



**Original Article**

**AI-DRIVEN ACCOUNTING PRACTICES: ENHANCING ACCURACY, SPEED, AND TRANSPARENCY IN FINANCIAL REPORTING**

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**Abstract:**

*A big step forward in technology is artificial intelligence (AI), which is changing how accounting and financial reporting are done in modern businesses. Traditional accounting systems depend on people entering data by hand, doing the same things over and over, and checking things over and over again. This takes time, costs money, and increases the chance of making a mistake. People expect businesses to give investors, regulators, auditors, and management faster, more accurate, and more open financial reports as e-commerce, global trade, and digital transactions grow. Robotic Process Automation (RPA), Optical Character Recognition (OCR), machine learning, and advanced analytics are some of the AI-powered accounting techniques that are being used more and more to automate boring tasks, make transaction records more accurate, shorten the time it takes to file reports, and strengthen audit trails. With secondary data as its main source, this research paper looks at how AI-driven accounting can make financial reporting more accurate, faster, and clear. The paper also talks about some of the biggest problems, like cybersecurity threats, data privacy issues, algorithmic bias, the high cost of implementation, and a lack of accounting professionals with the right skills. The study's conclusion is that AI doesn't replace accountants; instead, it helps them by shifting their duties from simple bookkeeping to analytical, advisory, and decision-supporting tasks. For long-term use of AI in accounting and finance, the paper suggests a structured approach that includes training, strong internal controls, ethical leadership, and a step-by-step rollout.*

**Keywords:** *Artificial Intelligence, Accounting Automation, Financial Reporting, Machine Learning, Robotic Process Automation (RPA), Transparency, Audit Trail, Compliance, Fraud Detection, Secondary Data.*

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**Introduction:**

The field of accounting and finance has been greatly affected by artificial intelligence (AI), which has become one of the most important technologies

in today's global business world. In the past, most accounting work involved keeping records by hand, making vouchers, posting entries to ledgers, reconciling accounts, and sending out regular



financial reports. These tasks needed a lot of time, work from people, and constant checking, which often caused delays and mistakes. Now, though, with globalisation, digital trade, online banking, and e-commerce, business transactions are more complicated and happen more often. Because of this, businesses need to give management, investors, regulators, auditors, and other stakeholders faster, more accurate, and clear financial information. In this case, using AI to help with accounting has become a key way to make financial reporting systems better.

In accounting, AI means using technologies like machine learning, robotic process automation (RPA), optical character recognition (OCR), and advanced data analytics to do work that used to be done by hand. These tools help automate tasks that need to be done over and over again, like processing invoices, doing bank reconciliations, sorting transactions into categories, processing payroll, and making standard financial reports. AI systems are good at handling lots of data quickly, which lowers the chance of making mistakes by hand and raises the overall accuracy of reporting. AI tools also give organisations real-time information through dashboards and analytics, so they don't have to wait for reports at the end of the month or year to see how their finances are doing. This change helps people make better decisions and improves planning and control over money.

Financial reporting is an important part of accounting because it lets people inside and outside of a business know about its finances and performance. Due to corporate fraud cases, stricter regulatory requirements, and stakeholder expectations, the need for financial statements to be clear and accurate has grown in today's competitive business world. Accounting practises that are powered by AI help make things more open by keeping strong digital audit trails, making sure that

transactions can be tracked, and finding patterns or oddities that might point to fraud or false statements. This makes it easier to trust financial information and better manages businesses. However, businesses must also be aware that using AI comes with problems, such as cybersecurity risks, data privacy issues, high implementation costs, and the need for skilled workers to manage and run AI-based systems.

Because of this, using AI in accounting and financial reporting is not only a change in technology, but also a change in what accountants do for a living. AI makes routine tasks easier, so accountants can focus on more important tasks like analysis, interpretation, helping with strategic decisions, and giving advice. Based on secondary data, this research paper looks at how AI-driven accounting practises improve the accuracy, speed, and clarity of financial reporting. It also suggests ways that these practises can be used more effectively in a way that is responsible and long-lasting.

### **Objectives of the Study:**

1. To study the impact of AI-driven accounting practices on accuracy, speed, and transparency in financial reporting.
2. To identify challenges and suggest measures for effective adoption of AI in accounting and finance.

### **Research Methodology:**

All of the data used in this study comes from other sources and is descriptive and analytical. Secondary data came from research papers, academic journals, books, professional reports, and trade magazines that were already out there and were about AI, automation in accounting, financial reporting, and auditing. To learn about the latest changes in AI-driven accounting systems, reports



from professional accounting groups and consulting firms have also been looked at. A conceptual research design has been used to look into how AI can help make financial reporting more accurate, faster, and clear. The study uses qualitative content analysis to figure out what the existing literature means and to find the main patterns, pros, and cons of using AI in finance and accounting.

