Dext
By IRIS

Guide

Embracing AI & Automation: The Future of Accounting

Introduction

It's no secret: artificial intelligence (AI) is reshaping how we live and work. Accounting & bookkeeping are no different, and like so many industries, they're set to undergo significant change.

Accountants and bookkeepers are, of course, no strangers to AI. Many firms and their clients have embraced this technology for some time. Alternatively, some have toyed with AI and automation, opting instead to stick with traditional accounting methods that rely heavily on manual input. That path is now no longer viable. In fact, it would seem we are at a juncture where accounting and bookkeeping firms must either evolve—or risk falling behind.

To better understand this shift, let's begin with a clear definition of AI and AI agents.

What is AI and what are AI Agents?

AI

Artificial Intelligence is a set of technologies that allows computers to performs tasks that usually require human intelligence. It's a combination of algorithms, data and computational power to simulate human intelligence.

Example

Extracting the correct details from an invoice and categorising it to the correct GL Account

AI Agents

AI Agents are software programs that interact with their environment, collect and use data to perform self-determined tasks to meet predetermined goals.

Example

Chase all the outstanding invoices for customers of my client or any missing paperwork they have, every Monday

State of AI in 2025

AI is evolving fast. In fact, by the time you're reading this, the AI landscape will have shifted from the moment it was written. Even so, let's get a snapshot of how accounting and bookkeeping professionals are thinking about and making use of AI in 2025 and beyond.

Data Concerns

Data security is still a concern. The majority of accounting professionals believe that AI has a negative effect on their firm's data security, especially those in operations, technology, and administration roles.

Mixed Optimism

On a positive note, accounting professionals are more optimistic about AI than last year, but they don't believe their colleagues are. This suggests the need for ongoing communication and training about AI within firms to address this disconnect.

Evolving Use Cases

Communication remains the top use-case for AI for accounting professionals, but new use-cases, such as in-depth research and financial forecasting and analysis, are emerging, making it an increasingly versatile tool.

Firm leaders are leading the charge on AI adoption, and there's still room to bring the rest of the team along. While 63% of firm owners, leaders, and partners say they're excited about AI, only 40% of individual contributors, operations, tech, and admin staff feel that same excitement.

57% believe that bookkeeping will be the most disrupted function by AI; that number can't be ignored, which could explain why 40% are not as excited about it.

Looking ahead, 79% of companies plan to increase AI adoption in 2025, with 63% already using it in some capacity.

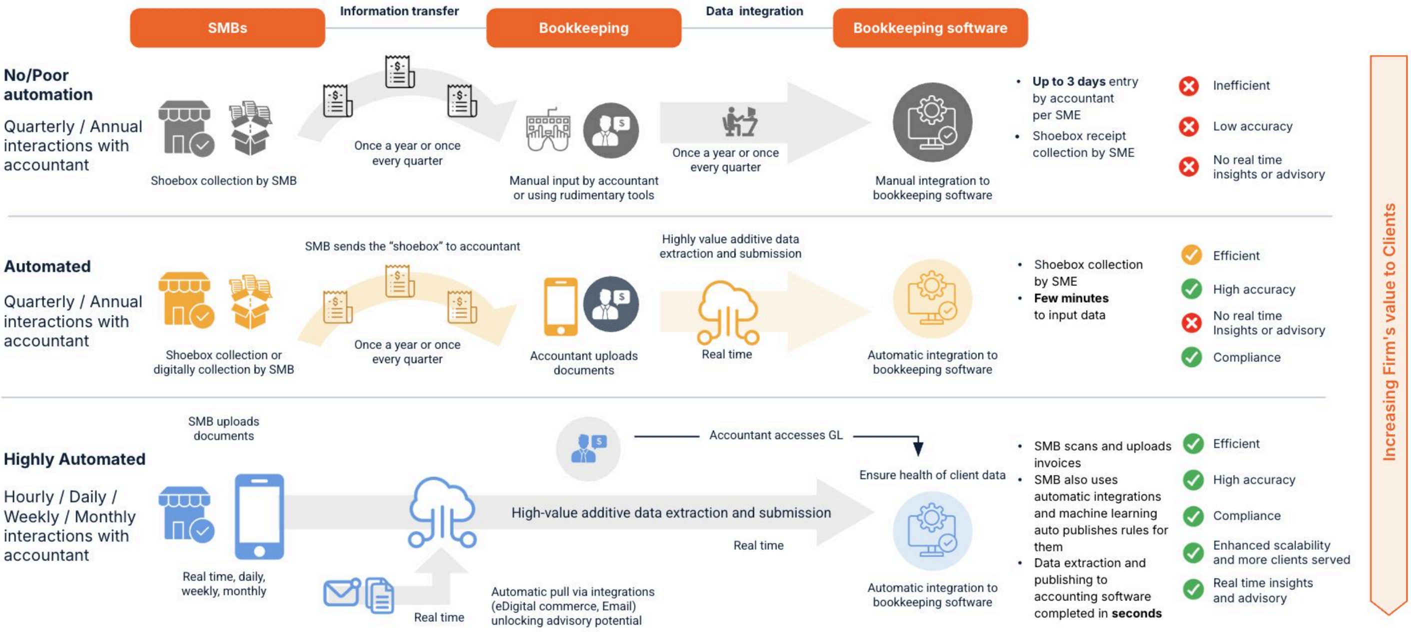
Top current use cases for AI within accounting firms are: **63% for communication** (writing emails, engagement letters, client outreach), **41% for task automation** (workflows, data extraction), and **40% using AI for meeting transcription and assistance**.

