

THE IMPACT OF DIGITALIZATION ON THE QUALITY OF ACCOUNTING INFORMATION

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Abstract: *The challenges accountants face in implementing digitization are numerous and complex. This new system requires a rapid adaptation to technological changes and a redefinition of professional responsibilities. Accountants now have the opportunity to process and manage tax documents more efficiently, eliminating the risk of human errors and reducing the time required to prepare financial reports. However, there are also risks associated with the use of various programs and technologies, such as vulnerability to cyber attacks. The use of accounting software and information systems reduces human errors and increases accuracy in financial records. These systems can automatically perform complex calculations and data coherence checks. Manual accounting processes can often be slow and susceptible to delays. Digitization allows the automation of many repetitive tasks, reducing the time required to complete accounting tasks and increasing the overall efficiency of the accounting department. With digitization, there is a greater emphasis on data security. Modern accounting systems include strong security measures to protect sensitive financial information against unauthorized access and cyber risks.*

Keywords: *digitization, software, technology, security, responsibility.*

JEL Classification: *M41.*

1. Introduction

In the age of e-invoices, accountants face various important challenges that require adaptability and advanced skills to remain competitive and efficient in today's business environment. Accountants today face one of the main challenges in implementing and managing electronic invoicing systems. The transition to the use of e-invoices instead of traditional paper invoices involved significant changes in accounting procedures and required a substantial expansion of the digital technologies used.

Still a major issue for accountants in the age of e-invoices is maintaining compliance with tax rules and regulations. Tax laws are constantly changing, so accountants need to stay up-to-date on all changes to avoid potential legal penalties or misunderstandings.

Implementing tax compliance monitoring and reporting systems is crucial to addressing this challenge in an effective manner, ensuring the protection of sensitive data from cyber threats. Thus, this is a significant challenge for accountants in the age of e-facts. Accountants must be aware of these dangers and apply appropriate security schemes to ensure the protection of sensitive financial information of companies.

Accountants face a great challenge in the digital age due to the large amount of data generated by electronic facts. E-invoices require efficient processing, analysis and interpretation of data to obtain valuable information for the company. Developing analytical skills and generating and developing information in digital format is one of the major challenges for accountants in the era of e-invoices. With the expansion of the use of digital technologies in accounting, it is necessary for them to improve their data analysis skills and understand how to interpret digital information to provide correct business decisions.

Attending specialization courses in digital accounting and modern technologies can assist and support accountants in optimizing their activities and maintaining competitiveness in a changing business environment. Finally, accountants face multiple challenges in the digital age, requiring advanced technological skills, adaptability and extensive development

of the digital business environment. By engaging in continuing education and adopting modern technologies, accountants can solve these challenges and support the prosperity and success of organizations in the digital age.

2. Accounting, at the top of the digital transformation list

The financial and accounting departments are the first on the list of priorities for digitization of a business developed within economic entities. It is an area where you work with numbers and the processes are well defined, which creates a huge potential for easy and impactful automation. Digitization also helps small business owners make better decisions because they have access to much more detailed and relevant accounting information in the process.

Digitized accounting information refers to the process of transforming financial and accounting information from traditional formats (such as physical documents or manual ledgers) into electronic or digital formats that can be stored, processed and accessed using computer systems or specialized accounting software.

2.1. The benefits of digitization in accounting

This transformation brings several benefits and advantages:

1. Efficiency and automation: The digitization of accounting information allows the automation of many repetitive tasks, such as recording transactions, calculating taxes or generating financial reports. This leads to increased efficiency and reduced human error.

2. Accessibility and Portability: Digital accounting data is easily accessible and can be accessed from anywhere, provided there is an internet connection or secure access to the database. This facilitates collaboration between different departments or between remote offices/branches.

3. Advanced Analysis and Reporting: Digital accounting systems provide advanced tools for analyzing financial data and generating customized reports. Thus, managers can get a clear and precise picture of the company's financial situation and make informed decisions.

4. Security and integrity: Digital ledger data can benefit from strong security measures such as data encryption, secure password access or two-factor authentication. These measures ensure protection against unauthorized access and data loss.

5. Saving space and resources: Digitized accounting information eliminates the need for physical storage of documents, which leads to saving storage space and reducing the consumption of paper and other resources.

In conclusion, the digitization of accounting information brings a number of important benefits, such as increasing efficiency, facilitating access to data, improving financial analysis and reporting, increasing data security and saving resources. These advantages contribute to the optimization of accounting processes and the adoption of better decisions regarding the financial management of a company.1.2. Adaptarea profesiei contabile la era digitalizării

In correlation with the benefits brought, the accounting profession has significantly adapted to the digital age, leading to important transformations in the way accounting activities are carried out. These adaptations include:

1. Automation and use of software: Accountants are increasingly using specialized accounting and finance software that automates processes. This frees up accountants' time for more complex activities and financial analysis.

2. Cloud computing and mobility: The use of the cloud allows access to data and accounting applications from anywhere and from any device connected to the Internet for flexible management of information in real time.

3. Big data and advanced analytics: The large volume of data available in the digital age offers significant opportunities for advanced analytics. Accountants use techniques such as big data analysis and artificial intelligence to extract the most valuable solutions from financial data.

