

Accounting for the Virtual Economy: Viewing Through the Prism of Digital Currencies

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Abstract

The emergence of digital currencies has led to the development of new accounting methods that are significantly different from traditional accounting methods. Digital currencies have created new challenges for accountants due to their unique features and the absence of a regulatory framework. The purpose of this study is to provide an extensive analysis of the current state of cryptocurrency bookkeeping. The article covers topics such as the history of digital currencies, the characteristics of digital currencies, the accounting procedure for digital currencies, and the difficulties in accounting for digital currencies..

Keywords : Central Banking Digital Currency, Distributed Ledger, Accounting, Digital Currencies, Blockchain

1. Introduction

Scholars, investors, banks, and even governments are all interested in digital currency because of its transformative potential. The medium of trade is completely digital, with no tangible manifestation. Bank accounts that can be accessed online and which show the amount of a given account and which are linked to real coins are an example of electronic money; however, this type of electronic money must be differentiated from other types of electronic money. Any company that accepts cryptocurrency as payment must guarantee that the value and number of cryptocurrency transactions are properly recorded in the company's accounts. Despite the increasing number and regularity of deals involving digital currencies, the International Accounting Standards Board has not provided guidelines. (IASB). Lack of direction from standard-setters regarding the classification of digital currencies has implications for both the accounting handling of digital currencies and the reporting of digital currencies in financial accounts. How to keep track of bitcoin transactions is not addressed anywhere in the current canon of writing. This conceptual research seeks to fill this void by investigating how accountants categorise and handle transactions involving digital currencies. The article aspires to talk about the dangers of digital currencies and the absence of categorization as well. If cryptocurrencies were a commodity, what would they be? Is there already a provision for digital money in the IFRS? In this study, we investigate the reporting and disclosure of digital currencies and address some of these issues. A digital ledger system, whether centralised or decentralised, is essential for the smooth functioning of digital money. Perhaps no other open ledger system is as well-known as blockchain. Since blockchain-based digital currencies are managed by a network of devices all over the globe rather than a single server, the Bank for International Settlements (2020) says that they may help increase productivity and create more secure payment systems. This method is constantly verifying the legitimacy of a transaction. Many people and organisations are interested in or already utilising blockchain technology, but they lack a thorough understanding of how it works. The slow development of internationally recognised bookkeeping practises, as well as taxation and regulation structures for digital currencies, may be attributable in part to this information divide. This essay provides a comprehensive introduction to blockchain technology and the new accounting technique that emerged as a consequence of it: triple-entry accounting. There are primarily two primary concepts to be gained from this article. First, we examine the classification and treatment of digital currency threats in accounting and then dive into some of the most serious threats associated with their use. Second, we intend to add to the growth of both theory and practise by giving a comprehensive overview of blockchain technology and the emerging triple-entry bookkeeping system. Below is a breakdown of the final chapters: The basics of CBDCs and cryptocurrencies are covered in Section 2, while Section 3 analyses the different accounting standards and a measurement base that can be used with either. In Section 4, we will explain blockchain and the triple-entry structure, and in Section 5, we will talk about some of the foreign challenges that may arise for digital currencies in the future. Section 6 contains the summary arguments.

2.Digital Currencies

2.1. Although there is no agreed-upon definition for the term "central bank digital currency," central banks have started issuing their own digital money in recent years. In the words of the International Monetary Fund (IMF), "an unconventional form of money, distributed online by the central bank and meant to operate as legal currency" (IMF Staff, 2018, p.7). Payments made in CBDC are completed immediately between the sender and the receiver because there is no need for a centralised authority or "peer to peer" intermediary. CBDCs are decentralised, as opposed to other types of electronic central bank money like savings, which are transferred between accounts at the central bank in a centralised manner (Bech and Garratt, 2017). Since 2016, more nations have expressed an interest in establishing CBDCs, though these nations' CBDC plans are in various stages of growth (Atlantic Council, 2021). More than 80% of central banks, per Boar et al., are working on CBDC plans (2020). That implies official bodies have looked into the theoretical and practical aspects of digital currency. CBDCs are issued by authorities to meet the dynamic requirements of the digital economy's financial marketplaces and protect the stability of the financial system as a whole. Financial institutions has been working hard to improve the monetary resilience and stability of the payment system in response to the public health disaster caused by the Covid-19 virus. In addition to helping central banks manage cash squeezes, CBDCs also give the public alternatives to cryptocurrencies. CBDCs, according to BIS (2018), pose new financial risks to the market such as interruptions to electronic payments and financial transfers, the rise of competing challenges against assured bank accounts, and the redirection of funds.. It is crucial that CBDCs are kept private and safe at all times. More people using digital payment ways also means more potential entry spots for thieves. Because of the increased potential for fraudulent financial dealings based on technologies controlled and monitored in a foreign country with little to no oversight from domestic authorities, Panetta (2022) cautions against entrusting a CBDC situated abroad. This raises concerns about the possible disclosure or abuse of sensitive data.

