

April 2023

Emerging Technology & Accounting Risk Vs Rewards



Speaker



**The disruptive landscape and
assurance in the era of disruption**

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Contents

	Page
Emerging Technology	4
Emerging Technologies in Accounting	8
Benefits	13
Risks	18
Conclusion	14

1

Emerging Technology

Our world is changing



Asymmetry

Increasing wealth disparity and the erosion of the middle class



Disruption

Impact of technology, climate change and significant events



Age

Population shifts and demographic pressure



Polarization

Breakdown in global consensus and a fracturing world



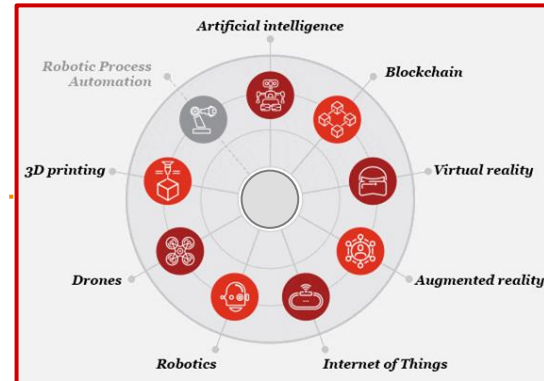
Trust

Declining confidence in the institutions that underpin society

Business Models



Technologies



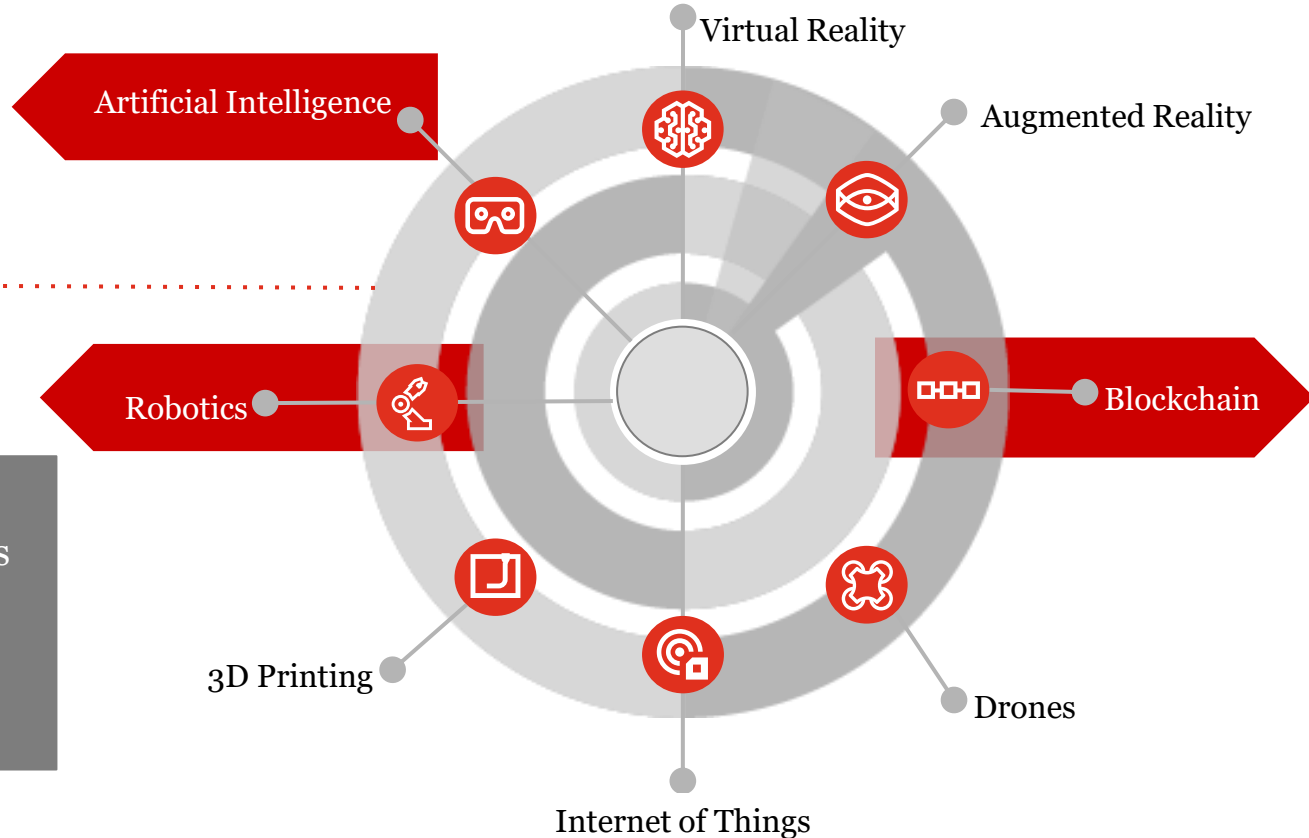
There is a new technology buzzword everyday but these **Essential Eight technologies** matter most for most businesses today.



