





The Effect of Digital Accounting Systems Within Digital Transformation on Financial Information's Quality

Qasem Aldabbas^(✉) , Sulaiman Weshah , Nour Abdullah ,
Mohammad Albakheet , Feras Abu Hamoud , and Ali Hourani 

Al-Balqa Applied University, Salt, Jordan

{qasemda1978, sulaiman.weshah}@bau.edu.jo

Abstract. This qualitative analysis aims to evaluate the current state of digital accounting system applications in accounting by interviewing professionals in the field of financial managers, using earlier studies and pertinent research in addition to the interviews, and conducting an in-depth analysis of the data.

The study discovered that future accounting procedures would be affected by digital accounting systems. The most exact and complete dataset currently available for accounting practical usage will provide analytics for digital accounting, which will improve compliance decision-making. A digital accounting system will also save money and time. Digital accounting systems' key problem is security threats.

By expanding training within companies, financial managers may better prepare themselves to cope with the overall corporate digitalization transformation as well as training in dealing with digital accounting technology.

Keywords: Digital Accounting Systems · Financial Information Quality · Digital Transformation · Jordan

1 Introduction

Information and communication technologies have advanced dramatically and attracted significant interest from both practitioners and the scientific community. At the managerial level, their primary benefit is the fluidization of information flow, which enables all decisions to be made using constantly updated information. As a result, the value of both businesses that disseminate information or offer the technology as well as those that use it has significantly increased.

Information technology is a strong instrument that businesses may use to create creative goods and business processes that will enable them to flourish. This is the environment that influenced the emergence and development of the idea and method of digital accounting (Genete and Tugui 2008). That's why (Weshah 2021) determined that implementing modern IT systems has an impact on the employment process for the accounting department, with the development of modern information systems having

the most influence on the hiring of accountants. New technologies have significantly impacted many business domains in terms of improving data accuracy, reducing expenses and human error, enabling real-time information exchange, and eliminating fraud by automating activities and transactions using smart contracts. This is particularly accurate in the accounting industry (Yermack 2017). Hence proved this change is seen as being necessary for the accounting industry to continuously refresh and advance in line with advances in the digital era (Tekbas and Nonwoven 2018).

Many studies have shown how important information technology is to accounting. As a result, in order to fulfill corporate objectives, the merger of these two professions should progress toward developing harmony (Al-Tahat 2023; Pandey and Agrawal 2022; Mancini et al. 2021; Khin and Ho 2019; Liu et al. 2019).

Today's the world is undergoing rapid development and change in all spheres and At all political, economic, social and educational levels, This is as a result of the technical and informatics revolution that has taken place and continues to occur and has had a significant impact on both the institution, management and individuals, This imposed new and different working conditions and mechanisms, and Using new resources and systems to keep abreast of these changes and technical and information transformations, were Traditional means of work can no longer achieve the Foundation's objectives with the speed and accuracy required and the reason society transformed from traditional paper to digital society, for Accounting is one of the important areas affected by recent technological developments that have led to the integration between of work computers and the accounting profession and Streamlining routine transactions about it's, and Digital transformation has contributed through its various tools such as Cloud Computing, Big Data, Data Mining, Artificial Intelligence, Block Chain, E- payment, and Virtual Currencies in integrating digital technologies into the accounting processes, and event fundamental changes to traditional tools in handling financial data and information, this has increased the efficiency and ability of the accounting system to process data, and to obtain fast, objective, convenient and reliable the financial information that is a requirement for a successful digital transformation (Lakaiza and Zarquon 2017) and (Shannen 2023).

From here the study came to know the impact of digital accounting systems on the quality of financial information that consider the end product of the data-fed accounting information system is considered and Recording, measuring, summarizing, tabulating and presenting them in financial statements that enable its users from assess and decision-making.

However, the field of artificial intelligence has been working on computer systems that resemble intelligent behavior. This is a challenging challenge since artificial intelligence requires computer software to be able to do a wide range of functions (Samoili et al. 2020).

2 Literature Review

Nguyen et al. (2021) came to the conclusion that digital transformation processes will enable managers to take advantage of the effort associated with accounting work and the resulting errors to focus on improving product quality and raising the organization's competitiveness rather than on customer search and customer acquisition.

Digital accounting has evolved into a natural notion, with its effects being seen in both routine and strategic actions (Lutfi et al., 2011). The development, representation, and transmission of financial data in an electronic format are all considered to be aspects of digital accounting. All accounting transactions take place in an electronic setting rather than on paper. Instead, by enhancing the productivity of accounting experts, it appreciates and empowers them. The creation, representation, and transfer of financial data in an electronic format are all referred to as "digital accounting." The financial sector has undergone a revolution thanks to computers and accounting software. Technology improvements have made it possible for accountants to evaluate and report data more quickly, effectively, and efficiently than ever before (Troshani et al. 2019).