Nexus between Blockchain and Artificial Intelligence (AI):

The combination of Blockchain and AI has the potential to revolutionize the accounting industry. AI can be used to analyze large amounts of financial data, such as transactions and receipts, and identify patterns and anomalies. Blockchain can be used to securely store this data and ensure its integrity. The combination of these technologies can also enable the development of smart contracts that can automate accounting processes and reduce the risk of fraud.

2.2. The cryptocurrency market

According to the European Banking Authority (EBA), a cryptocurrency (or "crypto asset") is "a digital representation of value that is neither issued by a central bank or public authority, nor necessarily attached to a fiat currency, but is used as a means of exchange and can be transferred, stored, or traded electronically by natural or legal persons" (EBA, 2014, p.5).

Table 1 Leading Cryptocurrencies in world.

Digital Currency	Market Cap US\$ bn
1. Bitcoin (BTC)	\$729
2. Ethereum (ETH)	\$330
3. Tether (USDT)	\$78
4. Binance Coin (BNB)	\$63
5. U.S. Dollar Coin (USDC)	\$50
6. Cardano (ADA)	\$36
7. Solana (SOL)	\$34
8. XRP (XRP)	\$30
9. Terra (LUNA)	\$21
10. Polkadot (DOT)	\$20

Source :Aslami et al. (2023)

Bitcoin is the most well-known cryptocurrency, and most people have heard of it by name even if they don't know how it works.Mining is the process of acquiring cryptocurrency through the computerised solution of cryptography algorithms. In 2008, an anonymous individual or group calling themselves Satoshi Nakamoto published the Bitcoin whitepaper, which is widely regarded as the beginning of the cryptocurrency movement (see Nakamoto, 2008). Table 1 displays the 10 largest virtual currencies by market value.

Bitcoin was the first altcoin ever created. Second-generation coins expanded on the simple trades of the first generation to create full software applications that are also recorded on the blockchain. Ethereum is a brand-new kind of coin that

was developed recently. This made possible the use of smart contracts and distributed software (Reiff, 2021). In contrast to central bank digital currencies (CBDCs), which are issued by a central bank and circulated publicly, cryptocurrencies are issued and managed by decentralised networks of individuals or companies, not by any government or central bank, and whose security and verifiability are guaranteed through the use of cryptography. To further regulate and supervise the genesis of these currencies, cryptography is also employed (Frankenfield, 2022). In contrast to the rapid increases and decreases in value seen with cryptocurrencies, CBDCs have lower volatility and greater stability (Deloitte, 2021).

On top of that, while bitcoin users can remain anonymous while making network-based purchases, CBDCs must be connected to a preexisting bank account, which typically includes personally identifiable information.

Recent studies have highlighted the advantages of incorporating bitcoin into financial transactions. These include reduced transaction costs, faster transaction times, more efficient payment systems, and greater compatibility with modern mobile payment platforms. However, it is essential to acknowledge the potential risks associated with cryptocurrency usage. Cryptocurrency's anonymity may promote criminal activity, while the high energy consumption and environmental impact of mining and processing cryptocurrencies may also be significant drawbacks. Moreover, cryptocurrency's volatility, the risk of losses, and potential legal restrictions are other potential pitfalls to consider. Nonetheless, there are instances when the benefits of bitcoin outweigh the drawbacks and vice versa. For instance, bitcoin's decentralised structure creates a trustless environment where users don't have to depend on the actions of others, as each user maintains their own copy of the ledger. The existence of multiple copies of the ledger ensures that any alterations made to it are immediately visible to all users..