Emerging AI use cases include research, marketing content, and financial forecasting. In customer service, firms are using chatbots, virtual assistants, and recommendation engines (e.g., Amazon or Netflix).

AI is also supporting employee engagement, with 78% of adopters reporting higher job satisfaction, according to The State of AI in Accounting Report 2025 by Karbon.

AI & automation adoption curve for bookkeeping

As we set out to learn more about AI & automation, a good starting place is to understand the current state of your bookkeeping process within the context of adoption:



Level 1: No/Poor Automation

At this stage, firms rely heavily on manual processes. The reason most practices are moving away from this approach is that it's intensely time-consuming, prone to errors, difficult to scale, and limits the ability to offer insights or advisory services.

Level 2: Moderately Automated

At this stage, Accountants and bookkeepers are seeing key benefits like improved data accuracy, which supports stronger compliance. However, they haven't yet tapped into the full potential of their data for advisory services, as it's still largely retrospective.

Level 3: Highly automated

At this advanced stage, firms benefit from greater accuracy and efficiency, leading to improved work quality and stronger profit margins (especially with a value-based pricing model). More importantly, the focus shifts from retrospective data to real-time and forward-looking insights, enabling more strategic, advisory-level services.

Evaluating AI as part of the bookkeeping Workflow

Not all AI is the same. We're in an AI bubble, new tools and big promises are everywhere. That's why it's essential to **explore, test, and validate** before adopting any solution.

When evaluating AI for your bookkeeping processes, test it using real client data. Look for accuracy in key areas like totals, currencies, line items, supplier names, and how well it handles real-world documents, even ones that are crumpled or stained.

Data capture is the foundation of any bookkeeping workflow. The AI you choose must reliably interpret documents across these variables to give your firm a strong starting point.

Once accuracy is in place, automation can follow. As AI evolves, agentic tools offer even more potential to reduce manual work and boost efficiency.

Where Agentic AI can improve bookkeeping:

- **Mailbox agents** collect invoices and receipts directly from your clients' inboxes, no need to chase them.
- **Supplier agents** verify the legitimacy of new suppliers and invoices.
- **Automation agents** learn how you work and apply rules on a per-client basis to streamline tasks.
- **Advisory agents** use data from your **pre-accounting and accounting tools to support client advice.**

What is the future of AI agents?

Today: Bookkeeping tasks, like invoice capture, expense categorisation, and bank reconciliation, are already being automated with rule-based systems and OCR + AI tools.

Future: AI agents will go further by:

- Reconciling transactions autonomously, flagging anomalies, and learning from past corrections
- Handling multi-entity, multi-currency accounting without manual intervention
- Performing continuous accounting instead of batch-based month-end closes

This reduces the workload of entry-level accountants and shifts focus toward oversight, auditing, and advisory.

Key questions to ask on your automation journey

1. What blocks firms from adopting AI?

Software companies are promising firms a silver bullet in terms of AI. But only a few companies have really mastered all the product ins and outs it takes to create a viable solution that's more than just smoke and mirrors.

2. How much should people spend on AI tools and subscriptions?

At the end of the day, firms have to monitor their costs and keep their overheads low. By choosing the right AI tool, however, you can free up your team's capacity to take on more work, and therefore increase your overall ROI over time.

3. How can you safely adopt AI?

Tread carefully with cybersecurity, and make sure you are comfortable with what is going on in the model in line with your jurisdictional and legal obligations.

4. What is coming in terms of automation and AI agents?

The future is largely unknown. What we can predict is that those open, willing to change and embrace AI will have a much smoother transition than those that don't.

Pitfalls to avoid

1. Lack of clear objectives

With so many tools available, it's essential to start by clearly defining the problem you're solving. Can it be addressed internally? Does it require changes to your processes or tech stack? Pinpoint your needs before evaluating solutions.

2. Insufficient data quality & quantity

AI relies on the data it's trained on. Low-quality or limited data can lead to inaccurate or unreliable outputs. Strong prompts matter, but so does the strength of the underlying data.

3. Poor integration with existing systems

New tools must fit into your existing ecosystem. Poor integration can create data silos, duplicates, and errors, ultimately leading to misaligned insights and poor decision-making.

4. Neglecting employee training & change management

Bring your team (and clients, if needed) into the process. Proper training ensures new workflows are adopted effectively. Without it, fear of automation and job loss may hinder adoption and reduce ROI.

5. Overreliance and reduced oversight

AI is powerful, but not infallible. It's critical to maintain human oversight and apply professional judgment. Blind trust in AI can lead to missed anomalies or errors—especially when models behave unpredictably.

6. Ignoring regulatory compliance & security

AI solutions handle sensitive financial and client dataso compliance with privacy laws and industry regulations is non-negotiable. Ensuring proper data handling and auditability can help your firm stay compliant and avoid unnecessary risks.

Looking ahead

AI is reshaping accounting by driving efficiency, accuracy, and new value opportunities. As automation reduces time spent on manual tasks, firms must shift from time-based billing to value-based pricing, rewarding outcomes rather than hours.

In fact, *71% of accounting professionals believe AI brings substantial benefits* to the accounting industry, leveraging it to enhance their operations, increase productivity and gain a competitive edge.

There's no universal roadmap; each firm's AI journey should reflect its culture, structure, and client base. By embracing AI as both a tool and an advisory opportunity, accountants can stay ahead of change and position themselves as trusted partners in a rapidly evolving digital landscape.

"71% of accounting professionals believe AI brings substantial benefits to the accounting industry"

According to Accounting Daily

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