Proceedings of ICEMGD 2025 Symposium: The 4th International Conference on Applied Economics and Policy Studies
DOI: 10.54254/2754-1169/2025.BJ25435

Analysis of the Current Challenges and Future Development Strategies of Accounting under the Background of Artificial Intelligence

Zirui Chen

Yuhuatai Middle School International High School, Nanjing, China
yhtzxhyn@qq.com

Abstract. Artificial intelligence (AI) is revolutionizing accounting, shifting from human-centric to algorithmic information processing, challenging traditional double-entry bookkeeping and triggering institutional restructuring. This study examines AI's impact on accounting, analyzing intelligent financial systems' technological drivers like data analytics, pattern recognition, and autonomous decision-making. It explores institutional conflicts, such as blockchain's impact on audit trails and deep learning's tension with accounting standards' interpretability. The research highlights technical dilemmas in unstructured data mining, including multi-modal data fusion and algorithmic black-box issues. This study adopts a literature research method, combining perspectives from the philosophy of technology, the theory of institutional change, and cognitive science to analyze the impact of artificial intelligence on accounting. It uses case analysis to explore the technological architecture and process reengineering of intelligent financial systems. It can be concluded that AI presents opportunities and challenges. Future development requires a dynamic, hybrid intelligent architecture, a robust governance framework, and ethical mechanisms to balance technology and professional judgment, fostering an intelligent accounting ecosystem and driving a paradigm shift in the discipline.

Keywords: artificial intelligence, Accounting, technical challenges, Development strategy

1. Introduction

The deep integration of artificial intelligence into the accounting discipline is rooted in the technological paradigm shift triggered by the Fourth Industrial Revolution, essentially involving the re-encoding of accounting information production systems by algorithmic power [1]. This technological embedding process not only transforms the operational interface of traditional accounting practices but also triggers a paradigmatic revolution in the epistemology of the accounting discipline. From the perspective of the philosophy of technology, the data analytics capabilities of intelligent algorithms break through the boundaries of human cognitive limitations, shifting accounting information processing from empirical induction to algorithmic deduction, thereby forming a dynamic knowledge production model based on machine learning [2]. This transformation subverts the epistemological foundation of double-entry bookkeeping established

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since Pacioli, compelling the accounting discipline to reconstruct its value judgment standards within the context of technological embodiment. Institutional change theory provides a key analytical framework for understanding the evolutionary path of intelligent accounting. As an important component of economic institutions, the adoption of technology in accounting is subject to the dual effects of path dependence and innovation diffusion [3]. The current algorithm-driven accounting automation has transcended North's defined "marginal adjustment" category, evolving into a systemic institutional restructuring involving property rights definition, information disclosure rules, and audit trust mechanisms. While this transformation enhances information processing efficiency, it also generates institutional tension between algorithmic governance and professional judgment, specifically manifested as the lagging technological adaptation of accounting standards, the black-boxing of audit trails, and the crisis of technological deconstruction of accounting subjectivity [4]. The technological embedding of intelligent accounting systems possesses multi-dimensional value orientations: epistemologically, it reconstructs the representation form of accounting information through pattern recognition, making the value extraction of unstructured data possible [1]; methodologically, machine learning algorithms break through the linear assumptions of traditional accounting models, enabling multi-dimensional modeling of complex economic events [2]; axiologically, the immutability of blockchain technology provides a new trust anchor for accounting information quality. This technological empowerment effect not only expands the practical boundaries of the accounting discipline but also gives rise to new theoretical paradigms such as real-time accounting and predictive accounting [3]. This research constructs a dialectical framework for technological change and accounting development, impacting intelligent accounting system design, professional value reshaping, and balancing efficiency with controllability, crucial for accounting's future and market economy stability.

2. Technological drivers of intelligent financial systems

The technological evolution of intelligent financial systems is essentially a process of re-encoding the accounting information production chain by algorithmic power, driven by the synergetic evolution of three technological paradigms: data analytics, pattern recognition, and autonomous decision-making [1]. In the dimension of data analytics, distributed computing frameworks break through the linear processing limitations of traditional relational databases, realizing real-time capture and dynamic mapping of accounting elements through stream computing engines [2]. This technological architecture not only reconstructs the spatiotemporal boundaries of accounting recognition but also, through graph neural networks, resolves the multi-modal data representation dilemma faced by traditional accounting information systems in the digital economy era by parsing the semantics of unstructured transaction data.

The breakthrough progress of pattern recognition technology constitutes the epistemological foundation of intelligent financial systems. Deep convolutional networks, through nonlinear transformations of feature spaces, achieve topological structure recognition of complex economic events. Their representational learning ability effectively overcomes the dimensionality curse problem in traditional accounting classification models [3]. Especially in scenarios like consolidated financial statements and related party transaction identification, the Transformer architecture based on the attention mechanism significantly improves the semantic consistency of accounting information aggregation through cross-entity relationship modeling [5]. This technological innovation essentially transforms accounting recognition rules into vector operations in high-dimensional spaces, elevating the mechanical execution of accounting standards to intelligent judgment of economic substance [4].