The examination of businesses' accounting operations under conditions of competitiveness and digital transformation, both at the strategic and operational levels, is clarified by (Timchev 2020).

Kornchai and Khajit (2021) confirmed that the resource-based perspective of the businesses is viewed as an important theory that may clarify and validate the impacts of digital accounting on financial reporting quality, accounting information, and the efficacy of strategic decisions, also (Rehm 2017) emphasized the need to prepare accounting information systems for digital transformation, and the topic was covered by outlining the key steps that must be taken through general descriptions of the administrative documentation process, the preparation of an accounting documents process guide, the definition of principles and guidelines, the documentation of operating procedures, and the taking of special measures when necessary.

However, (Meraghni et al., 2021) discovered that there was a low level of understanding of the significance of digital transformation as well as a low effort to construct accounting information systems in line with those needs due to the presence of multiple high-impact difficulties.

High-quality reporting offers information that can be used to make decisions that is pertinent to the business's operations during the reporting period and accurately depicts both those activities' economic realities and the business's financial situation at that time (Shuraki et al. 2021). In certain instances, using digital transmission methods is elective as well; therefore we should anticipate a stronger influence of analytical culture in these voluntary contexts. The decision-making process may be significantly impacted by analytical culture (Popovic et al. 2012).

Unreliable importing sources of data, particularly external ones, poor data upkeep and handling when moving from one system to another, and poor data handling (IFerencek and Kljajic 2020). Companies large and small are gathering big volumes of data with the goal of discovering new information from their datasets as technology advances and costs decrease (Begoli and Horey 2012).

Al-Okaily et al. (2022) revealed that decision-making quality is mediated by information quality in the link between data and system quality.

3 Study Problem

The most important goals of the financial accounting system is to provide high quality and useful financial information that its users weather from inside and outside the organization and to enable them to make appropriate decisions, and considered financial

information is useful if relevance, express on the purpose for which it was prepared, comparable and verifiable, and provided in a timely manner, in shade of the digital transformation that the world is witnessing and intense inter-institutional competition, it has become necessary to implement of digital accounting systems that can contribute to obtaining accurate, error-free financial information, perform operations faster, improving the quality of financial information and the ease of obtaining it.

Acquire this studies of academic and professional importance as it contributes to narrowing the accounting research gap in the field digital transformation of the accounting profession in general, the quality of financial information in particular, and the possibility of integrating digital transformation technology into the accounting function. The importance of current study starting from the modernity and the lack of local studies on the topic. Thus current study is a starting point for other future studies related to digital transformation and the accounting profession.

4 Methodology

The current qualitative study aims to determine the future effects of digital accounting on the information quality within financial reports. Through conducting interviews with financial managers (112) from different sectors with limit of 45 years old age to spot the light with criteria that close to digital transformations (Table 1).

Table 1. Number of financial managers upon organization's fields

Organization's Working Field	Count of Financial Mangers
Agriculture, Food, and Natural Resources	28
Architecture and Construction	16
Business and Finance	19
Education and Training	11
Insurance	15
Information Technology	23

5 Results

When compared to manual accounting methods, users saw time savings and improved accounting entry accuracy. This result goes parallel with (Chanthinkok and Sangboon 2021).

Digital accounting helps business owners to perform essential operations more quickly and correctly, and their accountants.

Digital accounting clearly interprets and communicates data in timely manner.

Digital accounting assists businesses with bookkeeping and tax reduction through providing new measures of business rates.

Managing strategic roles will be more effectively through the time saved by using digital accounting.

Digital transformation provides the necessary technological skills to ensure the accuracy of financial reports in a realistic manner and makes them more effective and accurate, which leads to increased satisfaction of the beneficiaries of its services..

Digital transformation helps reduce the accounting workload, as complex and difficult transactions are done easily and quickly. It also helps in analyzing data regularly and effectively, in order to provide quality, reliable and complete financial data.

Digital transformation contributes to ensuring the quality of financial information, keeping pace with development, and the ability to use electronic data to facilitate and complete transactions with high accuracy.

Digital transformation contributes to the speedy completion, standardization and simplification of procedures for recording accounting operations and reducing the credibility gap in financial statements and reports.

Digital transformation contributes to the security of accounting information by saving it, facilitating its storage and retrieval, and providing access.

