

APPLICATION OF ARTIFICIAL INTELLIGENCE IN FINANCE & ACCOUNTING RELATING TO SMALL BUSINESS

Abstract

Artificial Intelligence (AI) technologies make it easier to minimise repetitive tasks and get work done more efficiently and accurately by integrating algorithms and smart technologies. Businesses and startups can streamline their workflows, gain insights from data analysis and increase productivity through the automation of business processes. According to the “Future Jobs Report” the proportion of tasks performed by people will decline from 47% to 33% by 2030. With real-time financial data always at the fingertips, businesses can rest easy knowing that a financial miscalculation or mismanaged budget won’t blindsides the business. However, a collaborative effort among businesses, policy makers, and stakeholders is essential to integrate AI effectively. This harmonious integration of AI into financial systems paves the way for a future that is technologically advanced and ethically sound, offering significant benefits for businesses and society at large.

Introduction:

Artificial Intelligence (AI) simulates human intelligence by using systems or machines to perform tasks. This includes activities such as learning, forecasting and problem solving. AI technologies make it easier to minimise repetitive tasks and get work done more efficiently and accurately by integrating algorithms and smart technologies. Businesses and startups can streamline their workflows, gain insights from data analysis and increase productivity through the automation of business processes. According to



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the “Future Jobs Report” the proportion of tasks performed by people will decline from 47% to 33% by 2030. In finance and accounting, AI streamlines and enhances a lot of laborious book-keeping procedures. The need for paper and pencil by accountants to enter data will eventually disappear due to the development of AI. It improves algorithmic trading, risk management, and fraud detection by processing large amounts of data quickly. These AI models in accounting lower operating expenses and human error by automating data entry, categorization, and report production. Additionally, they support compliance duties, guaranteeing adherence to changing legislation and improving forensic accounting.

How AI can help manage Finance & Accounting related to Small Businesses:

- The artificial intelligence is a transformative force bringing immense data processing capabilities and analyses that are better and faster than human brains. AI technology can remove errors, working hours, and the risk of brain fatigue from financial analysis and decisions making. Workers do not need to

examine spreadsheets and data points as AI rapidly processing complex financial and economic data. Instead of making sense of data, businesses can focus on taking action from data.

- ⊙ In traditional finance, bigger companies were at an advantage, where more brains meant more data interpretation. Now, with artificial intelligence, the playing field is smoothed. The corporation don't need to be large with a big financial department to make informed financial decisions, predict market moves, or process large amounts of data. Presently, there are many AI enabled financial tools and as a result, one-person businesses can also leverage sophisticated analyses to make sound, data-rooted choices for their businesses, departments, and clients.
- ⊙ Artificial intelligence's data capacity and analysis, machine-learning abilities, and overall natural language processing are game changers for small business owners who want to streamline and improve their financials. Its machine learning removes human bias, creating objective analyses and predictions based on history and helping businesses make the right decisions quickly. Businesses can also leverage AI's natural language processing to understand financial analyses clearly, and artificial intelligence can break down complex observations into terms one can understand.
- ⊙ Small businesses can also generate the financial efficiencies previously experienced by large companies through artificial intelligence. Instead of hiring a financial team for routine tasks like book-keeping, invoicing, and payroll, small businesses can save overheads while improving the final output by automating these processes through artificial intelligence. Instead of paying for labour costs to manage business finances manually, the firm can utilize those funds toward strategic minds who can grow or improve their business.

How AI can help manage Cash Flow:

Whatever may be type of business, understanding about cash flow can be crucial for its success. Cash flow analysis is the only way to know what we can afford. Conducting cash flow analysis regularly will ensure that the disbursements should not be more

than what the business can afford. The solvency of a business will also impact its operations, ensuring that it can continue to cover operational costs in the face of unexpected or temporary setbacks. The cash flow cycles can also tell us the best moments to make investments – in the short run and long run. On the contrary, we can also pinpoint areas to reduce spending and, ultimately, save money. Understanding on “from where money is coming” and “where it is going” can be the backbone of any informed decision making – and artificial intelligence can tell us with accuracy and precision.

Before artificial intelligence, businesses would have performed remarkably by looking at market conditions. They would make forecasts on market trends and external factors from limited data points, which was very risky. Most of the businesses today depend on basic accounting software or even manual tracking to understand what cash is coming in and out. The numerous cash flow related calculations require immense effort and time to manage. Where one wrong calculation by an employee can impact an entire month's reporting. Instead of being careful of cash flow issues that could occur in the future, the businesses only react to issues in real time, adding stress and commanding resources that could otherwise go toward planning or business operations.

Preferred AI Platforms for Accounting and Cash Flow –

A wide range of financial tools are available, some with limited capabilities and some with more complex multifunctional capabilities. Here are few tools owners should test out for their small business:

- ⊙ **FlyFin** – It utilises AI technology to simplify the tax filing process for freelancers and small business owners. Its AI algorithm integrates with financial accounts and scans transactions to uncover potential tax deductions, ensuring that users don't miss an opportunity of savings. The users can understand how they can maximize their tax deductions and what the tax implications of a new expense are. It offers features like real-time deduction tracking and automatic expense categorization, eliminating the hassle associated with tax preparation.
- ⊙ **Rossum** – It provides AI solutions for handling documents, including an automated system for managing accounts payable. This system adapts to different document layouts using advanced

AI, includes tools to track its efficiency, and integrates easily with existing accounts payable systems. Additionally, it offers customization options through extensions and a user-friendly platform that requires minimal coding.

