

Impact of Digital Accounting in Accountancy

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Abstract

A technology is introduced into our modern economy, the corporate landscape is changing significantly and quickly. The drastic technological advances known as "Digital Evolution" have continuously brought about changes in the world. The accounting industry has also been affected by this digitization movement. Under the moniker "Digital Accounting," it transforms the conventional accounting system into a contemporary one. There is no denying that the modern Digitised accounting system is more effective and efficient. This paper provides a broad overview of how emerging technologies may affect the accounting industries. Secondary data has been used to execute conclusion in order to achieve the set objective.

Keywords: Traditional Accounting, Digitalization, , Modern Accounting, Digital Accounting,

Introduction

From its inception, accounting terminology has undergone numerous revisions. The technological progress has always contributed favourably to making the job of an accountant and the accounting language simpler. With the turn of the twenty-first century, accounting began to take on a wholly novel appearance. Technology has completely changed the accounting industry. There was no longer a need for adding machines, calculators, ledgers, or pencils. Accounting technology advancements made business people's work far more accurate, with no room for error, and simple or less tiresome. Digitalization of accounting is the conversion of financial data from a paper-based format to an electronic one. The idea of digital accounting was developed for a more effective taxation system. it started out as a federal government effort to modernise the tax and customs administration back in 2003.

Subsequently, the Digital Bookkeeping System (NF-e) and Electronic Invoice (NF-e) appeared (Sped). By 2015, Social Security, the Digital Bookkeeping System Tax, and labour obligations had all been implemented. The everyday labour of an accountant won't be eliminated by digital accounting; on the contrary, it actually assists to increase their productivity.

Literature review

James E. Hunton (2002), The paper considers the recent, significant changes that have changed accounting practise and research for all time. Particularly, the still-evolving digital revolution has altered the fundamental nature of employment for accountants and made scholars and practitioners alike contend with a variety of new challenges and opportunities. A vast range of human-to-computer, information processing, and decision-making challenges that did not exist just two decades ago must be addressed by accounting behavioural researchers in particular. Here, I try to discuss the various methods psychology-based researchers might conduct insightful studies to improve the calibre and relevance of the accounting profession by combining the effects of information and communication technology on human attitude, cognition, and behaviour.

Kruskopf, S., Lobbas, C., Meinander, H., Söderling, K., Martikainen, M., & Lehner, O. M. (2020), This article provides an outline of how current and emerging technologies are affecting the professions of accounting and auditing. The objective is to outline the technological changes affecting these industries and consider how they may affect present and future employment opportunities and skill requirements. Putting history first. In this backgrounder on the history of Industry 4.0, we look at the following four areas: Current advances accompanied by real-world examples, a literature analysis of ongoing research, potential future job descriptions, required skills and how to acquire them, and current advancements.

Richard Busulwa, Nina Evans (2021), For accountancy and digital business students and practitioners, Digital Transformation in Accounting is a crucial resource for navigating the effects of technological innovations, disruption, and change on the accounting profession. It includes explains a plethora of recent developments in digital technology and how they might be applied to advance accounting practise. Discusses how various accounting positions, operations, and activities have been affected by digital disruption and transformation.

integrates modern digital business and digital transformation concepts with classic accounting information systems concepts. Contains a wide range of in-depth case studies from real-world situations, simulated issues, tests, group and individual activities, as well as supplemental electronic resources. Prepares the future accounting workforce for the digital era by providing a framework and a set of tools

Oana Cristina STOICA(2021), said that Global digitalization brings about a number of changes, particularly in industries where information technology is essential. One industry that has benefited from digital revolution is the accounting industry. By employing a structured literature review, the goal of this paper is to consolidate recent academic works in the domain of accounting digitalization and to provide some insights for future research (SLR). By demonstrating how each of these factors contributes to changes in the accounting profession as a result of its digitalization, our study's findings demonstrate that academics focus on three key areas: accounting education, professional regulation, and accounting information systems. The summary of the latest literature on accounting digitalization in the current publication may be of interest to scholars.

Significance of the study

The researcher focuses mostly on digital learning environments since they can help firms learn about cutting-edge technology and have a favourable effect on business outcomes. The many technological advancements in accounting are the main topic of discussion. The benefits of technology are also covered in this section. The progress of smart and digital technology was studied in this research article using a qualitative methodology.

