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A Capium Whitepaper: Robots vs Accountants: Finding the balance and embracing AI



Foreword

"Accountants in the UK can use AI to automate routine tasks, analyse financial data for insights, detect fraud, ensure regulatory compliance, and provide strategic financial advice to clients or organizations" -
or at least that's what ChatGPT will tell you, complete with Americanised spelling, if asked.

Now lots of that statement is true. Artificial intelligence (AI) that's geared towards automation and efficiency is transforming the way accountants work and has been for several years. The industry actually has one of the highest rates of adoption of AI in the UK.

And with revenue from AI software expected to exceed $126bn globally from 2025, it's clear that AI's not going anywhere, either.

But does that mean that well-trained machines are soon to take over - banishing the role of accountants, and other professions that have been carried out by humans for centuries, to the past, in favour of faceless, generative AI?

In short, no. The picture's a little more nuanced than 'robots replacing our jobs'. But that doesn't mean it's wise to sit back and ignore AI completely, particularly if your firm's serious about staying competitive.

It's true that there are many scenarios - as we'll go on to explore - where human interaction between accountants and clients is vital. But what is also true - and likely to increase over time - is that accountants who refuse to engage with AI may be replaced by those who embrace it.

It's about finding a balance, which is what we'll cover here. We'll look at what AI is, where it works and where it doesn't, and some practical use cases and examples for you to take inspiration from. We hope you find it useful.



Tushir Patel, CO-Founder
Capium

Understanding AI

First things first, let's tackle a key question: What is AI?

AI is short for artificial intelligence, and refers to machine intelligence that is trained, using vast volumes of data, to solve specific problems. Because of the way it uses that information, it can appear to mirror human behaviour or thinking.

There are different types of AI (see our cheat sheet for a full breakdown of terms), but when most people think of it, they'll picture generative AI - like ChatGPT, Google Bard, or CoPilot - which is advanced machine learning, capable of creating unique outputs.

And it's big business: last November, just one year on from ChatGPT's launch, 54% of companies said they were already using generative AI in their business in some way.

Cheat sheet:

Artificial intelligence (AI): this refers to machines and computers that have been trained to perform tasks that have historically required human intelligence

Generative AI: sometimes shortened to GenAI, this subset of AI is able to generate new content, including words, images, video, and other data

Machine learning: this refers to the algorithms and models that allow computers to learn from vast volumes of historical data, without being directly programmed

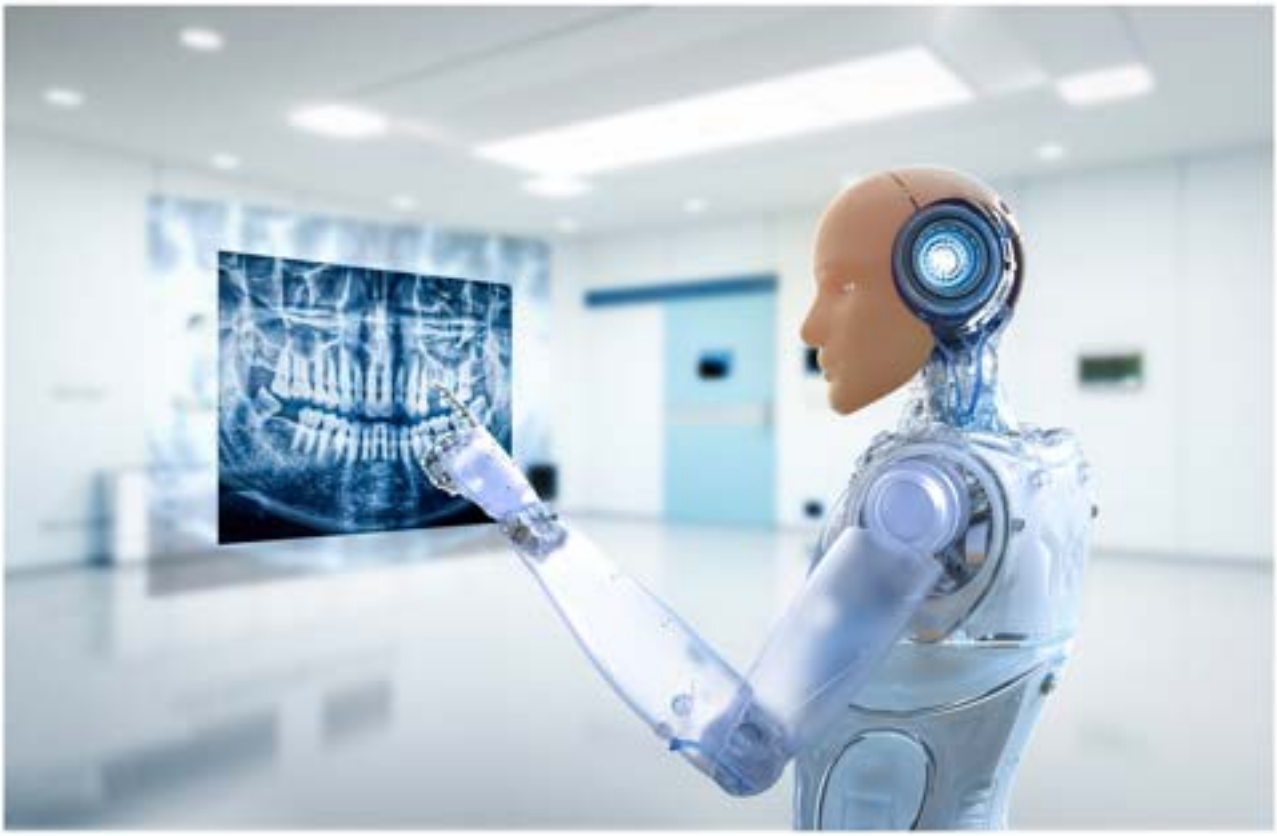
Large language models (LLMs): LLMs are advanced machine learning models that involve extensive training and are specifically designed to generate words that appear human.

