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In this interview, Hassan Bettani, Partner Financial Services at Deloitte, discusses the general economic in uncertain times, digitalisation and sustainability. He shares insights on the role of AI and geopolitical risks in FSI.

Since the last survey, it appears that the average CFO is feeling more optimistic about the economy. Additionally, CEOs appear to direct finance functions to prioritise value creation and growth, shifting the focus away from reducing costs. Is this sentiment reflective of the sentiment at FSI?

I see the following as the main reasons for optimism in the Financial Services Industry 1. CFOs have started to perceive the current, uncertain, geopolitical environment as the new normal, 2. Price of energy is stabilising and decreasing compared to a year ago 3. Interest rate and inflation is also stabilising compared to a year ago. However, there is still quite some movement in FSI to reduce costs, especially in the Netherlands.

Organisations seem to be willing to hire more people, but they also indicated that the availability of talent is the number one risk to their business and their highest political priority. Why is the Netherlands facing such a difficult labour market?

FSI companies are not worried about the lack of employees in general as AI can support with many general tasks. However, there are some key capabilities that the FSI companies are looking for. These are the three core FSI capabilities that are limited in the Netherlands and FSI organisations seek from abroad;

1. Data capabilities
2. Sustainability capabilities
3. Highly technical skills such as accounting or regulation-related capabilities.

Outsourcing or off-shoring of these capabilities might cost less but is much less efficient too. That is the reason FSI companies prefer to onshore these complicated processes back to the Netherlands. That is why these capabilities are much needed, also from outside the Netherlands. However, the weakened 30%-tax ruling and uncertainty about the other Dutch immigration policies create more challenging environment to attract talent compared to a couple of years ago. Also, the Dutch labour market should stay attractive for

the Dutch, as we see a lot of FSI talent flowing from the Netherlands to Switzerland and UK.

How do CFOs react to the fragility of the economy? How are the geopolitical risks mitigated in FSI?

This depends a lot on how international the company is and in which countries it operates. However, most important factor for FSI is the impact on interest rates that affects all companies.

The strategic use of AI for decision making is expected to quadruple over the coming 5 years. However, only 15% of the digitalisation budget is expected to be spent on AI this year. Will the current spend allow the future expectations to become reality or do you expect this will need to increase?

For FSI, AI will be very important in the future. However, the current investments are relatively small because organisations are still exploring possible use cases for AI. Another explanation for the low AI budget is that AI is often

combined with the cost reduction programmes and seen as a synergy rather than a shortterm investment. Surely, there are still cases where AI has its own specific budget, but the budget is very dependent on the use cases that are already found of AI.

Results from the Survey show that sustainability is mainly value driven rather than initiated from a regulatory perspective. Our findings also show that most companies are not ready to implement the changes as required by the recently passed regulations. How is the situation in FSI?

Contradictory to the survey findings, I would say that in FSI sustainability is more compliance than value driven. This is because of the extensive regulation in the industry compared to most of the other industries. FSI organisations have to work hard to even comply in time. The thing making it difficult is the data which is scattered all around the organisation. However, that reinforces the importance of CDO, CFO and the whole Finance function when it comes to sustainability.