

Digitalization of Accounting: Its Opportunities and Challenges for Professional Accountants in India

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ABSTRACT

Digitalisation of Accounting is a new developing concept with the field of Accounting Profession. Digital accounting converts the paper based accounting to E-accounting. In other words, Digital accounting refers to uses of the latest technology to provide real time accounting, financial information and the optimal data analytics stakeholders need most. Digital accounting is all about saving time, space and money. The present study examines the opportunities, challenges, Professional Accountants Perceptions on digitalisation of Accounting in India. The study evaluates the status quo and progressive trends of digitalisation in accounting profession and how digital accounting system effective in accounting profession.

Keywords: Digitalisation, Accounting Profession, Block chain, Big-Data-Analysis, Challenges & Opportunities.

INTRODUCTION

The term digital refers to digits or numbers. In computer science lexicon this term to the representation of information of 0s and 1s which can read, written and stored using machines. Digitalisation is a converting analogue knowledge and information to become a stored digital form of knowledge and information. It makes easier to access knowledge and information in real-time and enables a global exchange between people and plugged in digital appliances. 'Digitalisation' 'big data' and data analytics having crucial impact in every professional accounting practice. Digital technology has permanent importance in every form of business undertakings. It includes collection and paradigm various intelligent and innovative technologies in business environment such Internet of Things, big data, data analytics, artificial intelligence and cloud computing (Ritter & Pedersen 2020).

Digital accounting refers to the formation, representation and transmission of financial data in an electronic format.

Accounting work shift from paper work to electronic form. As a result it empowers the accountant by making their work more efficient.

Computers and accounting software have transformed the financial industry. Technology advancements have enhanced the accountant ability to interpret and report data faster, more efficiently and more effectively than ever before.

Digital Technology and Accounting Profession:

Every accountant of the organisation knows that accounting is the language of business. Language of business has gone through many changes throughout the ages.

But through all the changes accounting technology has always played a part in making the accountant's job a little easier. Digital technology increases the accountant's ability to analyze statistical values. Digital technology has enhanced the accountant's ability to interpret data efficiently and effectively. Accountant has the ability to interpret the language of business with such ease that the accountant has become a corporation's most trusted business advisor.

Digitalization of Accounting and Chartered Accountants:

Professional Accountant like Chartered Accountants include budget forecasting, company audits, preparing monthly financial reports, capital budgeting, taxpaying etc. Again their role has enhanced an

d became more important often GST implementation. Digitalisation of accounting have enhanced the Chartered Accountant's ability to analyse, interpret, make predictions and report data faster, more effective and more efficiently than ever before.

Therefore relative data, numerous options for automation online accounting software is great weapon for Chartered Accountant.

Digitalisation of Accounting and Cost Accountants:

Cost Accountant play vital role in changing environment. The role of cost accountant in industry or manufacturing sector is to cost ascertainment, cost control, cost reduction.

Digital accounting technology helps to him in correct ascertainment of various budgets and implementation of budgeting control technologies. Technological advancements in accounting have use various control techniques, devices in field of cost accounting.

Digital accounting enables to cost accountant to perform role as magnificent accountant for the

concern. Many tools and features of digital accounting are adopted widely to empower cost accountant to carry out their tasks efficiently and effectively.

REVIEW OF LITERATURE

In this study, digitalisation of Accounting in India which is challenges and opportunities for the Professional Accountant can be analysed on the basis of relevant past literature.

1. Shan Y.G & Troshane L (2020) express their views in their research article titled "Digital Corporate reporting and value relevance evidence from the US and Japan" that the business organisation are looking for automation and digitalization operation because of saving cost of services. They remark that digital data is more cost effective than manual maintenance of record keeping. Digitalisation ensures accountants work faster, speed and time saving.
2. Kornchai PHORNLAPHATRACHAKORN and Khajit NAKALASINDHU (2021) examines in their article titled "Digital Accounting, Financial Reporting Quality and Digital Transformation: evidence from Thailand listed firm" that the effect of digital accounting on financial reporting quality, accounting usefulness and strategic decision effectiveness of some selected firms in Thailand. The authors also views that digital accounting have significant role in determination and achievement of firm goal.
3. Shawnie Kruskopf, Charlotta Lobbas, Hanna Meinander, Kira Soderling, Menna Mortikainen Othmar Lehner (2020) expressed in their article titled "Digital Accounting and the Human Factor: Theory and Practice" that current and future technological impact on accounting profession. The authors expressed that accountant and auditors are changing their professional work automatically due to digitalisation of accounting.
4. Dr. Dilshad Begum (2019) explained in this research topic "Digital transformation of accounting in India" that the status of digitalisation of accounting is low and medium in present period and there is hope to be high in future.
5. Dr. Ritu Toshniwal (2016) expressed her views in his research article entitled "E-Accounting: The Necessity of Modern Business" that electronic accounting practices have proving saving in time, synchronous and comparable presentation of financial statement became simple, convenient and easier.