Since regular chores like creating client invoices, VAT returns, and management reports are automated by a digital accounting system, it is substantially more efficient than manual record-keeping and will help you manage your business's administration and paperwork better.

Users can obtain real-time data with digital accounting, and with accurate, current information only a click away, you can quickly evaluate how your company is doing in relation to your budgetary expectations and take quicker, more educated business choices.

Digital accounting has effectiveness of knowledge management processes, information system control, and information systems governance.

A high quality of data input within digital accounting that gives a high quality of information as output.

A digital accounting system is flexible with the demand of information that users of financial reports need.

More qualified employees (accountants) are needed whom have an enough digital knowledge and background.

6 Conclusions and Discussion

The accounting industry is going through a significant transformation as a result of traditional modes of accelerating evolution as technology develops in almost every industry today, and as (Oesterle et al. 2020) concluded digitalization is progressively and broadly affecting companies all through all businesses.

Therefore, within the contemporary technical and digital era, it may be thought of as a chance to improve the quality of accounting reporting that lead to improve information

accessible, accurate, complete, economical, flexible, relevant, reliable, and timely which enhance the chances of good decision-making.

The digital transformation maximizes the performance of accountants in the use and management of technology and allows the use of various digital systems to acquire correct knowledge, manage and use technology, adapt to specialized technological developments and use them in the field of work, and combine practical and theoretical experience.

The results of this study are consistent with the study of (Khalleefah 2020) and (Almhdhi et al. 2021).

7 Limitations

This study conducted on financial managers with limit up of 45 years old ages in Jordan within some selected organizations fields (Agriculture, Food, and Natural Resources, Architecture and Construction, Business and Finance, Education and Training, Insurance, and Information Technology). Conducted year is 2023.

References

- Almhdhi, M., Abdulrahman, Yousef; Salah, A.: The Impact of the Transformation of the Digital Accounting System on the Characteristic of Faithful Representation of Accounting Information in light of Principles ng Information in light of Principles (Web Trust) 4(2), pp. 17–54 (2021)
- Al-Tahat, S., Weshah, S., Altal, A., Abu-erbaiea, S., Bader, A., Bawaneh, A.: Big Data's Sustainable Impact on the Future Responsibilities of Accountants, The 6th Equal Opportunities Conference "Sustainable Leadership and Technology Innovation Management." Ahlia University, Bahrain (2023)
- Begoli, E., Horey, J.: Design principles for effective knowledge discovery from big data. In: 2012 Joint Working IEEE/IFIP Conference on Software Architecture and European Conference on Software Architecture, Helsinki, Finland (2012). <https://doi.org/10.1109/wicsa-ecsa.2012.32>
- Chanthinok, K., Sangboon, K.: The development of digital accounting system on cloud computing. *J. Comput. Sci.* 17(10), 889–904 (2021). <https://doi.org/10.3844/jcscsp.2021.889.904>
- Ferencek, A., Kljajic, M.B.: Data quality assessment in product failure prediction models. *J. Decis. Syst.* 29(1), 1–8 (2020). <https://doi.org/10.1080/12460125.2020.1776927>
- Genete, D., Ługui, A.: From ERP Systems to Digital Accounting in Relations with Customers and Suppliers, Computing and Computational Techniques in Sciences, Selected Papers from the WSEAS Conferences in Spain, September 2008 Santander, Cantabria, Spain, September 23–25, 2008, pp. 57–63 (2008)
- Khalleefah, A.M.: Assessment of the impact made by the digital transformation of the accounting system on the decision-making system of the enterprise. *Evropský Časopis Ekonomiky A Managementu* 5(6), 122–129 (2020). <https://doi.org/10.46340/eujem.2020.6.2.15>
- Khin, S., Ho, T.C.F.: Digital technology, digital capability and organizational performance: a mediating role of digital innovation. *Int. J. Innov. Serv.* 11(2), 177–195 (2019). <https://doi.org/10.1108/IJIS-08-2018-0083>
- Lakaiza, Y., Zaraqoun, M.: The impact of accounting knowledge on the quality of financial information. *J. Dev. Res. Stud.* 4(1), 56–71 (2017)
- Hai, L., Yongsheng, C., Fang, F., Yanqing, C.: Application of block chain technology in big data of seed industry. *China Seed Industry* 5(1), 1–5 (2019). <https://doi.org/10.1088/1742-6596/1314/1/012218>

