

# From fintech to digital accounting



**THE** Covid-19 crisis has brought in a new normal, generating opportunities for the nation to lead recovery and reform by strengthening the national technology infrastructure to leapfrog into the digital economy urgently. Clearly, one cannot control the timing of opportunities, but one is in control of how to prepare oneself to face such opportunities.

Whilst financial technology - commonly referred to as fintech, utilises emerging technologies and innovation to compete with the traditional financial industry in the delivery of financial services, digital accounting harnesses the potential of these emerging technologies (namely Artificial intelligence (AI), Blockchain, Cybersecurity and Data analytics) to be applied to a wide-set of accounting-related problems. Increasingly, accountants are looking beyond traditional financial information, to non-financial information from external sources such as news articles and social media.

Accountants' roles are changing fundamentally due to the improvement in data analytics and AI. The accounting profession is at the forefront of stimulating conversations and implementing strategies to equip its existing and potential members with a digital mindset and ability to harness the emerging technologies' potentialities.

**Artificial Intelligence** has enabled audit firms to increase their decision support embedded within their firms' audit support tools, as these firms have invested to leverage on AI whilst benefiting from their past audit experience and industry knowledge. Such firms are utilising Cognitive Assistants (CAs), which are speech-enabled technologies that can understand voice commands, recognise a conversation's context, and answer questions in a personable manner. CAs are particularly useful during the initial stages of an audit, where the engagement team will meet to update their understanding of the client through brainstorming sessions. Traditionally, the "checklist" was the most commonly used decision support tool for audit plan brainstorming.

Going forward, utilising an audit domain CA system can improve audit plan effectiveness, by providing interactive decision support for information retrieval and risk assessment in audit brainstorming session.

**Blockchain** technology provides business opportunities to reduce transaction costs dramatically and decrease transaction settlement time - including the blockchain audit trail. Hence, accounting firms embarked

on blockchain initiatives to further understand the implications of this technology. Audit and assurance professionals are at the forefront of developments and continue to learn more about blockchain business applications, blockchain in accounting, and blockchain audit technology. It is essential that the audit and assurance profession remains ahead of developments in this space.

**Cybersecurity** is seen as a new risk management dimension, as well as being embedded in managerial accounting and auditing matters. Cybersecurity comprises technologies, processes and controls that are designed to protect systems, networks and data from cyber attacks. Effective cybersecurity reduces the risk of cyber attacks and protects societies, organisations and individuals from the unauthorised exploitation of systems, networks and technologies. Cybersecurity encompasses information security and information assurance. A potential role for accountants emerges as champions/custodians of data governance. The challenge is how to enhance and sustain the training and competence of accountants related to cybersecurity.

**Data Analytics (Big Data)** opportunities arise in applying big data techniques in auditing, particularly when rigorous analytical procedures are combined with traditional audit techniques and expert judgement. Audits can potentially harness the improvements in recent big data financial distress and financial fraud models. Auditors can utilise sentiment analysis and natural language processing as promising auditing tools. Similarly, auditors can advance

usage of big data techniques such real-time information settings, and collaborative platforms and peer-to-peer marketplaces. Therein lies a role for the accountant as the data navigator, to tell a compelling story from predictive analytics.

The present digital age brings greater opportunities for accountants to move up the value chain to become business advisors or entrepreneurs to provide meaningful analysis of financial data, sound business advice and strategic insights. This transformation of the accountant as a business advisor requires new skillsets, including professional skepticism, judgement, and critical thinking skills. Although the profession is transforming due to the emerging technologies, the need for these types of essential skills remains. In this context, the role of higher educational institutes (HEIs) to ensure accountants remain relevant and future-ready is critical.

## Call to Action

The profession needs to be at the cutting edge of emerging technologies, as well as being the front liner in combatting corruption. The potential for the profession to facilitate the national transformation agenda to a digital economy is clear. A concerted drive by the government, profession and HEIs is fundamental to ensure that our educational infrastructure continues to serve the nation.

*This article is contributed by Professor Dr Susela Devi K Suppiah MICPA Member Director of Centre for Accountability and Governance Research, Sunway University Business School*