How is AI used?

In 2024, AI is in use everywhere - and you may not realise how much interaction you already have with it.

Day to day, you'll find AI at work in digital voice assistants like Alexa or Siri, in apps in your smartphone that give you real-time route-planning based on traffic updates, and in the way your online shopping adverts feel curated just for you.

Professionally, it's used for everything from helping recruiters implement blind-hiring processes, to developing self-driving cars, and even detecting tiny cancers that human doctors aren't able to spot.



How can accountants use AI?

AI has been referred to as the 'next productivity frontier' - with predictions that, if employed correctly, existing AI could currently automate tasks that absorb up to 70% of workers' time.

For accountants - in an industry already preoccupied with the transformative nature of automation - that's big news.

There are lots of ways that firms can use AI to help boost efficiency and become more productive. When asked, ChatGPT itself says it can help with things like:

- Automation of repetitive tasks - like data entry, categorising transactions, invoice processing
- Data analysis - processing large volumes of data quickly, identifying patterns, trends, anomalies, and risks
- Fraud detection - analysing both historical and real-time transactions to detect and prevent fraud
- Natural language processing - extracting insight from unstructured data sources, like emails or hand-written notes.

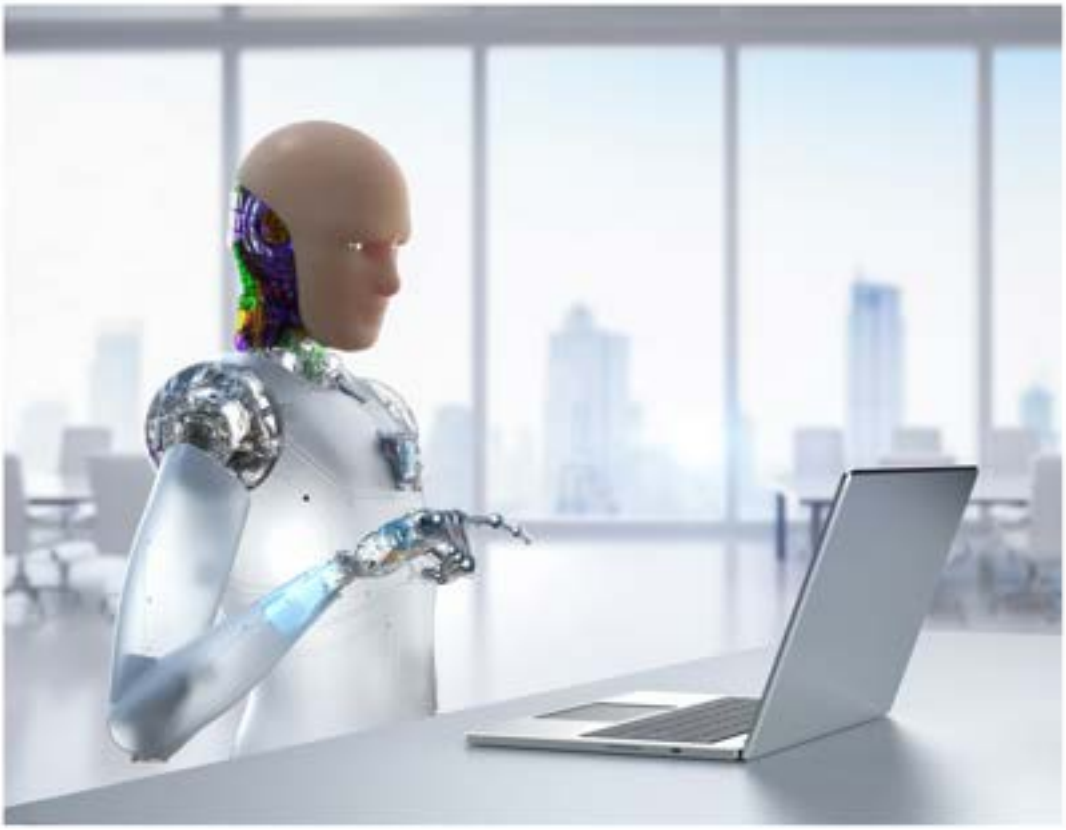
In practice, that might look like accountants using AI to assist with forecasting, automating workflows, or managing inboxes, invoices, expenses, cash flows, and even projects.

