

# Accuracy of AI-Based MSME Financial Reporting: A Systematic Literature Review on the Role of User Accounting Competence

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## ABSTRACT

Technological advancements in Artificial Intelligence (AI) assist Micro, Small, and Medium Enterprises (MSMEs) in overcoming limitations related to financial record-keeping and report preparation. However, the ease of using AI does not automatically guarantee the accuracy of financial information, particularly when users lack accounting competence. This study aims to analyze the accuracy of AI-generated MSME financial reports and identify the role of user accounting competence in ensuring the reliability of the output. A Systematic Literature Review (SLR) method was employed to identify, select, evaluate, and synthesize prior research published between 2022 and 2026. The analysis focused on AI utilization in accounting, the accuracy and quality of financial reports, error risks, and user competence—specifically that of MSME operators. The findings indicate that while AI has the potential to enhance the efficiency, automation, and quality of financial reporting processes, AI outputs remain susceptible to errors if the data, instructions, or transaction contexts are incorrect. User accounting competence is a critical factor, as it determines the ability to provide inputs and to evaluate, verify, and correct AI-generated results. Consequently, AI is best utilized as a tool to assist in financial report preparation rather than as a substitute for the user's accounting competence. The study implies that efforts to improve users' accounting competence and verification skills must keep pace with technological advancements.

**Keywords:** Artificial Intelligence, MSMEs, financial report accuracy, accounting competence.

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## 1. INTRODUCTION

According to UU No. 20 Tahun 2008, Micro, Small, and Medium Enterprises (MSMEs) are productive business units – owned by individuals or business entities – that meet specific capital and annual sales criteria, as updated by PP No. 7 Tahun 2021. MSMEs play a vital role in the economy; however, they continue to face various challenges regarding financial management. A common issue is the practice of simple and disorganized transaction recording, often lacking the support of adequate financial statements.

Consequently, the resulting financial information cannot be optimally utilized to evaluate performance, make decisions, or grow the business. One underlying cause of these issues is the limited accounting knowledge among MSME operators; not all of them understand transaction recording, account classification, journal entries, or the preparation of financial statements. The emergence of Artificial Intelligence (AI) offers an alternative, enabling them to record transactions and prepare financial statements more easily and quickly, without requiring prior accounting expertise.

While AI assists MSME operators, its use does not automatically guarantee the accuracy of financial reports. AI can generate incorrect information if the input data is flawed or user instructions lack clarity. This issue is particularly significant for MSME operators with limited accounting knowledge, as they tend to accept AI-generated financial reports without verifying them. AI-generated errors can occur across various accounting processes – ranging from transaction identification, account classification, and revenue and expense recognition

to the presentation of financial statements. Conversely, users with strong accounting competence or understanding possess the ability to evaluate, correct, and verify AI-generated outputs. Therefore, the accounting competence of MSME operators is considered a crucial factor in determining the accuracy of AI-based financial statements.

Hasan (2022) reveals that AI has the potential to enhance efficiency, productivity, and accuracy, yet it also presents challenges regarding shifting competency requirements and the need for a workforce possessing new skills. According to Dang, T. M. L., and Vu, T. D. (2023), while AI offers opportunities for efficiency and automation, its implementation requires human resource readiness and the ability to adapt to technology. Research by Lim, T. K., and Seng, L. W. (2024) indicates that MSMEs are still in the early stages of adopting AI to transform conventional accounting processes. Studies specifically examining the accuracy of AI-based financial reporting for MSMEs and the role of user accounting competence remain limited. Much of the existing research emphasizes the benefits generated by AI rather than the risks of error or the users' ability to verify AI-generated outputs.

This study offers a novel contribution by integrating three key aspects – AI utilization, financial statement accuracy, and user accounting competence – within the context of MSMEs. The focus extends beyond merely examining whether AI assists in the preparation of financial statements; it also seeks to understand whether user competence determines the ability to generate and validate accurate financial statements. To gain a comprehensive overview of the research developments in this area, this study employs a Systematic Literature Review (SLR). This method enables the systematic identification, selection, analysis, and synthesis of prior research. Through the SLR, the study aims to map findings regarding the accuracy of AI-based financial reports, error risks, and the role of users' accounting competence, while also identifying opportunities for future research.

## 2. METHODS

This study employs the Systematic Literature Review (SLR) method to identify, evaluate, and synthesize findings from prior research. The research process was conducted systematically through several stages: identification, screening, eligibility assessment, and analysis of relevant articles. Literature was sourced from scientific databases such as Scopus, Web of Science, ScienceDirect, Google Scholar, and Garuda. The selection was limited to journal articles published between 2022 and 2026. Literature selection followed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) workflow. Data from the selected articles were categorized based on author, publication year, country/research subject, methodology, form of AI utilization, findings regarding financial report accuracy or quality, user competence, and error risks; these data were then analyzed descriptively and thematically to identify patterns, similarities, differences, limitations of previous studies, and research gaps.