Robotic Process Automation

RPA is included as an extension of the Essential 8, as interest and activity in this area has exploded after the initial Essential 8 analysis.

As organizations around the world leverage these essentials technology in driving their businesses, we in Nigeria are not left behind.



Technology disruption are changing the world of business leading to new business models.

The Essential Eight



3-D
Printing



Artificial
Intelligence



Augmented
Reality



Blockchain



Drones



Internet
of things



Robotics



Virtual
Reality

The Experience
Model



The Subscription
Model



The Access over
Ownership
Model



The Eco-System
Model



The On-Demand
Model



The Freemium
Model



Megatrends



Accelerating
urbanisation



Demographic
& Social
Change



Resource
scarcity &
climate
change



Shift in global
economic power



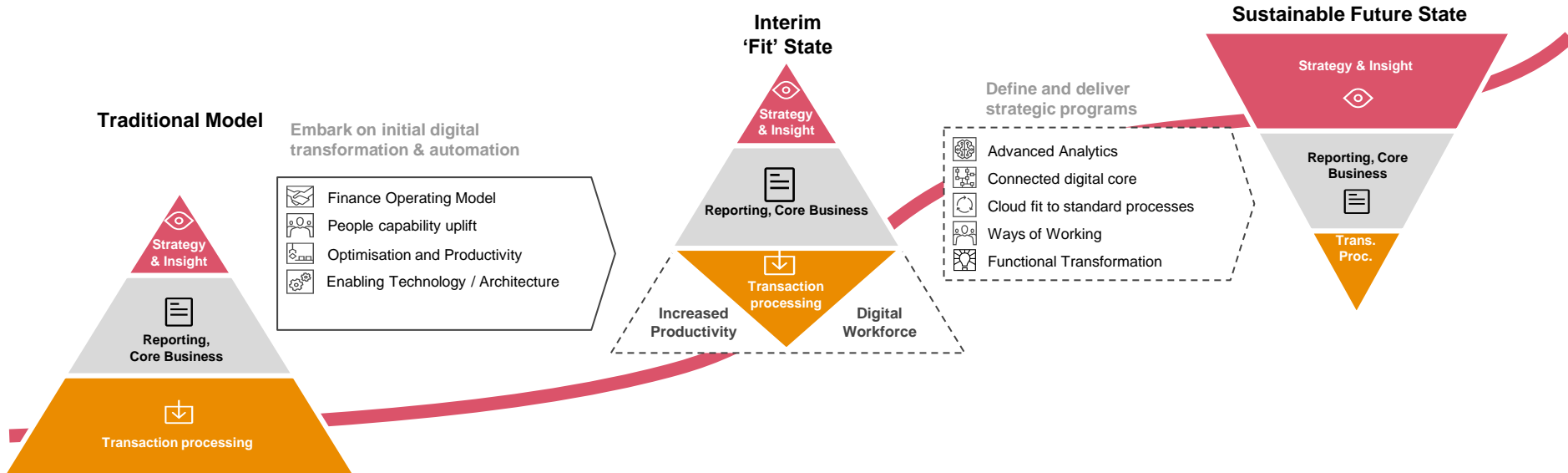
Changing
global politics

2

Emerging Technologies in Accounting

The modern Finance function delivers value through insights underpinned by efficient processes

Most Finance organisations are on the journey to the future state



Just like frontier organisations, how do you get started on this journey?

