

## Recent Trends, Challenges and Innovations in Accounting and Finance

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**Abstract:** Accounting and Finance education is business education. Accounting & Finance education will help in developing knowledge and skills in individual person. Business and Commerce are performing arts requiring inculcation of professional operative skills. Acquisition of theoretical knowledge sharpens human faculties of mind and intellect. Thus, a system of business and commerce education should equip the student with the knowledge of theory which he should apply in performing and practicing art, and getting knowledge from experience. Accounting & Finance education should be oriented to the practical problematic micro and macro situation. This orientation would enable a commerce graduate or a business graduate to meet several challenging situations in managerial decision-making. Accounting and Finance carefully studies the individual's action which is injurious to the society as a whole and recommends the methods of their prevention. Accounting & Finance education gives the knowledge of well-earnings with good business. The economic reforms of LPG have been also affecting the Accounting & Finance sector in various ways. The results of Accounting & Finance education should have in multidimensional ways and with full challenges of global world. But we have to realize that the Commerce graduate have lack of practical knowledge. The practical oriented Accounting & Finance Education is a need of the age. The major aim of accounting and finance education is to prepare workforce to handle any challenges and problems of the working life. For achieving this object, the Accounting & Finance education must be very practical oriented according to need of present industry.

**Keywords:** Mobile Computing, Cloud Computing, Block Chain Technology, Robotic, E-Governance, Paper less trading, Digitalization & IT, IFRS, Artificial Intelligence.

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### 1. Introduction

In the present era of 21<sup>st</sup> century, the latest trends of cloud computing, Internet of Things, Artificial Intelligence and Robotics etc. will help Accountants to perform their work in better and techno-friendly way. It also helps them to communicate the requisite information to users as early

as possible and thus in this way Accountant will play a role of advisors also. So, many technology advancement and software are emerging in the field of accounting and finance which assist today's Accountant in reporting results to top management. Now in this technology based era, Accountants need not to spend huge time in calculation and checking numbers but by using concept of Artificial Intelligence and Clouds he provide advice to its clients for formulation of strategies to increase their business. Hence the Accountants will benefit the society and various users in future also by using cloud, IoT, A.I. etc

In this paper we are focusing our attention on following ten technology trends relating to Accounting & Finance which are as follows:

1. Block Chain Technology
2. Artificial Intelligence (AI) and Automation and Robotics
3. Cloud Computing Technology
4. Taxation Reforms
5. IFRS and Ind AS
6. Forensic Accounting
7. Carbon and Green Accounting
8. Government Accounting
9. Big Data and Cyber Security
10. Digital Service Library

**1. Blockchain Technology:** Block chain has the potential to completely revolutionize accounting. In this technology various users of accounting and finance can view and monitor their records of books of accounts in virtual form. Essentially, block chain accounting will decrease the auditors work and gives them more time for investigation of records. It will also reduce human errors and assist auditors to audit financial statements of entity in more efficient way. It also helps in reducing cost and increasing compliance with law. The accounting software should ensure that block chain transaction must have necessary security, privacy and encryption against various cyber frauds.

**2. Automation, Artificial Intelligence (AI) and Robotics:** Automation has totally changed scenario of accounting and finance. Now a day many businesses are automated in field of data collection and data processing. Due to advancement in technology the Accountants are playing role of advisors and consultants also rather than to record transaction only in books of accounts. By 2025-30, labour-intensive work like book keeping, accounting, tax preparation, salary, audits and banking will be fully automated. It will

be considered as greatest transformation since the introduction of double-entry system of bookkeeping 500 years ago.

**Will Accountants Be Replaced By Robots?** The short answer is no. Instead, technologies like the cloud, artificial intelligence (AI) and block chain will make accountants more techno friendly and it helps in reducing their manual work & prepares them to play role of advisors and consultants also.

**3. Cloud Computing Technology:** Cloud Computing refers to use of computing resources typically through internet without being physically connected. It allows accountants and workforce to access remote data at anytime and anywhere on basis of 24X7 hours. Hence in cloud computing technologies many virtual firms are being operated its business without having any physical existence and services are provided to clients on global level outside the local market.

Cloud is having 3 types. These are public cloud, private cloud, and hybrid cloud

**4. Taxation Reforms:** India is presently focused on formalizing its economy, partly due to its long history of tax avoidance, black money, and institutional corruption. Accordingly, authorities are keen to ensure that businesses and traders alike are brought under federal and state tax and regulatory networks. Ease of doing business and tax reforms are at the center of India's growth agenda as the country pitches itself as the leading investment destination among global emerging markets. In India taxation is a part of fiscal policy of country and it is divided into 2 parts

- a) Direct Tax (such as Income Tax, Wealth Tax)
- b) Indirect Tax (such as GST, Custom Duty)

Following are the reforms which took place in India in latest scenario:

Key Direct Tax Reforms are as follows

1. Tax Information Network (TIN)
 

On behalf of Income tax department the NSDL establish TIN. It is an main source of countrywide tax related data for government. It have 3 sub system

  - a) Electronic Return Acceptance and Consolidation System (ERACS) (e returns and e assessment)
  - b) Online Tax Accounting System (OLTAS) (uploading the details of taxes deposited in various branches)
  - c) Central PAN Ledger Generation System (CPLGS)(It is an central system that contain details of e -tds, e -tcs and advance tax of PAN)
2. E- Sahayog Initiative – paperless assessment of returns filled by tax payer by mails without visiting offices of department

3. Pre Filled ITR forms for salaried employees
4. Faster Refunds within 10 to 20 days by verifying with aadhar
5. DTC (Direct Tax Code)

Key Indirect Tax Reforms are as follows:

#### 1. **GST**

It is a biggest Indirect Tax reforms in the country which comes into effect from 1 July 2017. It is based on dual GST model on consumption basis of goods or services.

