

B.COM SEM - IV

MJC - V (BUSINESS FINANCE)

TOPIC - CHANGING ROLE OF FINANCIAL MANAGER

Changing Role of Financial Manager

In the modern business environment, the role of a financial manager has undergone significant changes. Earlier, the financial manager's role was limited mainly to raising funds and maintaining financial records. However, with growing competition, globalization, technological advancement, and complex financial markets, the financial manager today plays a much broader and strategic role in an organization.

Traditionally, the financial manager was concerned with procurement of funds, bookkeeping, budget preparation, and financial reporting. The focus was mainly on compliance and routine financial activities. Decision-making authority was limited, and finance was considered a supporting function rather than a core managerial activity.

In the present scenario, the financial manager is a key strategic decision-maker. One of the most important changes is the shift from simple fund-raising to efficient utilization of funds. The financial manager now ensures optimum allocation of financial resources among various projects to maximize the value of the firm. Decisions regarding capital budgeting, such as investment in new projects, expansion, or modernization, are taken after careful financial analysis.

Another major change is the increased role in risk management. Financial managers are responsible for identifying, analyzing, and managing financial risks such as market risk, credit risk, and liquidity risk. They use modern financial tools and techniques like hedging, derivatives, and insurance to protect the firm from uncertainties.

The financial manager also plays a vital role in financial planning and forecasting. By analyzing past data and future trends, they help the management plan long-term and short-term financial needs. Cash flow management has become more important than ever to ensure smooth business operations and solvency.

With globalization, financial managers now deal with international finance, foreign exchange risk, and global capital markets. Technological developments have further expanded their role, as financial decisions

are now supported by financial software, data analytics, and real-time reporting.

Moreover, the modern financial manager actively participates in policy formulation, strategic planning, and corporate governance. The objective has shifted from mere profit maximization to wealth maximization of shareholders while maintaining social and ethical responsibilities.

In conclusion, the role of the financial manager has transformed from a traditional accountant to a strategic partner in management. Today, a financial manager contributes significantly to the growth, stability, and long-term success of the organization.