3. Classification of Digital Currencies as per Accounting Norms

There is a lack of unified or even widespread bookkeeping guidelines for digital currencies. Accounting's inability to clearly categorise digital money may reduce the value of the data it produces, making it harder for consumers of financial reports to make informed decisions. Both accounting companies and the financial markets would have to pay more to deal with doubt if accounting standards were relaxed. In addition, digital currencies have a lot of room for interpretation, which can increase the need for expert opinion. This could be an issue because it allows businesses to pick the kinds of accounting that boost their bottom line or boost the worth of accounting in general. This can have two negative effects: it can make it harder for investors to gauge the company's true income, and it can raise the probability of earnings manipulation. A business engages in earnings management when it uses deceptive bookkeeping methods to inflate its profit and boost its perceived financial stability. The following part offers recommendations for how CBDCs and cryptocurrencies should be recorded in the books, in accordance with the recommendations made by regulatory bodies and certified public accountants.

3.1. Accounting classification of CBDC

There is a lack of CBDC-specific bookkeeping guidelines at present. Accounting for digital currencies has been the subject of varying interpretations of the International Financial Reporting Rules (IFRS). The Australian Accounting Standards Board (AASB) has deemed digital money to be an asset. According to the International Financial Reporting Standards (IFRS), an asset is any resource under the authority of an entity that has resulted from past occurrences and from which the entity expects to derive future economic benefits. To most people, the word "currency" comes to mind first when thinking of digital currencies as a commodity. However, there are strong reasons that digital currencies shouldn't be considered currency. Most central banks use the International Financial Reporting Standards (IFRS), which some people argue means that CBDC does not qualify as currency. According to the International Financial Reporting Standards (IFRS), "currency on hand and demand accounts" constitutes cash. Future revisions to this description may make CBDC and other cryptocurrencies eligible for inclusion. Since currency does not accumulate interest with the issuer, the fact that CBDC incurs both positive and negative interest charges is further evidence that it should not be classified as cash. But one could also use the 'substance over appearance' reasoning. To be considered cash, digital currencies need only be accepted as such by users and be issued with the purpose of functioning as a substitute for fiat currency (Darbyshire, 2020).

A case could be made that CBDC is a "financial tool" within the meaning of the International Financial Reporting Standards. The International Financial Reporting Standards (IFRS) describe a financial instrument as "any contract that evidences a leftover stake in the assets of a company after subtracting all of its obligations" (IAS 32.11). The issue here is that no contractual connection exists in CBDC that creates an asset for one entity and a liability for another. To be recognised as a financial tool, CBDC must first have this distinction codified in law. Since CBDC trades at a premium

or discount, some CBDC documents argue that it should be categorised as an asset. This then raises the question of whether or not CBDC is a monetary equivalent for bookkeeping purposes. There needs to be more global agreement and clarification on accounting practises for digital currencies because there are multiple potential readings of the accounting standards pertaining to digital currency.

3.2. Accounting classification of cryptocurrencies

Cryptocurrencies are a topic that needs to be addressed by those who establish bookkeeping standards due to the high number of transactions involving them. Capitalization of the crypto market nearly hit USD 300 billion in November 2021, but has since dropped to an expected USD 200 billion in February 2022. (DeMatteo, 2022). Existing financial reporting guidelines do not define cryptocurrencies or offer any sort of advice on how to deal with them. As a consequence of the absence of IFRS rules that specifically apply to cryptocurrencies, various methods of accounting have been used across jurisdictions. According to the June 2019 IFRIC agenda ruling, digital coins should be treated as an intangible commodity under "Intangible Assets" (IAS 38). Requirements for including information about cryptocurrency transactions in annual reports were also included on the schedule. To date, there has been no International Financial Reporting Standards (IFRS) norm issued to address the accounting treatment of cryptocurrency transactions within financial records. According to EY's assessment for the year 2021, the International Accounting Standards Board (IASB) is still keeping tabs on the progress being made by the cryptocurrency industry but has yet to release any new standards.

