

The State of AI in Accounting 2024

A KARBON REPORT

Emerging Trends, Challenges & Opportunities



Contents

Demographics & Survey Considerations	2
Introduction by Jason Staats	3
Demystifying AI in Accounting	4
Key Findings	5
The Pulse: AI's Effect on Accounting Today	6
AI in Practice: How Accounting Firms are Currently Using AI	9
AI in Accounting: The Bigger Picture	10
The AI Paradox in Accounting	14
Navigating the Future of AI in Accounting	16

Demographics

The data in this report is based on a unique survey conducted by Karbon in November 2023. Respondents included 595 individuals from 6 continents, with the majority from the United States.

Firm size		Region		Role	
1-3 staff	21%	Australia	16%	Individual Contributor (Accountant, Enrolled Agent, Bookkeeper)	16%
4-10 staff	37%	Canada	18%	Operations/Technology/Administration	11%
11-20 staff	19%	New Zealand	3%	Manager	13%
21-50 staff	12%	United Kingdom	3%	Partner/Director/Owner	59%
51-200 staff	7%	United States	49%	Other	< 1%
201+ staff	4%	Other	11%		

Survey Considerations

Selection bias: Respondents are within the broader view of Karbon, which may skew results as these firms are typically more progressive.

Results: The survey questions and calculation are not a perfect science, and could impact results. However, a pre-test was conducted to ensure the best opportunity to gain insights.

Analysis: All data provided was collected, calculated and included in this report. The analysis is based on our best understanding and assumptions (including from expert opinion). Other reasons/rationale may also exist.



Introduction by Jason Staats

I'll hazard a guess your news feed, like mine, is packed with stories of ruthlessly efficient AIs dead set on putting you out of work.

And the more we're swept into the news cycle, the social problems, the misinformation campaigns, the more you're left feeling like... 'where do I fit into all this?' 🤖

'You mean to tell me I have another thing to learn?'

'I'm supposed to put AI on my back too?'

'Did you see the new tax legislation?'

We're hardly 12 months post-ChatGPT and rooms full of AI researchers are crafting the ultimate super-intelligence while you craft a reply to your client with 47 inline images of "the parts of the documents you need."

Reality serves as a grounding reminder: it's never just about the accounting.

15 years ago, it was about learning cloud tech. Then it was learning COVID relief. At one point it was even learning how to remove the security restrictions from a PDF, and showing clients how to use a [redacted] scanning app on their smartphone.

In 2024, it probably looks like learning AI... and I get it!

The good news is the accountant community has never been more connected, and that's where the very best learning happens.

Better than a webinar from your favorite tech partner or a post from a major social media celebrity, is learning from your peers who are also figuring it out a day at a time.

It looks like a group chat of idea sharing, or a screenshot with a 🤖 emoji, or a follow-up email because you were positively buzzing two hours later.

And it's what makes doing what we do fun. Building relationships with the only other people you know who can turn a HEIC file into a well-cropped PDF.

So if AI overwhelms you and you aren't sure where to turn, make the first move. Start that group chat, Slack channel, or join in on the conversations on social media.

It'll make you a better accountant, a better advisor, and remind you of the answer to the question 'where do I fit in?' is among the misfits who, in spite of all this, still proudly call themselves accountants.

A stylized, handwritten signature of the name "Jason" in white ink.

Jason Staats

Founder

[Realize](#), [Jason Daily](#)



Demystifying AI in Accounting

AI is transforming business like never before. In fact, it's changing the world. There are plenty of studies and reports out there that prove that.

But there's not a lot of data that exists about the accounting industry specifically. About how AI is impacting the profession directly, how accounting professionals feel about AI, what excites them, what gives them cause for concern, how they're using AI, and what you should be thinking about in relation to AI at your firm.

That's what this report demystifies.

In November 2023, we designed a survey to provide a clear picture of AI in accounting as it stands today. We asked accounting professionals across the world about their AI thoughts, habits, feelings, predictions, and plans for the future.

And this report is a culmination of that information. It uncovers AI in accounting, providing you with the insight you need to get ahead.