‘Automate’ with Digital ERP, RPA & Chatbots

‘Doing’

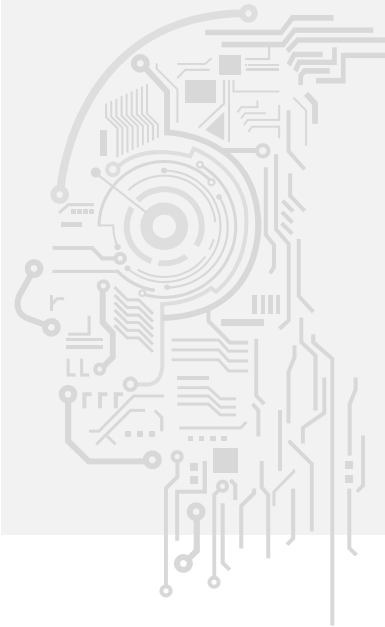
- Processing
- Reconciliation
- Month end tasks
- Producing reports
- Administration



‘Augment’ with Analytics, Visualisation, ML & AI

‘Thinking’

- Problem solving
- Spotting trends
- Understanding drivers
- Scenario modelling
- Commentary & recommendations



How organisations have embarked on this journey

Data

- Consolidation of multiple reporting systems.
- Insights into trends, patterns and behaviours of transactions.

AI & Machine Learning

- AI and ML can be used to
- create invoices,
 - data entry,
 - tax preparation
 - analyze financial data,
 - generate reports, and
 - identify patterns and anomalies that suggest accounting fraud.

These services can help businesses save money and improve their financial reports' accuracy and timeliness.

Robotics / Automation

- Eliminate spreadsheet and increase use of standardised tools to automate reconciliations.
- Identify repetitive processes for automation such as invoice processing, payment processing, bank reconciliation, etc

Blockchain

- Secure, transparent, and tamper-proof ledgers for financial transactions.
- audit purposes, as it allows auditors to track transactions from the point of origin to the final destination, ensuring that all parties involved in the transaction are accounted for.

Drones

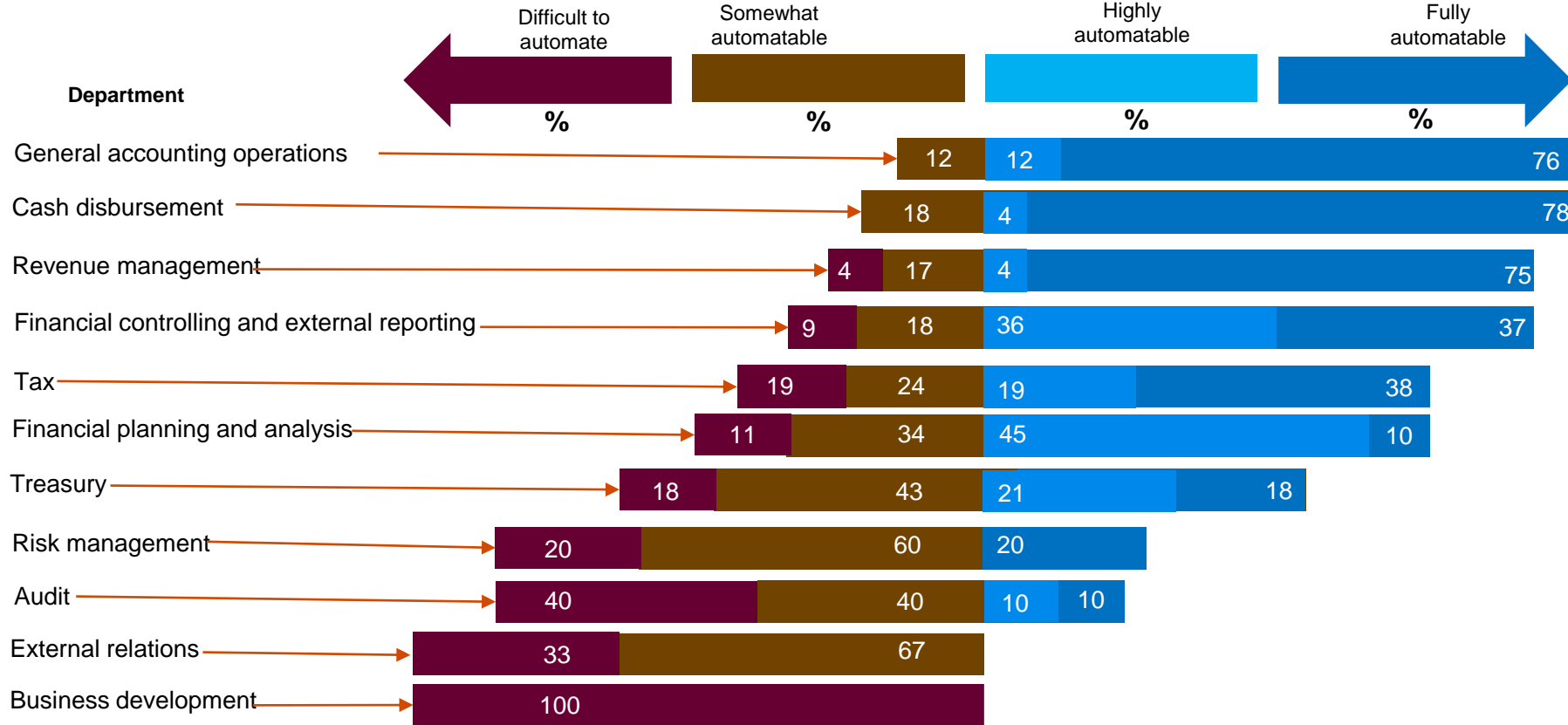
- Physical inventory counts, especially in large warehouses and manufacturing facilities.

