

# Will AI **replace** accountants?

**MICPA** THE ACCOUNTANT'S  
MALAYSIA PERSPECTIVE

**ARTIFICIAL** Intelligence or AI extends the capabilities of computing to a whole new level. It lets systems make predictions and make changes accordingly - just as humans would. It enables computers to perform machine-based learning, which earlier was left to humans.

Big data has the following characteristics: huge volumes, high speed of data flows, and a wide variety which are often complex.

I have worked for 40 years applying my training and skills as an accountant in external audit, corporate finance advisory, as chief financial officer, and as a chief internal auditor. Will the next 40 years see the demise of the accounting profession brought about by AI and the use of big data?

As long as enterprises have the public as stakeholders, society at large working through institutions, regulators, law makers and interest groups will require that the enterprises be audited. Why is that the case? The crux of it is the need for an independent assessment that the financial affairs of the enterprise are properly conducted and accounted for.

Accounting standards are set up to ensure that transactions are correctly recorded or disclosed in a manner that is consistent regardless of the type of activity or jurisdiction the enterprise operates in, certainly with appropriate modifications for specific circumstances. Also, if left unchecked, there is great temptation by those in authority to abuse it - the love of money being the root of many evils.

Auditors, with their training for healthy scepticism and an analytical mind, are required to perform such tests and other necessary work to give an opinion on the truth and fairness

of the financial statements of the enterprise. AI and the use of big data will certainly mean that tasks that are currently performed on a sample basis can be performed more efficiently, accurately and quickly for the entire dataset. This frees the accountant from routine and often boring work to concentrate on higher value work of analysis and interpretation. AI and big data are only tools for accountants to use in their audit. Truth and fairness is an expression of opinion which ultimately only a human can do.

Governments will continue to raise money from its residents through various forms of taxes. As people become more ingenious in avoiding taxes, legislators and authorities will plug loopholes with more laws and rules, resulting in the growing complexity of taxation laws. As such, accountants will continue to be required to help prepare tax returns that comply with the myriad of rules and interpretations thereof. Certainly, some lawyers have specialised as tax consultants, but the bulk of taxation work is handled by accountants. Again, while AI and the use of big data can assist tax agents in their work, the need to interpret tax legislation and rules, and how to plan so that tax liabilities are reduced legally and correctly will mean that this area of work for accountants will never go away.

Corporate finance advisory in Malaysia is basically consulting work advising large companies on going public, mergers and acquisitions, corporate restructurings, and raising funds. While people of various disciplines are able to undertake this kind of work, many accountants are involved in this activity due to the



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significant level of expertise required in handling financial information and its implications. Accountants, with their study of company and contract law, economics and information technology, amongst others, and their training in audit, conduct of due diligence, effective writing and communication, are amply suited to perform this type of work. Again, while AI and the use of big data will assist the corporate finance expert, they will not be able to replace the ideas and creativity required.

While external audit tends to focus on the ultimate aim of expressing an opinion of the truth and fairness of the financial statements, internal

audit focuses on systems and processes of the organisation, the risks relating thereto, and controls implemented to prevent or mitigate those risks. The use of AI and big data will certainly help the internal audit function to be more efficient, extensive in coverage and quicker in generating desired outputs. However, the internal auditor is required to interpret the information, analyse it, and consider how to improve controls or processes. Large organisations, especially those with the public as stakeholders, whether as investors, depositors, or policy holders, would require a robust internal audit function. While people of various disciplines can and should

be part of the internal audit function, accountants are definitely one of the disciplines.

Accountants who have experience in external audit, financial management, and/or internal audit are well qualified in risk management, internal controls, and governance. They can continue contributing their experience and expertise even after they retire, as independent directors of listed companies and other public interest organizations. AI and big data will never replace them.

*This article was contributed by MICPA member and independent director Lim Tiang Siew.*