



Beyond Compliance

The Baker Tilly UAE Quarterly Review



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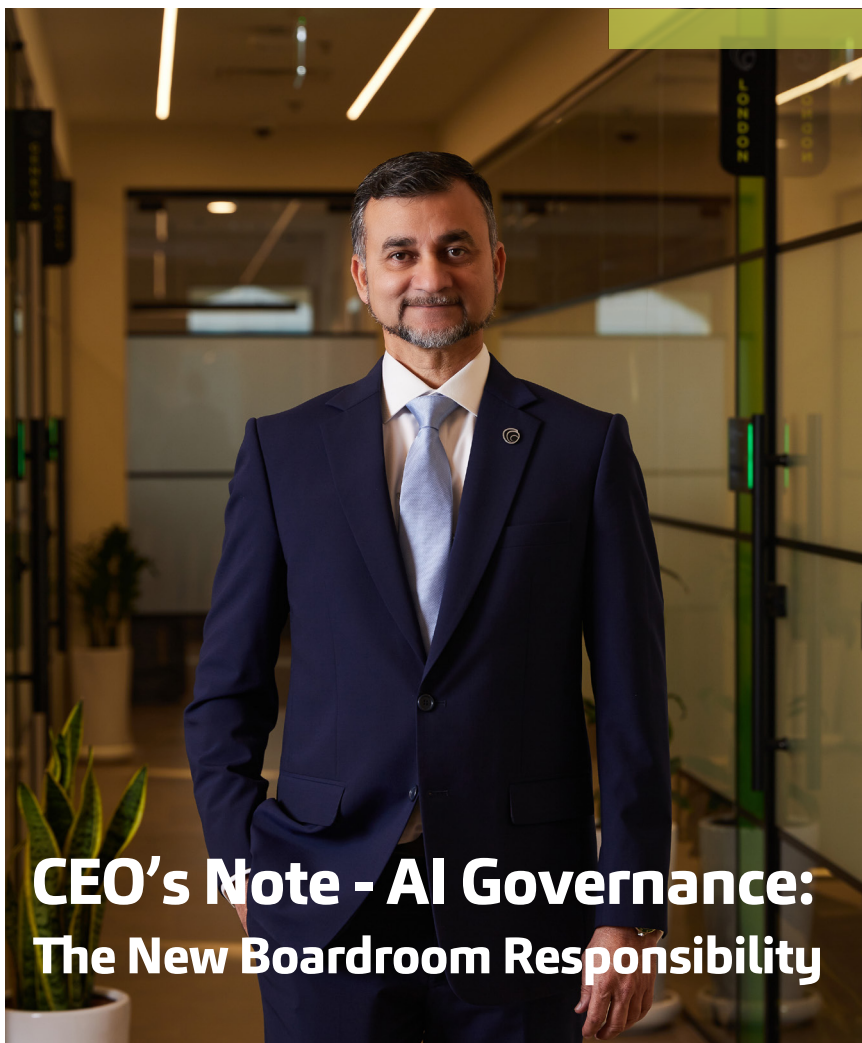
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Why high-growth organisations must institutionalise before complexity catches up

Clarity Through Changing Times

AI is transforming how organisations operate, but innovation without accountability creates new forms of risk. As businesses accelerate adoption, boards must ensure that governance, human judgement and trust advance with it.





CEO's Note - AI Governance: The New Boardroom Responsibility

Saad Maniar
Chief Executive Officer
Baker Tilly UAE

AI is no longer just a productivity tool. Boards and business leaders remain accountable for the decisions and outcomes it influences.

AI Governance: The New Boardroom Responsibility

In this edition, we look at a subject that is quickly moving from the technology agenda to the boardroom agenda: AI governance. Artificial intelligence is no longer a distant innovation topic. It is already shaping how businesses prepare reports, analyse data, assess risk, communicate with customers, review contracts, forecast performance and automate controls.

For boards and business leaders, the question is no longer whether AI should be used. The more important question is whether the organisation understands, governs and can defend the way AI is being used. A wrong AI output may influence a pricing decision, credit assessment, valuation model, customer response or board paper. When that happens, accountability does not sit with the software. It sits with the organisation and ultimately with those charged with governance.

From AI Adoption to AI Accountability

The first phase of AI adoption was driven by speed, efficiency and curiosity. That ambition remains valid, but boards are now discovering that AI creates a new class of enterprise risk. Unlike traditional systems, AI may generate confident but incorrect content, rely on flawed data, reproduce hidden bias, expose confidential information or produce outputs that are difficult to explain later. This changes the governance conversation. Boards do not need to become AI engineers, but they must ask sharper questions. Where is AI being used? What data does it touch? Which decisions does it influence? Who reviews the output? How are errors detected? How would management explain an AI-assisted decision to a regulator, auditor, customer or court?

The CFO's Role Is Changing

The CFO is becoming central to AI governance. Traditionally, the CFO has been the guardian of financial reporting, controls, capital discipline and compliance. Today, that role is expanding into data integrity, digital risk, investment governance and enterprise resilience.

If AI is used in forecasting, budgeting, tax, procurement, revenue analysis, impairment testing or management reporting, it becomes part of the control environment and not merely a productivity tool. The modern CFO must enable AI adoption where it creates value, protect the reliability of information used by management and the board, and ensure the business can demonstrate accountability through documentation, controls and audit trails.

This is important because AI-related errors can repeat across forecasts, reports and decisions without being obvious. In practical terms, CFOs should work with the CEO, CIO, risk leaders, legal teams and internal audit to create an AI governance framework that is operational. This includes maintaining an inventory of AI tools, classifying use cases by risk, approving high-risk applications, defining human review requirements and testing whether AI outputs are complete, accurate and explainable before they influence material decisions.

New Risks Emerging from AI

The risk landscape is broader than data privacy. Output risk arises when AI produces inaccurate, misleading or fabricated information. Bias risk appears when decisions affecting customers, employees or suppliers are influenced by incomplete or unfair data. Confidentiality risk is also rising when sensitive business, customer or financial information is entered into external AI platforms without approval. Other risks include model drift, where an AI system becomes less reliable as markets or data change, and vendor risk, where AI is embedded inside third-party software without sufficient transparency. Cyber risk is also increasing because AI can help attackers automate phishing, impersonation and fraud. For boards, perhaps the greatest risk is the accountability gap. This arises when everyone uses AI, but no one clearly owns the outcome. Employees assume the tool is approved, management assumes controls exist, and the board assumes risk has been assessed. That gap can damage trust faster than AI can create efficiency.