## 3. RESULTS AND DISCUSSION

The results of this study, which employed a systematic literature review, indicate that Artificial Intelligence (AI) holds significant potential to support accounting and financial reporting workflows. AI facilitates tasks ranging from automated recording, data processing, validation, and analysis to the preparation of financial information. Manihuruk and Dewayanto (2025) found that technologies such as Natural Language Processing, Optical Character Recognition, Machine Learning, Generative AI, and Anomaly Detection have the potential to enhance the accuracy and efficiency of financial reporting. These findings are reinforced by Wang et al. (2026), who determined that AI has the potential to improve report preparation efficiency and data reliability in financial reporting.

Generative technology enables businesses to access accounting support without requiring complex technology systems, making the use of AI increasingly relevant for MSMEs. Studies on Generative AI indicate that the technology can help MSMEs improve efficiency, even when

faced with limited human resources regarding technical expertise. However, successful implementation remains contingent upon user competence, leadership, organizational culture, and the ability to manage technology. Thus, while AI can serve as a temporary solution to MSMEs' limited understanding of accounting, its effective use still requires users to possess the skills and capabilities to understand and control the technology.

Previous research indicates that AI possesses significant capabilities for processing and analyzing financial information. According to Li and Vasarhelyi (2024), Large Language Models (LLMs) offer the potential to optimize accounting processes, extract information, and support accounting measurement. Meanwhile, Kim et al. (2024) found that GPT-4 is capable of analyzing financial statements and predicting the direction of earnings changes with a competitive level of accuracy. These findings demonstrate AI's ability to comprehend financial information; however, it has not yet been consistently proven capable of accurately compiling MSME financial statements starting from raw transaction data. Such limitations are critical, as AI output is heavily influenced by data quality, the instructions provided, the transaction context, and the user's verification capabilities. Research by Manihuruk and Dewayanto (2025) indicates that while AI can enhance reporting quality, risks such as algorithmic bias, data security issues, technological limitations, and organizational resistance persist. Wang et al. (2026) also identified technological limitations, data security, and regulatory gaps as challenges to implementing AI in financial reporting. These conditions suggest that utilizing AI without a verification process can lead to the risk of errors.

Based on the literature synthesis, user accounting competence—specifically among MSME operators—is a crucial factor in determining the accuracy of AI output. Users with an understanding of accounting possess the ability to provide precise information and instructions, assess the reasonableness of AI results, identify classification errors, and make corrections before the reports are utilized. Conversely, limited competence may lead users to accept AI output without subsequent verification. This aligns with research on AI in MSMEs, which identifies competence as a key factor for the successful implementation of Generative AI. Thus, AI should be viewed as an accounting aid rather than a substitute for the user's accounting competence.

Overall, prior research has extensively demonstrated the potential of AI regarding efficiency, automation, analysis, and financial reporting quality; however, there remains a lack of research specifically linking AI, financial statement accuracy, MSMEs, and user accounting competence within a single analytical framework. While the study by Manihuruk and Dewayanto (2025) focuses on financial reporting quality in general, Wang et al. (2026) examine AI and blockchain in the context of financial reporting transformation. Consequently, this study contributes to the field by focusing on AI-driven financial statement accuracy for MSMEs and the role of user accounting competence, thereby illustrating that the success of MSME accounting digitalization is determined not only by the sophistication of AI but also by the ability of users—specifically MSME operators—to understand and validate the outputs generated by AI.

#### 4. CONCLUSION

Based on the research findings, the use of Artificial Intelligence (AI) has the potential to assist MSMEs in overcoming limitations related to record-keeping and the preparation of financial statements. AI can also enhance efficiency, accelerate data processing, facilitate transaction classification, and support the compilation and analysis of financial information. However, these capabilities do not automatically guarantee a high level of accuracy and correctness in the resulting financial statements.

Studies indicate that a user's accounting competence is a crucial factor in determining the accuracy of AI-based financial reports. MSME operators with adequate accounting knowledge are better equipped to provide precise instructions, evaluate the reasonableness of AI-generated results, identify errors, and correct the output. Conversely, limited user

competence can increase the risk of errors in the recording, classification, recognition, and presentation of financial reports, as users tend to accept AI results without verification.

Thus, AI should be positioned as a supporting tool in the preparation of financial statements, rather than a substitute for the user's accounting competence. This study reveals a gap in the literature due to limited research specifically linking AI usage, the accuracy of MSME financial statements, and user accounting competence. Therefore, enhancing accounting competence is essential alongside technological advancements. These findings imply that the successful digitalization of MSME financial reporting is not determined solely by the sophistication of AI, but rather by the users' ability to understand, evaluate, and ensure the accuracy of the information generated.

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