Objectives of the study

- To study the about digital accounting
- To study the challenges of digital accounting
- To suggest possible solutions to overcome the challenges of digital accounting.

Methodology

Sources for Gathering Data

For this study, secondary data will come from newspapers, books, well-written research articles, research papers, and well-structured questionnaires used to collect primary data.

Data Analysis

This article will address the issues surrounding digital accounting. Here, secondary data gathering was carried out. We must be aware of their advantages in order to learn more about the future. Via a literature analysis, the researcher first investigated the effects and advantages of digitization in accounting.

Objectives of Digital accounting

- 1) Systematic record: Digital accounting makes it easier to keep systematic accounting records, which aid in the systematic knowledge of daily corporate operations.
- 2) Safeguard the company: As accounting data is protected in a methodical way, it aids in securing company assets.
- 3) Profit and loss: When accounting is made simple, it is very simple for an accountant to present the business's condition in terms of profit and loss on a regular basis.
- 4) Balance sheets: By keeping correct records and using digital accounting, it is possible to accurately determine the financial situation of a commercial concern.

Digital accounting has the following benefits:

- 1) One only needs to prepare the journal or pass the entry to subsidiary books; thereafter, the data will be automatically processed, resulting in the preparation of the trial balance, profit and loss account, and balance sheet, which will lessen the accountant's workload.
- 2) Digitalization of accounting enables the automatic generation of financial statements, including statements of shareholder equity, balance sheets, income statements, and cash flow statements.
- 3) The work is quicker than with manual accounting and can be stored in soft copies because the expense of keeping digital accounting is likewise lower.
- 4) Because most work is completed automatically, less time is required compared to manual accounting.
- 5) Since the data is saved in soft copies, it can always be quickly recovered if it is lost.

Digital accounting has the following drawbacks:

- 1) Digital accounting installation is expensive. since software updates whenever a new version is released
- 2) Because computers perform the majority of the labour automatically, there is concern that the unemployment rate may rise.

When a system malfunctions, it may cause work to be delayed. When a software is upgraded, it is necessary to undergo training, which adds to the expense.

- 5) While digital accounting unquestionably produces precise statistics, it lacks the capacity to exercise judgement and spot fraud and errors.
- 6) There is a risk of a virus attack and software breach, which could result in the alteration of original records.

Challenges in Digital Accounting

If the information isn't checked for completeness and accuracy, accounting information created using a code language or version may give the impression that all data was manually entered. Organizations must invest heavily in training their human resources to access and use the accounting code, which takes a lot of time and money. If tax rules are amended, the accounting code that is the basis for taxes must also be revised in order to avoid errors. Several accounting codes need to be modified to fit business needs. If the proper deterrent and safety precautions aren't in place, machine-controlled systems may be affected by power outages, viruses, or laptop hackers. Eventually, low-wage bookkeeping employment in the accounting industry were quickly replaced by artificially intelligent robots or technological innovation. Even though it's improbable, intelligent robots can be used as an example developing line for any corporation to replace professions that require human competence.

If a comptroller wants to stay relevant in the accounting industry, they must adopt the rapid advancement of technology in the field. This entails staying current with technological advancement, adapting and optimising the accounting software to meet their organization's needs, and being exposed to accommodating and educating new technologies. Whenever a company wants to use accounting software for business, the following drawbacks should be taken into account:

1) Execution - Physical accounts are frequently simpler to align and may be more flexible than processed accounting. While choosing an accounting solution, the organisation requires assistance up front.

2) Value - The pricing bundle, albeit largely a paper-based accounting system, is only somewhat relevant to your alternative prices.

3) Specific requirements - Accounting software often fits a wide range of business models. Yet in order to use accounting packages effectively, savvy or specialised business homes might need to process the package or adapt their methods.

4) Support: You must obtain an annual package and assistance for a firm package.

Recommendation

In the technology age, accounting processes need more fresh innovations. Focusing on enhancing four dimensions of technological innovation—access, usage, economic impact, and social impact shall help close the gap.

Conclusion

Digital accounting is simplifying accounting tasks, producing more productive and knowledgeable workers, as well as more accurate data.

Data can be accessed instantly thanks to the digitalization of accounting, which also helps to attract more customers and workers. The financial statements, such as ratio analysis, cash flow statement, income statements, balance sheet, and statements of shareholder's equity, are automatically generated thanks to the digitization of accounting.

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