How Regulators are Viewing AI Output

Regulators are increasingly viewing AI output through the lens of accountability, transparency, fairness, data protection and human oversight. The message is clear: a business may use AI, but it remains responsible for the outcome. If AI output affects a customer, investor, employee or regulated process, the organisation must explain how it was produced, what data was used, what controls existed and who approved reliance on it. This thinking is increasingly visible across financial regulation, data protection and audit oversight.

Regulators are focused on responsible adoption, senior management accountability, explainability, non-discrimination, data governance and human intervention. AI output cannot be treated as neutral simply because it came from a machine. If it is used in a business process, it must be governed like any other source of judgement.

Why Family Businesses Should Pay Attention

Family businesses may assume that AI governance is mainly a concern for banks, listed companies or technology firms. That assumption is risky. Family businesses often operate with concentrated ownership, trusted employees, informal decision-making and legacy systems. These strengths create speed and loyalty, but they can also make AI risk harder to see. A family business may use AI to analyse customer behaviour, prepare board packs, screen investment opportunities, review contracts or automate finance workflows. If governance is weak, confidential family office data, succession plans, shareholder information, supplier margins or acquisition strategies could be exposed. AI may also influence decisions that affect reputation, which is often the most valuable asset of a family enterprise.

The generational aspect is equally important. Next-generation family members may push for rapid AI adoption, while founders may rely on instinct, relationships and experience. A governance framework can become the bridge between tradition and transformation, preserving family values while allowing the business to modernise safely.

How Businesses Should Respond

The response should be practical and proportionate. Businesses do not need to stop using AI. They need to govern it with the same seriousness applied to financial controls, cybersecurity and regulatory compliance. A strong starting point is board ownership. The board should approve the AI risk appetite, receive periodic reporting and ensure that management has assigned clear accountability. Management should then create an AI inventory covering approved tools, business owners, data used, vendors, risk rating and control requirements. High-risk use cases should require human review, legal and compliance input, documented testing and periodic monitoring.

Internal audit should assess whether AI governance is working in practice, not only whether a policy exists. Training is equally important. Employees must understand that AI output is not final truth. It requires professional judgement. Policies should clearly state what data can be entered into AI platforms, which tools are approved, when human review is mandatory and how errors or incidents should be escalated.

The Boardroom Test

The real test of AI governance is not whether the business has adopted the latest technology. It is whether the board can say, with confidence, that AI is aligned with strategy, controlled by management, understood by employees, explainable to regulators and trusted by stakeholders. AI will reward businesses that move with courage, but it will expose those that move without discipline. The winners will not be those that adopt AI the fastest. They will be the ones that combine ambition with accountability.

For boards, CFOs and family business leaders, that is the new responsibility and the new opportunity.



Clear ownership, human oversight and effective controls allow businesses to capture the value of AI without compromising trust.

How the next generation of Middle Eastern families are looking beyond traditional asset classes

Guest Contribution



Salmaan Jaffery

Chief Business Development
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A landmark transition is underway as the world witnesses what is expected to become the greatest intergenerational transfer of private wealth among high-net-worth individuals (HNWIs) and families over the next two decades. The great wealth transfer is estimated at approximately \$83 trillion – a figure equivalent to nearly eight times the GDP of the Middle East, Africa and South Asia (MEASA) region.

Younger generations are exposed to new-age technologies, innovative mobility, longer life expectancies, geo-economic challenges, and rising asset prices. A UBS survey found 65% of wealthy heirs were involved in managing family wealth as adults, cognisant of the evolving expectations associated with their inclusion in family business activities.

Therefore, the new generation of Middle Eastern family business owners is now looking to create deviations from the norm – by seeking new capital flows, portfolio diversification, selecting private markets as opposed to publicly

traded markets, new asset classes and purpose-driven financial objectives.

This represents a significant departure from traditional family office portfolios in the region, which typically centred on real estate, publicly traded equities, and retail franchise businesses. A modern family office portfolio diversifies from this selection, opting for a higher level of equity risk.

The Playbook Has Changed

Keen to safeguard and build on their legacies, many next-generation wealth holders demand more sophisticated reporting, governance, access to global investment opportunities and integrated technology platforms – tools and advantages that enable institutional stewardship.

The family office playbook has transformed, with data-rich insights, digital-first communication, transparent pricing, and institution-level execution across geographies. This necessitates the inclusion of alternative assets, AI, FinTech, private markets, hedge funds, private equity deals, venture capital, and digital assets within the portfolio spectrum in addition to traditional assets.

A BNY Wealth survey observes allocations have expanded to commodities, precious metals and natural resources in the event of inflation.

Geographical diversification is also a large part of the discussion as wealth holders treat jurisdictions like assets, diversifying and shifting to adaptive centres when traditional hubs falter. Henley & Partners makes a pertinent observation where some families are now constructing sovereign portfolios consisting of carefully designed combinations of residence rights,

citizenships, countries where they operate their businesses and place their assets, and geographic positioning. Together this combination provides resilience across multiple scenarios.



Next-generation families are moving beyond traditional portfolios towards private markets, alternatives, digital assets and higher-growth opportunities.

Geographical diversification is becoming part of wealth strategy, as families diversify across markets, jurisdictions, residence and global investment opportunities.

In parallel, this generation is thinking across the full capital spectrum – from philanthropy to traditional and impact investing, committed to creating positive change by investing in energy transition, technology, poverty alleviation, financial inclusion and much more.

Evolving Expectations

After gaining an understanding of how family wealth is structured and putting forth their ambitions for asset allocation, new family business heirs seek advisors that are collaborative, provide expertise and lend perspective.

This is because wealth is complex as it is impacted by economic trends and life events, and yet very personal, requiring expertise shaped by communication skills, real-life experiences, and the ability to connect.

Wealth advisors tailor solutions based on the needs of the next generation, combining technical know-how with new ideas, disciplined investing, networks and digital convenience to yield long-term returns.