Objectives of the Study:

- 1) To study the concept of digital accounting in India.
- 2) To study the perception of accountants in selected accounts departments towards digital accounting in India.
- 3) To study and examine the opportunities and challenge behind digital accounting in India.

RESEARCH METHODOLOGY

The study is conducted by the researcher using both analytical and descriptive type of methodology.

- a) Sources of Data collection: In this study, researcher used both primary and secondary data. This study is conducted through structured questionnaire and personal interview of respondents. Secondary data were highlighted the conceptual framework of digitalization in the field of accounting. The secondary data is collected from various website and other related literature on E-accounting or digital accounting.
- b) Sample Size: The present study is based on random sampling for collecting data. The respondents are practicing Chartered Accounting, finance officer is selected from various organisations. The data collected through set of questionnaire from the 25 respondents related to the digitalization of accounting in India.
- c) Tools & Technique Used: In this study, researcher used percentage methods for analysis and interpretation of data relating to digital accounting in India.
- d) Limitation of Study: In this study only professional accountant like Chartered Accountant, Cost Accountant and other accountants offers perception were analysed.

Digital Accounting: An overview

Digital Accounting is a modern method of accounting function of the accountants in an enterprise. It refers to the representation of accounting information in the digital format which then can be electronically manipulated and transmitted. (Troshane et al, 2019). Digital accounting is also known as E-accounting refers to the creation, representation and transfer of financial transaction in an electronic format, instead of doing manually or using paper, all accounting transaction are conducted in an electronic mode. In order to making things easier for the enterprise, a digital accounting system preserve information in a specific area, presenting the owners real time access to essential details and information with the help of digital accounting system, all types of financial information from cash flow to financial statement will be accessible in a few clicks. The digital accounting system plays a vital role in an enterprise in respect of financing function, human resources and preparation of purchase invoice etc. Digital accounting system in assisting professional accountants in area of GST overviews, bulk creation of vouchers, bulk replication of vouchers, amount wise sorting of vouchers, voucher auditing, finding minimum and maximum cash balance in a year and much more. Therefore digital accounting is regarded as cost effective system of recording data. In a nut shell Digital accounting has a positive impact on financial transaction recoding, reporting, making

accounting information usefulness and taking effective strategic decision.

STEPS IN DIGITAL ACCOUNTING

The following steps are to be needed to digitalize the accounting system in an enterprise.

Step I- Choice of Software: The introducer should choose right software relevant to accounting work. It should comply with the accounting work. It should comply with the general principles of proper digital accounting.

Step II- Training of Staff Members: It is essential to train the accounting and office staff in the various digital programmes. If it is necessary, training should be regular process for the employees.

Step III- Scanning and Sorting: All analogues receipts and invoices must be systematically and consistently scanned to be digitally retrievable from anywhere.

Step IV- Inform and Include Partners: In order to easier and more cost-effective, it is essential to participate more business partner in the digital transformation. By transmitting their receipts directly in digital form, they can speed up in their accounting work.

OPPORTUNITIES FROM DIGITAL ACCOUNTING

Digital Accounting offers following benefits or opportunities towards accounting works.

- a) Simplification of Payment reconciliation and accounting transactions: Digital accounting simplifies and speeds up the work flow in accounting, as the reconciliation of payment information and posting can be automated based on the digital data.
- b) More data and Security and Transparency: Digital accounting allows for more data security and transparency in accounting. The software defects inconsistencies automatically.
- c) Saving Space: Digital receipts and account statements saves a lot of space, time and effort.
- d) Flexibilisation of the work space: Cloud-based data accounting allows accountants to work from anywhere in the world. If all relevant accounting receipts and documents can be accessed digitally at any time, employees are no longer tied to their office. They can easily work from home.
- e) Ecological Potential: Digital accounting contributes significantly to paper reduction which is not any good for the environment but also for the image of our concern.
- f) Saves time: The accountant no longer has to enter data manually, as the information directly reaches the correct fields of the program.
- g) Fewer mistakes: There will always be more errors when entering data manually. This is not possible if the document is transferred digitally.

- h) Availability of Information: An accountant, finance officer or manager of company, portfolio managers, customer support staff etc are always well informed with the information they desire. The information is stored in one environment can be located easily.

