

THE IMPACT OF AI ON ACCOUNTING AND AUDITING: EMBRACING THE FUTURE

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Just 20 years ago, the world of accounting and auditing was very different. Accountants and auditors' primary tools were paper records, calculators, and ledgers, and they would spend hours manually documenting transactions, checking figures, and creating reports. This isn't a distant past, however; it was the reality for financial professionals until very recently. In fact, this world of manual processes only began to change as digital technologies started to take hold.

While the global shift to digital tools like spreadsheets and accounting software began earlier in other parts of the world, Azerbaijan experienced this transformation a bit later. Initially, many accountants and auditors found it challenging to transition from paper-based systems to using Excel and other digital tools. But over time, the move to electronic records proved invaluable, dramatically speeding up workflows and reducing human error. As new technologies began to emerge, financial professionals were introduced to more sophisticated programs that automated tedious tasks, made calculations more accurate, and improved overall efficiency.

Fast forward to today, and the landscape of accounting and auditing has evolved even further. The introduction of artificial intelligence (AI) has transformed the profession, enabling accountants and auditors to move beyond routine tasks and instead focus on more strategic, value-adding activities. In the realm of auditing, this shift has been particularly profound. Once seen as "strict controllers" who comb through documents for errors and mistakes, auditors now take on a more value-adding role, helping businesses understand their financial health, optimize operations, and mitigate risks. Modern auditors are more than just mistake finders; they are key partners in improving business transparency and guiding companies toward more informed decision-making.

Today, AI is playing an increasingly critical role in accounting and auditing processes. In our work at KPMG, we have adopted AI tools that assist with everything from automating document verification to analyzing complex financial data. For example, what used to require hours of work manually comparing documents can now be completed in a matter of seconds by AI-powered systems. Instead of checking each document by hand, auditors can simply upload scanned materials into specialized software, which then cross-references the documents and provides a summary. This frees up valuable time and allows professionals to focus on higher-level analysis and strategic insights.