While historically family offices did not rely on digital reporting, the new generation prefers a blended approach. The UBS survey mentions 83% of modern family offices favour digital convenience in tandem with in-person interaction.

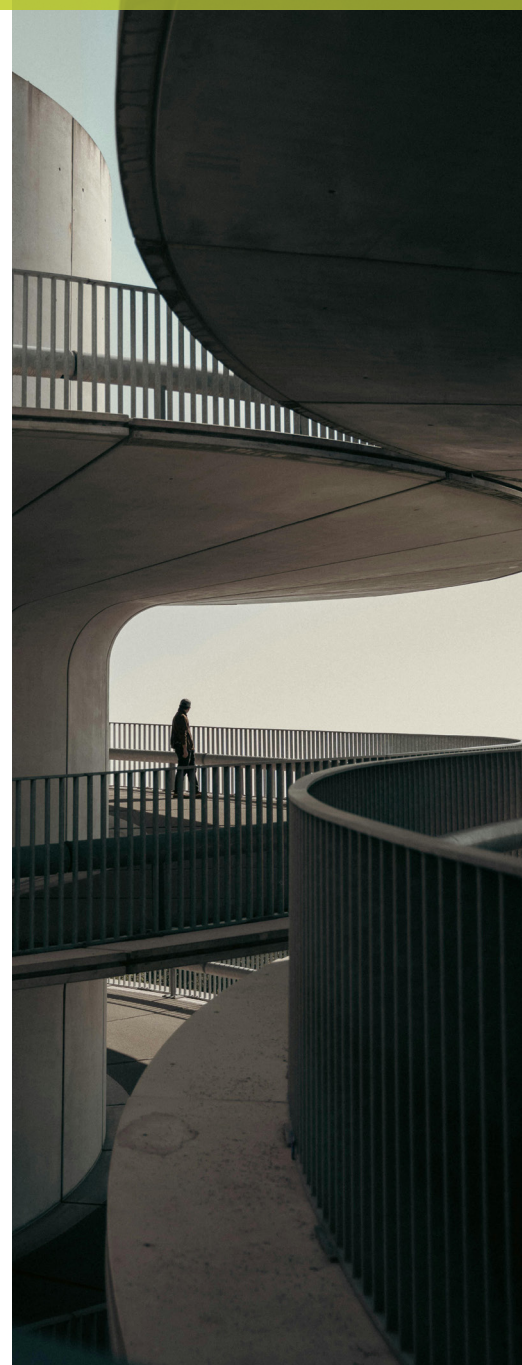
Relevance of Markets

Catering to the various needs of the modern family office, the appeal of emerging markets is compelling. As high-growth, innovation-driven jurisdictions, these markets offer innumerable opportunities in AI, FinTech, and sustainable infrastructure, while reinforcing market reforms to include legal certainty and resilience.

Wealth managers and family businesses alike recognise their potential, driving new approaches to portfolio management and allocation, while targeting consistent, risk-adjusted returns. World-class hubs such as DIFC have a proven track record in meeting these evolving demands.



As AI becomes embedded across business operations, failures can move from technology incidents to reputation events within minutes. Governance, visibility and human oversight are becoming essential safeguards for corporate trust.



Conclusion

Digitally native heirs are redefining wealth management, favouring diversified portfolios including alternative and digital assets, strategic geographical diversification, and purpose-driven investing.

This shift necessitates that wealth managers and family offices adapt, leveraging digital tools and engaging with dynamic global markets to cater to the distinct vision of the next generation, ensuring legacies thrive in a new era of global finance.

Age of AI



Vaibhav Jain

Manager
Risk & Technology
Baker Tilly UAE

As AI becomes embedded across business operations and increasingly influences decisions, content and customer outcomes, reputational risk is emerging as one of its most significant corporate challenges.



The New Corporate Crisis: Reputational Risk in the Age of AI

Artificial intelligence is rapidly becoming embedded within modern business operations. From forecasting revenue and detecting fraud to automating customer interactions and generating management reports, AI is transforming how organisations operate. Yet while executives often focus on productivity gains and competitive advantage, a more significant challenge is emerging beneath the surface: reputational risk.

For many organisations, AI represents the first technology capable of making decisions, generating content, and influencing customer outcomes at scale without direct human intervention. When these systems fail, the consequences often extend far beyond operational disruption. They can damage customer trust, attract regulatory scrutiny, impact shareholder confidence, and create long-term reputational harm. Increasingly, the greatest AI risk is not whether the technology works, but whether organisations can confidently govern it.

A New Type of Corporate Exposure

Traditional technology failures are usually visible and predictable. A system outage, cybersecurity breach, or infrastructure failure can typically be identified, contained, and remediated through established processes.

AI introduces a different challenge. Modern AI systems learn from data, adapt over time, and generate outputs that are not always deterministic. Two users asking the same question may receive different responses.

A model that performed accurately six months ago may gradually become less reliable as business conditions change. This phenomenon, known as model drift, can significantly impact decision quality if not monitored continuously. The result is that organisations may unknowingly rely on AI outputs that are incomplete, inaccurate, biased, or misleading. The reputational impact often

AI incidents can become public within minutes, meaning effective governance and human oversight are essential to protecting trust.

materialises before management even realises a problem exists.

When AI Creates Headlines

Recent years have demonstrated how quickly AI incidents capture public attention. A single hallucinated response generated by an AI assistant can spread across social media within minutes. A biased algorithm can generate accusations of discrimination. An employee can unintentionally upload confidential information into an external AI platform. Deepfake technology can be used to impersonate executives, manipulate stakeholders, or facilitate sophisticated fraud schemes.

What makes these incidents particularly dangerous is their visibility. Unlike traditional operational failures that may remain internal, AI failures often become public almost instantly. In a digital-first environment, reputational damage can emerge faster than incident response teams can investigate the root cause. Customers rarely distinguish between an employee error and an AI error. They view both as failures of organisational oversight.

The Rise of Shadow AI

One of the fastest-growing risks facing organisations today is the emergence of Shadow AI. Just as "Shadow IT" refers to technology deployed outside formal governance processes, Shadow AI describes employees using generative AI tools without organisational approval or oversight.

