

Hey! What's New? 2025-16

A Canadian Perspective on How AI Is Transforming the Finance Function

A post on the KPMG Canada webpage says that “Artificial Intelligence is rapidly transforming the finance landscape, moving beyond accounting and making significant inroads into financial reporting, management, planning and analytics. The article cites a report from KPMG International “that reveals that nearly three-quarters of finance teams across diverse industries and company sizes are already using AI to some degree to enhance their financial reporting processes, implementing AI across wider areas of finance, including financial planning, treasury management, risk management and tax operations.”

Overall, most respondents in the global KPMG report found that the return on investment on AI is meeting or exceeding expectations — an outcome that will likely propel AI usage. On the surface, says the post, “it appears that Canadian organizations are leading, deploying AI in finance at a higher rate (82%) than their global counterparts (71%). However, Canadian organizations are starting from a lower baseline of digital adoption overall, and there are fewer individual users adopting the technology (39%, versus 42% globally). Currently, Canadian organizations are using AI in targeted areas within finance rather than on a broad scale. The applications in use are primarily basic AI solutions, with few organizations progressing to more advanced implementations of AI in finance.”

The KPMG survey found that “fewer than one in five Canadian organizations have adopted AI in the tax function, and many have yet to make the leap from experimenting to actively using AI for day-to-day tax processes. Complex tax regulations, a lack of up-to-date data and onerous legacy systems for many tax-related decisions are still barriers to implementing AI in the tax function for many organizations.”

At this point, says the KPMG post, “many Canadian organizations have focused on ‘classical’ AI, which is founded on traditional data analytics but augmented with machine learning. Only 19% indicated they were selectively or widely using generative AI within the finance function over the previous six months, while 32% said they were piloting it and 42% were in the planning phase. Globally, 28% of organizations are selectively or widely using AI in financial reporting — and that’s expected to jump to 83% over the next three years.”

The post adds that “the Some 47% of Canadian respondents identified generative AI as a top investment priority over the next three years — the highest of any technology category. While there’s huge interest in generative AI, the average Canadian organization isn’t there yet. The challenge they face is translating it into real use cases in finance. Many Canadian organizations are at a standstill because they don’t know where to start, or there’s resistance to taking the next step because of potential risks.”

Globally, business leaders are using generative AI for dynamic reporting and narrative generation, forecasting models and scenario generation, document management, compliance monitoring and reporting, and automated tax preparation, among other applications.

In the finance and risk function, the top AI use cases being piloted or implemented by Canadian organizations include:

- Fraud detection and prevention (54%)
- Research and data analysis (50%)
- Predictive analysis and planning (50%).

The post stresses that “the key to moving forward is being very deliberate about how organizations choose their use cases so they link back to enterprise value. However, many organizations start by looking for a problem to solve with generative AI versus looking for an outcome they’re trying to achieve — and evaluating whether AI should or shouldn’t be a solution for it. Rather than looking at what to ‘fix’ with AI, it’s about looking at pain points and finding solutions to help organizations become more efficient and productive. For example, one Canadian bank surveyed by KPMG is merging AI with blockchain to ensure secure and transparent financial transactions.”

Generative AI in and of itself isn’t going to solve all these pain points, the KPMG post concludes, “but it’s one component of a broader transformation journey. So, while use cases are important, it’s also critical to come up with a broader vision and strategy for the finance function that is tied to value.”

For more on the research and its recommendations, see [AI in finance - KPMG Canada](#).