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DIGITAL TRANSFORMATION OF ACCOUNTING IN INDIA

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Abstract

In the economic development of the country digitalisation plays an important role. In the present scenario digital transformation in accounting is one of the important sectors to witness revolutionary changes in the world. Digital accounting means introducing aspects with technology. In a combination with the big data and predictive analytics in digital technologies are having a significant impact upon professional practices at individual, organisational, national and international levels. Digitization has been seen to change innovation processes and some experts believe it will change whole markets. The accounting industry is one of the industries that has been seen to have a growth in digitalization and is expected to grow even more. This article tries to present how the technologies has brought the drastic changes in the modern time through the traditional method which was once characterized manually sitting for a hour long to up graduation without any visual presentation. The study investigates the status quo and developmental trends of digitalisation in accounting, the responsibilities for implementation and any obstacles to the digitalisation of accounting, which may have already emerged. Building on this, a maturity level model was developed that assigns companies to defined clusters and reflects the current status of digitalisation in their accounting systems. The accounting sectors are like many other industries are experiencing the need for a change due to digital technologies. It aims to investigate digital accounting and set up a general business model, in order to be a successfully digitalized business.

Keywords: *investigates, accounting, clusters, industries, general business, digitization.*

Introduction

Digitalization is a transforming analogue knowledge and information to become a stored digital form of knowledge and information. This provides easier access to knowledge and information in real-time and enables a global exchange between people and plugged in digital appliances... “digitalization”, “big data” and “data analytics” having a significant impact upon professional practices at individual, organizational, national and international levels are also omnipresent in the financial sector – regardless of company size and industry. Digitalization will bring major changes to all companies. Apart from the change in the entire core business models, digitalization particularly encompasses support functions such as accounting. Digitalization is the transitioning of accounting and reporting documents and storage from a traditional paper based system to an electronic format. Digital learning is any type of learning that is accompanied by technology or by instructional practice that makes effective use of technology. The application of a wide spectrum of practices encompasses in the field of accounting and finance. The companies with digital transformation are occurring not only in the core operational areas along the value-added chain, but also in the central functions such as purchasing, human resources, accounting and finance. At a rapid pace it also holds the processes and systems in accounting. In this comfortless image of digitization in india, the ict (information & communication technology) revolution has paved the way to introduce some breakthroughs in different spheres like banking, education, health and business.

review of literature

Everett (2003), clears that the digital innovations strive to bring increased or new value from resources in all processes of the business. **David (2010),** seems to be in conscience with digital companies having digital technology tools as a key resource. **Jonas (2015),** businesses have to learn how to manage what the digital innovation change and also what the indirect technological changes it brings to an organization. **Goswami (2016),** the study focused digital programmers introduced by the government of india which helps in transforming country into a digitally empowered economy also says it reduces the paper work and help in providing different services through electronically to citizens. **Southern cross**

university,(2016), the article tries to prove that digital accounting will provide the industry value creation through new techniques, services and technology in order to satisfy new customer segments and bring new markets to rise. **Sharma (2016),** the study attempt to understand digital india – as a campaign where technologies and connectivity will come together to make an impact on all aspects of governance and improve the quality and once implemented properly it will open various new opportunities for the citizens. **Gupta**, **(2015)** accounting firms are doing their best to protect their businesses. A rapidly evolving feature of ai is anomaly detection. Accounting firms uses this application of machine learning to prevent cybercrimes and to identify outliers in the data, such as in cases of identification of false invoices for their clients. For example, ernst & young's (ey) anomaly detection program has an accuracy of 97 % and is a valuable tool in everyday work for accountants and auditors (zhou, 2017) in order to protect both the assets, reputation and staff of the accounting firms, but also their customers (gupta, 2015). **According to daugherty & wilson (2018)** it is a misconception to think that machines will gradually replace humans in labour markets. They think the man-versus-machine view is old-fashioned and short-sighted. Instead we should start to think about it as a collaboration between humans and machines. They emphasize that even though technology will probably replace certain jobs and certain functions, the main power of the technology is in complementing human capabilities. Many leading firms have begun exploiting the potentials of ai in their businesses and have started to realize that organic teams including humans partnering with machines are the future. Humans and machines, each have their own strengths. The areas where each party are most capable and in which areas, they complement each other are represented in table 1. Many of these human-only activities and skills will be explained later in the article. The important part of the table is to see and acknowledge the "missing middle", as daugherty & wilson (2018) explains it, where humans and machines complete each other. This middle is often forgotten, when we compare human and machine activities as excluding each other. **According to charles hoffman (2017)** there are three technological innovations that are primarily driving the changes of the current accounting practices, methods and procedures and which can noticeably modernize and improve accounting and auditing. These are xblr-based structured digital financial reporting, knowledge-based systems and other application of artificial intelligence and blockchain-based distributed ledgers. Xblr-based structured digital financial reporting stands for extensible business reporting language, which is a global framework for exchanging business information and it is freely available for everyone. In the past, financial reports were readable only by humans, but in the future, they will be both human – and machine-readable (hoffman, 2017).

