

The Transformation of Accounting System into Digital Accounting in India

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Abstract: *In the current situation, digitalization is crucial to the nation's economic growth. One of the key industries undergoing revolutionary change in the globe is accounting, which has undergone a digital transition. Utilization of technology is digitalization. Digital accounting involves integrating technological elements. Professional practices are being significantly impacted by digital technology, "big data," and predictive analytics at the individual, organizational, national, and international levels. Some experts predict that digitization will completely transform markets, and it has already been observed to alter innovation processes. One sector that has witnessed a rise in digitalization and is anticipated to expand even more is the accounting sector. This study aims to demonstrate how recent technological advancements have changed old approaches. Traditional methods involved upgrading manually while sitting for an hour without any visual aids. The current study examines the current state and future directions of accounting's digitization, as well as the implementation duties and any potential roadblocks that may already be in place. Based on this, a maturity level model was created that categorizes businesses into certain clusters and accounts for the extent of digitalization of their accounting systems at the time. The demand for change brought about by digital technology is being felt by the accounting sectors, like many other industries.*

Keywords: Digitalization, Accounting, Block chain, Fibre connectivity, Cloud Accounting, Artificial Intelligence

1. Introduction

Digitalization is the process of converting analogue knowledge and information into digital knowledge and information that is stored. This facilitates real-time access to knowledge and information and permits cross-border communication between individuals and plugged-in digital devices. Regardless of firm size or industry, "digitalization," "big data," and "data analytics" are pervasive in the financial sector and have a substantial impact on professional practices at the individual, organizational, national, and international levels. All businesses will undergo significant transformation as a result of digitization. In addition to fundamentally altering core business models, digitalization also includes support services like accountancy. Digitalization is the transitioning of accounting and reporting documents and storage from a traditional paper based system to an electronic format. Digital learning is any type of learning that is accompanied by technology or by instructional practice that makes effective use of technology. It encompasses the application of a wide spectrum of practices in the field of accounting and finance. The companies with digital transformation are occurring not only in the core operational areas along the value-added chain, but also in the central functions such as purchasing, human resources, accounting and finance. It also holds the processes and systems in accounting at a rapid pace.

2. Review of Literature

Everett (2003), clears that the digital innovations strive to bring increased or new value from resources in all processes of the business.

David (2010), seems to be in conscience with digital companies having digital technology tools as a key resource.

Jonas (2015), Businesses have to learn how to manage what the digital innovation change and also what the indirect technological changes it brings to an organization.

Goswami (2016), the study focused digital programmers introduced by the government of India which helps in transforming country into a digitally empowered economy also says it reduces the paper work and help in providing different services through electronically to citizens.

Southern Cross University, (2016), the article tries to prove that digital accounting will provide the industry value creation through new techniques, services and technology in order to satisfy new customer segments and bring new markets to rise.

Sharma (2016), the study attempt to understand Digital India – as a campaign where technologies and connectivity will come together to make an impact on all aspects of governance and improve the quality and once implemented properly it will open various new opportunities for the citizens.

3. Objectives of the Study

- To study the digital accounting transformation in India.
- To identify the present status quo and future aspiration of digital transformation of accounting in India.

Research Methodology

Both analytical as well as descriptive type of methodology was used in this study. The study is based on both primary and secondary data. The primary data was collected through structured questionnaire and to confirm the feasibility of the study.

Sample Size

Random Sampling is used through survey method for generating data. The population for the study was finance officers of various organizations. The data collected through set of questionnaire from the 50 respondents related to the digital transformation of accounting in India.

Scope of the Study

The secondary data was highlighted the conceptual framework of digitalization in the field of finance and accounting. The sources of secondary data for the study were collected from the theoretical issues in relation to books, reports, journals, articles, thesis, internet sources and published papers/ data.

Astonishing Avenues that Digital technology is changing the Face of Digitalization in Accounting

For Twelve selected digital solutions, the participants were asked to indicate whether these were already implemented in the country or were on the agenda for the near future.

Paperless accounting: The practice of conducting all company transactions electronically, without the use of paper, is known as "paperless accounting." The goal is to reduce transaction errors and do away with unnecessary document storage.

Uniformity of systems and creation of transparency: The fundamental accounting systems are, for the most part, uniform, and they enable evaluations from the top of the organization all the way down to the specifics of our end-to-end activities, including purchasing and sales.

Process automation: By automating the accounting transactions with the high volume process, it is possible to increase the speed, accuracy, and reliability of the reconciliation process.

Integrated consolidation system: We have a consolidation system in the com-pany that can obtain direct access to the data of the corporate division.

Big data analysis: Analysis of enormous amounts of data from numerous source systems is known as "big data".

Real-time reporting: A cutting-edge technology approach in business that involves capturing current data and delivering it to users in real-time. For managers who must quickly make judgments under tight deadlines, information is delivered in its most current form.

Tools for visualization: We actively use digital visualization tools to prepare the results of our data analyses in graphical form and to varying degrees of detail for the respective target audience.

Cloud Accounting: The landscape of cloud accounting software includes a number of products made to perform various accounting and bookkeeping tasks. For the most part, transactions involved the migration of our apps to cloud solutions.