Marketing teams may generate content using public AI platforms. Finance teams may use AI for analysis. HR departments may use AI to screen candidates. While

these activities often begin with good intentions, they can result in sensitive corporate information being shared with external systems, inconsistent decision-making, and unmonitored regulatory exposure. Many boards understand their cybersecurity assets better than they understand the AI tools currently operating within their organisation. That visibility gap presents a significant governance challenge.

Reputational Risk is Becoming a Board-Level Issue

Historically, technology risk was viewed primarily as a CIO or IT function responsibility. AI has changed that dynamic. The risks associated with AI now intersect with legal, regulatory, ethical, operational, and strategic domains. Consequently, AI governance is increasingly becoming a board-level responsibility.

Directors are being asked questions that were largely absent from boardrooms only a few years ago:

- What AI systems are being used across the organisation?
- Which business decisions are influenced by AI?
- How are AI-generated outputs validated?
- Can management explain how key AI decisions are reached?
- What controls exist over third-party AI providers?
- How would the organisation respond to an AI-related crisis?

The answers to these questions are quickly becoming indicators of governance maturity.

Trustworthy AI as a Competitive Advantage

Organisations often view governance as a compliance exercise. However, the most successful businesses recognise that strong governance creates trust. Customers increasingly want assurance that their data is protected. Investors want confidence that emerging technologies are being managed responsibly. Regulators expect clear accountability and oversight. Employees need guidance on how AI can be used safely and ethically. This requires more than an AI policy. It requires a comprehensive framework that addresses:

- Data governance and data quality
- Model development and validation standards
- Human oversight and approval controls
- AI risk assessment processes
- Continuous monitoring of model performance
- Security controls for AI environments
- Incident response procedures for AI failures
- Independent assurance and audit review

Just as cybersecurity evolved from a technical issue into a business imperative, AI governance is following a similar path.

Closing Thoughts

The organisations that will succeed with AI over the coming decade will not necessarily be those that deploy the most sophisticated models. They will be those that build the highest levels of trust around them. AI systems are increasingly influencing customer experiences, financial decisions, regulatory compliance, and strategic planning. As a result, failures are no longer merely technology incidents; they are reputation events.

In an environment where trust can take years to build and minutes to lose, reputational resilience will depend on how effectively organisations govern AI. The real corporate crisis of the AI era is not the technology itself. It is the failure to manage the risks that come with it. Organisations that recognise this early and embed AI governance into their broader risk management framework will be best positioned to innovate with confidence while protecting the reputation they have worked so hard to build.





Family Businesses at a Crossroads

Building Businesses That Last Through Governance, Succession and Growth

Family businesses are built on trust, shared values and long-term commitment. To remain strong across generations, they must now support these strengths with clear governance, planned succession, capable people and responsible use of technology.

A Strong Foundation, but a Changing World

Family businesses play a major role in economies around the world. In the UAE, they are especially important. Family-owned businesses make up around 90% of the private sector and contribute about 40% of national GDP. Their success therefore matters not only to individual families, but also to employees, customers and the wider economy.

Traditionally, many family businesses have grown through personal relationships, trust and quick decisions. These qualities remain valuable. However, businesses today face faster regulatory change, new technologies, geopolitical uncertainty and growing competition for skilled people. What worked in the past may not be enough for the future.

The Mid-Market Maze

Baker Tilly International's global report, *The Mid-Market Maze*, examines how mid-sized businesses can prepare for the next decade. The study combines scenario planning with the views of 1,500 business leaders across nine markets, including the UAE. It identifies a business environment shaped by tighter regulation, limited resources, rapid technological change and policy uncertainty.

The findings are relevant to family businesses because many operate in the mid-market. Six in ten leaders surveyed said competition for talent could be the biggest barrier to growth over the next decade. Seven in ten expect technology and digital transformation, including artificial intelligence, to make a significant contribution to growth over the next five years.

The message is simple: businesses must invest in both people and technology. Technology can improve productivity, reporting and decision-making, but it cannot replace judgement, trust and leadership.

Family businesses must invest in both people and technology, combining digital progress with judgement, trust and leadership.



Narasimha Das

Senior Partner
Baker Tilly UAE

Long-term continuity depends on how well family businesses adapt as they grow and pass from one generation to the next.



Family businesses should use digital tools with clear goals, strong controls and proper cybersecurity.

From Informal Understanding to Clear Governance

In a small family business, decisions may be made through informal discussions. As the business grows and more family members become involved, this approach can create confusion. Questions may arise about ownership, leadership, employment, profit distribution and the role of the next generation. Clear governance helps answer these questions before they become disputes. A family constitution or charter can record the family's values, decision-making rules and approach to succession. A family council can provide a regular forum for discussion. The company board should focus on business strategy, performance, risk and accountability. The roles of the family, owners and management should be connected, but not mixed.

Succession Must Be Planned

Succession is not a single event. It is a process that may take years. The next leader should be chosen based on ability, experience and readiness, not only family position. Potential successors need education, mentoring and meaningful work experience. Senior family members should also agree when and how authority will be transferred. A good succession plan should cover both leadership and ownership. It should consider what happens if a key family member dies, becomes unable to work or wishes to leave the business. It should

also separate personal family wealth from operating business assets where appropriate. Early planning reduces uncertainty and protects both family harmony and business continuity.

Professional Management and Family Values Can Work Together

Professionalisation does not mean removing the family from the business. It means bringing discipline to the way the business is managed. Clear job descriptions, fair pay, performance measures and transparent promotion rules are important for family members and non-family employees alike. External professionals can add specialist knowledge and independent views. They are more likely to stay when career growth is based on merit and when their authority is respected. At the same time, the family should clearly communicate the purpose and values that make the business distinctive.

Turning Structure into Strength

Family businesses have real advantages. Baker Tilly's research report – The Mid-Market Maze highlights easier access to senior decision-makers, greater agility and fewer layers of bureaucracy as important strengths. With the right structure, these advantages can help a family business respond faster than larger organisations. The way forward is not to replace relationships with rules. It is to support trusted relationships with clear structures.

Families should review governance, prepare future leaders, strengthen risk and compliance systems, invest carefully in technology and seek independent advice when needed. Businesses that take these steps can protect their heritage while building an organisation that is ready for change. Sustainable continuity comes from combining the best of family ownership with the discipline of a well-governed enterprise.