4. Data Protection: Accountants must be aware of cyber risks and implement appropriate safeguards for financial information to prevent unauthorized access and data loss.

5. Education and professional development: Accounting professionals must be constantly connected with new technologies and trends in the field. Thus, continuing education and professional development become crucial to remain competitive and effective in an ever-changing digital environment.

Overall, adapting the accounting profession to the digital age brings significant benefits, such as increased operational efficiency, improved quality of financial information, and the ability to provide clients with valuable consulting and analysis services.

3. Resource allocation and service management

The management of an entity must be based on long-term strategies in the context of the rational allocation of material, human and informational resources. Recently, more and more entities have resorted to the outsourcing of some services, this phenomenon being encountered under the name of BPO (Business Process Outsourcing). Thus, external resources are used to carry out activities of the entity.

In addition to these things, there is the vision of Ene V., who believes that the current generations of accounting professionals are not at all strangers to the BPO (Business Process Outsourcing) industry, nor to new technologies, i.e. everything that digitization represents, so including cloud services, robotization, intelligent systems and Big data, and last but not least the opportunities that can determine a real improvement of business management, so that information is accessible at any time. At the same time, it is noted that the segment of accounting services will be increasingly focused on solutions offered by SaaS services.

3.1. Accounting as a source of quality information

The development of information technologies must be treated from the perspective of the advantages offered to the accounting professional and at the same time the contribution to the efficiency of his specific activity and specific to managers in adopting decisions must be measured.

Accounting was, is and will be a generous source of information for managers and investors, and their complexity requires the adoption of software that allows analysis in a reduced working time, which also leads to reduced costs.

The accounting information system is a support of information users for:

- adopting decisions for new investments;
- managing risks and reducing them;
- the study and interpretation of the entity's results;
- preparation of statements and reports.

The accounting profession, like most of those that will survive, has a future significantly influenced by the reaction to the threats and opportunities generated by the digital revolution. The changes imposed by the digital age require at the same time an adaptation that requires increased attention to cultural changes, something generated by the fact that these transformations concern the people the most. At the level of any entity there is an organizational culture that from an economic point of view must be focused on the customer, and from a human point of view on the human resource, all in a leadership that can face numerous challenges.

If leaders think they can digitize an entire business or just processes for a digital transformation, it is probably a misunderstanding of the terms, missing the chance of developments and making it difficult to react to the expectations and demands of consumers and employees.

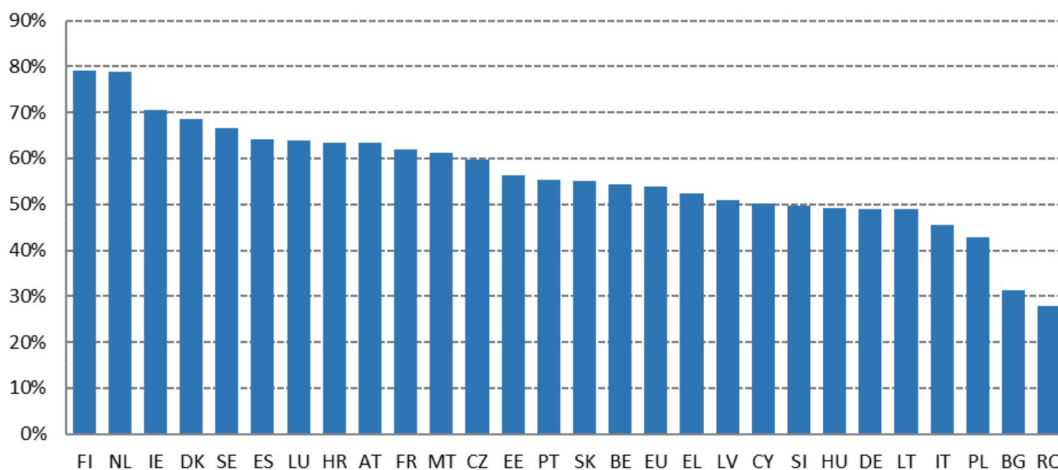
3.2. Monitoring progress on digitization

Since 2014, the European Commission has monitored Member States' digital progress and published annual reports on the Digital Economy and Society Index (DESI).

The DESI reports track the progress made in the EU Member States in the digital field. During the COVID-19 pandemic, Member States have made progress in their digitization efforts, but are still struggling to close digital skills gaps, the digital transformation of SMEs and the rollout of advanced 5G networks. That is why the European Union has made available important resources to support the digital transformation.

In Figure no. 1 can be seen a graphic representation of the level of ICT use for each EU member country with a gap that faithfully follows the graphs regarding the purchasing power and the level of wages in the respective countries.