Objectives of the study

To study the digital transformation of accounting in india.

To identify the status quo and future aspiration of digital transformation of accounting in india.

Research methodology

The study is conducted using both inquisitive and descriptive type of methodology. The study depends on primary and secondary data. This study is conducted to through structured questionnaire and to validate the feasibility of the study.

sample size

For generating data random sampling is used through survey method. The respondents are population of finance officers is selected from various organizations. The information collected through set of questionnaire from the 40 respondents related to the digital transformation of accounting in india.

Scope of the study

The secondary data was highlighted the conceptual framework of digitalization in the field of finance and accounting. Some of the sources that were used to collect the secondary data for the study are from the theoretical issues in relation to books, reports, journals, articles, thesis, internet sources and published papers/data.

Astonishing avenues that digital technology is changing the face of digitalisation in accounting

For twelve selected digital solutions, the participants were asked to indicate whether these were already implemented in the country or were on the agenda for the near future.

Paperless accounting: paperless accounting is something which involves the process of business transactions entirely through electronic system, where no paper is involved. The intent is to reduce the transaction errors, and eliminate the large amount of document storage.

Uniformity of systems and creation of transparency: the basic systems used in accounting are for the most part uniform and the systems used enable analyses from the top of the

group down to the detail of our end-to-end processes, such as purchasing and sales.

Process automation: in order to automate the speed, accuracy, reliability of the reconciliation process by utilizing the latest digital capabilities can be done by automating the accounting transactions with the high volume process.

Integrated consolidation system: we have a consolidation system in the company that can obtain direct access to the data of the corporate division.

Big data analysis: the big data in the accounting system that is, the analysis of large quantities of data from various source systems.

Real-time reporting: innovative technologies practices in the business that consists of gathering up-to-the-minute data and relaying it to users as it happens. Information is presented in its most current form for managers which can easily make quick decisions when under heavy time constraints.

Tools for visualization: we use tools for visualization such as digital visualization to prepare the results for the data in a graphical format and vary the degrees of detail for the respective target audience.

Loud 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: a block chain is a decentralized, distributed and public digital ledger that is used to record transactions across many computers so that any involved records cannot be altered without the alteration of all subsequent blocks.

Artificial intelligence: the creation of intelligent machines that work and reacts like humans are called artificial intelligence. Data is handled and processed is completely automated and generate fast and reliable reports

Fibre connectivity: fibre broadband services that transmit quite large amounts of data and makes sense to invest in fibre ethernet leased lines to get the extra speed, capacity and services that provides.

Making tax digital: hmrc (hm revenue and customs) is replacing tax returns with digital tax accounts for millions of businesses and individuals. As like an online bank account, a digital tax account brings together each taxpayers details in one place.

Data analysis tool

Data collected will be presented and analyzed using tables. The study includes simple percentage of calculations:

$$\text{Simple percentage} = \frac{\text{Number of respondent}}{\text{Total number of respondents}} * 100$$

Data analysis and interpretation

The data for the study is collected from the finance department of various organizations.