Accountants are the lifeblood of the global economy. At Karbon, we're inspired by the impact accounting firms have, and we're driven by a desire to see them—you—succeed. That's why we've conducted this research, and why we are committed to providing you with the world's leading accounting practice management platform, including GPT-powered Karbon AI.

We hope this report empowers you to embrace technology and realize the exciting possibilities that await you.

Sara Goepel
Chief Product Officer, Karbon
[Discover Karbon AI](#)

Key Findings

There's no escaping AI.

The majority of accounting professionals expect that AI will transform the accounting industry in substantial ways.

Roles matter.

Enthusiasm about AI depends significantly on a person's role within a firm—owners, partners and directors are more likely to embrace AI, whereas individual contributors are more skeptical.

No one's being replaced, but change is coming.

The majority of accounting professionals are not worried that AI will replace them. But they are concerned about what the bookkeeper's role will look like in the future.

Communication is the #1 AI use case in accounting.

Accountants are using AI to compose emails and fine-tune their writing tone, in favor of accounting-specific functions, like tax preparation and audit.

AI is core to modern business strategy.

Accounting professionals are recognizing that AI is important to the value of their firm and can give them a competitive advantage.

Humanity, ethics, and data security are big concerns.

Accounting professionals are worried that AI will reduce the level of humanity in their client interactions, and are concerned about data protections and ethical dilemmas.

The biggest hurdle: AI intent vs. training.

More accountants are excited by AI than those actively investing in AI training for their teams. Commitment to AI education correlates with firm size—as firm size increases, so does AI training investment until you get to firms with over 200 employees.

Firms across the globe are standing at a crossroads.

The transformative potential that AI offers accounting businesses is too great to ignore. And at the same time, the potential implications of not giving it the attention it deserves are equally too great to ignore.

THE PULSE

AI's Effect on Accounting Today

In the fast-evolving landscape of accounting, AI is not just knocking on the door—it's moving in.

While AI has been around for many years, the uptake of generative AI tools (most famously OpenAI's ChatGPT) has been one of the most exponential on record. In fact, ChatGPT is the second-fastest growing app in history, reaching 100 million active users in just 2 months, only surpassed by Meta's Threads app. Globally and across all industries, the AI market is projected to expand 37% each year by 2030.

But what does this mean for the accounting industry? In short: accounting professionals are anticipating massive impacts. 71% of respondents believe that AI will bring substantial changes to the accounting industry.

This enthusiasm varies notably across different roles within firms. Firm leaders—owners, partners and directors—are at the forefront of embracing AI. Their outlook is optimistic and future-focused. They don't see AI as a threat but as an ally in growing and streamlining their firms.

For individual contributors (accountants, bookkeepers, enrolled agents) and those in operations, technology, and administration roles, the outlook is less optimistic. In this group, skepticism has a stronger foothold. They're likely weighing up the promises of AI with the potential disruptions it brings. But their caution isn't necessarily a sign of resistance—it reflects the desire and need to understand and adapt meaningfully to this new AI-centric reality.

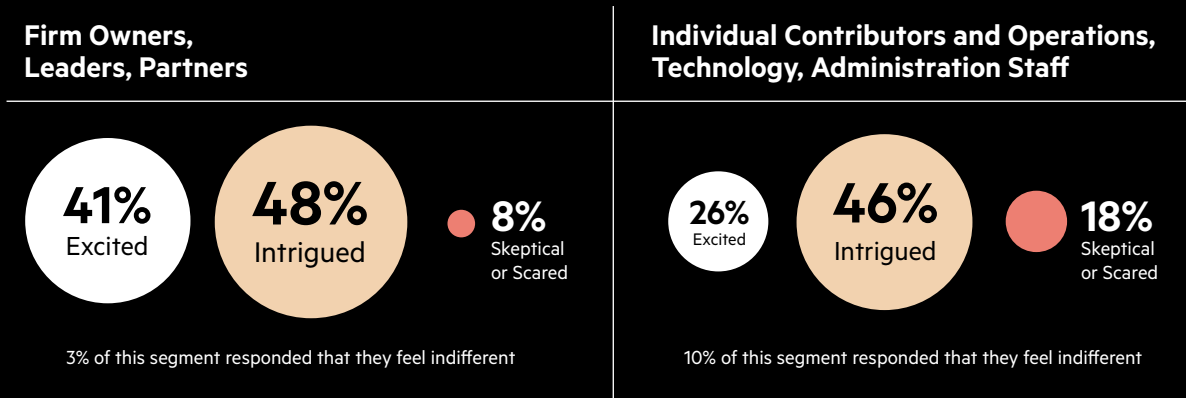
It's not surprising then that, while the majority of respondents, no matter their role, aren't sure whether to trust AI or not, there are signs that **firm leaders are more trusting of AI compared to individual contributors**.

