

Artificial Intelligence In Accounting Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The Artificial Intelligence in Accounting Market is expected to register a CAGR of 30% over the forecast period (2023 - 2028). In the year 2020, due to COVID-19, the entire Fintech sector witnessed positive market growth. The AI-based accounting software demand increased as governments and authorities across the globe encouraged the use of digital payments in response to the pandemic. The work-from-home scenario increased digital payments more popular, as is the adoption of telemedicine, teleconferencing, online food delivery, and telebanking.

Key Highlights

Over the years, there have been significant improvements that have been made in Artificial Intelligence in the accounting profession, which has changed its focus from paper and pencil entry to software-based entry. AI applies to all significant aspects of accounting operations. Its ability to reduce the tedious, rigorous nature of the accounting profession is changing how financial institutions operate while delivering efficiencies.

AI's ability to analyze large quantities of data, detect anomalies in the system and optimize workflows while ensuring speed and scalability drives financial professionals to adopt AI to assist with business decision-making based on insights from accounting data such as transactional data and customer demographics in real-time.

By Integrating AI, the companies can perform cash flow forecasting, predict bankruptcy, and detect frauds, allowing the accountants to help clients respond to financial challenges before they become acute and adjust the expenditure accordingly. Furthermore, it will enable accountants to broaden their predictive consultancy beyond traditional financial planning and further incorporate other critical business areas.

For instance, research conducted by MIT Boston found that 85% of people worldwide believe that Artificial Intelligence will enhance their competitive advantage. Also, a survey published by FreeAgent in April 2020 highlights that 81% of accountants believe that leveraging AI would save up as much as ten working hours a week by helping them automate redundant tasks and

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potentially unlock up to 68,163 pounds of additional revenue annually.

The study also stated that accountants around the world consider AI for dealing with accounting tasks such as accurate auto-reconciling of data in client's accounts (50%), dealing with HMRC (44%), preventing clients from entering incorrect information (45%), added it 90% of larger firms employing over 300 people showed interest in using AI as compared to 76% in SMEs.

Furthermore, an AI-enabled system also supports accountants in auditing and compliance as it constantly monitors documents against laws and rules and flags the audits with issues. With frauds costing companies billions of dollars each year, machine learning algorithms quickly sift through an enormous amount of data to detect potential scams humans may otherwise foresee; for instance, the IL&FS fraud case cost INR 91,000 crore was the result of severe audit irregularities in IL&FS accounts.

Owing to these instances, companies embrace and implement AI into their streamlined business operations. With accounting on top of the list, it delivers increased productivity, accuracy, and reduced cost, thereby driving the market's growth.

Artificial Intelligence in Accounting Market Trends

Natural Language Processing to drive the Growth of the Market

Natural Language Processing has considered part of the AI domain focused on communication between humans and computers; evidently, they address the inherent problems that humans' communications turn ambiguous and imprecise. Its applications are often deployed to mine end-user industry documents to obtain insights.

As the accounting domain frequently deals with textual documents, including management assessment, financial performance, domain standards, regulations, compliance, and evidence about the same, NLP companies would be able to obtain insights, inferences, and methodologies to advance their knowledge and prevent potential risks. Also, it helps enterprises automate accounting, such as data entry, processing financial reports, invoices, and receipts, and eliminating the time sinks, thereby saving business costs.

The study by FreeAgent also details that AI is being considered for dealing with accounting tasks, such as accurate auto-reconciling of data in clients' accounts (50%), preventing the clients from entering incorrect information (45%), dealing with HMRC (44%). Furthermore, statistics suggest that about 90% of larger firms (employing over 300 people) showed interest in using AI compared to 76% in SMEs.?

Proper IoT implementation will likely enable Certified Public Accountants (CPAs) to gain access to real-time transactional data, thereby allowing a broader and more comprehensible risk evaluation by allowing control and exposure in the existing operations. This is expected to help accelerate the issue assessment and remediation. According to the Bureau of Labor Statistics, the Accountant and Auditor occupation is on the list of most new jobs, with a growth rate of 10% expected from 2016 to 2026. This growth rate and accountants' desire for AI will propel the market forward.?

Natural language processing is considered an essential part of the AI domain that helps enterprises automate accounting tasks, such as data entry, financial reports, invoices, and receipts, among others. For instance, Botkeeper (a bookkeeping solution from Botkeeper Inc.) helps organizations worldwide automate accounting tasks. The company claims that more than 1.2 million working hours have been automated for its 1,000 clients. According to the company's estimation, automation of 240 working hours may result in a saving value of USD 9,240. Such monetary benefits are driving the growth of the market.?

