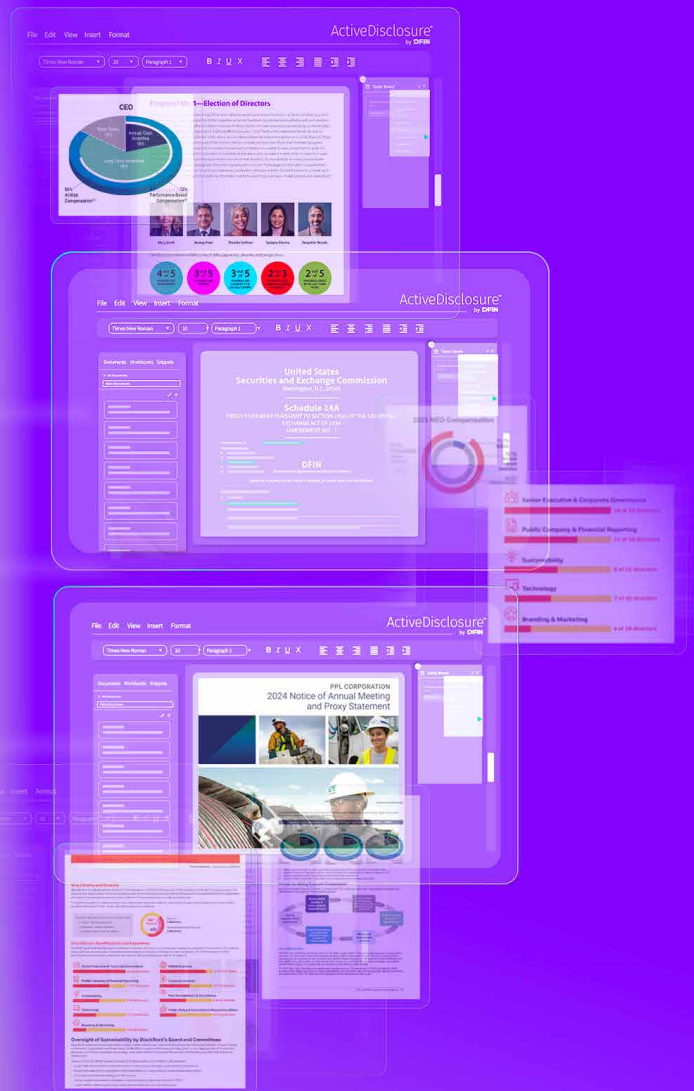
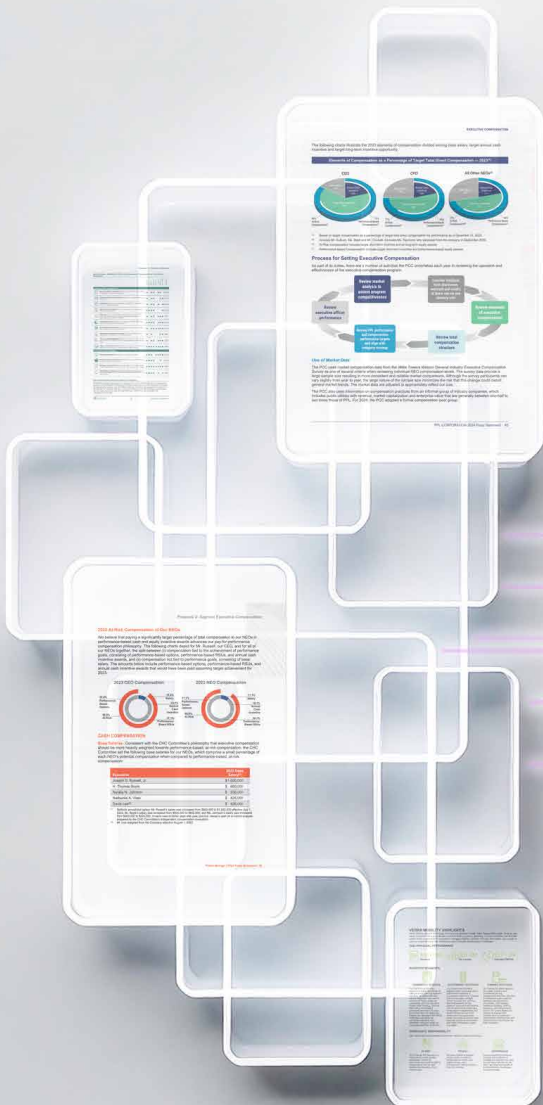




Mastering AI for Financial Reporting





AI is already reshaping finance and financial reporting, offering powerful tools to automate processes, improve accuracy and generate insights that drive strategic decision making. Having said that, to unlock AI's full potential, finance professionals must familiarize themselves not only with the technology itself but also with the art of effective prompting—the skill of framing questions and instructions in ways that yield the most relevant and actionable results. From automating complex tasks to generating deep insights, AI can empower finance teams to work more efficiently and make data-driven decisions.