- Lutfi, A., et al.: Influence of digital accounting system usage on SMEs performance: the Moderating Effect of COVID-19. *Sustainability* **14**, 15048 (2022). Doi:<https://doi.org/10.3390/su142215048>
- Mancini, D., Lombardi, R. and Tavana, M.: Four research pathways for understanding the role of smart technologies in accounting. *Meditari Accountancy Res.* (29)5, 1041–1062 (2021). <https://doi.org/10.1108/MEDAR-03-2021-1258>
- Meraghni, O., Bekkouche, L., Demdoum, Z.: Impact of digital transformation on accounting information systems – evidence from algerian firms. *Econ. Bus.* **1**(35), 249–264 (2021). <https://doi.org/10.2478/eb-2021-017>
- Nguyen, M.T., Nguyen, Q.H., Nguyen, T.H.: Digital transformation in the business: a solution for developing cash accounting information systems and digitizing documents. *Sci. Technol. Dev. J.* **24**(2), 1975–1987 (2021). <https://doi.org/10.32508/stdj.v24i2.2526>
- Oesterle, S., Buchwald, A., Urbach, N.: Investigating the co-creation of IT consulting service value: empirical findings of a matched pair analysis (2020). <https://doi.org/10.1007/s12525-020-00Ch/404383858a984f4d6e32fb3c0495a994bff554d2>
- Pandey, R., Agrawal, V.: Block chain technology in digital accounting. *Int. J. Eng. Manage. Res.* **12**(3), 201–204 (2022). <https://doi.org/10.31033/ijemr.12.3.31>
- Phornlaphatrachakorn, K., NA Kalasindhu, K.: Digital accounting, financial reporting quality and digital transformation: evidence from thai listed firms. *J. Asian Financ. Econ. Bus.* **8**(8), 409–419 (2021). <https://doi.org/10.13106/JAFEB.2021.VOL8.NO8.0409>
- Popovic, A., Hackney, R., Coelho, P.S., Jaklic, J.: Towards business intelligence systems success: effects of maturity and culture on analytical decision making. *Decis. Support Syst.* **54**(1), 729–739 (2012). <https://doi.org/10.1016/j.dss.2012.08.017>
- Radu, L.-D., Necula, S.-C.: Decision-Making Processes and Their Implementation in Digital Accounting Practices, Conference: Proceedings of the 10th WSEAS international conference on Telecommunications and informatics and microelectronics (2011). <https://www.researchgate.net/deref/http%3A%2F%2Fmpira.ub.uni-muenchen.de%2F51546%2F>, paper number: 51546
- Rehm, S.V.: Accounting information systems and how to prepare for digital transformation. In: *The Routledge Companion to Accounting Information Systems*, pp. 69–80 (2017). <https://doi.org/10.4324/9781315647210-6>
- Samoili, S., Lopez Cobo, M., Gomez Gutierrez, E., De Prato, G., Martinez-Plumed, F., Delipetrev, B.: AI WATCH. Defining Artificial Intelligence, EUR 30117 EN, Publications Office of the European Union, Luxembourg (2020). ISBN 978-92-76-17045-7, <https://doi.org/10.2760/382730>, JRC118163
- Shannen, A.: The impact of digital transformation on the transparency of financial reports in the light of contemporary professional publications (a field study). *Sci. J. Financ. Commercial Stud. Res.* **4**(1), 19–23 (2023)
- Shuraki, M.G., Pourheidari, O., Azizkhani, M.: Accounting comparability, financial reporting quality, and audit opinions: evidence from Iran. *Asian Rev. Account.* **29**(1), 42–60 (2021). <https://doi.org/10.1108/ARA-06-2020-0087>
- Tekbas, I., Nonwoven, K.: The profession of the digital age: accounting engineering. In: *IFAC Proceedings Volumes, Project: The Theory of Accounting, Engineering* (2018). <https://www.ifac.org/knowledge-gateway/preparing-future-ready-professionals/discussion/profession-digital-age-accounting-engineering>
- Timchev, M.: Accounting business analysis of the company in the conditions of competition and digital transformation. *Economic Science, education and the real economy: Development and interactions in the digital age*, (1), 151–161 (2020)
- Troshani, I., Locke, J., Rowbottom, N.: Transformation of accounting through digital standardization: tracing the construction of the IFRS taxonomy. *Account. Auditing Accountability J.* **32**(1), 133–162 (2019). <https://doi.org/10.1108/AAAJ-11-2016-2794>

- Weshah, S.: Adopting modern it systems is vital in employing accountants and internal Auditors (educational perspective): a case study in Jordan cement company–Lafarge. *Jordan J. Bus. Administration* **17**(4), 555–565 (2021)
- Yermack, D.: Corporate governance and block chains. *Rev. Finance* **21**(1), 7–31 (2017). <https://doi.org/10.1093/rof/rfw074>