The specific use cases differ for everyone, depending on your firm's size, priorities, and existing tech set-up. For some, using ChatGPT to draft template emails might be enough, while others will rely heavily on AI's processing power to start building out new skills and services based on complex data analysis.

Some of the world's biggest firms have been leading the way in terms of providing use cases for accountants to embrace AI, with the big four all finding their own way to use it to their advantage.

KPMG, for example, set Natural Language Processing (NLP) up in its call centres to predict future events and convert customer calls to 'unstructured text', while PwC invested in AI-driven NLP to parse 'complex lease agreements, revenue contracts, and board meeting minutes' into 'meaningful insight for clients'.

Similarly, Deloitte developed an AI-enabled document-review platform that automates review and extraction processes from contracts, while EY has focused on automating its auditing processes, with AI now handling up to 80% of a simple lease's contents electronically.



What can't AI do for accountants?

AI can augment and complement the role of an accountant by automating routine tasks and making processes more efficient. With AI handling repetitive tasks, humans have more time to focus on the high-level analysis and strategic decision-making involved in higher-value services.

What AI can't do, though, is replace accountants completely. And that's because there are too many situations that require human judgement, interpretation, and expertise - which is where AI just won't hold up.

Providing reassurance and showing empathy

Put simply, AI cannot think or feel. It has no lived experience to draw on, and no existing relationships to learn from. It is not human - and therefore can't bring the same level of consideration, nuance, or empathy to a conversation or situation that a human can.

Considering the evolving role of accountants over the last few years, that's pretty important.

Post-pandemic, the line between accountant and business advisor is more blurred than ever - and lots of that dynamic is built on having strong interpersonal relationships, a sense of trust and understanding, the ability to provide reassurance, and extended communication over time. AI can't offer those things.

Making complex judgement calls

Similarly, while AI might be able to recite reams of knowledge or facts about accounting rules and regulations, it has no deep understanding or ability to apply principles in context.

As a result, it's completely unequipped to deal with the unique situations that require accountants to think about the ethics involved in their advice, or to apply their own experience and expertise from dealing with others in similar situations - rather than simply follow the letter of the law.

Thinking outside the box

Without realising, humans generally bring their own experiences, judgements, and perceptions to each new challenge or obstacle - and draw on a wealth of knowledge to come up with suggestions that might overcome it. Sometimes, that involves applying what appears to be unrelated experience or ideas to a novel situation - otherwise known as 'thinking outside the box'.

AI isn't creative or innovative in the way humans are, so it can't do this. Instead, it focuses on historical data and identifying trends - which is where human intuition, and the ability to apply something that's been true in a different scenario to the present one, is vital.



Knowing what to apply and when

There are some things AI is brilliant at, and other things it just can't do. Understanding the difference, and knowing what to apply and when, is the key to firms confidently embracing AI and successfully using it to transform their productivity, efficiency, and client service.

A good rule of thumb when approaching AI is to ask yourself: how much does my lived experience and judgement affect my ability to do this task?

Chances are, when it comes to repeatable processes like extracting data from invoices or crunching data sets, the answer is 'not very much'. If, on the other hand, you're walking a client through some difficult projections or complex tax requirements, the answer is probably 'a huge amount'.