Challenges of Digital Accounting:

- It is important to comply with all legal requirements for proper accounting.
- Accounting staff must require to be trained in the various programmes.
- More investments are requiring in computer hardware and software.
- Initial need for expensive consultant.
- Designing and layout of computer require more expensive.
- Cost involved in systems, processes, processing of information and report generation changes.
- Continual training or retraining is necessary for personnel with specialized skill.
- A network connection is always necessary to communicate and receive changes.

Digital Solutions in Accounting:

Following avenues that Digital technology in modifying the image of Digitalization in accounting. For fifteen (15) selected digital solutions, the respondents were interviewed to indicate whether these were already implemented in their scope of activities or were on the agenda for the near future.

- Paperless Accounting: Accounting process free from paper work by introducing digital accounting system. It ensured saving of time, reducing the transaction errors and digitalize all documentation.
- Management of data quality: We validate the Quality and accuracy of our data at least once per year.
- Real-time Reporting: Innovative or modern technologies practices help to gathering up to date high speed data for quick analysis. Information is presented in the most current form for executive who can easily make prompt decision when under heavy time constraints.
- Ensuring transparency: The system used enables analysis from the top of the group down to the details of our end-to-end processes such as purchasing and sales.
- Interface to (external) system: We receive invoices and other documents from our banks or suppliers can be accepted by means of an interface directly into the accounting system.
- Big data analysis: Big data analysis creates vast opportunities for the accounting profession including identifying bad and doubtful debts, responding to fraud risks, increasing audit

efficiency and effectiveness and adding value to client's business processes.

- Uniformity of system: The basic systems used in accounting are for the most part uniform.
- Process automation: Utilizing the latest digital capabilities in order to automate the speed, accuracy, reliability of the reconciliation process by automating the accounting transactions with the high volume process.
- Tool for Visualization: We actively use digital visualisation tools to prepare the results of our data analysis in graphical form and to varying degrees of details for the respective target audience.
- Integrated Consolidation System: We have a consolidation system in the company that can obtain direct access to the data of the corporate division.
- Cloud Accounting: The cloud accounting software landscape encompasses many solutions designed to serve a number of accounting/ book keeping functions, for the most part the transactions transferred our applications to cloud solutions.
- Block Chain: This technology increases the efficiency and transparency of governance, financial and security settlements and financial clearing processes.
- Artificial Intelligence: Artificial intelligence is that emphasis the creation of intelligent machines that work and reacts like humans. Data is handled and processes are completely automated and generate fast and reliable reports.
- Fibre connectivity: Fibre broad band services that transmit quite large amount of data and make sense to invest in fibre Ethernet leased lines to get the extra speed, capacity and services that provides.
- Making Tax Digital: HM Revenue and custom is replacing tax return with digital tax accounts for millions of business and individuals. A digital tax account brings together each taxpayer's details in one place as like online bank account.

ANALYSIS AND INTERPRETATION OF DATA

The data for the study of digital accounting: its challenges and opportunities for professional accountant are collected from the job holder accountants and practicing accountants.

Table-1 (Profile of Respondents)

Sl. No	Name of Accountants	Type	Job/Practice
1.	Sk Hasan Ali	CA	Job
2.	Mirza Siraz Baig	CA	Job
3.	Abusalma Sofi Ahmed	CA	Job
4.	Sk Sadaf Uddin	CA	Practice
5.	Sk Golam Mohammed	CA	Job
6.	Arpita Jena	CA	Practice
7.	Mir Mansoor Aktar	CA	Practice

8.	Sk Ahesan	CA	Practice
9.	Sudeep Barik	CA	Job
10.	Pankaj Kumar Behera	CA	Job
11.	Sudhansu Tripaty	CA	Job
12.	Tapan Kumar Behera	CA	Job
13.	G.R. Mekap	CA	Practice
14.	Kamala Kanta Nayak	CA	Job
15.	Tapan Kumar Sahoo	CA	Job
16.	Niranjan Mishra	CMA	Job
17.	Shiba Prasad Padhi	CMA	Practice
18.	Himorj Mishra	CMA	Job
19.	Bharat Chandra Sahoo	CMA	Job
20.	Bibhuti Bhusan Nayak	CMA	Job
21.	Imran Khan	CA	Job
22.	Amit Ranjan Jena	CA	Job
23.	Satya Ranjan Swain	CA	Job
24.	Rinki Parida	CMA	Job
25.	Subhasish Sahoo	CMA	Job

Table-2 (Personal Information of Respondents)

Sl. No	Particulars	Classification	Total	%
1.	Gender	Male	24	96%
		Female	01	04%
2.	Age	25-30	02	08%
		30-35	18	72%
		35-40	02	08%
		40-45	02	08%
		45-Above	01	04%
3.	Education	CA	18	72%
		CMA	07	28%
4.	Experience	<5 Years	02	08%
		6-15 Years	18	72%
		16-20 Years Or Above	05	20%
5.	Nature of Work	Job	19	76%
		Practice	06	24%

Source: Compiled Data.