This guide provides an in-depth look at the tools, techniques and prompting strategies that bring out the best in AI, enabling smarter, more insightful and future-focused financial reporting.

Long before AI became mainstream, DFIN was already pioneering its applications to support diverse customer needs.

Committed to staying at the forefront of AI advancements, DFIN ensures that new technologies are implemented securely and ethically, safeguarding data while strengthening customer trust.

The Fundamentals of AI in Finance

Understanding the basics of AI and its core applications in finance provides a strong foundation to help unlock significant value for various financial reporting activities, including summarizing complex reports, analyzing financial trends, drafting disclosure notes, and preparing for SEC audits.

AI platforms are skilled at ingesting and parsing large data sets. AI can derive trends from uploaded reports and better inform end users with meaningful insights. With training, the selected platform can even identify anomalies, flag potential errors and omissions and verify accuracy and completeness.

Leveraging AI to Enhance Corporate Finance

Information moves at a rapid pace, and companies are increasingly tasked with handling from reporting on ESG metrics to meeting SEC standards and ever-changing regulations. Traditional financial reporting processes, however, remain labor-intensive, time-consuming and costly. It's no surprise that companies are drawn to solutions like [AI tools that can streamline and enhance these processes](#). According to recent reports, roughly **97% of leaders** within the financial reporting space plan to make greater use of generative AI within the next three years.

Integrating AI into corporate finance brings numerous benefits to organizations:

AI Capability	Benefit
Task automation	AI streamlines routine tasks, reducing manual effort and minimizing errors.
Improved quality and compliance	AI systems can be trained on industry-specific regulations, ensuring reports adhere to current standards and enhancing data accuracy.
Enhanced data analysis	AI excels at analyzing large datasets, identifying patterns, and providing predictive insights, enabling more informed decision-making.
Better resource allocation	AI insights help finance teams understand where resources are needed most, enabling organizations to allocate funds, staff and time more effectively.
Increased security and fraud protection	AI monitors data in real time, detecting anomalies that may indicate security breaches or fraudulent activities, allowing for prompt responses.

“AI automation and predictive analysis will create efficiencies on the backend that will help finance teams get their jobs done... Financial regulators are very interested in how to analyze vast amounts of data faster to better protect the average investor.”



Floyd Strimling
Chief Product Officer
DFIN

Mastering Prompting and Effective AI Interaction

While AI can enhance efficiency and productivity, it should be used to assist with specific tasks rather than generate entire reports autonomously. Whether you're working with generative AI, predictive models or other AI tools, knowing how to structure prompts for accurate, insightful responses is key to maximizing AI's impact on financial tasks. Prompts in finance often require specialized knowledge, attention to detail, and thorough review for accuracy.

Here are some very specific prompting examples for financial reporting and SEC filing tasks:

Task	Prompt
Summarize Complex Financial Reports	"Summarize the key financial highlights and areas of concern from the latest quarterly financial report of [Company Name]."
Analyze Trends in Financial Statements	"Analyze the last five years of [Company Name]'s financial statements and identify any recurring trends in revenue, expenses, and net income."
Explain SEC Filing Requirements	"Explain the filing requirements for a Form 10-K and the deadlines associated with it for a publicly traded company."
Update on Regulatory Changes	"Provide an update on the latest SEC regulatory changes affecting technology companies and how these changes impact annual reporting requirements."
Draft Notes for Financial Disclosures	"Draft notes for the financial disclosure section concerning revenue recognition policies for a SaaS company's annual report."
Comparison of Financial Metrics	"Compare the debt-to-equity ratio and return on equity between [Company A] and [Company B] for the fiscal year [Year] and provide an analysis of what these metrics suggest about the financial health of both companies."
Prepare for SEC Audit	"Outline the steps a company should take to prepare for an unexpected SEC audit regarding its financial reporting practices."
Guidance on Non-GAAP Financial Measures	"Provide guidance on the appropriate use of non-GAAP financial measures in SEC filings, including examples of acceptable vs. unacceptable practices."
Insights on Market Trends	"Generate insights on current market trends affecting the financial sector and how companies should adjust their reporting and compliance strategies accordingly."
Compliance Checklist for New Regulations	"Create a compliance checklist for the newly implemented SEC regulation on cybersecurity risk disclosures for public companies."

