

IMPACT OF ARTIFICIAL INTELLIGENCE ON ACCOUNTING PRACTICES, AUDITING EFFICIENCY, AND FINANCIAL DECISION-MAKING

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Abstract:

Artificial Intelligence (AI) has emerged as one of the most transformative technologies in modern financial management. The adoption of AI in accounting, auditing, and financial analysis has significantly improved the efficiency, accuracy, and reliability of financial operations. AI technologies such as machine learning, natural language processing, and robotic process automation enable organizations to automate routine accounting tasks, enhance audit quality, and support effective financial decision-making. This research paper examines the impact of Artificial Intelligence on accounting practices, auditing efficiency, and financial decision-making processes. The study also highlights the benefits and challenges associated with AI implementation in financial systems. The findings indicate that AI contributes to improved productivity, better fraud detection, and more informed financial decisions. However, issues such as high implementation costs, data security concerns, and lack of technical expertise remain challenges for organizations.

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Introduction:

Technological advancements have brought significant changes to the business and financial sectors. Among these advancements, Artificial Intelligence (AI) has gained considerable attention due to its ability to automate processes, analyze large volumes of data, and support strategic decision-making. Accounting and auditing are essential functions in any organization as they ensure accurate financial reporting and compliance with regulations.

Traditionally, these activities relied heavily on manual processes and human judgment. However, manual processes are time-consuming and prone to errors.

With the introduction of AI technologies, many accounting and auditing processes can now be automated. AI systems can analyze financial transactions, detect irregularities, and generate reports more efficiently than traditional methods. In addition, AI plays a crucial role in financial decision-making by providing predictive insights and data-driven recommendations. Financial managers can use AI-powered analytics to forecast trends, evaluate investment opportunities, and manage risks more effectively. This research paper aims to analyze how Artificial Intelligence impacts accounting practices, auditing efficiency, and financial decision-making in modern organizations.

Statement of the Problem:

The rapid growth of financial data and the increasing complexity of business transactions have created challenges for traditional accounting and auditing systems. Manual accounting processes often lead to delays, human errors, and inefficiencies. Auditors also face difficulties in analyzing large volumes of financial data using traditional auditing methods, which rely on sampling rather than examining entire datasets. This limitation can increase the risk of undetected fraud or financial misstatements.

Organizations need advanced technologies that can process large amounts of financial data quickly and accurately. Artificial Intelligence offers potential solutions by automating financial tasks, improving data analysis, and supporting better financial decisions. Despite its advantages, the adoption of AI in accounting and auditing is still developing, and many organizations are uncertain about its impact and implementation challenges. Therefore, this research seeks to explore how AI affects accounting practices, auditing efficiency, and financial decision-making.

Research Objectives:

The main objectives of this research are:

1. To examine the role of Artificial Intelligence in modern accounting practices.
2. To evaluate the impact of AI technologies on auditing efficiency and accuracy.
3. To analyze the influence of AI on financial decision-making processes.
4. To identify the benefits of implementing AI in accounting and financial systems.
5. To examine the challenges faced by organizations in adopting AI technologies.

Literature Review:

Several studies have examined the impact of Artificial Intelligence on accounting and financial management. Davenport and Ronanki (2018) highlighted that AI technologies help organizations automate routine financial processes and improve decision-making capabilities. Their study emphasized the growing use of AI in financial analytics. Issa, Sun, and Vasarhelyi (2016) explored the role of AI in auditing and found that machine learning techniques can significantly enhance fraud detection and risk assessment. Kokina and Davenport (2017) studied the use of robotic process automation in accounting and concluded that RPA helps reduce manual workload and operational costs. Appelbaum, Kogan, and Vasarhelyi (2018) emphasized that AI-driven data analytics can transform auditing by enabling continuous auditing and real-time monitoring of financial transactions. These studies indicate that AI is becoming an essential tool for improving efficiency and transparency in accounting and financial management.