Traditional ways of working remain valuable, but family businesses need stronger structures to navigate a changing world.



Technology works best when combined with people and judgement. The strongest family businesses use it to support better decisions, not replace the experience and relationships that drive long-term success.



The UAE's Financial Future

How vision, regulation and innovation are strengthening the UAE's position as a global centre for wealth and financial services.

Guest Contribution



Osama Alrahma

Head of Business Development
Emirates International Bank
Chairman - Foreign Exchange
and Remittance Group

The UAE is building a global wealth hub by combining visionary leadership, progressive regulation, financial innovation and an exceptional environment for investors.

The UAE's Vision for the Future of Financial Services

To visualise the future of the financial sector in the United Arab Emirates and understand how the UAE will position itself as a global financial centre in the coming years, it is important to look at both the present and the past. What the UAE has achieved goes beyond the normal growth of any ambitious country. With its clear vision, the UAE has established a well-structured financial foundation for leading international banks and financial institutions, as well as asset management and wealth management firms, private banks, family offices, venture capital funds, international funds and others.

We are truly privileged by the leadership of this country, its vision, and the accelerated and agile implementation of strategies towards these objectives. The UAE's approach to enhancing and continually updating the rules and regulations governing financial institutions is truly remarkable. This has attracted many leading investors, both institutional and individual, to establish and position their companies within the UAE, seeking to benefit from its advanced facilities and thriving financial sector. When addressing the country's vision, it is important for organisations within the financial industry to position themselves and align their own strategies with the UAE Government's ambitious strategies.



The Role of the Central Bank and Financial Innovation

The Central Bank of the UAE is playing a pivotal role not only in conducting the country's monetary policy and maintaining financial stability, but also in advancing its regulatory frameworks. These frameworks are creating an advanced ecosystem that accommodates not only traditional banks and financial institutions, but also those that embrace innovation and are equipped to address consumers' future requirements through technology.

The open finance and open banking strategy, together with the advanced technology infrastructure already deployed by the Central Bank and its regulatory framework, further strengthen this ecosystem. Recently published data from the UAE Central Bank shows gross banking assets of AED 5.59 trillion and UAE foreign assets of AED 931 billion, reinforcing the strength of the reserves.

The UAE as a Wealth Hub

The UAE has positioned itself as a wealth hub and the capital of wealth, as well as a centre of attraction for HNWIs and UHNWIs, individuals and corporates. It is already attracting many HNIs who consider the UAE their home, both for residing and doing business.

Henley & Partners' 2025 Wealth Migration Report ranked the UAE as the top destination for HNWIs globally, with an estimated 9,600 millionaires relocating to the country, exceeding the USA and Singapore, with 3,800 and 3,500 respectively. New World Wealth projected a 39% increase in the number of HNWIs in the UAE by 2026, bringing the total to over 144,000 individuals.

The Ministry of Economy has a clear strategy for the UAE as the Capital of Wealth,

with defined KPIs: grow the UAE's wealth by \$1 trillion, increase AUM managed from the UAE to \$220 billion, double the number of HNWIs to 200,000, and rank the UAE higher in the Wealth Index. The banking sector estimates that the UAE could reach \$559 billion in managed wealth and host more than 241,000 millionaires by 2029.

A Comprehensive Strategy for Wealth Management

This strategy is supported by a comprehensive strategy formulated by the UAE Banks Federation, with clear objectives and projects aimed at developing all the requirements needed to elevate the UAE and enable it to provide the highest-quality environment for HNWIs and institutional investors.

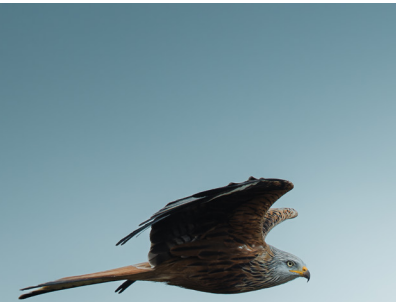
We have already seen thousands of HNIs and billionaires establish themselves in the UAE and make the decision to be part of the growth of this advanced economy and well-secured society, supported by a lifestyle that cannot be found anywhere else.

The Ministry of Economy, the UAE Banks Federation and other economic departments already have clear strategies to position the UAE as a global hub offering all the features and facilities available in other advanced financial centres around the world. This is not only about the regulatory framework and the protection of wealth and capital, but also about the lifestyle, the combination of advanced infrastructure, high levels of security for people, and the quality of the living environment and overall quality of life.

Areas of Focus for Continued Competitiveness

We are mandated to cover and address many areas to remain competitive and operate at the same, or a better, level than other wealth hub jurisdictions.

Some of these areas include arbitration, inheritance and succession, AML/CFT, corporate governance, insolvency and bankruptcy, asset repossession, the real estate market, taxation, risk, complexity of products and diversity of product suites, the adoption of emerging asset classes, ESG, family offices, and technology and digitisation.



The UAE is turning today's momentum into lasting global leadership.

Looking Ahead

The UAE's journey towards becoming a leading global wealth hub is a reflection of its clear vision, strong leadership, progressive regulatory environment, advanced infrastructure, and ability to embrace innovation and change. As the financial landscape continues to evolve, the UAE is well positioned to attract further institutional and individual investors, HNWIs, UHNIs, family offices, financial institutions, and global businesses.

The continued alignment between government strategies, regulatory developments, financial institutions, and the wider business community will be critical to sustaining this momentum. With its focus on strengthening the financial ecosystem, protecting wealth and capital, embracing emerging asset classes and technology, and maintaining a high quality of life, the UAE is firmly positioned to strengthen its role as a leading global centre for wealth, investment, and financial services.



Guest Contribution



Louise Vine

Managing Director
Inspire Selection

The Future CFO: From Numbers to Strategic Architect

The modern CFO brings financial insight into the decisions that shape the entire business.



The Future CFO

As a finance recruiter, I've been speaking with CFOs on a daily basis for over 20 years. Over that time, I have watched a significant shift in the corporate world: the gradual transformation of the CFO role itself.