[Mastering prompting and interaction with AI](#) enables finance professionals to streamline their work, save time and reduce costs. By understanding the art of asking the right questions, finance teams can ensure that AI tools are practical, relevant and capable of delivering tangible value.

Strengthening Security and Risk Management in AI-Driven Finance

Trust, security, accountability and risk mitigation are core tenets of finance departments. Upholding these values is paramount to finance leaders and the global economy. It is critical to keep them in mind when implementing AI, given the sensitivity and volume of data involved. With AI's potential for efficiencies, cost savings and enhanced decision making, finance leaders are encouraged to establish robust AI strategies that address governance, ethical standards and risk management.

To mitigate risk, companies must protect data through advanced encryption, strict access controls and continuous monitoring to defend against unauthorized access and cyber threats. Effective risk management also involves using data anonymization techniques and adhering to data minimization principles to ensure privacy and reduce vulnerabilities.

Leaders are also urged to align AI use with company values, ensure high-quality data inputs, and regularly monitor AI outcomes to mitigate risk. As part of this new way of approaching processes, developers and users must be accountable for the input, outcomes and actions of AI systems. They must safeguard data and algorithms and provide access controls to ensure the integrity and confidentiality of AI applications.

As the financial reporting sector increases the adoption of AI technologies, risk management and governance become much more important. This means implementing the proper AI frameworks, ensuring you have the right controls in place and engaging in third-party audits for transparency and regulatory compliance.

“Responsible AI practices will help align the decisions about AI system design, development, and uses with intended goals and values, enhancing trustworthiness and cultivating public trust.”



**National Institute
of Standards and Technology
NIST**



Use Cases of AI in Financial Reporting

From automating routine tasks and enhancing customer service to powering predictive analytics and strengthening fraud detection, AI applications are reshaping how finance professionals work and make decisions. By leveraging machine learning, natural language processing and advanced data analysis, [AI solutions](#) are enabling organizations to make faster, data-driven decisions and improve overall performance in a highly competitive market.

Here are three of the most compelling examples and benefits of AI in accounting and finance:

1. AI for financial statement analysis

A study of artificial intelligence in the audit process found that companies that include AI are more accurate in their audits. AI can cross check balance sheets and financial statements to make sure that information is reported accurately. There's also the potential for fraud prevention when using AI to screen internal data. AI can also sift through large corporate repositories full of documents, return relevant information and help the auditor do the part of the job best left to a skilled worker.

2. Financial forecasting

Financial forecasting is one of the most compelling uses of AI for financial analysis. AI operates by rules and learns from past behavior. A well-trained AI tool can scan social media posts, press releases, financial statements and headlines for early detection of everything from trends to risks. With a different dataset, the same tool can apply predictive logic to market futures data. While markets are notoriously difficult to predict, AI may be able to offer greater precision.

3. Natural Language Processing

Natural language processing tools allow users to request data in plain language, such as *"find me financial statements from the last three years."* The AI tool then compares or processes the standard language request against its internal database. Once AI identifies the matching term, it can satisfy the user's request. Customers and employees alike have familiarity with natural language processing from AI assistants such as Siri or Alexa. As a result, they're able to adapt to the new technologies quickly and without a significant learning curve.

The Future of AI in the Financial Industry

It is still early days in the adoption of AI in the financial industry. There are important risks to tackle before AI tools can take on new challenges. While there is potential for increased accuracy and speed over a human employee, workers still need to take responsibility for training the AI, keeping up with regulatory updates and other changes. Otherwise, the tool will become inaccurate. For the same reason, someone needs to ensure the software is performing as intended with no skips or shortcuts. Challenges like these must be worked out for AI-enabled tools to achieve widespread adoption and fully support the financial industry.

Despite these drawbacks, early results are impressive. The AI tool takes repetitive, time-intensive tasks off employees' hands, freeing them up to do the tasks that only a human can do. Financial firms that leverage these tools can better handle the large amounts of data produced, simplify and organize reporting workflows, and keep up with new developments.

Looking ahead, **the future of AI in finance is filled with potential to drive unprecedented efficiency, insight and innovation.** As the technology matures, AI will become more reliable, transparent and integral to finance processes, allowing organizations to navigate risks with confidence and leverage AI for smarter, faster decision-making.



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