Scholarly disagreements have arisen over how to categorize cryptocurrencies because there are no set Generally Accepted Accounting Principles (GAAP) for them. Based on its intended use, Proch'azka (2018) recommends categorizing bitcoin as either a product, currency, goods, or investment. Virtual currencies are assets that can be handled similarly to currency, merchandise, financial tools, or immaterial assets, according to the majority of academics. While many people accept bitcoin as money, the Association of International Certified Public Accountants (AICPA, 2020) disputes this definition on the grounds that bitcoin is not supported by any central bank or other governing authority. Given that they are not designed to replace government-issued money, virtual currencies cannot be considered financial instruments or assets. Bitcoin is not recognized as legal tender by central banks because it does not meet their criteria for currency. (ECB, 2015). Major financial advisory firms like Deloitte and KPMG agree with the research that "intangible commodity" is the best term to describe bitcoin. Both businesses agree that cryptocurrencies should be recorded as intangible assets for bookkeeping but disagree on how they should be taxed. If a business holds cryptocurrency as an investment and the value of cryptocurrency quickly increases, the cost model used in bookkeeping may understate the company's real economic worth. As a consequence, the AASB mandates that digital currencies be evaluated at fair market value, with subsequent variations in fair value being recorded in the statement of comprehensive income. Table 2 outlines the most common methods advocated for documenting bitcoin exchanges..

Understanding how digital currencies are driven

4.1. Blockchain and financial reporting?

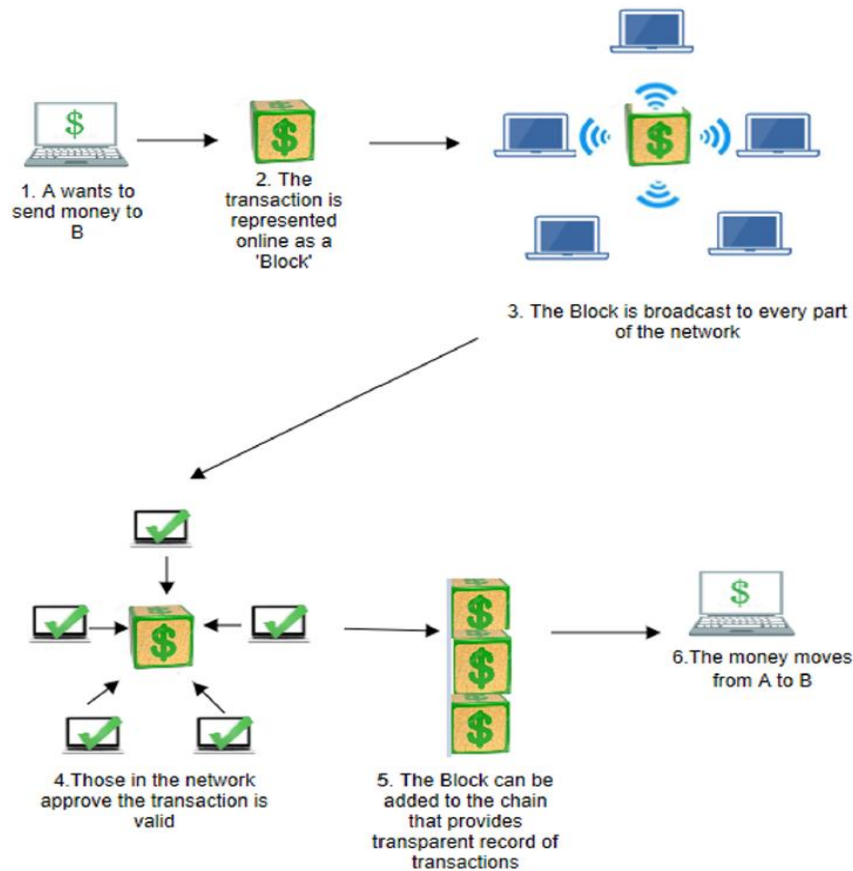
Even though the concept of digital money is not new to modern societies, the requisite technological infrastructure has only lately become available. To a large extent, blockchain is the backbone of today's digital marketplace. Blockchain technology employs a decentralized digital database to document transactions and enable the movement of money or other assets without the need for a trustworthy third party (i.e., an intermediary). (Treiblmaier, 2018). Blockchain has emerged as a solution that does away with the need for inter-party confidence that traditional organizations require, despite its original design for digital currency and the advancement of digital currencies' goals more widely. Eliminating banks and other conventional financial organizations can reduce trade costs and delays. (Dai and Vasarhelyi, 2017).

