTING REPORTING

All of this has profound implications for financial reporting.

As markets change more quickly and the CFO role continues to expand, reporting has to adapt in lockstep. The traditional model, in which finance acts primarily as the producer of management information, is being overtaken by events. Embedded copilots, digital agents and self-service analytics mean that management can increasingly obtain information directly for itself.

As a result, **the finance function is moving from being the supplier of reports to being the governor of data, logic, trust and interpretation.** Boards, regulators, management teams and investors need information they can trust, use and act on in volatile conditions.

This means reporting has to become more agile, more forward-looking and more tightly linked to value creation. Historic cost control still matters, but it is no longer enough. The emphasis is shifting towards the levers of performance that shape future outcomes such as, customer profitability, pricing resilience, working capital velocity, scenario sensitivity, investment returns and capacity for growth.

In short, finance must provide not just the numbers, but the confidence that the numbers rest on sound data, coherent logic and transparent assumptions. The outcome CFOs want from AI is better, quicker decisions. They expect every transaction to surface insights in real time that lead to real business outcomes.



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# RESPONDING TO THE SHIFTS AND DRIFTS IN 2026

There are five critical responses that weave their way through all of the issues highlighted in this paper.

It may not be possible to predict all of the shifts and drifts but the defining advantage of the modern CFO is to set the fundamentals and build agility into everything the business does.

**1.**

## **Make strategic planning continuous, not periodic.**

The annual planning cycle is no longer enough. CFOs need shorter planning horizons, faster feedback loops and stronger scenario capability so that strategy can adjust as conditions shift. AI enhances enterprise planning by unifying workforce, operational and financial data, automating complex workflows, improving scenario modelling and anomaly detection, and shifting finance and HR teams from static forecasting to dynamic, real-time, data-driven decision-making.

**2.**

## **Prioritise agility in organisation, process and systems.**

Finance needs more modular change, quicker delivery and systems that can evolve with the business. AI can help transform financial operations by replacing legacy rigidity with an agile, capability that unifies finance, HR and operational data, automates processes, and enables no-code workflow configuration.

**3.**

## **Bring AI inside the control environment.**

Shadow AI cannot simply be banned away. It must be channelled. CFOs should create governed routes for experimentation, supported by trusted data, clear accountability and appropriate human oversight. By integrating AI directly into financial systems CFOs can ensure that data remains within a governed, secure environment that protects sensitive data and provides a transparent audit trail.

**4.**

## **Build the data foundation for growth and control.**

A robust data platform is no longer a technical nice-to-have. It is the basis for better reporting, safer AI adoption, stronger governance and more confident decision-making.

**5.**

## **Make risk and innovation a shared responsibility.**

CFOs need to work collaboratively across functions to co-invent new ways of planning, governing, deploying AI, responding to change and managing risk. A centralised architecture for Finance and HCM (Human Capital Management) enables real-time reporting and better decision-making by eliminating data latency and ensuring teams work from the same accurate metrics.

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