Block chain: A block chain is a decentralized, distributed, and open digital ledger that is used to record transactions on a number of computers so that any records involved cannot be changed without also changing all succeeding blocks.

Artificial intelligence: AI emphasizes the development of intelligent machines that function and behave like people. Fully automated data handling and processing produces quick and accurate reporting.

Fibre connectivity: Fibre broadband services that transmit quite large amounts of data and makes sense to invest in fibre Ethernet leased lines to get the extra speed, capacity and services that provides.

Making digital tax: HMRC (HM Revenue and Customs) digital tax accounts are taking the place of tax returns for millions of businesses and individuals. Each taxpayer's information is collected in one location by a digital tax account, much like an online bank account.

Tool for Data Analysis

The Data was Collected, presented and analyzed using tables. The mean value calculated as under.

$$\text{Mean} = \frac{\text{Number of Respondents}}{\text{Total Number of Respondents}} \times 100$$

Data analysis and interpretation

The data for the study is collected from the finance department of various organizations.

Table 1: Personal Information

Personal Information				
S. No	Particulars	Classification	F	Percentage
1	Gender	Male	35	70
		Female	15	30
		Total	50	100
2	Age	25-35	14	28
		36-45	20	40
		46-55	14	28
		55-Above	2	4
		Total	50	100
3	Education	Graduate	34	68
		Post Graduate	16	32
		Total	50	100
4	Experience	Less than 5 Years	18	36
		6-15 Years	12	24
		16-20 Years	20	40
		Total	50	100

Source: Primary Data

Discussion: Table No.1 Personal Information indicates the information about Gender says 70% male and 30% female respondents. Under respondent's age category between 25-35years are 28 % and 36-45 ages are 40% which is highest, 46-55 is 28 % and above 55years are only 4 % which is least. Majority under Education are graduates i.e., 68 %, it was found only 32% are postgraduates. Finally experience of the respondents expressed less than 5 years are 36 %, 6-15 years 24 %, 16-20 and above years experienced are 40%.

Table 2: Statement of Present Status Quo and Future Aspiration

Sl. No.	Statement		Status Quo			Future Aspiration		
			Low	Medium	High	Low	Medium	High
1	Paperless Accounting	F	16	34				50
		%	32	68				100
2	Uniformity of Systems and Creation of Transparency	F	8	30	12			50
		%	16	60	24			100
3	Process Automation	F		30	20		12	38
		%		60	40		24	76
4	Integrated Consolidation System	F	24	6	20		12	38
		%	48	12	40		24	76
5	Big data Analysis	F	16	34				50
		%	32	64				100
6	Real-time Reporting	F		34	16		12	38
		%		64	32		24	76
7	Tools For Visualization	F	24	26				50
		%	48	52				100
8	Cloud Accounting	F	50				24	36
		%	100				48	72
9	Block Chain	F	24	26			12	38
		%	48	52			24	76
10	Artificial Intelligence	F	22	28				50
		%	44	56				100
11	Fibre Connectivity	F	28	22			14	36
		%	56	44			28	72
12	Making Tax Digital	F		38	12			50
		%		76	24			100

Source: Primary Data

Discussion: The table no 2 discloses perception of the respondents related to paperless accounting 68% with medium and 32% low, uniformity of systems and creation of transparency says majority of them identified is at the medium level 60% and low at 16%. Process automation finds 40% at high and medium level. Integrated consolidation system of accounting updates 35% at low level 15% medium level and 60% at high level. Big data analysis maintains 32% at low level 64% at medium level. Real-time reporting of financial statements follows 64% at medium level and 32% at high level. Tools for visualization are at 48% and 52% at low and medium level respectively. Cloud Accounting does not find at any level. Block chain rare to find so 48% and 52% at low and medium level. Artificial intelligence 44% and 56% at low and medium level, Fibre connectivity maintaining 56% at low and 44% medium level, Tax digitalization 76% and 24% at medium and high level respectively.

Future Aspiration provides an overview of how respondents feel about paperless accounting, system uniformity, transparency, big data analysis, tools for visualization, fibre connectivity, and the hope of fully implementing tax digitization in the future. Process automation, an integrated consolidation system, real-time reporting, cloud accounting, and artificial intelligence, however, only have a 5% to 95% chance of innovating at the medium and low levels, according to respondents, while only 35% and 65% of respondents to a survey on block chains believed it could be at the medium and high levels.

4. Results and Findings

According to the respondents' perceptions, the level of accounting's digitization is currently between low and

medium. However, there is much optimism for the future of digital accounting and finance.

5. Conclusion

The study concentrated on how the nature of accounting has altered due to the widespread adoption of digital technology. Digital accounting and finance enable new types of overreaching accounting practice by offering a framework that integrates and offers consistency to many operations. A wide range of learning practices, such as presentation, autonomous research, and construction, are also made possible by digital technology. According to the study's findings, people in various firms lack awareness about the digital transformation occurring in accounting and finance, and the current situation is average with high expectations for the future. The study made it abundantly evident that technological advancement is necessary for the spread of digital accounting and finance throughout the nation and contributed to its transformation.

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