

Research Article

# Artificial Intelligence and its Impact on Accounting- A Study

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**Abstract:** *Technology and Inventions have always played a pivotal role in shaping the modern world. One such technology is artificial intelligence, which plays a highly transformative role in today's scenario. It has an impact on almost every field and makes its presence felt in our day-to-day lives. Artificial intelligence is playing a very significant role in the Field of Accounting. Accounting is one such field that is always very dynamic in adapting to the latest technology and is always a transformative one. Adaptation of AI-powered tools and platforms in Accounting is yielding very good results. Using AI, very accurate results can be generated, and it is cost-efficient for business concerns and tailor-made for various business requirements. The present research article focuses on the concept of AI and its application in accounting alongside an attempt to examine various AI-powered accounting tools. The article also focuses on the impact of AI on accounting professionals and makes suggestions.*

**Keywords:** *Technology, Inventions, Artificial Intelligence, Accounting, AI-powered tools.*

## I. INTRODUCTION

Artificial intelligence has been very prominent for the last few decades. The word Artificial intelligence (AI) was used for the first time in 1956 at the University of Dartmouth seminar in the United States of America. The concept of Artificial intelligence was first proposed by John McCarthy, leading to the evolution of the concept of Artificial intelligence. Many countries around the world, including the most advanced countries like the USA and others, have started developing AI, and it will enhance national competitiveness. Artificial intelligence (AI) has become a part of day-to-day activity of our lives and has pretty much spread in to our lives.

## II. LITERATURE REVIEW

**Nathan Liao(2023)** has said, “ The application of artificial intelligence can solve the pain points of inefficiency and low added value in the accounting field, making the accountants turn to be more creative work & bring greater value to the company”. The author also focused on how the accountant should improve their skill set in order to be attractive to their employers.

**Mirela Simian STANCU and Adriana DUTESCO(2021)** examined how the accounting industry needs to understand that AI technology offers tools to enhance performance. They also mentioned how the new generation of accountants needs to have strong accounting skills to effectively represent the interest of management and how companies should encourage investing in employee education and job security.

**Jiaxin Luo, Qingjun Meng, Yan Cai (2018)** Artificial intelligence is heading from technology research to industrial application and is becoming a new driving force for global economic development. The study focused on the business enterprises making good use of new technology, which will be the key to capturing opportunities and upgrading the new era. The study concluded that there should be a collective effort by enterprises, universities, individuals, and other parties to work together to solve the problems of the application of AI.

**Zehong Li & Li Zheng (2018)** have concluded that companies need to focus on using AI technologies to avoid accounting fraud and also to generate a positive impact on the accounting information; they have stressed the effect of AI on the accounting process and how accountant keep their abilities to become a comprehensive qualified person.

**Rosaline Tandiono(2016)** has focused on the concept of how AI has influenced various fields, especially the accounting education and accounting industry. The author has concluded that AI is having a significant impact on the accounting profession, and accounting educators need to adapt the curriculum and teaching methods. The study also focused on the risks, ethical implications, limitations, and usefulness of accounting practices like reporting and auditing.



#### **A) Objectives**

1. To understand the concept of artificial intelligence and its application in accounting.
2. To examine various latest AI-powered accounting tools and their features.
3. To assess the impact of AI on the accounting profession and make suggestions

### **III. METHODOLOGY**

The study is done based on the secondary data. Several websites and Articles were referred to while doing the literature review. Reviews given by expert professionals like CAs, CMAs, and other experts are also taken into consideration.

### **IV. RESULT & DISCUSSION**

Artificial intelligence has a significant potential to substitute manual activities and the effects of these activities in our daily lives. Alongside AI, many other technologies have been developed, like cloud computing, blockchain, and the Internet of Things. Artificial intelligence has a considerable capacity to imitate human actions, such as communication and decision-making. There are significant benefits of using AI, like acquiring the most accurate results and saving a lot of time while processing a bulk of data.

Accounting is the language of the business; it is the activity of the business that reveals the performance of the business by giving accurate results.

*Accounting is the art of recording, classifying, and summarizing in a significant manner, in terms of money, transactions, and events, which are in part at least of a financial character, and interpreting the result thereof. – AICPA*

The ultimate objective of accounting is to prepare financial statements and communicate or interpret the results to various parties that are interested. Accounting provides the necessary inputs to the management by providing the outcome of the business in a precise manner, which helps in making the strategies for the business.

