



THREATS AND OPPORTUNITIES IN CHANGING ACCOUNTING SYSTEMS TO DIGITAL

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Abstract:

This research focused on digital transformation in accounting's difficulties and opportunities. Digitalizing the accounting system should produce clear financial accounts. The system must meet these standards before providing compliant financial reports. Outside sources provide high-quality information. Many sources provide research data. books, journals, the Internet, newspapers, and reports as secondary sources. This paper says that digitalisation has changed how accountants think and operate. Most accountants are aware of digitisation's pros and cons. Digital accounting software developers prioritize usability, accessibility, and affordability. Some studies suggest comparing digital and manual accounting tools may help. Accounting software's usefulness and adoption depend on user skill. Unique data is expensive, time-consuming, and COVID-19-required. The study enhanced accounting software understanding and use. This research examines the benefits and drawbacks of digitalizing accounting from an accountant's perspective. It shows accountants' limits and perspectives. According to this study, accountants who utilise digital accounting software may comprehend both theory and practise well. Advanced research needs more themes. This study identifies information-era accounting procedures.

Keywords: *Digitalization of accounting, Digital transformation, Accountant.*

Introduction:

The digital transformation of accounting generates, displays, and transfers data. It doesn't replace accountants or practise, despite popular belief. It boosts accountants' productivity. Financial technology has evolved. Accountants may be replaced by software that streamlines data collection and analysis. This has helped business owners and accountants examine and report data more efficiently. With fewer distractions, businesses can focus on key tasks and challenges, such as financial monitoring. Modern accounting may not rely on journals, ledgers, and other documents. A technical development from traditional to contemporary accounting Modern accounting is reliable. Digitization and updates have boosted the accounting software industry in recent years. Like life, business involves change. Technology changes many industries. Consistent accounting goes beyond bookkeeping and payroll for forward-thinking firms. Digitalization, automation, and analytics empower accountants. Accountants can disclose unethical corporate practises, bad audits, improper use of public funds, and dubious government and business activities. They must ensure the safety of the general public, consumers, stakeholders, and the

government. It provides an accurate, impartial view of a company's finances.

Background Of The Research:

Before computers, most firms did bookkeeping by hand. All bank transactions have to be manually recorded on columnar sheets. Manual calculations abounded. Through technology and digitalization, accounting has changed. Software has changed accounting from manual to automated. Automation helps business owners and accountants focus on building their firms. In 2010, several corporate leaders said accountants were dead. They are worried that rising technology, especially digitalization, will terminate bookkeeping as we know it. Accountants and other professions must adapt to the COVID-19 epidemic rather than remove it. Digital technology has transformed playing landscapes. To be competitive, companies must exploit their massive amounts of data. Companies that are ready to digitalize accounting will regard this transformation as an opportunity. COVID-19 has pushed millions of us to undertake regular life online, such as virtual meetings and staying in contact with friends and family. Local peace builders use social media, statistics, and other technologies to foster harmony and combat insecurity. Most

firms are digitising their bookkeeping. Business and Peace is an example of a long-standing global discussion and policy addressing the digitization of accounting because it provides timely financial reporting to stakeholders.

Litrature Review:

Literature reviews show what's been done and what's needed. To establish this, digitalization in accounting threats and opportunities were studied. Some noteworthy researches are:

According to **Thipwivatpotjana (2021)**, digital transformation success depends on senior executives, a business strategy, an organisational structure, access to alternative resources, and support. Digitalization procedures will allow managers to discover consumers, improve product quality, and raise the organization's competitiveness, according to **Nguyen et al. (2021)**. **Phornlaphatrachakorn and NaKalasindhu (2021)** found that digitalizing accounting may improve accounting information and financial reporting, which increases the efficiency of strategic choices. **Timchev (2020)** examines accounting organisations' performance and digital transformation in his research. This examination is operational and strategic. According to **Saed's (2020)** research, the subject has two crucial dimensions: accounting maturity and digital transformation preparedness. Accounting work and mistakes will be eliminated, allowing this. **Parlak (2020)** found that digital technology has affected accounting processes and the profession. This influences memorising, categorization, summary, analysis and interpretation of financial statements, system establishment, and system maintenance. Accounting professionals must use built-in systems to adapt to the transition. **Demiroz and Heupel (2017)** found that businesses lack knowledge of internet transformation's benefits. Due to internal hurdles, several of these establishments have been in the early stages of digitization.