Cloud

- Store and process large amounts of financial data.
- Cloud-based accounting software allows accounting professionals to access financial data from anywhere, at any time, and collaborate with other team members in real-time.

Automating tasks

Transactional activities are the most automatable, but opportunities exist across most subfunctions.

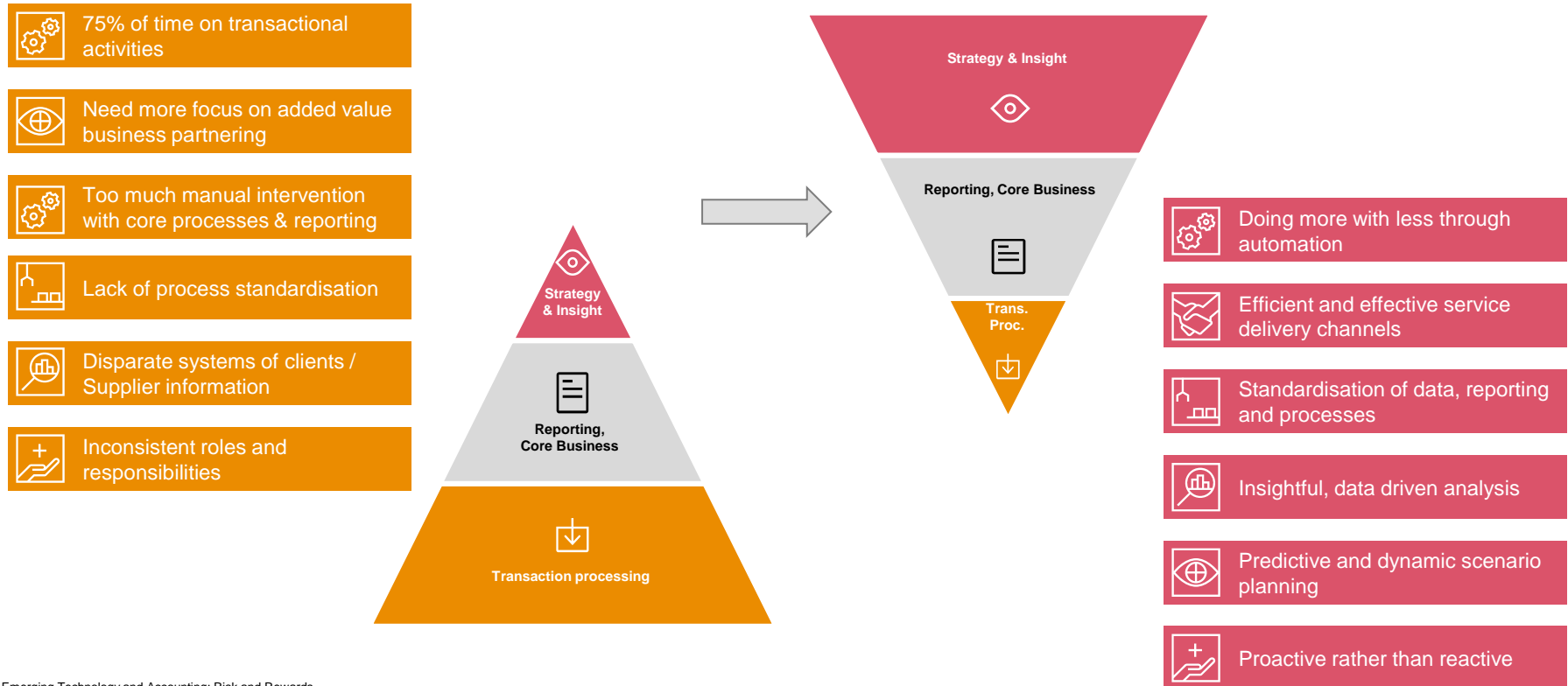