Table 2 Cryptocurrencies Distinguished : As per Accounting Standards

Applicable Standard	Category
IAS 7 Statement	Cash and cash equivalent
IAS 39 Financial Instruments	Financial assets
IAS 38 Intangible Assets	Intangible assets
IAS 2 Inventory	Inventory

Source : Aslami et al. (2023)

Figure 1. How blockchain works.



Source : Sarmah (2018)

Blockchain's five major characteristics are its decentralised nature, security, transparency, consensus-based structure, and adaptability. The data kept in a blockchain cannot be altered or tampered with by any user once it has been recorded. Since blockchain uses a "majority method" for making decisions on the fly, users can rest assured that their financial dealings are legitimate. Unlike in centralised systems, where a single entity makes all of the system's choices, in the blockchain database, the majority of users vote on controversial matters and implement them. Because the database is accessible by all users on the network, the documented events in the blockchain cannot be altered (Keogh et al., 2020). The security, scalability, regulations, intricacy, and energy usage of blockchain are just some of the problems that still need to be resolved. To better understand how blockchain technology functions, please refer to Fig. 1.

The public blockchain is a distributed ledger that allows anyone to join, observe, and participate in the ledger's transactions. The most important use case for public blockchains, wherein only authorised users can contribute new blockchain transactions (Dai and Vasarhelyi, 2017). The fact that private blockchains don't require businesses to broadcast their activities demonstrates why these systems are more attractive to firms. Private blockchains, on the other hand, are dependent on their users' honesty, as they cannot function if their users are conspiring to forge transactions.

More and more people in the accounting industry are beginning to see blockchains as a tool for keeping track of and documenting financial activities. Experts agree that blockchain technology has the potential to revolutionise the way financial activities are recorded. Reduced transaction costs, the elimination of data reconciliation, increased operational efficiency, a lower risk of fraud, more timely accounting information for users, and more accurate financial reporting are just a few of the potential benefits of implementing blockchain technology in accounting.