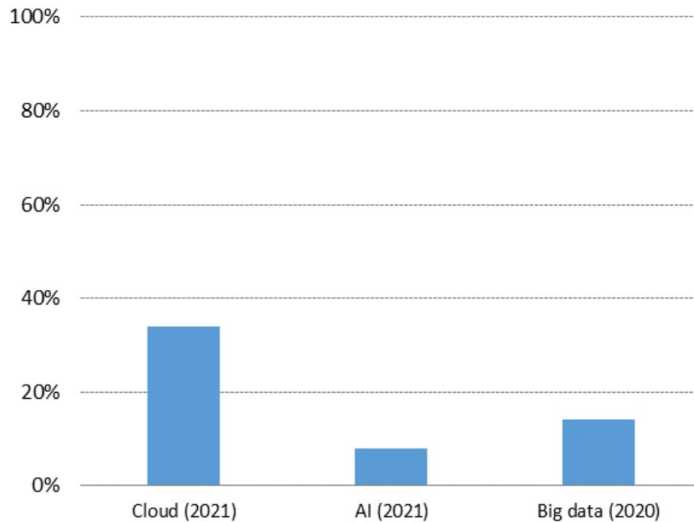
Figure no. 1 Basic digital skills



Source: Eurostat, European Union ICT Use Survey

In Figure no. 2 presents a situation regarding the adoption of advanced technologies at the level of economic entities in EU member countries from the perspectives of Cloud, Artificial Intelligence and Big Data. A substantial share of Cloud services is observed, currently there is an acceleration of the integration of the other systems.

Figure no. 2 Adoption of advanced technologies (% of entities) in the EU

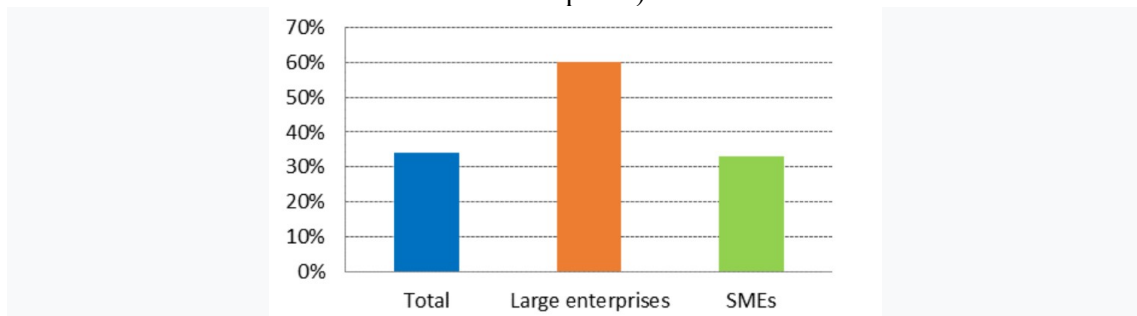


Source: Eurostat, European Union Usage Survey

One of the activities that stands out in the topic addressed is the Path to the Digital Decade proposal that requires over 75% of EU companies to adopt digital business transformation, including Cloud Accounting, by 2030. In the last two years, a significant number by EU entities that have purchased this service for a sophisticated or intermediate level. This transformation also involves applications such as: computing services (finance or accounting software), enterprise resource planning (ERP) software, customer relationship management (CRM), security software, entity database hosting .

In this sense, Figure no. 3 highlights the implementation of Cloud in large entities in a proportion of almost 60%, a double share percentage with SMEs with only 33%, in the last three years.

Figure no. 3 Sophisticated or intermediate level Cloud Computing services (% of enterprises)



Source: Eurostat, European Union Survey

The gap regarding the recognition of digital as an imperative or as a strategy for economic evolution can cause insecurity to many leaders who do not have the conviction to capitalize on the opportunities of digitalization. Those who do not prioritize this do so at the risk of being overtaken by the competition. In turn, professional accountants must continuously acquire skills during their work and step out of their professional comfort zone. That is why the Life Long Learning principle is the solution for ensuring high professional accounting services.

The qualitative characteristics of accounting information are accompanied by the limits of their presentation aimed at a timely manner that does not generate the loss of relevance of the information nor the loss of credibility.

The entire suite of qualitative characteristics of accounting information in the digital sphere provides a framework for development and action for accounting rules and principles. The structuring of digital information constitutes a new way of innovation that responds to the need for closeness between those who generate the accounting information and those who use it.

In a highly digitized economy, qualitative accounting information means power and the entities that manage to obtain it will be increasingly successful. Beyond all these elements, the organization of the activity using the new digital technologies is necessary not to omit the very important aspect of internal control.

4. Conclusions

Digitization in the accounting field is one of the most visible phenomena of the last decade, and the evolution has registered a rapid pace. The adoption of digital technologies and their increasing use for information storage and processing and online transfers between users is a process with strong implications for the quality assurance of accounting information.

One of the consequences of digitization also lies in the level of employment, thus the digitization process can have a negative impact, similar to the situation of employees in the manufacturing industry when automation was adopted. The changes imposed by digitization should not be avoided by entities of any level or by individuals, it is only necessary that the implementation is carried out optimally so that all concerns remain unfounded and it is modeled so that it is fully compatible, including in the accounting field.

Digitization has permeated virtually all activities known today and absorbed basic tasks in all sectors. In this context, the accounting profession is also found under the influence of the digital revolution from the perspective of many activities carried out by accounting professionals integrated by information systems that are also in an accentuated dynamic.

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