

ARTIFICIAL INTELLIGENCE (AI) VS HUMAN ACCOUNTANT

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Artificial Intelligence (AI) has taken control of a significant part of accountants' tasks. According to Leitner H, S. et al. (2021), AI-based technologies such as intelligent robots, automated tools and business intelligence tools have to replace humans as actors and transform processes in accounting. The most affected tasks are data entry, transaction processing, and basic bookkeeping. AI-powered software can, for example, automatically categorize and record financial transactions, process invoices, and reconcile accounts, reducing the need for manual data entry and repetitive tasks. AI-driven data analytics tools can also analyze large datasets, identify patterns, and generate financial reports more efficiently than traditional methods. As a result, accountants can focus on higher-level tasks, such as financial analysis, strategic planning, and providing valuable insights to clients or stakeholders.



What is an Artificial Intelligence (AI)?

AI refers to the simulation of human intelligence in machines which are programmed to think, learn, and perform tasks that typically require human intelligence. Frankenfield (2023), AI encompasses a wide range of technologies, including machine learning, natural language processing, computer vision, robotics, and expert systems.

Among of the examples of AI in accounting include:

1. **Data Entry and Processing:** AI-powered systems can automate data entry tasks, such as scanning and extracting information from invoices, receipts, and financial documents. This reduces the need for manual data entry and minimizes errors.

2. **Bookkeeping and Transaction Categorization:** AI can accurately categorize and record financial transactions, making it easier for accountants to manage and reconcile accounts.
3. **Fraud Detection:** AI algorithms can analyze financial data to detect anomalies and potential fraud, helping auditors and accountants identify suspicious activity.
4. **Financial Reporting:** AI can produce financial reports and statements by analyzing large amounts of data quickly and accurately, provide timely and insightful information for decision-making.
5. **Predictive Analytics:** AI-powered tools can analyze financial data to make predictions and forecasts, to help with in budgeting, financial planning, and risk assessment.
6. **Tax Compliance:** AI can help accountants stay abreast of hanging tax regulations and prepare tax returns accurately and efficiently.
7. **Virtual Assistants:** AI-driven virtual assistants can interact with users, answer accounting-related questions, and provide financial information in real-time.

As technology continues to advance, AI is expected to play an increasingly significant role in accounting profession, shaping the way financial data is processed, analyzed, and used to support business decisions. Although AI and automation are transforming various aspects of the accounting profession, it is unlikely that AI will completely replace accountants in the foreseeable future (Envoice, 2023; Leitner et. al, 2021). There are several reasons why human accountants will continue to be essential:

1. **Complex Decision-Making:** Accounting involves critical decision making, strategic planning, and financial analysis. Although AI can help with data analysis, it may lack the contextual understanding and judgement required for complex financial decisions.
2. **Interpretation and Communication:** Accountants need to interpret financial information, communicate the results to clients or stakeholders, and provide insights for informed decision-making. AI may not be as good at in understanding the details of human language and emotions. This is in line with the findings of Leitner et al. (2021), according to which the accountant will continue to communicate with authorities and auditors and clarify possible discrepancies and necessary system adjustments.
3. **Regulatory Compliance and Ethics:** Accountants must adhere to various legal standards and ethical guidelines. Human accountants are more expert at navigating the difficulties of compliance and ensuring ethical practices.
4. **Client Relationships:** Building and maintaining customer relationships often requires human empathy, understanding, and trust, which are not qualities associated with AI.
5. **Adaptability:** Accountancy is about facing unique challenges and evolving business scenarios. Accountants possess the capacity to adapt and acquire new skills in response to industry changes.

6. **Creativity and Innovation:** While AI can process data efficiently, creativity and innovation remain uniquely human attributes that can be invaluable for problem-solving and business growth.
7. **AI as a tool, **NOT** a substitute:** AI is best viewed as a tool to strengthen and enhance the capabilities of accountants rather than a substitute. By AI, accountants can streamline processes, gain access to valuable insights, and improve their decision-making skill.
8. **Job Complexity:** In more specialized accounting tasks, such as forensic accounting, auditing, complex financial transactions, or providing strategic financial advice, human expertise are crucial.

To prepare for and challenge AI, accountants should focus on developing skills and competencies that complement AI's capabilities and leverage its unique strengths. The following are ways in which accountants can equip themselves:

1. **Embrace Technology:** Accountants should keep abreast of the latest advancements in AI and other emerging accounting technologies field. Understanding the potential and limitations of AI will enable them to work effectively with AI systems.
2. **Develop Analytical Skills:** Accountants can focus on enhancing their analytical skills, such as in data analysis, financial modelling, and interpreting AI-generated insights. This enables them to make better strategic decisions and add value to their clients or businesses.
3. **Improve Problem-Solving Skills:** Accountants should sharpen their problem-solving skills and critical thinking skills to deal with complex financial issues that AI may not yet be able to solve in its own.
4. **Emphasize on Communication:** Effective communication skills are essential for accountants to explain financial data and AI-generated insights to clients, colleagues, or stakeholders. The ability to communicate complex financial information clearly and understandably remains a distinct human advantage.
5. **Acquire Industry Knowledge:** Accountants need to further their knowledge of industry-specific regulations, compliance, and business practices. AI can help with data processing, but accountants' expertise in interpreting and applying accounting standards is irreplaceable.
6. **Focus on Creativity and Innovation:** Accountants can focus on creativity and innovation in their work. While AI can take over routine tasks, accountants can contribute through creative problem-solving, strategic thinking, and providing innovative financial solutions.

7. **Lifelong Learning:** Continuous learning is essential in a dynamic environment where technology is constantly evolving. Accountants should engage in ongoing professional development to keep abreast of AI developments and adapt their skills accordingly.
8. **Embrace Collaboration:** Accountants should be open to working with AI systems and technology experts. A collaborative approach allows for the best integration of AI tools with human expertise, leading to optimal results.
9. **Foster Ethical Decision-Making:** As AI becomes increasingly involved in decision-making processes, accountants need to bring ethical considerations to the forefront and ensure that AI-driven decisions comply with professional and legal standards.
10. **Emphasize Client-Centricity:** Accountants can focus on providing personalized and client-centric services that go beyond data analytics. Understanding clients' individual needs and tailoring financial advice to them will remain essential to building trust and strong relationships (Rana, 2019).

Accountants can position themselves to work effectively with AI and remain indispensable in an evolving accounting landscape. Equipped with the right skills and mindset, accountants can successfully navigate the challenges and opportunities presented by AI. By embracing AI as a tool and keeping up with technological advancements, accountants can remain relevant and add significant value in their roles.

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