4.2. Leaping forward towards a paradigm shift in the accounting world: A "Triple Entry Accounting"

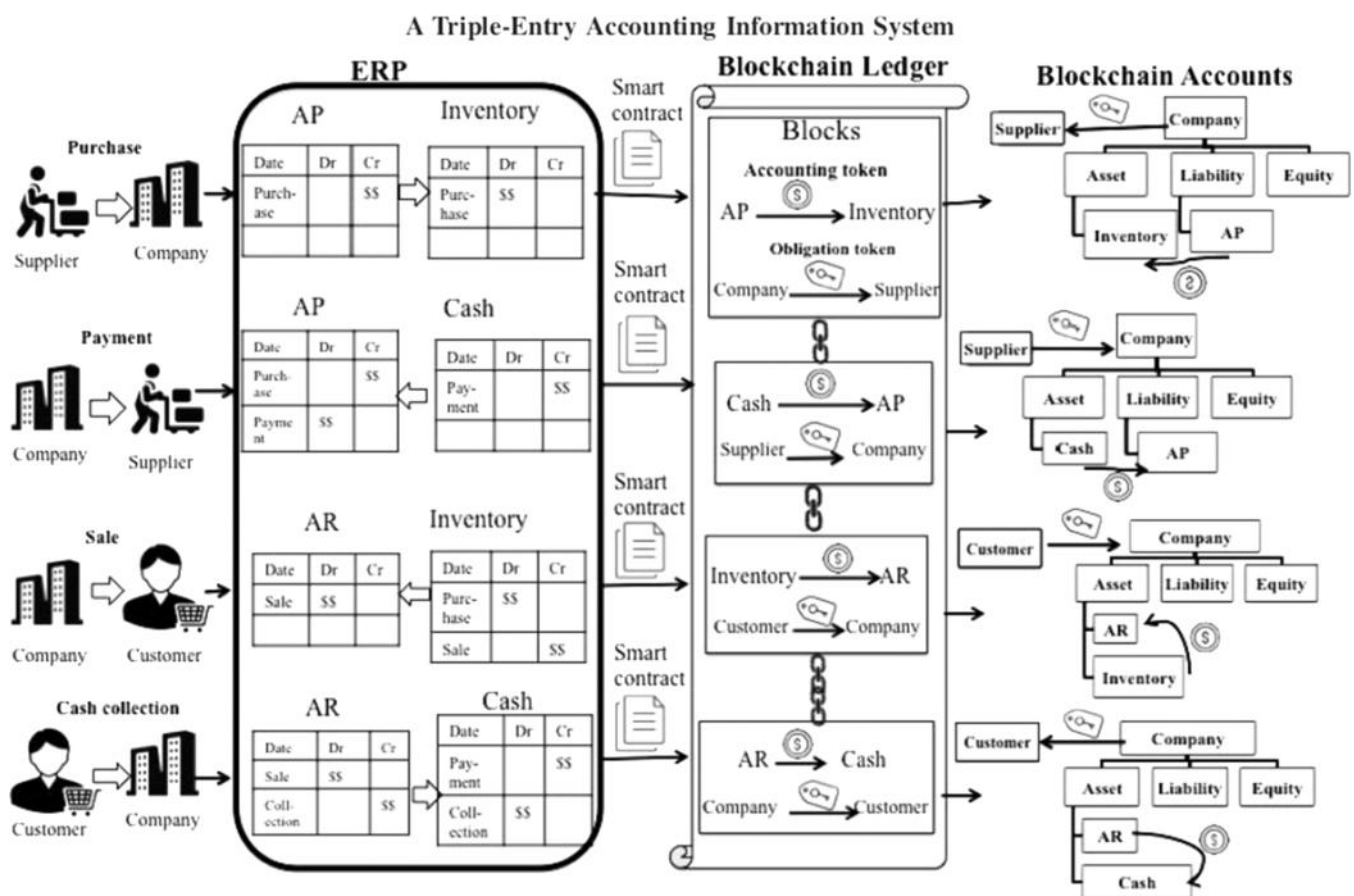
The term "triple-entry accounting" has been coined by academics to characterize a modernized form of the traditional "double-entry" method of recordkeeping. In his 2005 working paper named "Triple-Entry Accounting," financial cryptographer Ian Grigg first suggested the triple-entry technique. Grigg proposed a third entry—a digitally signed

receipt—to avoid double-entry and dishonesty in the books. (Grigg, 2005). At first, Grigg's third entrant's platform wasn't entirely obvious. Blockchain technology, due to its decentralized structure, immutability, and security, was eventually found to be the best match for Grigg's concept. Thus, the third entry in a blockchain database is a hybrid between a transaction and a payout. (Pedre no et al., 2021). Some contend that this new method of accounting does away with issues like theft and the need for outside verification of financial statements that plague double-entry systems.

Double-entry accounting has been used in some form for over 600 years (Cai, 2021). It is generally agreed that this is the most significant innovation in the evolution of commerce. The single-entry system utilised an asset manifest that was continually revised by the addition and subtraction of things as they entered and departed the company. The possibility for fraud is great, and it is obvious that mistakes won't be caught. By recording all transactions, balancing assets and liabilities, and providing debit and credit records to each entity separately, the double-entry technique was able to solve this issue. Even though the double-entry method is more secure than the single-entry one, fraud can still occur because it needs proof of every single transaction. Further, regular checks are necessary to maintain public trust in the double-entry system. This ensures the integrity and consistency of the business' records over time, but it is labor-intensive to execute.

Comparatively, triple-entry blockchain systems (as depicted in Fig. 2) require all transactions to be recorded in three independent ledgers in addition to a central ledger, with each participant's accounting records being independently time-stamped (Dai and Vasarhelyi, 2017).

Figure 2.



Source: Toward Blockchain-Based Accounting and Assurance. Source: Dai, Jun; Vasarhelyi, Miklos (2017)

Digital signatures are personal and non-transferable identifiers that are used to generate receipts after a transaction has been successfully completed in the system. Transactions in the triple-entry method can be easily verified by comparing

tickets and confirming that they match up. By eliminating the need for double entry, the likelihood of fraud is reduced, the number of potential weak points is increased, and the accuracy of the records is improved.