Role	Trust in AI		
	Don't Trust	Trust	Unsure
Individual Contributor (Accountant, Bookkeeper, Enrolled Agent)	29%	12%	59%
Operations/Technology/Administration	35%	17%	48%
Manager	18%	23%	59%
Partner/Director/Owner	20%	24%	56%

71%

of respondents believe that AI will bring substantial changes to the accounting industry.

How are accounting professionals feeling about AI?



That begs the question: Do accounting professionals believe AI will replace accountants? The overall sentiment leans towards ‘no’ — **58% aren’t worried that AI will usurp their roles.**

But again, when you zoom in, individual contributors are almost three times as worried as partners and over twice as anxious as managers.

“
**AI to me... means fewer jobs for humans.
I’m scared of AI technology.”**

Individual Contributor
1-3 staff bookkeeping firm, United States

“
**Technology is only as good as those using it.
The notion that it will replace humans is absurd.”**

Partner/Director/Owner
4-10 staff accounting firm, United States

“

AI is amazing but scary at the same time.

Manager

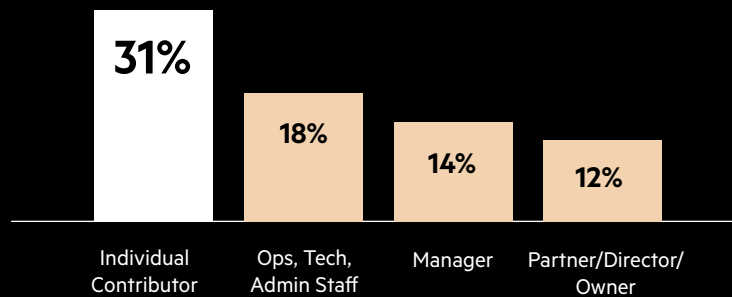
4-10 staff accounting firm, United States

This disparity in concern highlights a crucial communication gap within the industry. There's a need for clear, open dialogue about AI's role—not as a replacement, but as a powerful tool that complements and elevates the human element in accounting.

Right now at least, AI cannot match the accountant's role as a strategist with human experiences, an understanding of nuances, passion, and resilience. What it can do, however, is support the accountant in streamlining their work, and saving them time to reinvest back into their clients and the firm.

Who is more concerned about AI replacing the role of the accountant?

Percentage of respondents who are concerned that AI will replace the role of the accountant



“

AI can never fully replace a human, at least not yet. It certainly has the potential to make us all more accurate and efficient at what we do. The more margin we can squeeze out of clients utilizing tools like AI, the better for our overall business strategy for sure.

Partner/Director/Owner

21-50 staff accounting firm, United States

AI IN PRACTICE

How Accounting Firms are Currently Using AI

It appears that AI currently plays more of a 'backstage role' in accounting firms, helping to streamline business functions rather than the technical, nuanced aspects. A clear indication of this is that more people are **not using AI at all** (22%) compared to those using it for accounting-specific functions like financial forecasting and analysis (11%), client support (10%), and tax preparation and audit (6%). There's a likelihood of this trend changing as more AI solutions that assist accounting-specific tasks continue to emerge.

“

AI needs to be incorporated into actual tax and accounting software to streamline real production work, otherwise it's mostly for marketing and internal document generation.

Partner/Director/Owner
11-20 size accounting firm, United States

Currently, accounting professionals are leveraging AI in three key areas:

1

COMMUNICATION

59%

of accountants are using AI to compose emails and fine-tune their writing tone.