Objectives Of The Study:

1. To get an understanding of the idea and importance of accounting digitalization.
2. To find out threats in digitalization of accounting.
3. For the purpose of determining whether or not the opportunities for digitization of accounting.
4. To offer useful advice for future research projects.

Research Methodology:

Secondary data is used to highlight the risks and benefits of moving to digital accounting systems. Among the secondary sources consulted for this

study were books and magazines as well as the internet and print media such as newspapers and government reports.

Concept of Digital Transformation in Accounting:

Digitalization of accounting transmits financial data electronically. The goal was to reduce taxes. Integrated systems, real-time reporting, and digitalization make data accessible. Mobile devices, apps, and social media are utilised to offer accounting "info on demand." Technological developments allow financial advisers to spend more time advising and strategizing. It enhances bookkeeping, productivity, and data accuracy. Quick data availability attracts consumers, employees, and other stakeholders. Accounting software digitalization increased staff sales by 11.8% over three years, according to the Enterprise Research Centre (ERC). According to ERC figures, "70% of SMEs digitalized accounting during COVID-19". Digitalizing accounting decreases data entry time. Accounting software categorises and accounts for transactions when the system syncs. Digitalization of accounting simplifies data retrieval. Even with accounting software, business owners require an accountant. Accounting has changed with technology. Each extension makes it easier to use. Technology has revolutionised accounting. Digitalizing accounting software safeguards financial data.

Threats for Digital Transformation in Accounting:

Digitalizing accounting is a fresh, inventive way to accomplish a crucial company task, not only using the newest software, technology, and systems. Before digitalising accounting, companies must evaluate how employees will react, how it will affect expenses, security, and goals.

1. The shift to digital accounting will be costly. Every new programme version requires an upgrade.
2. There is a rising worry that computer automation will increase unemployment.
3. The switch to digital accounting requires new workers to undergo training anytime software is refreshed, adding to total costs.
4. Lack of expertise hinders organisations' digital transformation efforts. CaseWare polled financial and accounting professionals in 2020, and 62% of them said the field had a big skills gap, up from 51% in 2016.
5. There is a chance that a glitch in the system will cause a delay in completing the task.

6. Global ransomware assaults surged 62% between 2019 and 2020, according to SonicWall. Cybercriminals took advantage of the fast (and unplanned) move to digital working settings during the epidemic.
7. Digital accounting provides accurate data, but it can't detect errors or fraud since it lacks judgement.
8. Viruses and unauthorised people might access the programme, altering the original papers.
9. If the digital transformation is to be a success, it must be embraced by all stakeholders. So, leadership must find a means to avoid employee resistance.

Opportunities of Digital Transformation in Accounting: The digitalization of accounting may help speed up processes and monitor your company's financial situation, reducing the need for manual procedures. It may result in several opportunities for a business's smooth operation:

1. Accountants who stay up with technology have a brighter future. A skills gap between what accountants do and what education providers teach reflects a cultural shift in the accounting profession. To compete (and ward off robots), accountants require non-automatable talents.
2. Traditional accounting procedures are less error-prone than digital accounting. It helps you learn about your company's finances and reduces human error while billing customers and completing tax returns. It's more precise and error-free than the old-fashioned ways of accounting.
3. It helps you examine a company's financial performance from anywhere. Professionals no longer need to be at the office or carry their laptops to access information. Cloud-based accounting software may be utilised from anywhere by you and your personnel.
4. Even the greatest humans can't compete with machines in many areas. Richardson says that computers are better at identifying, recording, categorising, and summarising. Accountants excel at measuring, confirming, understanding, and communicating. The ultimate strength comes when accountants augment their conventional talents with technology.
5. It frees up time for a firm to reach out to new clients and increase turnover.
6. It may also significantly simplify decision-making and fulfil tax and reporting requirements. This, together with better decision-making, boosts efficiency and