By asking yourself the question each time you encounter a new scenario, or hear of a development in AI that you're curious about trying, you'll start to set parameters about what you are and aren't comfortable with using AI to help out with, and can build a plan from there.

Possible AI implementation for your firm

Your approach to implementing AI will be unique to you and your firm, and be dependent on your client-base, internal set up, growth ambitions, and overall business strategy.

As a starter for ten, though, here are some ways AI could slot into your day-to-day:

- Streamlining workflows: automating approvals, notifications, and document handling
- Sorting accounts: allow AI to handle data extraction from invoices, double-checking accuracy, and getting things ready for approval or payment

- Monthly checks: automating reconciliations, spotting discrepancies, matching up transactions, and generating reports
- Financial reports: quickly crunching big data sets to create financial reports, graphs, and visuals
- Budgeting and forecasting: analysing historical data to create budgets and forecasts
- Spotting anomalies: using AI algorithms to keep an eye on transactions and financial data, highlighting potential fraud.

The list above offers some suggestions to consider and can be a good place to start for firms keen to explore how AI can help improve their day to day.

If you've got a specific challenge in mind that you'd like to tackle with AI, though, you can search - using AI - to see if there's a solution - also using AI - out there for you (yes, really - it's called There's An AI For That and is updated every day).

AccountingWEB has also published an 'accountant's toolbox' - a useful list of AI tools that could be beneficial for accountants in 2024, and ranging from crafting emails to categorising receipts.

Look for integration where possible

Once you know what you'd like AI to handle on your behalf, a good way to introduce it into your day-to-day practice is to integrate it into your existing practice management software. By weaving AI into your workflow, you can spend less time juggling between apps or logging in and out of different parts of your tech stack, and become familiar with its tools and capabilities.

If you're able to blend AI into your practice management software, you'll also be able to access AI-powered features and share reports and insights from within your usual interface. Plus, when it's part of your usual setup, AI can tap into both current and past data to give you better insights.



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Robots vs Accountants: Who wins?

AI is a vastly powerful tool. It's developing at record speed and shows no signs of slowing down.

The impact on businesses globally in the past few years has already been huge - and according to a KPMG survey, 65% of US CFOs believe generative AI will have a high or extremely high impact on accounting in the next three to five years.

Meanwhile, Goldman Sachs has suggested two thirds of jobs could soon be partially automated by AI - but, critically, will complement rather than replace the humans doing them.

While the statistics can seem daunting, it's the nuance discussed above that will have the biggest impact on accountants choosing to work with AI rather than standing against it. And that's because the benefits of AI are so significant when it's applied to things humans don't need their lived experience, judgement or intuition to do.

There's a reason 78% business leaders think the benefits of AI outweigh the risks. Our XXX ROLE, NAME XXX, says:

"If the past few years have taught us anything, it's that nobody can predict the future. But, when we look at how the accounting industry is mostly likely to develop in the years to come, one thing's abundantly clear: collaboration is, and will continue to be, absolutely key.

"With that in mind, it's worth stating directly that artificial intelligence isn't here to overthrow the throne of accountancy. It's here to share the workload, and provide us with efficiency, error reduction, and the freedom to focus on delivering value to clients.

To anyone on the outside, it might seem like accounting's all about the numbers. But it's the interpretation of those numbers and the narrative around them that matter most - because that's what provides the meaning that clients can do something tangible with.

"Yes, AI can crunch incomprehensible amounts of data at lightning speed - but humans, critically, bridge the gap between raw data and strategic guidance.

"For that reason, it makes sense to think of AI as an ally, not a looming threat.

"The concept of digital transformation is nothing new to the accounting industry - it's been adapting and evolving for years. In 2024, embracing LLMs and GenAI is really just the next part of that.

"For most firms, that looks like making a conscious effort to stay on top of developments in tech and AI, dedicating resource to upskilling teams, and consistently monitoring the impact AI has on their day to day practice. Those that don't risk getting left behind the curve, and outstripped by competition.

"In answer to the question of 'who wins' between accountants and robots, it's clear that human expertise will always be at the cornerstone of the profession. But, by embracing AI, we've got an opportunity to work towards the best of both worlds: precision and data-driven decision-making complemented by the wisdom and intuition of human experience."

About Capium

Capium are the pioneers of connected cloud accounting software for owners of small and medium sized accountancy practices. We've created a software suite that marries automated accounts production and powerful practice management tools that enable accountants to run a smarter, more efficient, and ultimately more profitable business.

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020 3322 5578
info@capium.com
www.capium.com