### **Data Analysis:**

Secondary data analysis shows that using AI in accounting makes financial reporting much more accurate by cutting down on mistakes made by hand when entering data, categorising transactions, and reconciling. Automation tools and machine learning systems speed up work by cutting down on the time it takes to report and help close out the month and year faster. The study also finds that AI increases openness by using digital audit trails, finding strange patterns, and watching transactions in real time, which makes internal controls and compliance better. However, the study also points out some problems, such as cybersecurity risks, data privacy issues, high implementation costs, a lack of skilled professionals, and the need for humans to make difficult accounting decisions. Overall, AI improves the quality of financial reporting when it is combined with good governance, internal controls, and professional oversight.

### **Findings:**

#### **1. AI improves accuracy in financial reporting:**

The study's most important finding is that AI-driven accounting practises make financial reporting much more accurate by cutting down on human mistakes and making sure that transactions are recorded consistently. Mistakes can happen in traditional accounting when data is entered incorrectly, ledger entries are posted incorrectly, duplicate invoices are entered, transactions are

missing, or expenses are classified incorrectly. Optical Character Recognition (OCR) and other AI tools automatically read and extract data from bills, receipts, and invoices, so less data entry is needed. Machine learning models also help sort transactions into groups based on patterns found in past data, which makes the system more accurate over time. Because of this, businesses make fewer mistakes in their accounting, have to do less work twice, and have more reliable financial statements, which makes stakeholders trust them more.

#### **2. AI increases speed and efficiency of accounting operations:**

Adopting AI speeds up financial reporting by automating tasks that are done over and over again and take a lot of time. In traditional accounting, there are many steps, such as processing invoices, reconciling, verifying, making adjustments, and finally reporting. These steps usually take a lot of time, especially when closing out the month or the year. Robotic Process Automation (RPA) makes routine tasks like matching invoices with purchase orders, paying vendors, balancing bank statements, and making regular financial reports automatic. This cuts down on the time it takes to close the books overall and makes it possible to make quarterly and yearly financial statements more quickly. Making decisions quickly is helped by faster reporting, which also helps businesses react quickly to changes in the market, customer demand, and global trade.

#### **3. AI enhances transparency through digital audit trails and traceability:**

Transparency is an important part of financial reporting because it makes sure that financial statements can be trusted, are accountable, and are true. Accounting systems that use AI keep detailed digital records of all transactions, approvals, and changes on their own. Each entry has the right information to back it up, and each change



is saved with a timestamp and information about the user who made it. This makes strong audit trails and makes it easier to find financial data. Without having to use only paper files, auditors and management can easily check where transactions came from and look over financial records. This openness makes it harder to cheat, boosts accountability, and boosts trust among investors, regulators, and other important parties.

#### **4. AI strengthens fraud detection and financial risk monitoring:**

Fraud and false financial statements can cost a lot of money and hurt a company's reputation. Usually, irregularities are only found during regular audits, which may happen after the damage has already been done by traditional methods of finding fraud. Real-time fraud detection is helped by AI-driven systems that find strange patterns, anomalies, and transactions that don't seem right. AI tools can find things like duplicate payments, strange vendor transactions, strange expense claims, and strange timing of transactions, among other things. Predictive analytics and techniques for finding outliers help find risks early on so that management can take immediate steps to fix the problem. This makes internal control systems stronger and lowers the risks that businesses face in terms of their finances and reputation.

#### **5. AI supports compliance and standardization in reporting:**

It's getting harder to follow accounting standards, tax rules, and legal reporting requirements because rules are being updated more often and people are being watched more closely. Accounting tools that are powered by AI help with compliance by doing calculations automatically, keeping accurate records, and making standard reports. For instance, AI systems can help with tax calculations, checking invoices, GST/TDS calculations, and filing reports on time.

Standardization makes accounting more uniform and consistent, which means that reporting is more consistent across departments and branches. But compliance still needs professional judgement because legal rules need to be interpreted, and AI can't make all of its own complex accounting decisions.

#### **6. AI transforms the role of accountants and finance professionals:**

The study shows that AI is changing the way accounting is done. In the past, accountants mostly did bookkeeping, posting entries, and making standard reports. Now that AI has taken over these boring, repetitive tasks, professionals should spend more time on strategic and analytical tasks like budgeting, risk management, financial analysis, and forecasting. With the help of dashboards and predictive analytics, AI tools give accountants more advanced information that helps management make decisions. This change makes accountants more important as strategic partners in running a business and encourages them to learn how to use technology, analytics, and AI-based tools.

#### **7. AI adoption faces challenges and limitations:**

Even though AI has some benefits, it can be hard to use in accounting. Because financial data is so private and valuable, there are more risks to data privacy and cybersecurity. Cyberattacks are possible because AI systems often use cloud platforms and integrated networks to work. Another problem is algorithmic bias, which means that AI results might be wrong if models are trained on biased or incomplete data. It also costs a lot to implement AI, especially for small and medium-sized businesses, because they have to pay for software, infrastructure, and training. Employees who don't want to change and people who don't know how to use new technology also slow down adoption. Because of this, putting AI into use needs to be



carefully planned and backed up by good governance and control systems.

