

BULETIN

**FAKULTI PERAKAUNAN
UITM CAWANGAN NEGERI SEMBILAN KAMPUS
SEREMBAN**

EDISI II 2026

HUBUNGI KAMI :



fpnuitmn9s3



<https://encr.pw/FakultiPerakaunanS3>

Ethical Integration of Artificial Intelligence in the Accounting Profession: Challenges and Strategic Compliance

Rafizan Abdul Razak and Akma Hidayu Dol @ Abdul Wahid
Universiti Teknologi MARA Cawangan Negeri Sembilan Kampus Seremban

Introduction

The rapid integration of artificial intelligence (AI) into the accounting profession brings both benefits and challenges. While AI improves efficiency, accuracy, and productivity, it also raises concerns about ethics, professional responsibility, and compliance with established standards. Professional accounting organisations have long adhered to a strict Code of Ethics, such as the International Federation of Accountants (IFAC) Code of Ethics. As AI becomes a staple of the financial landscape, aligning these technologies with ethical standards is crucial. By synthesising insights from contemporary literature, this article highlights the key ethical challenges associated with AI adoption in accounting. It identifies strategic considerations necessary to ensure that its implementation supports professional values, ethical accountability, and the continued integrity of the accounting profession.

Ethical Implications of AI Adoption

The deployment of AI in financial reporting and auditing introduces several critical ethical concerns that necessitate rigorous oversight. As AI systems increasingly assist in data analysis, risk assessment, and audit procedures, issues such as algorithmic bias, data privacy, transparency, and accountability become more important. The importance of AI, among others, is as follows:

Algorithmic Bias and Fairness

A primary ethical concern in AI adoption within accounting is the risk of algorithmic bias, whereby AI systems may unintentionally replicate or amplify biases embedded in historical data. Such distortions can result in inequitable or misleading decision outcomes, thereby undermining the fundamental accounting principles of fairness, objectivity, and professional integrity (Hussain & Sharma, 2025; Murikah et al., 2024; Pabel & Akther, 2025). If left unaddressed, biased algorithms may compromise audit judgements, financial reporting assessments, and risk evaluations, ultimately eroding stakeholder confidence and public trust in the profession.

Transparency and the "Black Box" Problem

Generally, many AI systems operate as "black boxes", where the underlying logic of a decision is not easily accessible or interpretable. Therefore, to remain compliant with the Code of Ethics, accountants must ensure that AI-driven outputs are explainable and that a clear line of accountability exists for every automated decision (Hussain & Sharma, 2025; Lehner et al., 2022).

Data Privacy and Security

Pabel and Akther (2025) and Zhang (2023) emphasise that, because AI systems depend on processing vast amounts of sensitive financial data, safeguarding this information is essential to preserving public trust. They argue that strong data security controls, robust cybersecurity frameworks, and strict adherence to privacy regulations are critical to preventing unauthorised access, data misuse, and potential ethical breaches. Without effective data governance and confidentiality safeguards, the credibility of financial reporting and auditing processes may be significantly undermined. Despite the risks, AI can be a powerful tool for upholding ethical standards when implemented within a robust governance framework.

Strategies for Compliance

The following are relevant strategies for enhancing transparency and accountability in financial reporting and auditing for accounting practitioners:

- *Accuracy and Fraud Detection*

AI significantly improves the precision of financial reporting and the efficacy of fraud detection. By automating routine, repetitive data-processing tasks, AI enables accounting professionals to focus their expertise on more complex analytical responsibilities, strategic evaluation, and professional judgement, thereby enhancing the overall quality and effectiveness of financial oversight (Altawalbeh et al., 2025; Cao, 2025).

- *Streamlining Regulatory Compliance*

Recent studies by Tampubolon (2026) and Singh (2025) highlight that artificial intelligence applications can be programmed to ensure that accounting practices comply with evolving legal and ethical regulations. By automating compliance monitoring and regulatory checks, AI can enhance the accuracy and consistency of financial reporting processes. Furthermore, such automation strengthens stakeholder confidence by promoting greater transparency and creating a more reliable and auditable financial trail.

- *Ethical Governance Frameworks*

The responsible use of AI is predicated on the establishment of comprehensive governance frameworks. Such frameworks function as institutional safeguards, designed to mitigate technological risks while ensuring that AI applications remain aligned with the profession's ethical principles and regulatory obligations (Iddrisu et al., 2025; Pabel & Akther, 2025; Hussain & Sharma, 2025). Effective governance mechanisms may include clearly defined accountability structures, internal control procedures, transparency requirements, periodic algorithmic audits, and compliance monitoring systems. By embedding ethical considerations into AI design, implementation, and oversight processes, accounting firms can strengthen trust, enhance decision reliability, and uphold the integrity and objectivity that underpin professional practice.