2

TASK AUTOMATION

36%

are using AI to automate their workflows, freeing up valuable time and redirecting their focus towards more complex, value-adding activities.

3

RESEARCH

31%

are tapping into AI tools to help with research. This points to an emerging trend where AI is becoming an invaluable ally in sifting through vast data, providing relevant information swiftly and efficiently.

AI IN ACCOUNTING

The Bigger Picture

AI's value to an accountant's day-to-day operations is becoming clear.

Firms are using GPT-powered practice management to save time drafting emails and summarizing communications. In fact, an argument can be made that the integration of AI in accounting practice management systems has led to communication—especially email writing—being the #1 use case of AI in accounting firms. At the same time, AI note taking apps can automatically transcribe phone calls and render minutes for meetings, and ChatGPT can be used to generate marketing strategies, plans and copy.

But what are the impacts on the accounting firm itself?

In the contemporary accounting landscape, AI is transitioning from a futuristic concept to an increasingly prominent component of business strategy.

The potential benefits of implementing AI at a firm has immense implications. A firm that successfully uses AI saves time, becomes more efficient, can automate processes, and has access to deep, accurate, real-time client data. All of which make it a more attractive business. Firms lagging in AI adoption risk not just falling behind, but also devaluing their business in an increasingly tech-savvy marketplace.

“

AI will transform the business we have today and it's important to be ready for the transformation.

Partner/Director/Owner

1-3 staff bookkeeping firm, Australia

54%

of respondents believe that the value of a firm drops if it doesn't use AI.

Other reasons why accounting professionals are excited about AI include:

67%

agree that AI can serve as a competitive advantage.

46%

agree that AI can help attract and retain more talent to the accounting field.

This isn't just about staying relevant; it's about leading the charge in innovation, efficiency, and client satisfaction. According to the [2022 Practice Excellence Report](#), leading accounting firms are those that invest in technology, track a broad range of reporting metrics, invest in growth activities like Search Engine Optimization (SEO), and excel at management techniques—all of which can be enhanced with [AI tools](#).

“

AI is a tool, not a replacement for humans. It will be used to level-up the incoming staff to be critical thinkers—not doers—right from the start. Profitability will skyrocket once we get our tech stack defined and perfected.

Manager

51-200 staff accounting firm, United States

Between 2020 and 2022, [300,000 accountants and auditors quit](#). That's a 17% decline in a 2-year window. And with more accountants retiring than entering the profession, there's a serious talent shortage. Now, the onus is on firm leaders to attract and retain top talent in a dwindling talent pool. And AI can play a role in that.

Young accountants want to use technology, and the likes of [Chad Davis](#), [Jason Staats](#), and [Carla Caldwell](#) are showing the world that accountants can do powerful things with automation, AI, and tech in general. And that's exciting for young people considering their career choices.

“

Embracing AI is similar to the cloud accounting revolution a decade ago: it's a talent magnet and those who embrace it could be on another level compared to those who don't.

Chad Davis

Co-Founder & Partner, LiveCA LLP

However, enthusiasm for AI is tempered by some pressing concerns:

76%

of respondents are concerned about data security when evaluating AI tools.

The responsibility to safeguard sensitive information is paramount and places data security at the forefront of AI adoption strategies. This is critical, given that accountants are prime targets for hackers as a result of how much confidential client data they have access to.

“

I believe AI is a massive threat to the workplace globally, and I believe the possibility of cyber intruders will become even more threatening.

Individual Contributor
4-10 staff bookkeeping firm, Australia

59%

of respondents believe that bookkeeping will be the most disrupted function by AI.

As AI continues to show its value in the more routine, transactional tasks, there's both curiosity and apprehension about the future of the bookkeeping function.

“

I don't believe AI will replace accountants or bookkeepers, but it will certainly change the way we work.

Partner/Director/Owner
1-3 staff bookkeeping firm, Canada

56%

are concerned that AI may result in a decrease in human touch and relationships.

49% are concerned about ethical dilemmas and biases in relation to using AI. It's important to remember that while it has the potential to be incredibly helpful, it's still flawed. Just like humans.