### **Suggestions:**

#### **1. Provide continuous training and upskilling for accounting professionals:**

For AI to be used effectively, trained people are needed. Accountants should get regular training on AI-based accounting software, automation tools, and data analytics from their companies. Professionals should also be taught how to understand AI outputs, check for exceptions, and use their professional judgement. Schools should add new things to their lessons like AI applications in accounting, hands-on training on modern software, and digital ways to report. Accountants will stay useful and be able to work well in AI-driven environments as long as they keep learning.

#### **2. Maintain strong internal controls and human supervision:**

Even though AI can automate tasks, financial reporting still needs to be checked by a person to make sure it is correct and reliable. Maker-checker systems, approval workflows, manual verification on a regular basis, and exception-based reviews should all be put in place by organisations. AI can handle a lot of transactions, but mistakes can happen if the data being fed in is wrong or the system is not set up correctly. Human oversight makes sure that people are held accountable, lowers the chance of mistakes, and improves internal governance. Also, internal audit teams should keep a close eye on AI-powered processes to make sure that automation doesn't make control systems less effective.

#### **3. Strengthen cybersecurity and data protection systems:**

Cybersecurity is very important for AI-driven accounting systems because they handle private financial data. In order to keep financial

information safe, businesses should use encryption, secure cloud systems, role-based access controls, and multi-factor authentication. To find risks, cybersecurity audits and vulnerability assessments should be done on a regular basis. To keep the business going, you should also keep up with backup systems and disaster recovery plans. It is important to follow data protection laws to stay out of trouble with the law and protect your reputation.

#### **4. Establish ethical governance and accountability frameworks:**

AI systems need to be clear, able to be explained, and fair. Companies should make moral rules for using AI in accounting so that decisions made by AI can be tracked down and checked. AI models should be checked every so often to make sure they are accurate and free of bias. When AI is used to find fraud or rate risk, it should be clear why alerts are sent so that decisions can still be made that make sense. Ethical governance builds trust and makes sure that AI is used responsibly in financial reporting.

#### **5. Adopt AI gradually through pilot projects and phased implementation:**

Instead of putting AI into the whole accounting system at once, businesses should start with pilot projects in certain areas, like processing invoices, paying bills, or balancing the bank account. After looking at the results, fixing any mistakes, and getting everyone on staff on board, AI can be used for more advanced reporting and predictive analytics. Putting AI into accounting functions in stages lowers risk, speeds up learning, and makes sure that everything goes more smoothly.

#### **6. Select reliable technology vendors and ensure regulatory alignment:**

Companies should pick AI software providers that offer safe systems, solutions that are ready for compliance, and dependable technical support. Accounting standards, statutory audit



requirements, and tax laws must be met by AI tools. Carefully read through the vendor's rules on data security, updates, and customer service. AI tools should be updated on a regular basis to make sure they can keep up with changing laws and reporting requirements.

#### **7. Improve data quality and integration with existing systems:**

How well AI works depends on how good the data is. Before using AI tools, businesses should make sure that their financial data is correct, complete, and organised correctly. To avoid getting wrong results, the data should be cleaned up and standardised. To make sure that information flows smoothly, ERP systems, accounting software, banking platforms, and reporting dashboards should all be better integrated. High-quality data makes AI more accurate and makes reports more reliable.

#### **8. Encourage change management and employee acceptance:**

People often don't want to change when they first start using new technology. Businesses should make it clear that AI is meant to help workers, not replace them. Acceptance will go up if employees are involved in implementation, leaders are supportive, and employees are given hands-on training. A good learning space should be made so that employees feel comfortable using new tools. AI-driven accounting systems will work well in the long run if they are adopted smoothly and with good change management.

#### **Conclusion:**

The study comes to the conclusion that accounting practises that are driven by AI are changing financial reporting by making it more accurate, faster, and clear, all of which are important in today's global trade and commerce environment. AI cuts down on mistakes made by hand by automating tasks, speeds up the reporting process by

processing and reconciling data more quickly, and improves openness by keeping strong audit trails and allowing constant monitoring. AI can also help with compliance, risk management, and finding fraud, which makes financial statements more reliable and trustworthy. But problems like cybersecurity risks, privacy worries, algorithmic bias, high implementation costs, and a lack of skills need to be carefully dealt with. Because of this, AI should be used responsibly, with strong internal controls, ethical governance frameworks, and human oversight. Accounting won't go away because of AI, but it will change into roles that are more analytical, strategic, and advisory. AI can make financial reporting much better and help global commerce grow sustainably if it is properly trained, used in a safe way, implemented in stages, and good data is managed.

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