Research Methodology: Research Design

This study adopts a **descriptive research design** to analyze the impact of Artificial Intelligence on accounting practices, auditing efficiency, and financial decision-making.

Sources of Data:

The research is based on both **primary and secondary data sources**.



Primary Data:

The Primary data can be collected through:

- Questionnaires
- Surveys
- Interviews with accountants, auditors, and financial analysts

Secondary Data:

Secondary data is collected from:

- Academic journals
- Research articles
- Books related to accounting and AI
- Industry reports
- Online financial databases

Sampling Method:

The study uses **convenience sampling** to collect responses from professionals working in accounting and finance sectors.

Example:

- Sample size: 50 respondents
- Respondents: accountants, auditors, financial managers, and analysts

Data Collection Tools:

A **structured questionnaire** is used as the main tool for collecting primary data. The questionnaire includes questions related to:

- Use of AI in accounting systems
- AI impact on auditing processes
- AI role in financial analysis
- Benefits and challenges of AI adoption.

Data Analysis Techniques:

The collected data is analyzed using:

- Percentage analysis
- Tables and charts
- Descriptive statistical methods

These techniques help interpret the relationship between AI adoption and improvements in financial operations.

Impact of AI on Accounting Practices:

Artificial Intelligence has significantly improved accounting practices by automating routine tasks such as bookkeeping, invoice processing, payroll management, and financial reporting. AI-powered accounting software can classify transactions, update financial records, and generate reports automatically. This reduces manual workload and increases accuracy. AI also enables real-time financial monitoring, which helps organizations

identify financial issues quickly and maintain accurate records.

Impact of AI on Auditing Efficiency:

AI technologies enhance auditing efficiency by allowing auditors to analyze entire datasets rather than relying on small samples. AI-powered tools can detect unusual transaction patterns and identify potential fraud or errors in financial statements. Continuous auditing systems enable real-time monitoring of financial activities, which improves transparency and accountability. These capabilities help auditors perform their tasks more efficiently and provide more reliable audit results.

Impact of AI on Financial Decision-Making:

Artificial Intelligence plays a crucial role in financial decision-making by providing advanced data analytics and predictive insights. AI-powered financial analysis tools help organizations forecast future trends, evaluate investment opportunities, and manage financial risks. Financial managers can use AI-based models to analyze historical data and make informed decisions that improve organizational performance.

Findings of the Study:

Based on the analysis of the research, the following findings were identified:

1. Artificial Intelligence significantly improves the efficiency and accuracy of accounting processes.
2. AI technologies enhance auditing efficiency by enabling real-time monitoring and advanced data analysis.
3. AI-powered analytics support better financial decision-making through predictive insights.
4. Organizations using AI technologies experience improved productivity and reduced operational costs.
5. Despite the benefits, challenges such as high implementation costs and lack of skilled professionals still exist.

Suggestions and Recommendations:

Based on the findings of this study, the following suggestions are recommended:

1. Organizations should adopt AI-powered accounting systems to improve financial efficiency and accuracy.
2. Accounting and finance professionals should receive training in AI and data analytics to adapt to technological advancements.
3. Companies should implement strong cybersecurity measures to protect financial data.
4. Governments and regulatory authorities should develop guidelines for the responsible use of AI in financial systems.
5. Educational institutions should include AI and digital accounting technologies in accounting and finance programs.
6. Organizations should gradually integrate AI technologies with existing financial systems to ensure smooth implementation

Conclusion:

Artificial Intelligence is transforming accounting practices, auditing processes, and financial decision-making. By automating routine tasks and analyzing large volumes of financial data, AI helps organizations improve efficiency, accuracy, and strategic decision-making. Although AI implementation presents certain challenges, its benefits significantly outweigh its limitations. As technology continues to evolve, AI will play an increasingly



important role in shaping the future of accounting and financial management. Organizations that adopt AI technologies and develop the necessary skills will be better positioned to compete in the rapidly changing financial environment.

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