- production. Several accounting activities may be automated using digital accounting.
7. Usability Keeping track of everyday transactions by manually might be difficult, but the figures must match your bank account.
8. Digitalizing accounting systems helps track transaction and processing errors, as well as theft and fraud.
9. A financial specialist may examine real-time data and recommend methods to improve it. Accounting digitalization updates data. It automates time-consuming but important activities while giving you complete access to firm data.
10. Digitalizing accounting systems is the best approach since it automates invoicing and payment requests.
11. Since the data is kept in soft copies, it is possible to readily restore it in the event that it is lost under any circumstances.
12. Today's profession differs from the 1800s, and more changes are ahead. If accountants and universities can't keep up with change, the profession's future is at risk. Richardson says accounting educators control the profession's destiny. "Accountants must revamp the curriculum to produce analytics-minded graduates." By teaching accounting students data analytics, they'll be able to help managers and stakeholders make informed decisions.
13. It frees up time for a firm to reach out to new clients and increase turnover.
14. It's a lofty order, but it'll lead to a fulfilling, fascinating career. It's easy to improve your digital skills. Proactively acquiring digital expertise is just as important as learning on the job. Many colleges provide digital skills courses and training, and there are free online courses on accounting such as cloud computing.

Findings:

The summary of the study's most important findings are:

1. The accounting profession will change dramatically in the next decade. Permanent white-water requires corporate flexibility.
2. Moving their operations to nations where labour costs are cheaper will become increasingly common due to the digital transformation of accounting.
3. Accounting and auditing will likely undergo considerable changes in the near future due to the digital revolution. When machines do labor-intensive tasks, professionals may focus on giving greater

- value to consumers, reducing the cost and time of their services.
4. Automation of auditing procedures will be possible, and better technologies for identifying risk and fraud will be accessible. Rather of spending hours acquiring data from financial accounts, auditors will be able to concentrate on output analyses in the not too distant future (Forbes, 2018).
 5. Accountants may struggle with data volume. Accountants need relevant data to make effective business decisions. This job requires good verbal and written communication. Information is protected despite computers taking over.
 6. It will be necessary for future auditors and accountants to use cutting-edge analytics and automation to conduct analysis, generate reports, and provide the appropriate outputs.
 7. As a result of automating regular accounting processes, accountants and auditors may focus on far more specialised responsibilities. Computers will eventually replace human accounting operations including in-house service billing and travel expenses.
 8. In order to ensure data security, a wide range of financial data will be linked together using sophisticated information systems.

Recommendation And Suggestions:

This is done to help accounting achieve better success and firm harmony than it does currently. According to the study, the following are the important ideas for maintaining corporate relevance:

1. Accounting professionals must get aware with the vast array of digital options available to consumers so they may direct them in the right direction as the sector's most reputable business advisers.
2. As technology keeps getting better, accountants need to learn how to use and use digitalization of accounting better. Integration of ERP with mobile access, communication through social media, and client websites with up-to-date information that will be important in practise are some examples.
3. Accountants must think long-term. Adaptability entails recognising and responding to environmental changes and identifying and solving problems. They should be business partners and advisers to other departments. Accountants must

master digital technologies to add to their company's success.

4. Accountants must have a working knowledge of modern accounting software as well as other accounting and business models if they are to carry out their duties and do audits correctly. For auditors, continuing education and professional growth in this area is essential.
5. In order to develop, accounting firms must assess every digital product and service they offer. Smart and deliberate firms may prevent this.
6. Businesses must stay up with relevant technical advances and adopt emerging technologies
7. As their occupations become more computer-dependent, they must be more forthcoming about new technologies. An accountant must be able to communicate with their clients and maximise technological savings to be a trusted business consultant.

Conclusion:

Digital transmission of accounting improves financial reporting, usability, and strategic decision-making. Financial reporting quality influences strategic decision-making and accounting usability. Financial reporting integrity and usability assist in digitalizing accounting-strategic decision effectiveness links, enhancing workplace harmony. Digitization is a friend, not a threat, to accountants. Digitizing accounting enhances accuracy and efficiency. The accountant saves time. We also emphasise accounting professionals' training. Accountants dread digitalization. Digital accounting needs a theory. Future research may gain greater insight by using digital transformation as an impartial antecedent variable. It may help entrepreneurs manage resources and abilities. Switch from manual to digital accounting for business growth. The digital revolution in accounting extends beyond robotizing accountants. Accounting data assists with strategic choices, performance, and time-consuming activities. Technology makes it possible. Adapt or perish is the world's slogan, and unless the accounting profession embraces change, it will die out.

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