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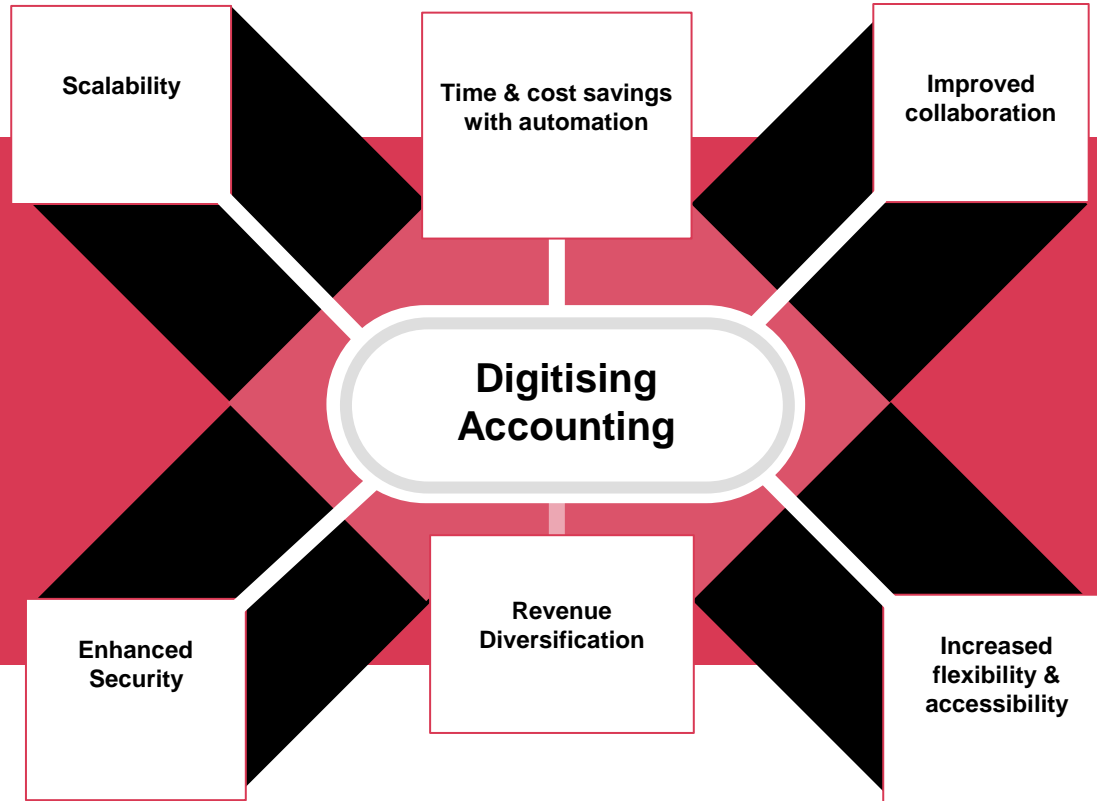
3

Benefits

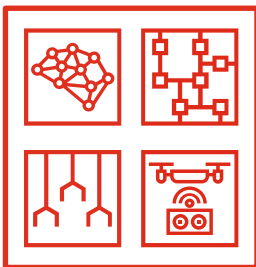
The Accountant of the Future is a Business Advisor



Accounting of the Future



The use of emerging technologies in accounting is not a trend, it's a necessity. ***By embracing technology, accountants can improve their efficiency, accuracy and client service***