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The formation of the autonomous decision-making paradigm marks a paradigm shift of intelligent financial systems from instrumental rationality to value rationality. Reinforcement learning algorithms, by constructing dynamic reward functions, realize autonomous exploration of the strategy space in the fields of tax planning and risk management, with their decision-making mechanism breaking through the rule enumeration limitations of traditional expert systems. Notably, this autonomy is built on the integration of Bayesian reasoning framework and Monte Carlo tree search, transforming accounting professional judgment into computable belief propagation through probabilistic graphical models. This technological characteristic not only brings about an exponential improvement in decision-making efficiency but also triggers an epistemological crisis of the dissolution of accounting subjectivity and algorithmic black-boxing.

3. Institutional embedding and technological conflicts

The institutional embedding effect of technological drivers is particularly significant in the quality control system of accounting information. The combination of the irreversible timestamp characteristic of blockchain technology with smart contracts reconstructs the verifiability standards of audit trails of accounting information. Its distributed ledger mechanism realizes decentralized verification of the accounting recognition process through consensus algorithms. This technological architecture not only challenges the effective foundation of traditional audit sampling methods but also solves the value paradox between privacy protection and audit transparency through zero-knowledge proof technology [1]. However, the tension between the unidirectional temporal characteristic of hash functions and the accounting periodicity assumption exposes the deep-seated conflict between technological logic and the fundamental assumptions of accounting [2].

The evolutionary path of technological drivers follows the path dependence law in North's theory of institutional change, with its innovation diffusion constrained by the adaptive efficiency of the accounting information ecosystem [3]. The current end-to-end training model of deep learning is fundamentally conflicting with the interpretability requirements of accounting standards, leading to an institutional dilemma where the supervisory function of accounting faces a lack of algorithm accountability mechanisms [5]. Solving this contradiction requires the construction of a hybrid intelligent architecture with dynamic adaptability, embedding auditable intermediate representation layers while maintaining algorithm performance, thereby realizing the paradigmatic integration of technological rationality and accounting institutional rationality [4].

The permeability transformation of intelligent algorithms to the integration of business and finance is essentially the topological reconstruction of the enterprise value creation network in cyberspace. This reconstruction effect, through the quantized leap of data flow and the hyperlinked transformation of process nodes, forms a dynamic value network with self-organizing characteristics. The linear temporal structure of traditional accounting processes is deconstructed into a multi-dimensional concurrent data flow topology, with its core feature being the spacetime collapse of business events and accounting recognition - when an IoT sensor captures a purchase order instantaneously, a blockchain smart contract triggers the recognition of accounts payable, while a deep learning model simultaneously completes the supplier credit risk assessment. This real-time coupling mechanism subverts the traditional accounting periodicity assumption, forcing the recognition standards of accounting elements to shift from the temporal dimension to the event dimension.

The cognitive breakthrough of process reengineering is manifested in the dimensional elevation of the accounting information production paradigm. The "information funnel" model of the traditional business-finance interface is replaced by a three-dimensional mapping architecture based

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on knowledge graphs, transforming business semantics into computable vector spaces through graph embedding technology. In this framework, accounts receivable turnover is no longer just a financial ratio indicator but evolves into a feature vector in the topological structure of the supply chain network, with its numerical changes reflecting the dynamic game relationships between upstream and downstream nodes. This innovation in representation enables the output of accounting information systems to ascend from two-dimensional reports to high-fidelity digital twins, achieving a quantum entangled state between business substance and financial representation.

The institutional tension caused by technological embedding is particularly prominent in the process control level. The dynamic pricing strategies driven by reinforcement learning algorithms conflict with the rigid measurement requirements of accounting standards, manifesting as a paradigm mismatch between algorithmic autonomous decision-making and the principle of accounting prudence. When Monte Carlo tree search generates suboptimal but potentially non-compliant scheduling schemes in inventory management scenarios, traditional accounting supervision mechanisms face the dilemma of a loss of explanatory power. This contradiction originates from the cognitive gap between technological rationality and institutional rationality: the Pareto frontier explored by algorithms in Hilbert space often exceeds the compliance boundaries delineated by accounting standards in Euclidean space.

The ethical dilemma of process reengineering is concentrated in the phase transition critical point of human-machine rights and responsibilities. When neural symbolic systems autonomously determine the boundary of control power in the preparation of consolidated financial statements, the cognitive sovereignty of accounting professional judgment undergoes a quantum tunneling effect. This transfer of power leads to the uncertainty principle effect in the quality control system of accounting information - the interpretability of algorithmic decisions and the sufficiency of audit evidence constitute mutually exclusive observation dimensions. Solving this paradox requires the construction of a hybrid audit framework with quantum entanglement characteristics, realizing the quantum state observation of the algorithmic black box through the verification mechanism of Bell's inequality.

