



Advantages and Disadvantages of Digitalisation in Accounting

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Abstract: The actual economy has a lot of distinctive characteristics than the traditional economy, especially because of the fast and imminent progress of the technology. The digitalisation facilitates the communication, the transfer of the data, a very large part of the process in every business. In this context, being a part of the business, the accounting could not avoid the digitalisation of the field. The new accounting softs and programs, cloud for accounting, the automatization of some of the accounting processes are now part of every working day of the professional accountant.

Keywords: digitalisation; accounting; accounting profession; risks

1. Introduction

One of the most important and challenging task that we must complete nowadays is to understand and to shape of the new technological revolution, which involves the transformation of humanity. A changing revolution has begun several years ago and it fundamentally changed the way that we live, work and interact. By its magnitude, complexity and implications, the fourth industrial revolution is different from any of what the humanity experienced before (Tănase & Paraschiv, 2018).

Beginning with the 2000s, the digitalisation became part of the business development, many might say that it became the progress itself. As it is normal, the accounting has made a valuable progress during this years. More than that, we have to take into account that since March 2020, the whole world is facing a major risk, a pandemic situation, generated by the appearance and spread of the coronavirus. The new situation changed the way the businesses are done, the way that people are working and living. To adapt to this new challenge, the accounting embraced faster new facilities of the digitalisation and in my opinion, 2021 will be the year with the biggest progress in the digitalization of the accounting until now. The question now is if the digitalisation brought only advantages for the accountant or there are some traps or challenges the we, as professionals, must handle? Also, are we in the moment that a computer can replace an accountant or are we even close to that moment?

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2. Digitalisation

The term *digitalisation* refers to the innovation of the business models and processes that exploit digital opportunities. This means that the user take benefit of the digitized products (Fledsberg, 2019). The digitalisation is the activation, the improvement and the transformation of the business operations or functions, models, processes or activities, using digital technologies and data, actionable towards a predetermined goal. In other words, the concept refers to involvement and knowledge systems, through the use of data and digitized processes. At the same time, digitalisation could refer to an environment, an area or a process. Our digital work place implies digital things, digital tools, social collaboration platforms, or unified communication platforms (Tănase & Paraschiv, 2018).

3. The Digitalisation and the Accounting

The digitalisation in the accounting field is about incorporate disruptive technologies and transform the accounting processes to be much more agile, practical and assertive. All this effort is made to improve quality of the customer service an accountant can offer, and, of course, productivity and the efficiency of the accounting activity overall (Thomson Reuters). Digitalisation is the way to make the accounting an innovative science and a useful part of the bussines.

The digitalisation made possible the transition from a traditional accounting, to an agil and digitized one. There are several advantages having a digitized accounting, like the ones revealed from the below comparation (Uwigo):

Table 1. The Differences between Traditional and Digitized Accounting

Traditional accounting	Agil and digitized accounting
Accounting system / software as a repository of information	Accounting system as a facilitating tool for the accounting
Typing and manual loading the files to generate accounting	Make the most of synchronization with third parties
Time consuming, manual and repetitive processes	Instant, digital and automated processes
Focus on taxes	Focus on customer satisfaction, both financial and tax
Reports require processing days	Instant reports
Little time available to deliver more than expected	Time available to surprise the customer with valuable informations
The informations coming from a close-period are not giving the customer many possibilities of action	Real time informations, so the customer can take decisions that can affect the profit of the period
The number of clients is directly related to the number of employees	The number of clients grows with the increase in productivity per employee

Accounting is the field in which automation and digitalisation have penetrated the most, along with audit activity. The accounting profession is the area where 97% of the activities are suitable for digitalisation, so there is a need to adapt to the new reality and reconfigure the activity of the accountant (Botea, 2018). It is no longer enough for a professional accountant to have knowledge in the accounting techniques, but also he needs to know the advancement of new technologies so that companies could implement them, even if we speak about an accounting department or an externalised accounting company. It must make the transition from being a "man of numbers" to a visionary person, which needs to focus more on advising the top management and not just on registration accounting operations. Today an accountant must develop analytical thinking and he must be able to interpret the data that is processed with computer programs (Boghian & Socoliuc, 2020).

The biggest advantage is that if we have an automated accounting processes and less time-intensive, the professionals accountants can be more connected to their customers and they could become a trusted adviser to the company management, when it comes to daily business operations and other financial problems (Danimir; Mirjana & Ivana, 2019), and so, the role of the accountant is changing.

If we have a look on the year 2020, which was a pandemic year generated by the coronavirus crisis, we will see that a fast progress was made in digitalisation of the accounting field because of the need to adapt to the new world order. The whole business environment, but also the accounting, the department or the externalised company, has adapted to the social distancing measures imposed by the sanitary crisis. The biggest noticeable advances in terms of digitalisation of accounting are (AICPA & CIMA, 2020):

1. *It was the perfect time for change* – in order to adapt to the new way of working, accounting firms, big and small, delivered their services through digital and remote technologies and this way, they kept in portfolio their customers.

2. *Progress in order to adapt* – The accounting companies understood that the only way to stay in business is to develop digital solutions for their customers during the pandemic crisis.

3. *The smaller accounting companies learned that the digital tools are not suitable only for big companies* – The coronavirus crisis pushed the smaller company to adapt to the new digital programs and online communication systems, cloud accounting, remote working etc, which maybe it wouldn't have happened in terms of normal environment.