#### **A) Integration of Artificial Intelligence in Accounting**

Adapting Artificial Intelligence (AI) in accounting is all about automation and data processing. It is used for bookkeeping, finance, and Accounting Activities, which is supported by the technology and, in turn, paves the way for faster access to data processing and accurate results, which further leads to effective Decision making. Adaptation of Artificial Intelligence (AI) in accounting will give the Advantage of saving a lot of time and also reduce the chance of error to almost zero, unlike the manual accounting process.

#### **B) Advantages of AI for Accounting**

Unmatched data processing powered by AI: artificial intelligence uses advanced algorithms to process the data. Supported by cloud computing, it offers a variety of techniques to solve problems. The business concerns can also migrate to cloud-based data storage platforms to have their data in secured vaults powered by AI.

Real-time insights and alerts: AI technology continuously monitors price level changes and reports the changes in price levels. It also monitors the stock levels and alerts before the stock level reaches the danger levels. It also gives notifications about the Accounts Receivables and Payables (AR&AP) and many more.

Reduces manual data entry: AI reduces the repetitive manual entry task and frees human accountants to focus more on strategic decision-making. It totally transforms the job of Accountants. AI processes the transactions; reconciliation of the bank statements generates the invoices and gives Accurate Reports.

Global Accessibility and Acceptability: Cloud-hosted AI solutions are approachable from anywhere with an internet connection, permitting businesses to Access AI's capabilities without geographical limitations; powered Accounting tools comply with regulations of the client location and are well-versed with the taxation procedures and Accounting procedures of different countries. AI powered tools are tailor-made in accordance to the requirement of the client by fulfilling all the required procedures.

Cost Efficiency: Adaptation of AI in accounting can lead to significant cost reduction. By Automating manual and repetitive tasks, Business concerns can reduce labor costs and enhance the overall efficiency of the business unit.

AI-powered chat box for customer support: The AI-powered chat boxes will help the client deal with their customer query regarding bill payments, due dates, account balances, and account status updates. AI-powered chat will reduce customer service maintenance costs and provide faster replies to customers' queries.

### C) AI-Powered Tools for Accounting

**Zoho Books** - Zoho Books is owned by the ZOHO Corporation, a multinational company that uses computer software and web-based business tools; it was founded by Sridhar vembu and Tony Thomas at its heart quarter s is located in Chennai, India.

Zoho Books is a one-stop platform that manages accounting activity and organizes business transactions. Zoho Books provides a single secured location to record the companies' bills, invoices, bank statements, and expenses, overseeing different projects, and it also complies with the GST.

**Features** - Invoicing, billing, customer services portal, sales and purchases orders, E-invoicing, reporting, automation, vendor portal, etc.

**Freshbooks:** This is accounting software owned by 2ndSite Inc. Freshbooks was founded in 2004 by Mike McDermert, Levi Cooperman and Joe Sawada in Toronto, Ontario, US. Fresh Books' front-end Application is built on PHP, and back-end services are provided with JavaScript single-page application. Serving the needs of small and medium-sized businesses. Fresh Books is a web-based Software as a service (SaaS) Model that can be operated through Desktop and mobile devices.

#### **Features:**

- In-App Estimation and proposals
- Pre-populates chart of Accounts
- Projects and time tracking
- App Integration and check out links.

**ClickUp:** It was founded in 2017 by Alex Yurkowski and Zeb Evans, and its headquarters are in San Diego, California. ClickUp Accounting works on Cloud-based business management software .it was designed to simplify the Accounting processes. ClickUp manages Accounts, creates Shareable reports and has its own digital personal assistant so the accountant can focus on other key strategies. ClickUp uses natural Language processing for dealing with the Accounts of the business concerns. ClickUp Accounting Template is constructed to manage the invoices, sales records, and Incomes and predict Revenues. It also monitors accounts receivables and payables and continuously tracks the financial performance of business concerns.