For a long time, the CFO was regarded as the custodian of the numbers, responsible for financial control and reporting on what had already happened. That version of the role still exists in some organisations, but it is quickly becoming outdated. It is an old-fashioned assumption that technical excellence and strong qualifications alone make a credible CFO. The CFOs securing the strongest roles and commanding the most competitive packages are those who understand commercial strategy, engage confidently with investors and boards, and sit genuinely at the centre of a successful business rather than on the sidelines of it.

Where the CFO Role Is Heading

If the past decade has been defined by the CFO's evolution into a more commercial partner, the next is likely to see the role evolve further still, into something closer to a chief performance officer for the entire business.

As someone who has been co-hosting 'Claude for Finance' workshops recently, I know for sure that AI is quickly reshaping the traditional finance workload. Forecasting, scenario planning, variance analysis, and even initial drafts of board commentary are increasingly AI-assisted.

The CFOs best positioned for the future will not be those who resist this shift. The best ones are already using AI as a means of moving faster and seeing further than a finance team could through manual effort alone.

Cost efficiency forms a significant part of this story. A leaner, more automated finance function is not simply a matter of speed; it has a direct and measurable impact on the bottom line. Fewer hours spent on manual reconciliation and reporting allow a leaner, more strategic finance team to deliver work that once required considerably greater headcount.

The future CFO will be expected to lead this streamlining directly, identifying where AI and automation can remove repetitive processes across the wider business, not only within finance, and reinvesting the resulting savings into growth.

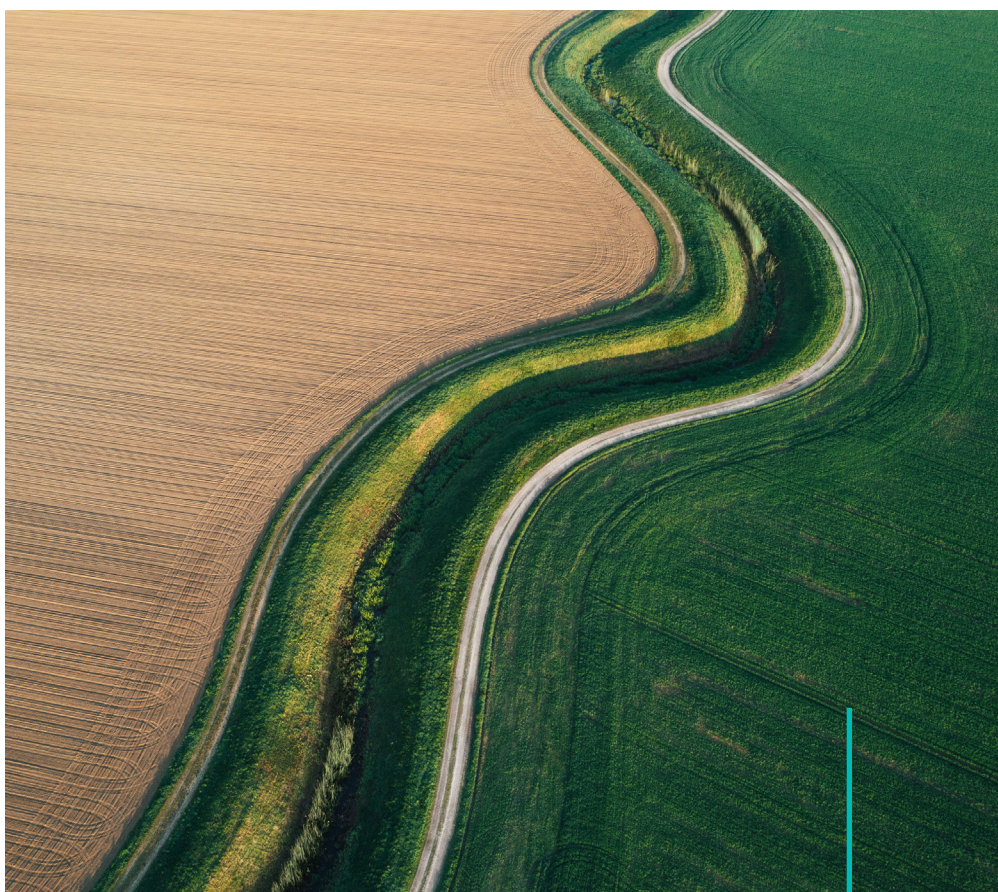
As a result, the CFO's real value moves away from producing the analysis itself and towards the judgement applied to it: knowing which figures can be trusted, which risks need to be escalated, and which opportunities are genuinely worth pursuing.

This also makes capital allocation an increasingly important part of the CFO's role. When businesses have access to more data and more sophisticated forecasting than ever before, the competitive advantage lies not in producing another model, but in deciding where to invest, where to pull back, and where the returns genuinely justify the risk.

The future CFO is also likely to own a considerably broader dataset than financial figures alone. Customer data, operational data, ESG and sustainability metrics, and workforce data increasingly sit alongside financial data on a CFO's dashboard, reflecting the expectation from investors, regulators and boards that this information be presented as a single coherent narrative. In the UAE specifically, as sustainability and ESG reporting take on greater prominence in the region's positioning on the global stage.

CFOs are increasingly being drawn into direct ownership of this area rather than simply delegating it to a separate function.

The human dimension of the role is likely to matter more, not less. As the technical and analytical work becomes increasingly automated, the CFOs who distinguish themselves will be those able to build trust, exert influence in the boardroom, and provide a steady, credible voice as a business navigates uncertainty. Judgement, communication and leadership are not easily automated; if anything, they become the key differentiator.



Why SMEs Should Be Paying Attention Too

Many small and medium-sized businesses in the UAE assume that strategic financial leadership is beyond their reach. What is often in place instead is a fairly basic accounting function, capable of producing a standard P&L, but without anyone using financial data to drive growth in the way described above.

This is exactly where the 'fractional CFO' model can add considerable value, giving a growing SME access to strategic financial leadership on a part-time or advisory basis without the cost of a full-time hire. A quality fractional CFO will often go a step further, automating parts of the existing bookkeeping and reporting process, which helps offset the cost of the CFO.

Fractional CFO models are well established in markets such as the UK and the US, yet remain relatively underused here in the UAE. This is slowly changing as more business owners recognise that CFO leadership, even if on a part-time basis, is a genuine growth lever, not a luxury reserved for large corporates.