Table no.1

Personal information				
Si.no.	**Particulars**	**Classification**	**F**	**%**
1	Gender	Male	25	62.50%
		Female	15	37.50%
2	Age	25-35	10	20%
		36-45	14	35%
		46-55	12	30%
		55-above	4	10%
3	Education	Graduate	24	60%
		Post graduate	16	40%
5	Experience	< 5years	10	20%
		6-15 years	14	35%
		16-20 above years	18	45%

Discussion: from the above table it gives a clear information: firstly the gender says that 62.5%male and 37.5%are the female respondents. And the age of respondents between 25-35 years are 20%, 36-45 ages are 35% which is the highest and 46-55 is 30% and above 55 years is only 10%which is the least. Then comes the education- in education the majority of them are graduates i.e. 60% and the postgraduates are found only 40%. Finally the experience of the respondents expressed less than 5 years are 10%, 6-15 years 35%, 16-20 and above years experienced are 45%.

Table no.2

Sl.no.	Statement		Status quo			Future aspiration		
			Low	Medium	High	Low	Medium	High
1.	Paperless accounting	F	6	34	--	--	---	40
		%	15%	85%	---	--	---	100%
2.	Uniformity of systems and creation of transparency	F	6	28	6	---	---	40
		%	15%	70%	15%	----	---	100%
3.	Process automation	F	---	20	20	----	2	38
		%	---	50%	50%	----	5%	95%
4.	Integrated consolidation system	F	14	6	20	----	2	38
		%	35%	15%	50%	----	5%	95%
5.	Big data analysis	F	6	34	---	----	---	40
		%	15%	85%	---	----	---	100%
6.	Real-time reporting	F	---	34	6	---	2	38
		%	---	85%	15%	---	5%	95%
7.	Tools for visualization	F	14	36	---	---	---	40
		%	35%	65%	---	---	---	100%
8.	Cloud accounting	F	40	----	---	---	2	38
		%	100%	----	----	---	5%	95%
9.	Block chain	F	34	6		----	14	26
		%	85%	15%	---	----	35%	65%
10.	Artificial intelligence	F	38	2	---	----	2	38
		%	95%	5%	---	---	5%	95%
11.	Fibre connectivity	F	20	20	---	---	---	40
		%	50%	50%	----	---	----	100%
12.	Making tax digital	F	---	38	2	---	----	40
		%	---	95%	5%	---	---	100%

Source: field survey data

discussion: the present status gives picture about the perception of the respondents related to paperless accounting, uniformity of systems and creation of transparency says majority of them identified is at the medium level ie., (85% and 70% respectively). Both at high and medium level process automation finds 50 % whereas integrated consolidation system of accounting updates 35% at low level, 15% at medium level and 50% at high level. Big data analysis maintains 15% at low level 85% at medium level. Real-time reporting of financial statements follows 85% at medium level and 85% at high level. Tools for visualization are at 35% and 65% at low and medium level respectively. Cloud accounting does not find at any level. Block chain rare to find so 35% and 65% at low and medium level. Artificial intelligence at low level is 95% and 5% at medium level, both at low and medium level the fibre connectivity maintained 50%. But the last tax digitalization maintained 95% at medium level and 5% at high level.

future aspiration gives picture about the perception of the respondents related to paperless accounting, uniformity of systems, creation of transparency, big data analysis, tools for visualization, fibre connectivity and making tax digital hope of implementing 100% in future. But process automation, integrated consolidation system, real-time reporting, cloud accounting, artificial intelligence hope of innovating at 5% and 95% at medium and low level, only at block chain respondents viewed it can be at 35% and 65% at medium and high level respectively.

Results and findings

As per the perception of the respondents, in the existing period it is found that status is low and medium level in the digitalisation of accounting. However its a hope that in the future the digitalization of accounting and finance will implementing at high level.

Conclusion

The study focused that digital transformation of accounting across the country has a changed the character, digital accounting and finance makes possible new forms of overreaching accounting practice, providing a framework that brings coherence and integrates activities. It creates a possibility of wide variety of learning practices, including exposition, independent research and construction. The study concludes, there is a lack of knowledge about digital transformation in accounting and finance among the employees in the various organizations and the status quo is in the average level and the future aspiration expectation at the high level. The study clearly pointed out that the for the development of the technology is required for the development of digital accounting and finance development of technology is required for the development of digital accounting and finance across the country and helped to transform the country into knowledge of digitalization heaven.

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