#### **Features:**

- It provides hundreds of templates to deal with budgeting, cash flow management, and project management.
- Uses AI to plan financial planning meetings, Connect clients, and forecast sales reports.
- It makes informed decisions to improve the performance of the business concern with ClickUp's ChatGPT Prompts.

**ZENI:** Zeni is an AI platform for Accounting founded by Swapnil Shinde and Snehal shinde in the year 2019, headquartered in Palo Alto, CA, US. Zeni uses AI for Automation of Accounting, Spending and Budget forecasting. By integrating AI with human knowledge, Zeni is powered by real-time financial data analysis to make sound business decisions. It is used by the business concerned for automation of time consuming recurring expenses tracking and other bookkeeping Activities.

#### **Features:**

- Provides a complete picture of the business's financial operations with the help of a one-page view.
- Comparison of the business reports at regular intervals, say quarterly, half-yearly, and annually, to track the financial progress and review the trends.
- It also provides improved communication and information sharing with the help of automatic updates and notifications.

**Docyt:** Docyt is an AI-powered platform for bookkeeping. It was founded by Sid Saxsena and Sugam Pandey and was headquartered in Santaclara, CA, US, in 2016. Docyt was created to automate back office and accounting tasks, provide insights with the help of real-time reports, and ensure proper financial control of the business concern. Docyt also provides a secure place to record critical information and various confidential documents by creating separate secured vaults for various projects.

#### **Features:**

- It provides multiple plans for the customized needs of business concerns, from expense management to automated bookkeeping.
- The Docyt Mobile Application is very user-friendly, with enhanced security and on-the-go financial tools and reports.

- The tracking feature of Docyt helps with the continuous tracking of expenses and better control of budgets and cash flows.
- Docyt is integrated with many major POS and PMS Systems to provide industry-specific reporting.

**Booke:** Booke is an automation tool for bookkeeping that makes routine accounting tasks much easier. Booke was founded by Vadim and Chumak in 2020 and is headquartered in Wilmington, DE, US. Booke reconciles errors and provides real-time data extraction using AI technology. It provides a faster response to the clients' needs and avoids back-and-forth communication with its user-friendly messaging portal.

**Features:**

- Booke uses AI to resolve coding-related errors, categorize transactions, communicate with the clients and automate the accounting work.
- Booke finds and fixes the errors within seconds with the help of its advanced error detection system.
- It also provides the sync of the financial data by integrating with popular tools like quick books and Xero.

**D) Role of Accountants after Adoption of AI-Powered Accounting Tools**

Accountants in any business will play a significant role in the preparation of financial statements and regularly report to management in decision-making. However, the adaptation of AI tools has significantly reduced the work of the Accountant through Automated Bookkeeping Invoice processing, maintaining Accounts receivables and payment, automated invoice generating, Receipt reconciliation, tracking price level changes and may more. Despite doing all the mentioned activities very accurately and very promptly, it won't be able to replace Human Accountants because some jobs still need human judgments, ethical considerations and client interaction. The World Economic Forum (WEF) has issued numerous reports predicting how AI will impact employability. Analysts have even predicted that automation will result in 58 million jobs, out of which 1/3<sup>rd</sup> will be highly skilled and proficient. Accountants who keep them self adopted with the latest technologies still attract and retain value from their employers.

**E) Suggestions to accountants still to remain valuable:**

- Keep themselves adapted and proficient with the new technologies
- Improved communication skills
- Obtaining professional certifications like CA, CMA, CPA, ACCA, etc.
- Improving the Accounting education in colleges and universities.

**V. CONCLUSION**

Integrating Artificial Intelligence (AI) in accounting has transformed accounting like never before. The wide variety of AI-powered Accounting tools discussed in the study contributes significantly and makes things very easy for business concerns. Using the above-mentioned tools, the business can generate the most accurate results without wasting time, and it also reduces the cost of labor to a large extent. These AI-powered tools significantly replace human accountants in doing the repetitive manual entry of transactions and other processes. However, they could not replace Human accountants in Activities like Ethical considerations, Human judgments, client interaction and convincing skills. It is also suggested in the study still the Accountants can play a major Role in Business operations alongside AI if they acquire a new skill, adopt and sync themselves with the latest technologies and obtain professional certifications like CA, CMA, CPA, ACCA and many more and be a very attractive option for the top companies.

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