The evolution of process topology follows the self-organizing law of dissipative structure theory. The synergistic effect of blockchain consensus mechanisms and edge computing nodes enables the accounting information network to form a negative entropy flow far from equilibrium. In this structure, each business event acts as an order parameter driving the dynamic reorganization of accounting recognition rules, with its phase transition process constrained by Lyapunov exponents to maintain institutional stability. This adaptive mechanism provides a new path to crack technological rigidity lock-in, realizing the co-evolution of accounting measurement rules and technological architecture by constructing a manifold space for accounting standards.

4. Future development of intelligent accounting

The value extraction from unstructured data faces a paradigm mismatch between accounting information systems and digital economy data modalities [1]. Traditional Boolean logic struggles with quantum-characteristic unstructured data, leading to a representation crisis for relational database-based accounting rules [2]. Deep learning's local feature extraction lacks semantic consistency, creating a reliability threat. Multimodal data fusion faces topological structure conflicts in feature spaces, causing temporal alignment issues that disrupt accrual principle implementation. Non-Euclidean data structures conflict with double-entry bookkeeping's two-dimensional logic.

Current technical approaches lack dynamic adaptability. Unstructured data streams' quantum entanglement characteristics evolve non-Markovianly with the business environment [3].

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Transformer architecture's fixed-frequency positional encoding conflicts fundamentally with accounting periodicity assumptions [5]. Models struggle to maintain accounting standards' constraints during continuous learning, leading to probabilistic deviations in amortization rules [4]. This causes controllability of accounting information quality to decay exponentially, threatening basic accounting assumptions.

Accounting regulatory frameworks create institutional constraints. Existing standards are built within structured data's Cartesian coordinate system, incompatible with unstructured data's hyperplane feature mapping. Deep learning's audit evidence chain faces verification difficulties in Riemannian manifold spaces. This technology-institution mismatch creates a cognitive dilemma for accounting supervision, akin to Heisenberg's uncertainty principle in unstructured data contexts.

Deep learning's representation learning mechanism leads to irreversible entropy increase in decision paths, forming quantum superposition states in Hilbert space. Traditional audit procedures' observations cause wave function collapse, challenging audit evidence chain completeness verification. Reinforcement learning's quantization phenomenon presents entanglement characteristics, with auditors encountering probability measure diffusion issues in Boltzmann distributions.

Explainability faces a dual constraint paradox. Accounting standards' symbolic logic requires algorithmic decisions to possess describability, while deep neural networks resist formal reduction to predicate logic. Audit standards' substantive procedure principle relies on the Turing computable framework, but neural networks' continuous state space evolution paths cannot be discretized. This conflict is prominent in consolidated financial statements, where graph neural networks' judgment of control boundaries cannot be formally verified.

To address these issues, an audit topological manifold with diffeomorphic properties is needed. Algebraic topology's persistent homology theory can map algorithmic decision-making to a Betti number sequence of audit trails, extracting key path homological invariants. Morse theory and Lie group symmetry breaking principles can be applied for structural stability analysis and invariance detection, providing a quantized verification path for algorithmic auditing.

Constructing an intelligent accounting ecosystem requires synergistic emergence of technological architecture, institutional framework, and ethical order. A neural-symbolic architecture with dynamic adaptability can be achieved through meta-learning, ensuring co-evolution of standards and models. A hybrid intelligence framework based on hypergraph neural networks can map entity relationships and institutional constraints, embedding auditable intermediate representation layers.

Institutional design innovation involves a hybrid governance framework with Lyapunov stability. Core standards are solidified into smart contracts, while elastic rules are iterated through federated learning. Topological data analysis methods can map algorithmic decision-making to a Betti number sequence, extracting interpretable audit evidence chains.

Ethical order embodiment requires a responsibility attribution manifold-based value embedding mechanism. Moral gradient penalty terms ensure algorithmic decisions conform to Rawls' difference principle. A quantum entangled state responsibility matrix can technologically embody moral agency through von Neumann's measurement chain.

System integration depends on cross-dimensional adaptive interfaces. Technological and institutional framework coupling is achieved through diffeomorphic mappings, while ethical order and algorithmic model interaction is facilitated by adjoint functors. This trinitarian ecosystem forms a cognitive network with dissipative structure characteristics, achieving a dynamic balance between technological empowerment and professional judgment, providing a stable phase transition path for the accounting discipline's paradigm shift in the intelligent era.

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5. Conclusion

This research concludes that the integration of artificial intelligence into accounting, driven by the Fourth Industrial Revolution, is a transformative process re-encoding accounting information systems through algorithmic power. While enhancing efficiency, this technological embedding generates institutional tensions and ethical dilemmas, particularly concerning data representation, auditability, and the balance between algorithmic autonomy and professional judgment. The study highlights the need for a new paradigm in accounting, one that embraces hybrid intelligent systems, incorporates topological data analysis, and ensures co-evolution of technology, standards, and ethical frameworks. Ultimately, the future of accounting lies in constructing a dynamic, adaptive ecosystem that maintains the integrity of financial information while leveraging the power of AI for enhanced decision-making and value creation in the digital economy. This necessitates innovative institutional designs, ethical value embedding mechanisms, and cross-dimensional interfaces to achieve a harmonious balance between technological advancement and the core principles of accounting.

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