4. *A solid digital infrastructure brings benefits* – the pandemic showed that having implemented digital tools, you can deliver your accounting services no matter the place or the time you are located. Digital solutions helped everyone involved in the business to have access to the most important informations in real time.

One of this digital solution, is cloud computing, extremely often used, especially in this pandemic year. Cloud computing is the technology that facilitate the use of information technologies within entities, both from the perspective of reducing costs and from the services we can benefit from using it. Given the phenomena of globalization, development of information systems, the access to information is very important, as the speed of their transmission and circulation, speed of management decisions, and flexibility in managing financial-accounting activities. Given that in the last decade IT technologies have been continuously developed and improved, there is a need for a new approach to digitize the accounting systems, which will have a positive consequence on business development. In situations of economic and financial crisis, such as the one felt in recent years, technologies such as cloud computing and business intelligence are becoming increasingly important, in order to obtain advantages at the expense of the implementation of expensive and complex on-site systems (CECCAR Business Magazine, 2019). More than that, the pandemic situation made necessarily the adoption of cloud accounting technologies, an accounting application that can be accessed from any place where there is an internet connection, without the need to install and manage our own servers.

If we take a look on our study until now, we can see that digitalisation of the accounting systems have only advantages. Though, there are some challenges that must be known and managed.

4. The Digitalisation – an Opportunity, or a Threat for the Accounting Profession

One of the most important questions generated by the digitalisation progress of the accounting is if the time came to replace the professional accountants with digital softs. In my opinion, it is not the time and it will not be in the next, at least 50 years.

It is true that the continuing emergence of the new generations of software contribute all to improving the productivity of the accountants, but gradually deteriorating the value of the core services around they are operating. There are studies that reveal the accountant profession is one of those most likely to go extinct within the next 20 years, because 94% of the tasks will be performed by automated devices. So it is a fact that the profession will not be spared (Arraou, 2016).

Though, there are some arguments that must be understood before believe that this is the end for the accountant profession. According to Europe's Digital Progress Report 2017, elaborated by the European Commission, regarding the integration of digital technology which covers (a) „business digitisation” and (b) „eCommerce”, Romania has the smallest score from European Union. Business digitisation has five indicators (as % of firms using): electronic information sharing, RFID, social media, eInvoices and cloud solutions (European Commission, 2017).



Figure 1. The Integration of Digital Technology in the European Union Countries

This study shows that Romania has a long way to go through. This is not only the case of Romania, there are also other countries like Bulgaria, Poland or Latvia. More than that, the accountant profession can not be replaced, not in this moment, because of the professional reasoning. Despite digitalisation and automation have a lot of advantages to improve the accountant's tasks, it has to be pointed out that, for the moment, automation and artificial intelligence could not perform accountant's most valuable functions which are interpreting and analysing financial information (Gulin, Danimir; Hladika, Mirjana; Valenta, Ivana 2019). This is why the accountant function remains, at least for now, also it is important that the accountancy field needs to reinvent the role it plays for enterprises. This will necessarily entail reassessing the actual model, taking into account the whole changes in the business world (Arraou, 2016).

Another disadvantage identified is cybersecurity, that remain a concern. A more and more digitized accountancy implies critical concerns regarding the confidentiality, privacy and data hacks. Digital transformation can leave organizations, including smaller ones, vulnerable to a variety of cyberattacks. Solutions exist, but the risks associated with technology systems and use must be considered and efforts must be done to reduce those risks (AICPA & CIMA, 2020). The reality, though, is that the cybersecurity is a risk for all the digital fields, not only in accountancy and it must not be seen as an obstacle for digitalisation.

5. Advantages vs. Disadvantages. Results of the study.

Since the beginning of the world people are skeptics to the new, to the progress if they do not understand it or if they are afraid of it. Many might say that the digitalisation is a direct threat to the accounting profession and it must be prevented at all costs. Though, if we look closely to this study, we will understand that, in this case, the progress help us to improve our skills as accountants. With a more automatic processes we have more time to dedicate to financial analysis and became the most valuable advisor of the top management. The role of the accountancy is changing, we have to adapt the embrace the progress, because it goes only ahead, not back.

The most important advantages and disadvantages of the digitalisation identified in this study are:

Table 2. Advantages vs. Disadvantages of the Digitalisation in Accountancy – Author’s Model

Advantages	Disadvantages
Reducing costs	Digitalisation - a threat to the accounting profession
Errors can be prevented	Cybersecurity
Keeping the actual customers and increasing the portfolio	
Expand the range of services offered be an externalised accountancy companies	
Focus on financial analysis	
Becoming a trusted advisor – having a more important role in the organization	
Consulting the accounting informations in real time due to cloud solutions	
Remote work	

6. Conclusions

At the end of this study, we can conclude that the digitalisation of the accountancy is a fact and it can not be stoped. The world is changeing and so is the role of the professional accountant. We saw in the above chapters that digital solutions can improve our work. Having more time, we can become better experts, with more professional knowledges, a real pylon in the organization. Digitalising the accountancy has so many advantages that eclipses the two disadvantages identified, which are serios, but still, we can find solutions for them. In conclusion, in my oppinion we must embrace the digitalisation and take advantage of the benefits it offer.

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