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The CFO Automation Imperative: Balancing Tech and Human Judgment

Diane Mugambi says, in the current issue of *CFO*, that finance leaders must embrace automation while safeguarding human judgment in financial decisions. "For the modern finance leader, the challenge is knowing what to leave out of the automation loop. These choices will often not stay abstract. They will surface downstream during a forecasting refresh, financial reporting review, internal controls walkthrough or testing by the assurance team, where no one can point to a single decision owner."

Many AI automation product pitches and productivity discussions frame human judgment in financial decisions as a flaw, a defect that is biased, inconsistent and slow, she says. But "judgment doesn't disappear when a process is automated. Instead, it shifts from being exercised by a person to being embedded within the computer program. Design decisions may be made once, but the model uses these judgments daily to provide output decisions. These would be far more difficult to challenge once embedded for months or even years. In practice, financial decisions, such as reserves, impairments and revenue recognition, are rarely binary, and the human element relies on contextual evaluation of the inputs, not just computational accuracy."

When automation treats these decisions as deterministic, it doesn't remove the risk, Mugambi says, "it simply concentrates on it. We are locking in judgment to the AI-driven processes, often without the same level of scrutiny applied to human decisions. Human risk is visible, showing up in management review and audit findings. Automated errors, on the other hand, don't tend to announce themselves at all and have the potential to be far more dangerous due to scale."

If the AI applies flawed assumptions and does this consistently, Mugambi warns that "the implications will be much more dire and the consequences surface later. Ultimately, the CFO's signature doesn't come with an AI or software license disclaimer. Fiduciary responsibility for the integrity of financial statements remains human. If the algorithm hallucinates a forecast or scales a flawed assumption, the implications can be dire. You can't delegate your legal responsibility to a vendor's black box algorithm."

As more validation moves inside an automated loop with inbuilt logic, fewer assumptions are questioned, she notes. "That friction disappears, and this memory is no longer exercised, transferred or challenged. Forecasts converge too neatly, and exceptions are filtered out before they are questions and assumptions go unchallenged because the model has cleared them."

Over time, she goes on, "the finance function becomes a highly efficient machine and is excellent at processing data. However, they become historically shallow and less capable of recognizing when results don't align with reality. The cost of atrophy rarely shows up during steady-state operations. It will surface during disruptions, crises, market shocks and restructuring. In those moments, models trained on stable patterns encounter reality which they were never designed to handle, when decisions must be defended to the Board, auditors, regulators or markets. No one will ask the algorithm to explain itself. The responsibility and the judgment required over financial results remain human."

The debate we should be having as we put together our finance automation strategy isn't whether a process can be automated, Mugambi stresses, "but whether failure can still be detected and challenged. While we can all agree that not all finance processes deserve the same treatment, some low-impact, repeatable processes could benefit enormously from the productivity of AI."

Where we have material impact, and typically, we lean heavily on human judgment, she adds, caution does apply. "That doesn't mean that AI has no role, but AI should be used to identify risks and exceptions, simulate scenarios and strengthen judgment. It's not about resisting innovation. It's about preserving the credibility of the finance function and ensuring we have explicit ownership of decision making."

In Mugambi's view, "the CFO's role is to ensure that automation enhances the institution's intelligence rather than quietly erasing it. Execution can and should be automated, but understanding why the numbers behave the way they do cannot be. When the environment does shift, institutions won't fail from lack of data but from lack of human memory required to interpret it. We have to be intentional about curating the human expertise required to oversee the model's inputs and outputs. Execution can be automated. Explanations cannot."

For more, have a look at [The CFO automation imperative: Balancing tech and human judgment | CFO.com](#).