The future CFO does not simply report the direction of travel — they help determine it

The future CFO is already present in many boardrooms. Technologically literate, commercially minded, a strong leader and with enough gravitas to hold a seat at the strategic table, this is a role that has not finished evolving.

The CFOs who thrive over the next decade will be those who continue to extend their influence across technology, strategy, data and leadership. The businesses that invest in that kind of leadership early will be the ones best placed to succeed.



Regulatory Intelligence

UAE Beneficial Ownership & Transparency Requirements

The UAE continues to strengthen its corporate transparency framework through the implementation of Ultimate Beneficial Owner (UBO) disclosure requirements and enhanced anti-money laundering (AML) regulations. A UBO is generally defined as the natural person who directly or indirectly owns or controls 25% or more of a company's shares, voting rights, or otherwise exercises significant control over the entity. Companies must ensure that UBO information remains accurate and is updated with the relevant licensing authority whenever changes occur.

The UAE's updated AML framework, including Federal Decree-Law No. 10 of 2025 and Cabinet Resolution No. 134 of 2025, reinforces the importance of accurate and current beneficial ownership information. Businesses should therefore regularly review ownership structures and records to ensure ongoing compliance and mitigate regulatory, licensing and banking risks.

With regulators and financial institutions placing increasing emphasis on ownership transparency, businesses should periodically review their ownership structures, maintain up-to-date records, and ensure alignment with AML/CFT compliance obligations. Failure to comply may result in regulatory penalties, licensing issues, and challenges in maintaining banking relationships.

UAE Corporate Tax: Latest Technical and Practical Challenges

Materiality and Evidence: Are You Corporate Tax Audit-Ready? The UAE Corporate Tax ("CT") Law and Federal Tax Procedures Law require taxpayers to report accurate information and retain records supporting their tax positions. Two practical challenges arise. First, "immaterial" for financial statement audit purposes does not necessarily mean "irrelevant" for UAE CT. For example, entertainment or related-party expenses may be too small to adjust during an audit but may still require a tax adjustment. If the resulting CT return is incorrect, the business may need to submit a Voluntary Disclosure and could face a Tax Assessment.

Second, a reasonable CT position may still be challenged without evidence. Supporting documents, including contracts, invoices, calculations, reconciliations and approvals, should clearly support and explain the tax treatment adopted. The Federal Tax Authority ("FTA") may audit these records and issue an estimated assessment where the correct tax cannot be determined. Businesses should identify uncertain CT positions, document key judgements and maintain an audit-ready file before submitting the CT return.



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ESG Readiness Before Regulation

Building credible emissions data today can reduce reporting pressure tomorrow and strengthen confidence among investors and international stakeholders.

Investor expectations on ESG reporting are moving faster than enforcement in the UAE. Federal Decree-Law No. 11 of 2024 requires entities to measure, report and reduce greenhouse gas emissions once activated through MOCCA or the relevant Emirate Focal Point, and Abu Dhabi already applies site-level reporting from 25,000 tCO₂e, with registration and verification above 500,000 tCO₂e.

Businesses seeking international capital or exporting into CBAM-covered sectors should not wait for notification, as a credible baseline needs a full year of data. Preparing early builds investor confidence and avoids rushed reporting.

Both UAE financial free zones published consultation papers proposing significant enhancements to their regulatory frameworks.



DIFC
DUBAI INTERNATIONAL
FINANCIAL CENTRE

ADGM
ABU DHABI GLOBAL
MARKET

ADGM Regulatory Developments

ADGM's Financial Services Regulatory Authority published two documents over the summer that CFOs should read together.

Annual Report: The 2025 Annual Report highlights a more intensive supervisory environment alongside ADGM's continued growth.

The FSRA granted 95 Financial Services Permissions and 120 In-Principle Approvals, up 22% and 32%, respectively, compared with 2024, completed 230 risk assessments, visited 29% of firms, finalised 38 regulatory actions and imposed \$9.24 million in penalties. It also issued nine consultation papers and 37 rulebook amendments during the year.

Business transfers: Consultation Paper No. 2 of 2026 proposes a new framework for business transfers. Mandatory court sanctioning would generally be limited to insurance business transfers, while other transfers would proceed under a proposed new GEN Chapter 8A, supported by FSRA notification, client notification and public disclosure requirements.

Comments close on 21 September 2026.

Taken together, these developments point to a regulatory environment that seeks to streamline processes while maintaining strong supervisory oversight.

CFOs should consider whether their governance, control and regulatory reporting frameworks remain aligned with evolving FSRA expectations.

DIFC Regulatory Developments

Prescribed Companies: DIFC has updated its Prescribed Company (PC) Regulations, significantly broadening access to its special purpose vehicle (SPV) regime. The updated Regulations were enacted on 24 July 2026. The previous eligibility requirements have been removed, allowing any applicant to establish a PC.

In most cases, a DIFC-licensed Corporate Services Provider must be appointed to establish or continue a PC, and is responsible for regulatory filings, record keeping and ongoing compliance. PCs must continue to operate as passive holding or structuring vehicles and are not permitted to employ staff.

Funds. DFSA Consultation Paper No. 173 proposes the most extensive review of the DIFC fund regime since 2010. Fixed specialist classifications for Exempt Funds and Qualified Investor Funds would be replaced with a more risk- and disclosure-based framework, including risk management requirements applied across all Fund Managers. The proposal would also remove the External Fund Manager regime. For managers pursuing credit strategies, base capital would reduce from \$140,000 to \$0,000 and the current \$10,000 application and annual fees would be abolished. Comments close on 7 September 2026.

The pattern across both centres is the same: getting in is easier, staying compliant is more clearly someone's job. Firms should check that their internal ownership of these obligations is as clear as the regulators now expect it to be.

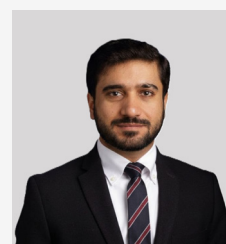
Transfer Pricing Beyond Documentation Thresholds

Transfer pricing (TP) compliance is often viewed through the lens of documentation thresholds. The Federal Tax Authority's (FTA) latest clarification suggests there may be a broader question: how well can a TP position be supported?