- ⊙ **PlanGuru** – It can generate financial analyses within minutes by importing the historical results into its platform. The tool also creates income statements, balance sheets, and cash flow statements, giving businesses a foundation for AI-driven projections up to 10 years in the future. This AI driven software can also work for non-profit organisations, and it can help with workforce planning, issuing lines of credit, etc.
- ⊙ **Quadient Accounts Receivable** – The entire accounts receivable process can be automated by using this platform. The tool proves its ability to help in collecting cash 34% faster with three times less work through automation. In addition to sending and following up on invoices, it uses AI-driven predictive analytics to forecast payment dates down to the individual customer. In this way, it can give highly accurate cash flow predictions and allow users to plan accordingly.
- ⊙ **Xero** – This AI driven tool helps small business send invoices, manage expenses, create and pay bills, control their budget, and even access credit to grow. The tool integrates intelligent features like automated bank reconciliation, data capture, international payments management, and cash flow forecasting. Syncing with multiple major accounting software, this tool makes it easy to see the business cash flow activities, including proofs of payment and other supporting documents. Its budget management solutions allow for different employee access levels, protecting a business from surprise expenses.
- ⊙ **HoneyBook** – It is designed to streamline client management for small businesses and freelancers. It automates administrative tasks such as contract creation, invoice generation, and payment tracking using AI. The platform integrates with user's calendar to schedule meetings and send reminders, ensuring them stay on top of their client interactions. Its AI also provides insights into user's project pipeline – a structured system for managing multiple projects, helping them manage workload and forecast future business needs effectively.
- ⊙ **Expensify** – It brings ease to managing paper receipts through its user-friendly mobile app that employs SmartScan technology to extract invoice and receipt details to categorise and match transactions automatically. The software also has AI-powered auditing technology, which ensures correct exchange rates, confirms transaction accuracy, and detects duplicate entries, giving the most accurate insights into company's finances.
- ⊙ **Rydoo** – Its smart AI technology handles expense management for small businesses. The tool connects with over thirty-five other travel, HR, finance, and ERP software, allowing users to have fully integrated data. The tool enables users to implement company policies (like spending limits and allowable expenses), and its AI will find any that don't comply. Its artificial intelligence can also use predictive analytics to forecast future expenses and suggest areas to cut spending.
- ⊙ **MileIQ** – MileIQ is a mileage tracking app that leverages AI to automatically log and categorise your drives. By learning your driving habits, MileIQ can differentiate between business and personal trips (by swiping right or left), providing you with accurate mileage reports for tax deductions and expense reimbursements. The app syncs seamlessly accounting software, making it easy to integrate your mileage data into your financial records.
- ⊙ **TurnKey Lender** –It evaluates multiple data sources to assess customers' credit risk with AI-driven credit scoring. The software considers the unique needs of the specific business model, helping the business to devise a fully automated process for consumer lending, such as personal loans, payday loans, leasing, medical credit, and more.
- ⊙ **Sage Intacct** – It gives ample visibility into the firm's financials through accounts receivable processes, general ledger functions, cash management reporting, order management, and more. With over seventeen thousand customers, the tool consolidates across datasets to give the real-time insights through multidimensional reporting. It also streamlines processes that are prone to auditing, such as transaction recording, revenue recognition, and compliance, ensuring that the business is aligned with financial

regulations.

- ◎ **QuickBooks** – It uses artificial intelligence in multiple ways, including automated book-keeping, receipt capture, and anomaly detection. Its artificial intelligence applies machine learning to analyse historical data, report about your business's projected cash flow, and suggest ways to optimize expenses, tax deductions, and other important financial considerations.

Conclusion:

AI is an incomparable asset for finance and accounting relating to small businesses. The business and its team members will have more time and energy to dedicate to customers, creativity, and business growth. With real-time financial data always at the fingertips, business can rest easy knowing that a financial miscalculation or mismanaged budget won't blindside the business. AI helps the small business operate with the financial savviness of a major corporation – without requiring a large financial team. So the firm will guess less, and will be free to strategise and plan more and more. However, a collaborative effort among businesses, policy makers, and stakeholders is essential to integrate AI effectively. Businesses must take up AI as a tool for competitive advantage while addressing ethical and sustainability concerns. Policymakers have the responsibility to create an environment that balances innovation with risk management, focusing on data protection and ethical AI usage. Stakeholders play a critical role

in shaping the trajectory of AI adoption, advocating for responsible practices and transparency. This harmonious integration of AI into financial systems paves the way for a future that is technologically advanced and ethically sound, offering significant benefits for businesses and society at large. **MA**

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Obituary



CMA N. D. Birla

The Institute and its members deeply mourn the demise of CMA N. D. Birla, Senior Member of the Institute who left for heavenly abode on 3rd October, 2025 at Ahmedabad.

As the Founder and Senior Partner of N. D. Birla & Co., he had played a pivotal role in shaping the firm's growth. His dedication to excellence, unwavering values and commitment to the profession served as a guiding force for his colleagues and peers and will continue to inspire future generations of professionals.

May God bless the family to have the courage and strength to overcome the irreparable loss.