

CFOs debate IFRS17 and AI in Singapore



L-R: Messrs Benjamin Yeo, Martyn van Wensveen, Tim Howell and John Zheng

At the 17th Asia Insurance CFO Summit 2024, some of the themes explored how and when IFRS17 data could be used to refine scenario planning, as well as how generative AI could be harnessed for financial transformation and organisational change.

By Sarah Si

One of the themes explored at the 17th Asia Insurance CFO Summit 2024 was the implementation of IFRS17 and how CFOs can leverage data from the financial standard to drive performance.

For insurance, as EY IFRS17 campaign and finance transformation leader Martyn van Wensveen said, so much money and energy has been expended on the implementation, the question now is how the sector can get value from it.

Leveraging IFRS17

“Information is standardised. It is much more granular and exactly what the business wants,” Mr van Wensveen said. In this sense, he said, data from IFRS17 could be turned into management information for “better analysis, product information and financial planning”.

As IFRS17 data is also forward-looking by nature, it can be used for

better scenario planning, he feels.

“Technology in this area has evolved tremendously over the last few years. I can see a lot of financial planning improvement projects being started this year, and with the benefit of IFRS17 and IFRS9 data being [used] there as well.

“(So) challenge actuaries and accountants to get more forward-looking information (that is) more granular, not just for external reporting,” he said.

He also advised companies not to wait until IFRS17 operations have fully stabilised to start leveraging it.

Using generative AI

As with any tool, generative AI can be used and also abused, according to Mr van Wensveen.

In the case of using generative AI positively in finance functions, he said, insurers should look at how processes could be approached in

smarter, better and cheaper ways, rather than just implementing the next new standard.

“[We should] shift our emphasis away from execution and more into [thinking] about what the information is telling us, (and) turning it into insights and ultimately foresights. To me, this is ... the role of the CFO in the finance function,” he said.

This role, he believes, includes “harnessing all these tools (and) applying it in a good way”.

“What is different that you have ... this combination of multiple tools, especially through the large language technology that allows us to do things with unstructured data that was previously not possible,” he said.

For instance, Mitsui Sumitomo Insurance China CFO and CIO John Zheng said, generative AI can create value and manage cost through “finance transformation and organisational change initiatives”.

To do so, he believes, CFOs could connect business and financial data and also refine it to find out its value. For this, he said, a clear roadmap was important.

“[But] what we find interesting is almost all CFOs [are] eager to understand generative AI, but financial staff ... are quite happy with life. It is a worldwide problem,” he said.

Proactive risk management

While uncertainty is “nothing new”, according to Allianz SE regional CFO, reinsurance Olga Petrenko, what has changed is how risks are dealt with.



Ms Olga Petrenko

“The growing interconnections between the nature of the risks ... is what has [triggered] the financial institutions to rethink how we prove more effective and how can we be more proactive in our strategies,” she said.

Questions CFOs would have to ask themselves, she said, included how risks could be mitigated, and how financial institutions could adapt processes and governance to be prepared for future challenges.

Other risks include cyber risk and cultural risk, according to DBS Bank managing director, financial

institutions group Benjamin Yeo.

Cyber risk is something all businesses have to be increasingly aware of, he said, especially with recent ransomware cases. He also believes that cultural risk comes from getting the organisation to digitalise, from the front office and sales agents to underwriters and operations.

“CFOs need to understand what is going on in all layers of our organisation,” she said.

Risk notification and control framework reviews would also be crucial, Ms Petrenko believes. However, CFOs also need to endure that the framework is “implemented in reality”.

Driving performance

According to Zurich Insurance CFO, Asia Pacific Tim Howell, challenges to high performance come when CFOs and businesses “become too internally focused (and get) caught in the workflow of producing reports” and do not take the time to understand what is happening in the customer environment and how regulatory changes affect operations.



Mr Tim Howell

In the insurance industry, sustainability regulation may rapidly impact APAC through reporting, he

feels. Reporting requirements now also include 12 standards across sectors, 82 disclosures and 1,200 data points, Mr Howell said. He also believes that Australia, Indonesia, Malaysia and Singapore are already driving sustainability requirements.

He said, “One challenge ... for finance professionals will be how [can] we drive synergies between reporting so that it does not become all-encompassing and potentially cost as much as IFRS17?”

Innovation

To drive innovation in insurance products, QBE Asia CFO – Asia operations Tay Siang Leng said, CFOs would need to “define upfront with management and board what success looks like”.



Mr Tay Siang Leng

He also believes that it is important to look at products from a longer-term strategic perspective, such as three or five years, rather than looking at it on a financial year basis. He also said that there should be an understanding that not many projects or products would succeed.

“[But] if you do not try, you will never know whether or not [it will] succeed,” he said.

A balancing act

When implementing change, Mr van Wensveen said, CFOs will need to ensure mindsets are changed first, skill sets second and tool sets last. In fact, he said, most projects that started with tool sets tended to fail.

“There is always going to be new technology, so think about how ... can do this in a smart way,” he said.

In this sense, he believes, CFOs face “a balancing act”, as they need to be natural leaders, good with numbers and be a people manager as well.

“It is all about being firm when needed but flexible when required ... (but) also bold and innovative. [CFOs] cannot keep things where they are right now, have to challenge people all the time and think about what [can be done] better constantly,” he said.

The 17th Asia Insurance CFO Summit 2024, organised by *Asia Insurance Review*, was held on 8-9 May in Singapore, and was sponsored by EY and QRM.



L-R: Messrs Mark Saunders, Clarence Wong, John Zheng and Ms Chock Ker Ching



L-R: Messrs Alexander Aeberli, Kay van Buul and Ravishankar Wickneswaran



L-R: Ms Mayuri Singhal, Messrs Ury Gan and Pankaj Kabra