The FTA's recent Public Clarification (CTP011) confirms that downward TP adjustments may be made through the Corporate Tax (CT) Return without prior FTA approval, provided they are appropriately supported by documentation, including arm's length and benchmarking analyses and financial statements reconciliation.

While focused on downward adjustments, the clarification reinforces the UAE CT framework's self-assessment nature. Taxpayers remain responsible for determining and supporting TP positions, including adjustments reported in their tax returns.

As the UAE CT regime continues to mature, businesses may wish to reconsider whether "not mandatory" is, on its own, an adequate TP strategy. The more important question may be whether related-party transactions can be sufficiently supported if reviewed in the future.



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The Silent Cost of Weak Governance in High-Growth Organisations

Rapid growth can mask structural weaknesses. As organisations scale, governance must evolve from founder-dependent decision-making into an institutional system capable of sustaining the next stage of growth.

A company doubles its revenue in three years. It enters new markets, expands its workforce, attracts investment, and earns recognition for the strength of its leadership. By most measures, the organisation appears successful.

Yet growth can conceal structural weaknesses. Major decisions may still depend on a few executives. Critical knowledge may remain undocumented. Risk discussions may be informal, while accountability and delegated authority have not evolved with the business.

These weaknesses are easier to overlook while performance remains strong. They emerge during succession, regulatory scrutiny, operational disruption, a major investment decision, or the departure of a key executive.

Revenue growth does not by itself demonstrate organisational maturity. A business can expand rapidly while its capacity to govern decisions, risks, and accountability remains largely unchanged.



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When Success Conceals Vulnerability

Strong financial performance can create confidence that existing governance arrangements remain effective. In reality, sustained growth may simply delay the point at which underlying weaknesses become apparent.

This is particularly relevant to founder-led and family-owned businesses across the GCC. Many have achieved exceptional success through the vision, judgement, relationships, and commitment of their founders. Concentrated authority often supports faster decisions during the early stages of development.

However, an approach that works for a smaller business becomes difficult to sustain as the organisation expands across markets, legal entities, business units, and product lines.

Founder capability is rarely the constraint. The constraint is the organisation's failure to institutionalise the founder's knowledge, authority, and relationships. The risk arises when knowledge, authority, and key relationships remain personal rather than becoming institutional.

As decision volumes increase, continued dependence on a few individuals leads to approval bottlenecks, inconsistent decisions, unclear escalation, and disruption when key executives are unavailable.

Where the Governance Model Breaks Down

Governance weaknesses are not always evident from policies or organisational charts. They are revealed by how the

organisation operates and makes decisions. Common warning signs include:

- Decisions repeatedly return to the founder or chief executive, regardless of materiality
- Delegated authorities no longer reflect the organisation's scale
- Critical knowledge residing with individuals rather than in documented processes and systems
- Principal risks are discussed but do not have clearly accountable owners
- Board reporting provides information without identifying the decision required
- Committees with overlapping responsibilities or unclear mandates
- Internal controls that have not evolved with transaction volumes and organisational complexity
- Succession planning addresses titles and individuals, but not the transfer of authority, knowledge, and relationships

These conditions do not necessarily indicate ineffective leadership. They indicate that the governance model has not kept pace with the organisation's strategy and scale.

The Business Consequences

Weak governance creates costs that may not be immediately visible in the financial statements.

Strategically, decisions take longer because authority is concentrated or responsibilities are unclear. Investment opportunities may be delayed, routine matters unnecessarily escalated, and management attention diverted from long-term priorities.

Operationally, unclear accountability increases the likelihood of inconsistent execution, duplicated effort, delayed escalation, and control failure.

Financially, investors, lenders, strategic partners, and potential acquirers increasingly consider governance quality when assessing an organisation's sustainability and readiness for further growth. Excessive dependence on a few individuals can weaken confidence in the scalability and durability of the business model.

The longer-term consequence is reduced resilience. When senior executives remain heavily involved in routine approvals and operational intervention, they have less capacity to address strategy, innovation, emerging risks, and disruption.

These weaknesses are often most pronounced during succession. Revenue may remain strong, but decision-making slows and execution becomes less consistent because authority and knowledge were never fully institutionalised.

Governance as a Decision System

Governance should not be equated with bureaucracy. Properly designed, it improves the speed and quality of decision-making by establishing:

- Which matters require board approval
- Which decisions should be delegated to management
- Who is accountable for each principal risk
- What information decision-makers require
- How significant issues should be escalated
- How performance, risk, and control should be monitored

The objective is not to create more committees, policies, or reports. It is to ensure that the right decisions are made by the right people, using relevant information, within an appropriate timeframe.

This requires effective board oversight, clear decision rights, disciplined risk management, proportionate internal controls, and a culture in which difficult issues are raised early.

Enterprise risk management should also be integrated with strategy, budgeting, investment decisions, and performance management. Its purpose is not merely to record risks, but to improve the quality of strategic choices and strengthen preparedness for regulatory, technological, operational, and market change.

Institutionalising Growth

For founder-led and family-owned

The goal of governance is not more bureaucracy. It is better decisions, clearer accountability and greater organisational resilience.



businesses, the objective is to preserve entrepreneurial strength while reducing unnecessary dependence on particular individuals. This requires leadership knowledge, decision authority, and critical relationships to be embedded in the organisation.

At Baker Tilly UAE, we consider governance most effective when it is strengthened during periods of success. A meaningful review by internal audit examines how decisions are actually made, whether delegated authorities remain appropriate, who owns principal risks, what information reaches the board, and whether internal controls reflect the organisation's current operating reality.

Governance maturity is ultimately demonstrated by continuity. The organisation should be able to make sound decisions, manage risk, and maintain momentum even when key individuals are unavailable.

The relevant question for boards and founders is therefore straightforward: Can the organisation's governance support its next stage of growth without increasing its dependence on the people who created its success? This is where internal audit can truly add value.



Growth can conceal governance weaknesses until succession, disruption or regulatory scrutiny exposes them.

Baker Tilly International global results 2025

Global Ranking



8th

Worldwide network
of accounting and
advisory firms

\$6.8bn

2025 worldwide
revenue (US\$)



50,400

People



754

Offices



147

Territories



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