Table-2 reveals the personal information of respondents (Professional Accountants). The gender status says 96% are male and 4% are female respondents. The age of respondents between 25-30 ages are 8% and 30-35 ages are 72% which is highest,

35-40 is 8% and 40-45 is 8% and 45- above Years are 4% which is least. The education profiles of CA respondents are 72% while 28% are CMA. Experience of the respondents expressed as less than 5 years are 8%, 6-15 Years are 72% and 16-20 and year experienced are 20%. The nature of work represent that 76% are Job holder and 24% are practising profession.

Table-3 (Respondents Perception on Digital Accounting)

Sl. No.	Statement	Digital Solution in Accounting						
			Status quo			Future Aspiration		
			High	Medium	Low	High	Medium	Low
1.	Paperless Accounting	Nos	--	21	04	25	--	--
		%	--	85	15	100	--	--
2.	Management of data Quality	Nos	04	18	03	25	--	--
		%	15	70	15	100	--	--
3.	Real time Reporting	Nos	04	21	--	03	22	
		%	15	85	--	10	90	
4.	Ensuring transparency	Nos	05	18	02	25	--	--
		%	10	70	10	100	--	--
5.	Interface to (external) system	Nos	--	12	13	25	--	--
		%	--	50	50	100	--	--
6.	Big Data Analysis	Nos	--	21	04	25	--	--
		%	--	85	15	100	--	--
7.	Uniformity of System	Nos	04	18	03	25	--	--
		%	15	70	15	100	--	--
8.	Process for Automation	Nos	12	13	--	23	02	--
		%	50	50	--	90	10	--
9.	Tool for Visualisation	Nos	--	16	09	25	--	--
		%	--	65	35	100	--	--
10.	Integrated Consolidation System	Nos	13	04	08	24	01	--
		%	50	15	35	95	05	--
11.	Cloud Account	Nos	--	--	25	24	01	--

	ing	%	--	--	100	95	05	--
12.	Block Chain	Nos	--	21	04	24	01	--
		%	--	85	15	95	05	--
13.	Artificial Intelligence	Nos	--	01	24	24	01	--
		%	--	05	95	95	05	--
14.	Fibre Connectivity	Nos	--	12	13	25	--	--
		%	--	50	50	100	--	--
15.	Making tax Digital	Nos	01	24	--	25	--	--
		%	05	95	--	100	--	--

Source: Primary Survey data

Table-3 reveals that the perception of professional CA and CMA opinion on using digital solution in Accounting. The relevant variables of the study like paperless accounting, real time reporting, Big-data analysis, Block chain and Making digital tax shows at medium level between 85% to 95%. Management data quality, ensuring transparency, uniformity of the system represent at medium level is 70%. Process automation finds 50% both at high and medium level.

Integrated consolidation system of digital accounting updates 50% at high level, 15% medium level and 35% at low level. Tools for visualisation are at 65% and 35% at medium and low level respectively. Cloud accounting shows 100% at low level and has no high and medium level. Artificial intelligence 5% and 95% at medium and low level. Fibre connectivity maintain 50% both at medium and low level. Tax digitalisation 5% and 95% at high and medium level respectively.

On the other hand future aspiration indicates about the perception of the respondents related to paperless accounting, management data quality, ensuring transparency, and interface to (external) system. Big-data analysis, Uniformity of system, Tools for visualisation, fibre connectivity and making tax digital 90% and 10% at high and medium level. Integrate consolidation system, Cloud accounting, Block chain, Artificial intelligence have of innovating 95% and 5% at low and medium level. Only real time reporting respondents opined that it can be 10% and 90% at medium and low level respectively.

RESULT AND FINDINGS

On the above perception study of the respondents, it was observed that the status of digitalisation of accounting at medium and low level in the existing period of analysis whereas there is a high hope in the future that digitalisation of accounting, finance and taxation will implement at high level. The professional

accountant view that all accounting work are performed by themselves through digitally.

CONCLUSION

The present study is attempted to examine the Digitalisation of Accounting, its opportunities and challenges for Professional accountant by the researcher. Digital accounting is new for of introducing accounting practice, providing a frame work that brings coherence and integrates accounting activities. Digital tools and techniques offers to the accountant about variety of learning practices including exposition, research and construction. The study concludes that there is a lack of knowledge about digital technology used in accounting among the employees in the various concerns and status quo in in the average level and the future hope expectation at the high level. The study vividly explained that the development of technology is reviewed for the implementation of digital accounting in India.

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