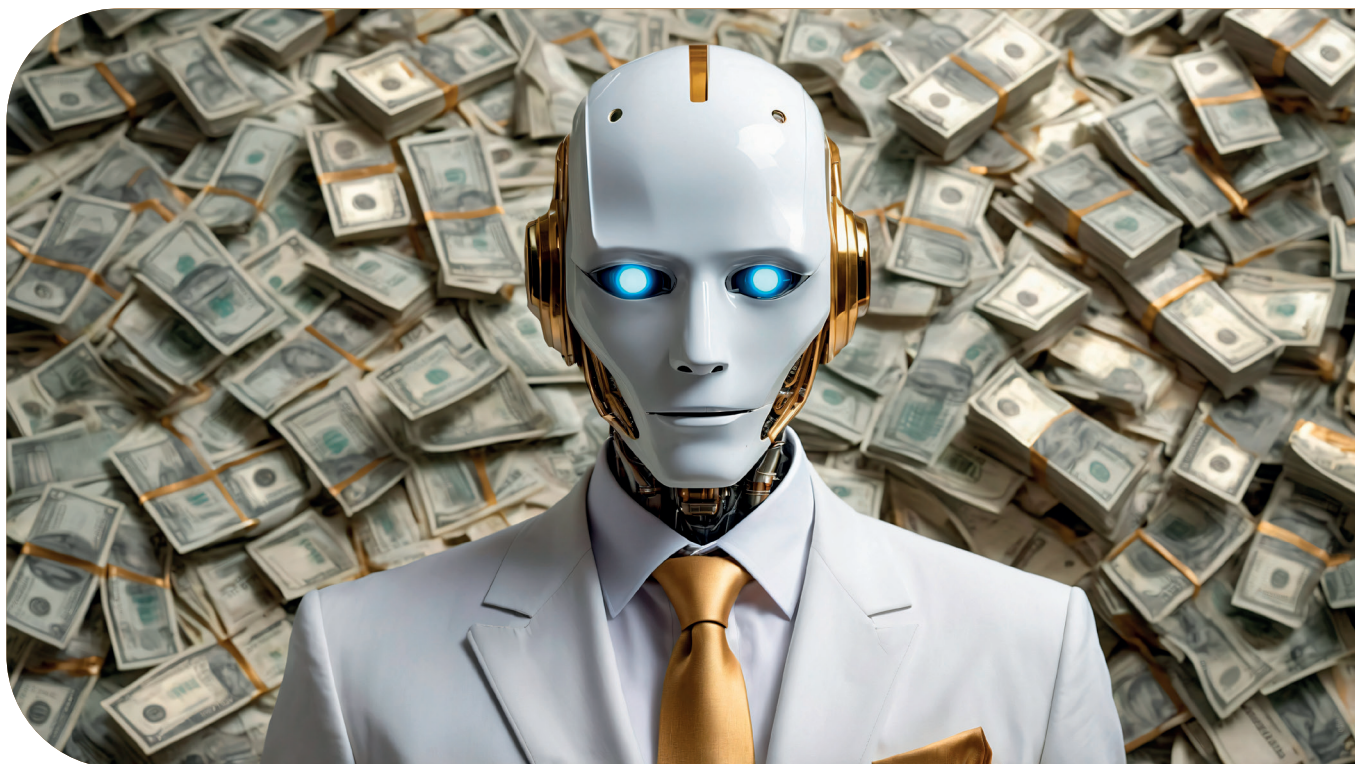


Nasiba Muradkhanova is an audit professional with over 14 years of experience delivering high-quality services to clients across the public and private sectors in the United Kingdom, Azerbaijan, and other CIS countries. At KPMG's Azerbaijan office, where Nasiba spent over a decade, she has managed audit and advisory engagements for more than 100 clients, showcasing her deep industry knowledge and analytical skills. In her current position as an Audit Partner, she is focused on advancing KPMG Azerbaijan's audit practice, driving continuous improvement, and ensuring the delivery of exceptional audit services.

A GLOBAL TREND: THE RISE OF AI IN BUSINESS

The adoption of AI in the accounting and auditing sectors is part of a broader trend in the global business world. According to recent KPMG Global Research conducted among 1,800 financial leaders and board members across 10 countries, nearly 75% of companies have already integrated AI into their operations, and this trend is only expected to accelerate. In fact, almost 99% of companies plan to use AI in their financial processes within the next three years.

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The research highlights that AI adoption is becoming increasingly widespread across industries such as telecommunications, healthcare, manufacturing, and financial services. AI is particularly valuable in streamlining routine tasks, improving decision-making, and providing more accurate insights into financial data. This enables auditors to offer more detailed analyses and to better support business leaders in making data-driven decisions.

As businesses invest more in AI, it's clear that the technology will continue to play a central role in shaping the future of accounting and auditing. The integration of AI helps businesses to not only work more efficiently but also make better-informed decisions based on real-time data and predictive analytics.

DATA PRIVACY AND SECURITY: A KEY CONCERN

While AI has undoubtedly benefitted the accounting and auditing professions, its use also raises important questions about data privacy and security. At KPMG, we are particularly cautious about the confidentiality of our clients' information. As auditors, we handle sensitive data, so we must ensure that it remains secure at all times. We do not use publicly available AI tools like ChatGPT for processing client data, as we cannot guarantee the security of that information.

Instead, we rely on specialized AI systems designed to ensure data protection and meet the highest security standards. These systems are built to comply with strict privacy regulations and to safeguard client information throughout the auditing process. As AI continues to evolve, data security will remain a top priority for businesses in the accounting and auditing sectors.

THE FUTURE OF AUDITING: AI AS A TOOL, NOT A THREAT

AI serves as a powerful tool for improving accuracy, making processes faster, and reducing human error. However,

it's important to emphasize that AI does not replace humans in the auditing process, which is a common concern. AI is a tool that enhances human work by automating repetitive tasks and improving data analysis, but human judgment and decision-making remain essential to its success. Auditors and finance professionals will still play critical roles in interpreting data, providing insights, and advising businesses based on their findings. The core functions of auditors, such as analyzing financial data, advising clients, and making strategic decisions, will continue to rely on human expertise and judgment. In short, AI is an aid, not a replacement.

As AI becomes more deeply integrated into financial services, professionals in the industry will need to embrace these changes and adapt to new technologies. Far from eliminating jobs, AI will create new opportunities for professionals who are willing to learn and evolve with the technology. It will allow auditors to focus more on high-level tasks that require significant judgment and decision-making in order to provide valuable insights that can shape business strategy.

The future of finance-related professions is not one where technology replaces people, but one where technology empowers people to do their jobs better. The key to success in this new era is to understand how to leverage AI as a tool that complements human expertise. The organizations that embrace this shift will be best positioned to thrive in the rapidly changing landscape of accounting and auditing.

The integration of artificial intelligence into the accounting and auditing sectors is not just a passing trend – it's the future. Companies are investing heavily in AI to improve efficiency, reduce errors, and provide more valuable insights.

As AI continues to evolve, so too will the roles of accountants and auditors. Far from a threat, AI represents an opportunity for professionals to innovate, adapt, and grow in an increasingly data-driven world. The future of the profession is bright, and those who embrace this technology will be at the forefront of the next wave of change.