5. Risk associated with Digital currencies

Barriers to the widespread adoption of digital currencies can be found in areas such as finance, taxes, and financial law. They are so because of the high quality and rapid improvement of their technological parts. Given the lack of a universally accepted accounting classification for virtual currencies, we'll examine some of the challenges and repercussions of their use here.

5.1. Impact on the economy

There is still a lack of clarity about how bitcoin will influence economies, communities, and the financial sector in the long run. The Atlantic Council (2021) warns that the widespread adoption of CBDCs could soon present a serious connectivity challenge for the global banking system. Customers withdrawing large sums of money at once from banks to purchase CBDCs could cause a run on the banks, which would send a tremor through the market and affect interest. Developing nations and those with fragile economies are the most at risk. Furthermore, CBDCs face real dangers because they are vulnerable to cyberattacks and, as a result, require robust security mechanisms to fend off attacks from hackers.

There is a school of thought that says the global economy, and particularly that of developing countries that have been sluggish to embrace bitcoin, will collapse if intermediaries like banks are eliminated. Due to its extreme instability and lack of a governing authority, bitcoin has been criticised by some who worry it could harm the economy. The Bank of Russia is among those who are worried about the impact bitcoin mining is having on the Russian economy and financial stability, given its current scale and projected growth. The Bank of Russia has issued a warning to Russian citizens that engaging in non-state currencies may result in financial loss due to scams, breaches, and volatile markets. Due to its cheap transaction costs, its ability to overcome inflation if kept as a store of value, and the greater openness it provides through the decentralised record system, cryptocurrency has been argued to be a game-changer for bringing impoverished countries into the global economy.

5.2. Lack of regulations

In spite of the rapid rise in popularity, no concrete laws exist to verify and regulate deals involving digital currencies. The fact that the legal and regulation status of digital currencies varies greatly between nations further complicates the situation. (Jacobs, 2018; Tran, 2021). China is one of the nations that has been slow to embrace Bitcoin and other cryptocurrencies because of the high risk of loss associated with investing in them. However, some businesses have started accepting them as money (Fomina et al., 2019).

However, others argue that the absence of a regulatory structure actually works against the advancement of cryptocurrencies by discouraging prospective investors. Cryptocurrency proponents are generally opposed to new laws being issued, as many of them worry that doing so will stifle creativity and undermine the decentralisation that gives cryptocurrencies their value. Because of the distributed nature of bitcoin blockchains, law enforcement has a hard time tracking down those who engage in unlawful actions such as money fraud. (Dyntu and Dykyi, 2019).

Central to the management of digital assets is the issue of how they are accounted for. The development of auditable bookkeeping standards for digital currencies can be greatly aided by the creation of a transparent regulatory framework.

A robust regulatory framework is necessary for digital currencies for many reasons, including privacy, customer security, and anti-money-laundering standards. These areas need to be fortified so that the volatile cryptocurrency market can keep up with the ever-changing dangers to investors' safety, confidence, and finances.

5.3. Taxation and digital currencies

The transfer of digital assets will undoubtedly raise issues related to tax legislation. The biggest issue is how cash and book taxes will be affected by a company's gains and losses in digital currencies. The issue of how to pay a coin emerges due to the lack of transparency surrounding cryptocurrency transactions. Due to the fact that digital assets are not part of the traditional financial system, some bitcoin purchasers may question if their transactions are taxed.

In contrast to accounting standard-setters, tax authorities have given guidance on how bitcoin may be accounted for and taxed. Some countries have issued regulations, while others have not yet published any kind of complete structure for

working with digital currencies, and this is because of tax reasons. Many nations have begun taxing bitcoin transactions, including the UK, USA, Italy, Germany, and Canada. You'll have a better grasp on coin taxes if you have a firm grasp on how various types of coinage are categorised. In the United States, the Internal Revenue Service (IRS) classifies virtual currencies as "property" rather than "money" for tax purposes. This means that virtual currencies are taxable in the same way that bullion and equities are. Tax authorities in Italy treat cryptocurrencies as a form of non-Italian currency. Therefore, gains made from exchanging cryptocurrencies for fiat currencies are subject to taxation at the standard substitutive rate of 26%. (OECD, 2020).

