

# Taming the Technology in Accounting Terrain

*“The future depends on what we do in the present,”* rightly said Mahatma Gandhi, which is worth taking note of by Indian accountancy profession, particularly in the present days of all-out transition. *“Nothing endures but change,”* so also said Greek philosopher Heraclitus. Indian accountancy profession too is on a turning point. This change encompasses multiple fronts particularly vis-a-vis technology. In the midst of all-round transition on business and economic front, the Chartered Accountants are also grappling with hi-tech shift in both professional and ordinary lives. Technology is transforming finance functions and the role of the accountant.

Time is witness that Indian accountancy profession has never lagged behind in adapting to or adopting technology ever since the computers were first introduced in India. This trend continues unabated with technology advancements, especially information technology changing the working of traditional accountants. The traditional processes of Compliance & Regulatory Audit, Bank Audit, ROC filing, Forensic Accounting & Fraud Detection, Financial Accounting & Management, Taxation, Book Keeping & Payments, etc. have all undergone a paradigm shift due to introduction of information technologies. The latest trend hinges on four areas of technology having particular relevance for the profession which are often referred as ABCD of emerging technology, where A stands for Artificial Intelligence, B for Block Chain, C for Cyber Security and D for Data Analytics.

The ‘ABCD of technology’ is the next big thing on the block which is going to have a big impact on the practice of accountancy, and which needs to be fast incorporated in the profession’s toolbox. An expertise in these four dimensions of new technology is fast emerging as ‘must haves’ in modern accounting skill-sets. Given that accountancy is grounded in financial data, improved capabilities in data, including big data and analytics, will have far reaching ramifications for the profession. The importance of data also emphasises the need for good cyber security. Then, technologies such as cloud, mobile, and social media deeply change the way that we can interact with clients and across businesses. Meanwhile, Blockchain— the distributed ledger, is a potentially revolutionary technology for how transactions are made and stored, and accountants may be positioned to take a lead on how it is implemented and used. The rise of digital assets and distributed ledger technology, specifically blockchain, has the potential to upend the entire industry. On the basis of these technology trends, we see many examples of innovation across the profession globally. For example, Cloud accounting is now mainstream in many countries and enabling greater collaboration

between accountant and client, while Cyber Security has risen up the corporate agendas.

Meanwhile, a new study says that India is now driving Robotic Process Automation and Artificial Intelligence -based technologies globally -- even ahead of the US and Japan. According to “Augmented Human Enterprise” -- an academic study conducted by Goldsmiths (University of London) and a leading enterprise software provider, 71 per cent of Indian respondents said their employees used RPA and AI-based augmentation to its full potential -- the highest proportion for any of the four markets surveyed.

As such, the need of the hour is that accountants learn these advance technologies fast to stay relevant. In fact, Chartered Accountants are best fit to help organisations to sail through Journey of Robotic and Cognitive Automation (RCA)—a dimension of artificial intelligence. They can help in RCA implementation and advise on accountancy and auditing of it. The success of RCA implementation in any organisation will depend on those who can understand business as well as technology and chartered accountants are in the best position to play that role.

In fact, the fast evolving technology separates the profession’s current life from a potential new one brimming with possibility and untapped potential. Here one can refer to an important report issued by the IFAC Professional Accountants in Business Committee that shares the knowledge, ideas, and experience of the committee on developing a future-ready profession. To put the report in a nutshell, profession can use technology as a great enabler, enhancer and facilitator of Trust, which is in-built in the profession’s DNA.

In this backdrop, it is very timely that the IFAC has established a Technology Advisory Group which will focus on many themes such as Blockchain, Automation, Big Data and Cyber Security. The ICAI too has launched a series of initiatives to tap and tame the technology to add new dimensions to professional excellence, capacities and service delivery, particularly through its Digital Transformation and Process Reengineering Group. The Institute is also looking into the usage and impact of big data, data analytics and artificial intelligence on the auditing procedures. To assess the accounting and auditing issues in the emerging digital economy scenario, the ICAI has already set up a Global Digital Accounting and Assurance Board, as a non-standing committee.

Recalling the saying that “future belongs to those who prepare for it today,” let’s enhance the capacity, growth and quality of the profession by imbibing technology in our skill-sets.

—Editorial Board ICAI – *Partner in Nation Building*