Most of the big four accounting firms and legal firms have already deployed AI-driven NLP with robotic process automation to automate auditing tasks, which otherwise cost the firms several weeks of work.?

North America Accounts to Hold Major Market Share

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North America holds a significant share of the market studied, in which the United States plays a crucial role in increasing the regional demand compared to Canada. Over the forecast period, the country is expected to dominate the global market, owing to its dominance in AI and machine learning technologies. Most of the vendors in the market studied are United States-based, which also gives the region an innovative advantage.?

The United States government is increasingly motivating the adoption of advanced technologies, like Artificial Intelligence, machine learning, and natural language processing, which provides ample opportunities for the players in the market studied to expand their presence in the region.?

The BFS (Bureau of the Fiscal Service) has launched several data-centric initiatives to provide visibility into government spending, including USASpending.gov, FiscalData.Treasury.gov, and DataLab.USASpending.gov, since the Federal Funding Accountability and Transparency Act of 2006 (FFATA) was signed into law on September 26, 2006. The BFS has also invested substantially in the use of AI. Such trends are anticipated to drive the region's studied market growth.?

The US Department of Labor listed the accountant and auditor jobs under the list of most new jobs, and it anticipates the growth rate in the industry to be 10% from 2016 to 2026. The preference of accountants toward AI further leverages the growth of the market.?

Furthermore, a survey developed for the Jobs and AI Anxiety report indicated that AI is expected to transform enterprises' accounting and finance functions significantly. The study on about 250 accounting and finance managers in the country stated that payroll function is expected to benefit most from implementing AI in their firm (predicted by 47% of CFOs). About 45% of the respondents believe that budget and analysis are likely to be affected.?

Artificial Intelligence in Accounting Market Competitor Analysis

Artificial Intelligence in the Accounting market is highly fragmented and consists of several major players trying to gain larger shares. These major players with prominent shares in the market are focusing on expanding their customer base across foreign countries. They are also providing new innovative solutions and deals and mergers to increase their market shares and profitability. Key players include Google Inc., Microsoft Corporation, Xero, Intuit, etc. Recent developments in the market include

October 2021 - IBM has released a set of environmental intelligence tools that use artificial intelligence to help businesses prepare for and respond to weather and climate hazards that might interrupt operations, analyze their ecological effect more quickly, and simplify regulatory compliance and reporting.

July 2021 - Xero Analytics Plus is part of a new suite of planning and forecasting tools powered by artificial intelligence, designed to help businesses and advisers confidently plan for the future.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

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3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Forces Analysis
 - 4.2.1 Threat of New Entrants
 - 4.2.2 Bargaining Power of Buyers
 - 4.2.3 Bargaining Power of Suppliers
 - 4.2.4 Threat of Substitute Products
 - 4.2.5 Intensity of Competitive Rivalry
- 4.3 MARKET DYNAMICS
 - 4.3.1 Market Drivers
 - 4.3.2 Market Challenges
- 4.4 Technology Snapshot
 - 4.4.1 Natural Language Processing (NLP)
 - 4.4.2 Machine Learning and Deep Learning
- 4.5 Assessment of Impact of COVID-19 on the Industry

5 AI IN ACCOUNTING APPLICATION/USE-CASES

- 5.1 Fraud and Risk Management
- 5.2 Invoice Classification and Approvals
- 5.3 Reporting
- 5.4 Automated Bookkeeping
- 5.5 Other Applications

6 MARKET SEGMENTATION

- 6.1 Component
 - 6.1.1 Software
 - 6.1.2 Service
- 6.2 Deployment
 - 6.2.1 On-Premise
 - 6.2.2 Cloud
- 6.3 Organization Size
 - 6.3.1 Small to Medium Sized Enterprise (SMEs)
 - 6.3.2 Large Enterprise
- 6.4 Geography
 - 6.4.1 North America
 - 6.4.2 Europe
 - 6.4.3 Asia Pacific
 - 6.4.4 Rest of the World

7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
 - 7.1.1 Xero Limited
 - 7.1.2 Intuit Inc.
 - 7.1.3 Sage Group
 - 7.1.4 SAP SE

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- 7.1.5 Epicor Software Corporation
- 7.1.6 Oracle Corporation (Netsuite)
- 7.1.7 Zoho Corporation
- 7.1.8 Google LLC
- 7.1.9 Microsoft Corporation
- 7.1.10 IBM Corporation
- 7.1.11 SMACC GmbH
- 7.1.12 Botkeeper Inc.
- 7.1.13 VIC.ai Inc.

8 INVESTMENT ANALYSIS

9 FUTURE OF THE MARKET

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