Increasing taxpayer flexibility is one way that tax authorities hope to streamline bitcoin taxation, which they hope will encourage more companies to pay their fair share. This flexibility, however, may have unintended consequences, such as a proliferation of different methods for recording bitcoin transactions and paying taxes. Additionally, a single account can produce multiple sources of revenue that are subject to various foreign tax rules, and a single individual can have numerous accounts distributed across multiple platforms in different tax nations.

It is difficult to get a full image of how much people are earning from bitcoin investments because the data may not reflect their worldwide assets due to the lack of uniformity in the tax regulations (Thiemann, 2021).

The blockchain technology that underpins coins may also be used to streamline the revenue collection process. Blockchain technology is ideally suitable for use with transaction taxes due to the improved transparency, auditability, and certainty it provides. Blockchain technology, according to PWC (2016), could be implemented in a variety of settings to improve tax gathering at lower costs and thereby aid in bridging the revenue gap. Demirhan (2019) echoes this sentiment, arguing that transparency and accountability will improve revenue gathering should the technology be implemented. This is due to the fact that all participants in a blockchain database have access to every single transaction ever made.

6. Summary and conclusion

The advent of virtual currency exchanges is a major turning point in the history of money. The primary problem is that digital currencies lack any internationally accepted bookkeeping standards or categories. A thorough understanding of blockchain technology, which is thought to be at the centre of most digital currencies, is crucial for the creation of appropriate accounting and taxation standards, as well as regulation structures. Because of its singular qualities, which address a broad variety of pressing business problems, blockchain may have a positive effect on company strategies. Triple-entry accounting, wherein a person's financial information is protected via a second entry and made accessible to anyone, is also supported. Information inequality has consequences that can be lessened through training and knowledge sharing.

There has been a rapid rise in digital assets, but accountants still don't know how to properly account for them. This emphasises the critical need for standard-setters to issue clear advice, as the current absence of it has stymied the development of a uniform accounting practise for digital currencies and confronted authorities with numerous difficulties in the categorization and measurement of these assets. Even if a new standard is developed, additional research is still necessary to address a number of issues relating to the bookkeeping of coins. This includes worries about the veracity of financial reports, the accuracy with which businesses can document cryptocurrency transactions, and the fairness with which cryptocurrencies are valued in the financial statements of corporations. There is also a need for research into how accountants can assess the scope and risks of digital currency trades as part of audit preparation and proof collection. This is crucial to guaranteeing that all monetary documents are correct and comprehensive.

The integration of Blockchain and AI in accounting can lead to significant improvements in efficiency, accuracy, and transparency. These technologies can automate routine tasks such as data entry and reconciliation, freeing up accountants to focus on more strategic tasks. Blockchain can also provide a secure and tamper-proof audit trail that can help prevent financial fraud. Furthermore, the use of smart contracts can ensure that accounting processes are executed accurately and automatically. Smart contracts can also reduce the time and costs associated with traditional accounting processes. For example, a smart contract can be programmed to automatically initiate payments to vendors upon the completion of certain tasks or the delivery of goods and services.

The adoption of Blockchain and AI in accounting can also increase transparency and accountability. Blockchain provides a transparent and immutable record of all transactions, making it easier to track and verify financial data. AI can also help detect and prevent financial fraud, reducing the risk of financial scandals. In conclusion, the nexus between Blockchain and AI has the potential to transform the accounting industry. These technologies can improve efficiency, accuracy, transparency, and accountability. The integration of these technologies can also lead to the development of

new business models that can disrupt the traditional accounting industry. Therefore, it is crucial for accounting professionals to keep up with these emerging technologies to stay relevant in the future.

There will be far-reaching effects on the field of accounting from the broad adoption of digital currencies among customers, businesses, and governments, as the heart of accounting is the recording of monetary exchanges. As a result, it is crucial that accountants improve their understanding of cryptocurrencies and their technological characteristics, as well as the new accounting problems that have emerged in the context of the documenting and reporting of currency trades... Deloitte (2018) emphasised the importance of CPAs learning more about cryptocurrency and the technology that supports it to ensure accurate financial reporting. That's why CPAs in the age of digital money can diversify their practices by offering services like bitcoin consulting and auditing sector technology advising (Smith, 2018).

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