**5. IFRS and Ind AS:** International Financial Reporting Standards (IFRS) have formulated as a common global platform for business affairs so that entity accounts are understandable and comparable across international boundaries. When a new accounting standard adopted by a country for its own domestic companies for reporting their financial statement, it may impact on the quantitative as well as qualitative attributes of financial statements. IFRS become a global reporting language. Therefore India is keen to adopt it and make it mandatory for its own interest. When a company adopts any new accounting standard to prepare their financial statement it may positively or negatively impact on financial indicators. Sometimes it remains unchanged.

**6. Forensic Accounting:** Forensic Accounting is mainly related with collecting evidences of cyber crime which is useful in court of law and further investigation. It helps to reduce litigation and provide support to judiciary in giving decision or draw conclusions. The function of forensic accounting is performed by forensic accountants by way of their skills and prudence while examining evidences during course of investigation. Hence, coordinated form of accounting, auditing and investigation skills is the key specialty of forensic accounting. So forensic accountants generally look beyond the numbers and practically handle the real situation of cyber crimes and accounting scams.

**7. Carbon Accounting:** Carbon Accounting is an outcome of Kyoto Protocol. Its main aim is to reduce the impact of Green House Gases and CFC on environment by business organizations. Carbon Accounting contains concept of Carbon Credit which is being traded in market & recorded in books of accounts. Now a day's GHG is compulsorily reported in director's report, investment due diligence and stakeholder communication. The concept of carbon accounting is very much similar to green accounting

**8. Government Accounting:** It is a system of recording and managing the financial transaction of various government departments in relation to its income, expenditure, subsidy and grants and budgets. Now

government is stated to use the concept of accrual based double entry system and replace its old system of using cash basis accounting. Many public enterprises (such as railway) and local authorities are implementing its pilot project for transition of cash basis accounting to accrual basis accounting.

**9. Big Data and Cyber Security:** The data of clients is treated as assets for accounting professionals. Accountants are holding very sensitive data of business which needs to be protected and secured from outsiders. The accountants in finance industry are required to maintain and improve the procedures regarding data security and managing data security risk. For this purpose they need to assess how critical information is stored in terms of security, privacy, reliability and accuracy against leakage of data.

**10. Digital Service Library:** In today's time the digital service library provide latest technologies to users for doing business such as e-commerce, m-commerce and cloud software's etc.

The following are new trends in accounting and finance is as follows:-

- a) **E-Commerce:** E-Commerce means running business using latest technologies like internet and computers. E-Commerce business provides various advantages to the customers such as availability of goods at low price; too much choice is present and it save precious time also. Many customers can purchase the goods with single click of mouse button at any time anywhere without going to market physically. Now a day's our society is too much benefited by online facilities such as Net Banking, online reservation in railways or roadways or airways and hotels.
- b) **E-learning:** Open and distance learning (ODL) courses are widely used by students for completing their studies. All study contents are available in digital modes which can be accessed at anytime and anyplace as per needs of students and there is no need to attend physical classes. It is fastest developing education in India due huge use of Internet and other facilities.
- c) **E-Governance:** It is latest development in field of governance. In E-Governance all functions of government departments are performed through online mode. It also helps to maintain data in electronic form and filled various documents with departments in form of soft copies. It saves time and money for government and brings transparency & accountability in functioning of government.
- d) **E-Banking:** Electronic banking offers all facilities of bank to its customers in digital form such as Net Banking, Mobile Banking, IMPS & RTGS etc. There is no need to go to banks and stands in long lines

for availing banking facilities and now it also available with just click of mouse button and mobile phones.

### Conclusions

Finally we can say that above 10 technologies will totally changed the working styles of Accountants and other persons of this profession. By the end of next 5 to 10 years every accounting firm will provide apps to their clients for quick access of any information & data. Further the work of auditors will also be performed through artificial intelligence in virtual mode and they give opinion on financial statements in early time without spending too much time in vouching and verification. So, Accountants have to play a significant role in this increasingly use technology. The latest trends will reshape the entire scenario of accounting and finance profession. The accountants are required to re-skill and regain the corporate data and provide consultancy to its clients. The accountants of the future will need to know about technology as they do use for handling financial management.

Till the end of 2030 digital data will be available to every person and it can be accessed easily at any time or anywhere. IoT, A.I. C.C.E and Robotics etc are changing the accounting & finance sector according to the requirement of present time and need. The quality of Accounting & Finance Education has become a major challenging issue in the changing era of latest technologies. So, the accountants should be ready to accept such latest trends of accounting and finance and adjust themselves to perform their roles in techno friendly way.

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