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BAROPAPER

2024 FinTech Baropaper

Connecting generations on the path to digital transformation

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Introduction

Not many organisations today stay uninvolved in digital transformation and automation. But while in the past this was mainly a topic of discussion in the IT department, it is now often part of an organisation-wide strategy. For example, many finance departments are taking steps to digitise and automate financial processes, according to the latest FinTech Baropaper by Onguard. The responses from finance professionals show that more than half of the financial departments (71%) are currently working on this, with digital invoicing (48%), data analysis (42%) and automatic payment processing (37%) being the most common actions.

Onguard asked more than three hundred CFOs, financial managers and financial employees how the digital transformation is progressing in their organisation, what role data-driven working has and how different generations deal with this development.

However, automating and digitising processes does not always come smoothly. For example, a lack of time or priority **(23%)** is the main factor hindering a successful digital transformation. Employee resistance to change **(16%)** and insufficient financial resources **(13%)** also pose a challenge to an organisation's pathway to digitalization.

The biggest challenges for a successful digital transformation:

Igor Wortel, CEO at Phalanxes, regularly sees financial departments struggling with automation and digitalisation. "Finance professionals do not always know which steps to take to enable digital transformation. For example, they may want to process invoices automatically but do not know what to do about it. They often think that it takes a lot of time and with high cost involved to implement automation. But this is not the case at all. For instance, Office 365 already offers a series of tools that can be used to automate processes. So you don't have to purchase anything extra for this or use another application. Within a few hours you can automate the process of new requests!

Younger generation keen to accelerate digitalisation

Employee resistance to change is therefore a key factor slowing down or impeding digital transformation. This resistance appears to be present in many organisations: **45 percent** of finance professionals say they feel resistance from colleagues when digitising financial processes. This mostly applies to the older generation. At the same time, it is mainly the older generation that has more difficulty with digital transformation. For example, **55 percent of the younger generation** (18-35 years) is willing to commit more to digitalization and automation than their colleagues. This percentage is lower **(36%)** when it comes to the older generation (55 years and older). In addition, almost half of the younger generation **(49%)** feel that they are more open to digitalisation than their colleagues. This is the case for only **a third** of the older professionals surveyed.

45 percent
of finance professionals feel resistance from colleagues in digitising financial processes

Which generation is more willing to commit to digitisation and automation?

Digitising processes also ensures that employees can focus more on strategic work, which affects job satisfaction, the study showed. More than half **(58%)** of the young generation said they would enjoy their work more if there was more digitisation in their workplace. This figure stands at **46 percent** for the older generation.

With his years of experience, Igor has often seen that different generations have different ambitions in the workplace. Igor: "The figures confirm a generation gap when it comes to digitalisation and automation. The old 'guard' often thinks that everything 'works fine without all those new frills'. The resistance often arises from the unknown: employees are often not sufficiently informed about the possibilities lying in the field of digitalisation and automation. They also regularly show little interest in the benefits it can offer them. For example, consider the time savings associated with automating manual tasks, such as sending invoices. But this doesn't mean that the older generations are less valuable in the workplace. On the contrary, with their years of experience and knowledge, they are important in understanding certain work processes.

So, I also see many eager young people who want to move forward and innovate. They do not think so much about the risks, but more about how they can make processes more efficient. Moreover, you notice that they grew up in a world that is saturated with technology. These generational differences are not an obstacle to the progress in digitalisation and automation. The different generations bring an interesting mix of experience and innovation and, thus, only strengthen each other. Having both generations working together is therefore a great asset to your company."

Data-driven work still under development in 2024

Among other things, digital transformation enables organisations to handle their data more effectively. This increases the efficiency of their business processes (28%), saves costs (18%) and allows them to respond better to emerging trends (15%). Despite this, only seventeen percent of organisations are currently data-driven.

This low percentage may relate to the obstacles that finance professionals see when it comes to data-driven work. For example, **two in five** finance professionals (37%) said they would like to digitise more within the finance department, but they are being held back by the IT department. This may be linked to two factors: the limited resources of the IT department and the potential security risks associated with the implementation of new digital processes. In addition, the fact that data comes from various internal and external sources **(33%)** is a major hindering factor, as many companies find it difficult to combine this data and obtain optimal value. A lack of expertise in data processes and analysis **(27%)** and resistance from older generation colleagues **(17%)** are also barriers to organisations' journey towards fully data-driven work.

Igor sees that there are still numerous steps to be taken before financial departments can truly work data-driven. Igor: "The figures show that only a small number of companies work data-driven. And this is no surprise. I often see that the IT environment is not ready to do more with data. In many companies, the IT landscape is 'littered' with all kinds of applications, which often operate on different databases that fail to work seamlessly. This is a factor complicating efficient work with data and standing in the way of a data-driven approach. So, before embarking on digitalisation, companies need to organise their data and ensure that they are collected centrally. Only then can they evaluate which technologies are suitable to support this."

Data-driven work in the DNA of the younger generation

51 percent of the younger generation also notice that their older colleagues are less eager to work data-driven. They see that their generation is more open to data-driven working than colleagues from older generations. It is therefore not surprising that a third of finance professionals **(34%)** believe that they can only work fully data-driven after colleagues aged sixty and older have retired.

Up for grabs

Although automation, digitalisation and data-driven work are important goals for financial departments, there are still several obstacles to overcome before every organisation can make optimal use of digital transformation. For a successful implementation, it is essential to bring different generations together. Through better collaboration, organisations can leverage the innovative perspective of the young generation and the experience of the older generations.

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About the research

Every year, Onguard investigates how financial professionals view current trends and developments, such as financial technologies, digital transformation, AI and new payment methods. This study, entitled the FinTech Barometer, was conducted for the seventh time this year, surveying 304 finance professionals. Of these, 212 work in financial management and 92 as financial employees.

About Onguard

Onguard accelerates payments and improves cash flow for companies through smart credit management. With our solutions, you gain insight into debtor payment behaviour, minimise financial risks and improve communication about unpaid invoices. The result? Faster payments, fewer write-offs and lower customer churn. With over 30 years of experience, we facilitate optimised working capital and provide you with more valuable time with your customers by saving time from daily activities.

Onguard is a Visma company with more than 30 years experience in facilitating optimised working capital through smart credit management. Bottom line, we provide quality time with your customers by handling the day-to-day operations.

About Igor Wortel

For more than 25 years, Igor Wortel and his company Phalanxes, have been supporting companies providing expertise in project management and IT consultancy. Igor offers personal help and tailor-made solutions for every customer and works as an interim. He once started his career as a mining engineer, but discovered that his analytical thinking could make an impact in the financial and IT world. He has already completed many successful projects for major organisations, including T-Mobile, Eneco, WeTransfer and the Municipality of The Hague. He also likes to share his knowledge with the younger generation by teaching at TMO and LOI.

Want to know more?

Do you have questions about this solution or how you can optimise the credit management process within your organisation? Please contact us, we're happy to help you.

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