“

AI is still very new to me and our firm. I am very curious to learn more but hesitant to ensure we keep the human touch for our clients.

Operations/Technology/Administration Team Member
11-20 staff accounting firm, United States

46%

of respondents find it a challenge to keep up with rapid advancements in AI technology.

Time is finite—increasing workloads, client demands, legislative changes, a shrinking talent pool. The list goes on. For many accountants, the continuous learning and adaptation required to use AI can be overwhelming.

While these are all relevant concerns, there's perhaps an even more significant consideration that feeds back into them.

The AI Paradox in Accounting

There's one hurdle in the race to harness AI in accounting: training.

82% of respondents say they're intrigued or excited by AI, yet only 25% are actively investing in AI training for their teams. This discrepancy between interest and action is more than an oversight—it's a strategic gap with far-reaching implications.

This hurdle is significant. Formalized staff training is one of the biggest drivers of Practice Excellence among accounting firms across the globe.

Will the accounting firms that seize the opportunity and commit to AI training give themselves a significant advantage?

Digging deeper into the data reveals an interesting picture: commitment to AI education appears to correlate with firm size.

		Firm size in employees					
		1-3	4-10	11-20	21-50	51-200	201+
Is AI training offered at your firm?	Yes	17%	19%	30%	35%	42%	20%
	No	78%	77%	61%	59%	39%	50%
	Not sure	5%	4%	9%	6%	19%	30%

82%

of respondents say they're intrigued or excited by AI, yet only 25% are actively investing in AI training for their teams.

Bigger isn't always better when it comes to adapting to technology changes.

As firm size increases, so does the investment into AI until you get to large firms of 200+ employees—then the trend comes to a halt. Increasingly hierarchical structures, number of staff, and the strategic coordination and rigorous processes required to navigate change means that larger firms are less nimble, and are therefore slower to respond to trends and implement change. AI training and education is not exempt from that.

Small firms

1-20 employees

In smaller firms, AI training is relatively low. For the smallest firms (1-3 employees), only 17% are investing in AI training. This suggests that smaller firms, while perhaps more agile, are yet to prioritize or invest in AI training comprehensively.

Mid-sized firms

21-50 employees

For mid-sized firms, there's a noticeable uptick in AI training. Firms with 21-50 employees report a 35% training implementation, suggesting that firms at this size recognize the importance of AI training in maintaining a competitive advantage and operational effectiveness.

Large firms

51+ employees

AI training continues to increase as firms reach 51-200 employees (42%).

But for firms with more than 200 employees, AI training investment is reduced by over half that figure. Beyond a certain size, firms encounter new complexities—hierarchical structures and strategic inertia that may impede the adoption of nimble, innovative practices like AI training.

Navigating the Future of AI in Accounting

Firms across the globe are standing at a crossroads.

The transformative potential that AI offers accounting businesses is too great to ignore. And at the same time, the potential implications of not giving it the attention it deserves is equally too great to ignore.

“

AI is the biggest paradigm shift for accountants. It is actually going to change the job they do, in a much more fundamental way than cloud computing or accounting software has done before.

Operations/Technology/Administration Team Member
201+ staff accounting firm, New Zealand

The best place to begin closing the current training and knowledge gap is with exploration. Team members should be encouraged to test, experiment and learn. AI fluency across your firm will ensure your team members aren't just comfortable with AI, but are also confident and proficient in leveraging its capabilities.

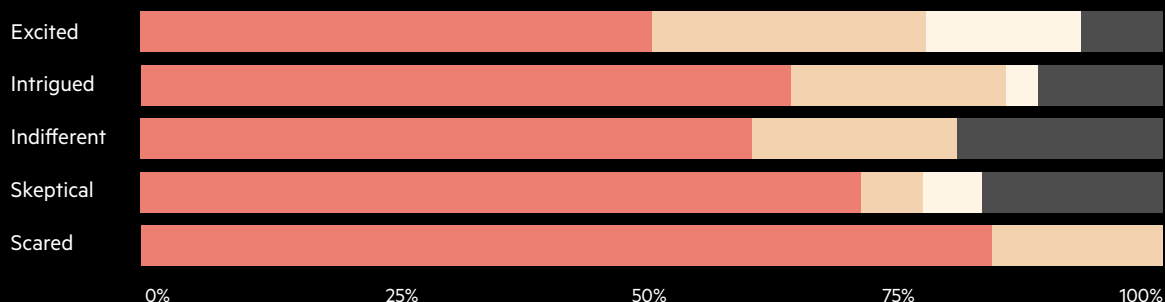
Seek expertise: External tech consultants can help demystify AI, tailor solutions to specific firm needs, and oversee the implementation of AI tools across your firm.