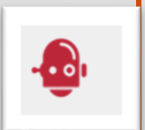
AI and ML

- Ability to analyze large amounts of financial data and identify patterns and trends that might be missed by human analysts.
- Reduction in time spent on activities such as information extraction from documents by 1000's of hours
- Improved accuracy and reduced cost of routine accounting tasks like data entry, bookkeeping and tax preparation
- Optimized decision making based on insights provided by AI/ML models



Blockchain

- Increased transparency as the technology operates on a decentralized model
- Reduced fraud as transaction created in the blockchain ledger are permanent and unalterable
- Improved auditability



RPA

- Automation of tasks like invoice/payment processing and bank reconciliation drives error reduction and improved efficiency and compliance
- Time saving and cost reduction potential of 80% and 65% respectively



Drones

- Drones can quickly and accurately count inventory, saving time and reducing the risk of errors. Up to 99% time saving is possible according to a PwC study.
- Reduced cost of labor
- Improved safety of staff who no longer need to be in high-risk locations

Overall, the adoption of emerging technologies in accounting is on the rise, and businesses that embrace these technologies are likely to see significant benefits, such as **increased efficiency**, **reduced costs**, and **improved decision-making**



IoT

- Availability of real-time data on the location and condition of assets, can allow companies to optimize their inventory management, asset tracking and maintenance processes.
- Useful for theft detection in inventory management



VR & AR

- Provides a dynamic and interactive platform for delivering trainings.
- The use of VR & AR in accounting and finance could reduce training costs by up to 80%



Cloud

- Improved accessibility to financial data and software applications, making it easier to work remotely or collaborate with clients
- Reduced IT cost in terms of expensive hardware or software installations
- Improved collaboration of multiple stakeholders

4

Risks and Mitigants

FUTURE OF ACCOUNTING

Will AI Soon Replace Accountants?



Overall, while there are clear benefits to adopting emerging technologies in accounting, organizations must be aware of and manage the **emerging risks** associated with these technologies to ensure that they are used in a safe, responsible and ethical manner

Data breaches and cyberattacks



As more accounting processes are automated and moved to the cloud, there is a risk of sensitive financial information being compromised by hackers or other malicious actors

Errors or inaccuracies in financial reporting



While emerging technologies can improve the speed and accuracy of accounting processes, they also introduce room for mistakes to be made, particularly if these technologies are not properly configured or integrated with existing systems

Job displacement / loss of control



While these technologies can improve efficiency and reduce costs, they also have the potential to replace human workers and reduce the level of human oversight and control over financial reporting processes

Ethical and Regulatory concerns



Ethical and regulatory concerns such as introduction of bias into financial decision-making processes by AI (credit-scoring or investment recommendation), cross-border data flows in cloud adoption, data protection laws and privacy regulations, AI systems requiring access to large amount of data, how to regulate and govern blockchain-based systems

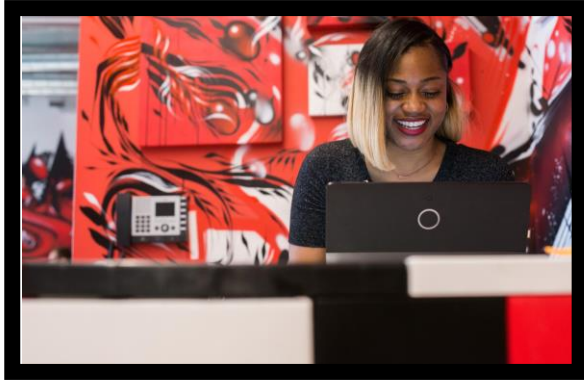
Ultimately, the decision to adopt emerging technologies in accounting should be based on a careful assessment of risks and rewards, taking into account the specific needs and circumstances of the organization.



5

Conclusion

The 3 'IT's as we go in the future.



Know IT



Use IT



Drive IT

A group of people are gathered around a table in a meeting or collaborative workspace. They are looking at a laptop screen and discussing it. The background is slightly blurred, showing a wall with various papers and notes. The overall atmosphere is professional and collaborative.

Conclusion

Emerging technology offers exciting possibilities for accounting, but it also poses significant risks. It's important to evaluate the costs and benefits of implementing new technology, and to have a plan in place to mitigate risks. With careful consideration, emerging technology can be a valuable tool for the accounting profession.