- *The Evolution of Professional Judgment*

The integration of AI does not replace the accountant; rather, it reshapes the nature of professional judgement within the accounting profession. As AI systems increasingly perform routine data processing and analytical tasks, accountants are required to interpret algorithmic outputs, evaluate the reliability of automated analyses, and exercise informed oversight over AI-assisted decisions (Cao, 2025; Zhang, 2023). This transformation shifts professional judgement from mechanical verification toward higher-order critical thinking, ethical reasoning, and strategic evaluation (Altawalbeh, 2025). Moreover, other studies argue that reliance on AI tools necessitates enhanced professional scepticism and technological competence to ensure that automated systems do not compromise objectivity or integrity (Pabel & Akther, 2025). Therefore, rather than diminishing the accountant's role, AI elevates the importance of human judgement in validating, contextualising, and ethically governing AI-generated insights within financial reporting and auditing processes.

- *Human Oversight and Decision-Making*

Studies by Lehner et al. (2022), Murikah et al. (2024), Calado and Veloso (2025), and Vengathattil and Shaffi (2025) emphasise that although AI is highly effective in processing and analysing large volumes of data, it lacks independent ethical reasoning and moral judgement. Consequently, human oversight remains essential to ensure that AI-assisted decisions comply with the

professional principles embedded in the Code of Ethics. Those studies further underscore the importance of professional scepticism, critical evaluation, and ethical awareness in preserving the integrity, objectivity, and public trust of the accounting profession.

- *Continuous Professional Development*

Another critical strategy for navigating the AI-driven landscape is a strong commitment to continuous professional development. Accountants must engage in lifelong learning to maintain professional competence in an increasingly technology-oriented environment. This involves developing technical expertise in data analytics, artificial intelligence, and machine learning to better understand both the capabilities and ethical implications of the tools they employ (Fülöp et al., 2025; Iddrisu et al., 2025; Schutte et al., 2025). Strengthening digital competencies enhances accountants' ability to critically assess AI-generated outputs, apply professional judgement, and ensure that technology-driven decisions remain aligned with ethical standards and established codes of professional conduct.

Conclusion

The integration of artificial intelligence (AI) into the accounting profession presents substantial opportunities for enhancing efficiency, accuracy, and strategic decision-making. However, these technological advancements must be accompanied by a robust commitment to ethical compliance and professional responsibility. Ensuring transparency in AI systems, maintaining rigorous human oversight, and investing in continuous professional development are essential safeguards against ethical risks and unintended consequences. A balanced and ethically grounded approach enables accountants to harness the benefits of AI while upholding the core principles of integrity, objectivity, professional competence, and due care. Ultimately, AI should function as an enabler of professional excellence, reinforcing rather than undermining public trust and the foundational standards that define the accounting profession.

References

- Altawalbeh, M. A., Al Frijat, Y. S., & Alhajaya, M. E. (2025). Pros and cons of using artificial intelligence in accounting: The dual effect and financial control. *International Review of Management and Marketing*.
- Calado, S., & Veloso, C. M. (2025). Artificial intelligence in accounting: Driving value co-creation, compliance, and ethical transformation. In *Empowering value co-creation in the digital era*.
- Cao, Y., & Zhang, W. (2025). How AI is shaping accounting and finance. *The British Accounting Review*.
- Fülöp, M. T., Ionescu, C. A., Măgdaş, N., ... & Topor, D. I. (2025). Digital transformation of the accounting profession at the intersection of artificial intelligence and ethics. *Economics*.
- Hussain, S. S., & Sharma, P. (2025). Navigating ethics in AI-enhanced accounting: Challenges and safeguards. In *Artificial intelligence and accounting: Ethical, legal, and social implications*.
- Iddrisu, S., Barnor, J., & Pobbi, M. (2025). Sustainable accounting in the age of AI: AI's role in the future of accounting in emerging economies. In *AI and society: Navigating policy, ethics, and innovation in a transforming world*.
- Lehner, O. M., Ittonen, K., Silvola, H., ... & Wührleitner, A. (2022). Artificial intelligence based decision-making in accounting and auditing: Ethical challenges and normative thinking. *Accounting, Auditing & Accountability Journal*.
- Murikah, W., Nthenge, J. K., & Musyoka, F. M. (2024). Bias and ethics of AI systems applied in auditing: A systematic review. *Scientific African*.
- Pabel, A. S. M. S., & Akther, W. (2025). Navigating the ethical landscape: A systematic review of challenges in AI adoption within the accounting profession. *Multidisciplinary Reviews*.
- Schutte, D. P., & Van der Merwe, N. (2025). Artificial intelligence: An accounting perspective. In *Artificial intelligence and accounting: Ethical, legal, and social implications*.
- Singh, M. (2025). Challenges and future trends in AI accounting. In *Artificial intelligence and accounting: Ethical, legal, and social implications*.
- Tampubolon, M. (2026). Transforming accounting law through artificial intelligence: Legal implications, challenges, and opportunities. In *Studies in Systems, Decision and Control*.
- Vengathattil, S., & Shaffi, S. M. (2025). Ethical implications of AI-powered decision support systems in organizations. In *Proceedings of the 2025 International Conference on Artificial Intelligence and Digital Ethics (ICAIDE 2025)*.
- Zhang, C., Zhu, W., Dai, J., & Chen, X. (2023). Ethical impact of artificial intelligence in managerial accounting. *International Journal of Accounting Information Systems*.