Community learning: How are your peers using AI? Learn from their experiences, successes, and mistakes.

Check out [Karbon Community](#), [#TaxTwitter](#), [Realize](#), and [other online communities](#).

The impact of training and education on the perception of AI among accounting professionals

How do you feel about AI?



Does your firm offer AI training and education?

● No AI training ● In development ● AI training available ● Not sure

A fundamental place to start: AI-powered practice management

AI exploration and discovery should happen in places that make it easy for you to use, experiment with, and test. Where you begin to reap real benefits is leveraging it through the tools you're already using—these are the key places you should be looking at.

Your [practice management tool](#) is the heart of your accounting firm. It's the operational core that houses critical information about your firm, clients, and team—from communications to workflows, to collaboration and planning. An [AI-powered practice management tool](#) leverages this data, helping you streamline workflows, simplify communication, surface insights, and optimize client engagement.

Tools like Karbon AI combine the revolutionary power of generative artificial intelligence and secure GPT technology with the context of your accounting firm.

Make or break

This critical moment in time is make or break for many firms. There's no doubt about it: technological literacy will become a fundamental part of what it means to be an accountant. Clients will use more tech, and you'll use more tech. That's the reality.

You either jump on board, or risk watching the ship sail by.

Looking into the future, it's difficult to predict how far the digital transformation will go. But the fact that tech can already perform many of the manual and repetitive accounting processes that used to consume all of your time is something to embrace sooner rather than later.

Technology will provide you with more time for planning, data analytics, and fulfilling your advisory role. So instead of just keeping your clients compliant, technology will afford you the time and insight to focus on making their business (and your firm) more profitable.

“

AI won't replace accountants. Accountants trained in AI will replace other accountants.

Partner/Director/Owner

4-10 staff accounting firm, United States

Meaningful action you can take to prepare for the future of accounting

No matter your experience or age, you should prioritize learning how to leverage new tech. Or at the very least, experiment with it. Get to know how tools like [ChatGPT](#) work. Learn how to use [low and no-code tools](#). Follow leaders in the accounting tech space like [Jason Staats](#), [Hector Garcia](#), [Ashley Francis](#), [Chad Davis](#), and [Carla Caldwell](#). And consume [resources designed specifically for accounting and bookkeeping firms](#) just like yours, like CPA.com's [generative AI hub](#), Future Firm's [technology content](#), and Karbon Magazine's growing [AI resource library](#).

By immersing yourself in new tech and becoming an early adopter (even if it's just for experimental purposes), you'll be better placed to leverage game-changing tools for your accounting firm.

“

AI is to accounting what autopilot is to flying: it doesn't replace the pilot, but it sure makes the journey smoother.

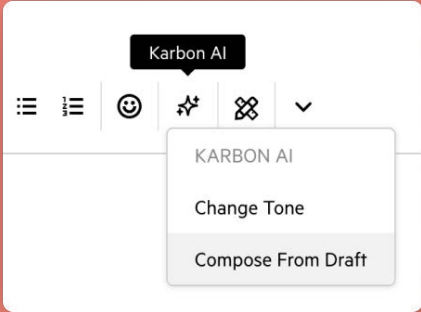
Chad Davis

Co-Founder & Partner, LiveCA LLP

AI-Powered Practice Management

Karbon is the collaborative practice management platform for accounting, tax, bookkeeping, and CPA firms. And now with AI and GPT securely integrated, you can work smarter and faster.

karbonhq.com



★★★★★ 4.8
G2.com

★★★★★ 4.7
Capterra.com

★★★★★ 4.7
Getapp.com

