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ПЕРЕВАГИ ЦИФРОВОГО ОБЛІКУ

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BENEFITS OF DIGITAL ACCOUNTING

Technology has transformed the financial industry. In the past, business owners had to hire accountants that would record and process financial data manually, costing them more time, money, and effort, as well as human errors.

Today, automation in digital accounting has allowed business owners and their accountants to complete functional tasks more quickly and accurately, as well as interpret and report data more efficiently. This way, business owners can focus on their strategic roles and handle complex issues, such as ensuring better cash management.

Digital accounting refers to the creation, representation, and transfer of financial information in an electronic format. Instead of using papers, all accounting transactions are conducted in an electronic environment.

Digital accounting surfaced in 2003 as a project of the Federal Government to modernize the Tax and Customs Administration (PMATA). Then came the Electronic invoice (NF-e) and the Digital Bookkeeping System (Sped) in 2009. In 2015, the Digital Bookkeeping System Tax, Social Security, and Labor Obligations was introduced.

Accounting has typically been a field characterized by a low level of digital innovation. However, many accounting processes are repetitive and time-consuming, which makes them ideal candidates for automation [1].

Benefits of Digital Accounting:

1. **Accurate and Scalable.** The most sought-after feature of software and machines is that they aren't prone to committing mistakes. Providing accurate results and staying free from errors, automated software and services are much more reliable than traditional accounting practices.

In contrast, human error is inevitable when we compile data. Accuracy is extremely important because businesses rely on data to make critical decisions. Imagine taking a poor business decision based on inaccurate accounting data that causes the business to fail. Digital accounting solutions help avoid that.

Apart from accuracy, a digital accounting system has also proved popular among entrepreneurs due to its scalability. For a startup, managing accounts manually should be okay in the beginning but as the business grows, the accounting system will require massive upgrades to support the increase in the scale of operations.

2. **Remote Access.** Another major benefit of a digital accounting system is that it provides you with remote access to your company's financial data. This means that professionals need not be at the office or carry their laptops everywhere to access critical information. As cloud-based solutions, digital accounting software packages allow you and other employees to log in to the system from anywhere and at any time to track results and data.

This is particularly helpful for cash flow management. If your cash flow position is unstable, you might be going towards bankruptcy. That being said, cash flow is the lifeblood of your company.

For efficient cash flow, decision-making plays a crucial role. With a cloud-based accounting solution, you can analyze your cash flow remotely and make quick decisions

regarding payments, investments, etc. By monitoring cash flow online, you should develop a better relationship with your business's finances.

In other words, you should have better control over the inputs and outputs of your accounting system at the end of the month, the end of the week, or even the end of a particular business day. Analyzing financial projections should then be clear and secure, and you can rest assured that the money will be available when payments are due.

3. Convenience and Improved Pace of Productivity. Ease of use is another incredible advantage of switching to a digital accounting system. As opposed to manual accounting practices, accounting software applications are super easy to operate, offering comfort and convenience to users.

A digital format, on the other hand, provides you with the comfort of running different automated financial tests on easily accessible data, allowing the accountant to set up the financial statements within minutes. Professionals can save a lot of time compiling and presenting the same reports and numbers, there by accelerating the processing of online transactions.

This, coupled with better decision-making, translates into high efficiency and increased productivity. By automating many of the accounting functions through digital accounting, you can dedicate more staff to other essential functions such as business development or sales. This means you should be able to generate more revenue with the same amount of resources.

4. Security and Agility. While paper-based accounting records aren't totally secure (can be stolen or destroyed by fire outbreaks or natural disasters), data security becomes a bigger concern when it comes to digital accounting.

The problem with storing and managing data in-house is that unless you have solid data recovery measures in place, you can lose all your data in case of a system crash or failure. Imagine losing accounting data obtained through years of hard work in a flash.

Cloud-based accounting solutions are a tremendous solution. These solutions come with cloud storage backed by multiple data centers for data backup. Many rely on SSL technology for data encryption like those used to secure financial information in banks. With a digital accounting solution, you should be able to retrieve or backup your data even if things go wrong.

5. Easy Invoicing and Payment Tracking. Without keeping up with invoicing and payment tracking, there's no way to minimize delayed payments from your customers. There might be too many distractions keeping you from following up with debtors. This can adversely impact your cash flow position. A digital accounting system happens to be the best solution to the problem as it automates the process of sending invoices and payment requests.

6. Better Integration and Syncing. One of the biggest challenges associated with manual accounting systems is poor compatibility with other tools used in your business. The best digital accounting solutions offer amazing flexibility in terms of integrations with other business tools such as the point of sale system, payroll, website order fulfillment, and more. The cost of these integrations is often zero or negligible. These applications comprise ecosystems of hundreds of business applications that enable data sharing freely.

When you integrate a digital accounting program with another online business application, both can update each other in real-time, daily, or on-demand by automatic syncing of data. This is an incredible replacement to the hectic export-import routine used to manually transmit data from one platform to another. That's the reason why manual accounting processes fall behind, leading to incomplete versions of data in different programs. The simplest of errors like incorrect postal addresses can result in unhappy customers and lost sales.

The automatic data syncing with digital accounting solutions means that you only need to update an address or email in one place and the change will be automatically implemented to other programs.

7. Facilitates Tax Preparation. Manual accounting practices make it extremely difficult to gather tax-related documents and prepare for the filing of the upcoming returns. It also leads to poor financial tracking, making it difficult to set aside funds for tax payments. Not preparing for the tax filing as the deadline draws nearer can put you in serious trouble.

While you can't avoid the tax burden, a digital accounting system can simplify the preparation and filing process for you. With a solid financial tracking system, digital accounting not only helps you arrange and separate funds for tax payments proactively but also simplifies the calculations for tax. This should exempt you from agonizing stress associated with taxation.

Poor financial tracking specific to manual accounting procedures also means you can miss out on possible tax write-offs and available deductions available for your company. To avoid overlooking payments that be used for tax deductions, consider switching to a digital bookkeeping and accounting system.

8. Bank Reconciliation Made Easy. You might be doing remarkably well in manually recording the day to day transactions, but figures must also remain consistent with those in the bank statement. Digital accounting solutions come with good reconciliation tools that make it easy to track errors in transactions and processing as well as to detect theft and frauds [2].

References

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