Reshaping Accounting and Finance

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In an era marked by rapid digital transformation, technology is fundamentally reshaping the global landscape of accountancy, finance, and taxation. Governments and regulatory bodies across regions are responding with new frameworks to harness these technologies while ensuring compliance and transparency. This article explores how various countries are adapting to these shifts. The countries covered are Pakistan, China, India, Saudi Arabia, UAE, and Malaysia. It also highlights the current and future implications for industry practices, professional competencies, and learning and earning opportunities worldwide— especially in Pakistan.

Central Bank Digital Currency (CBDC)

CBDC transactions refer to Central Bank Digital Currency transactions. These are digital payments or transfers made using a digital form of a country's official currency, issued and regulated by the central bank. A CBDC is a digital version of a country's currency (e.g., yen, euro, or dollar), but unlike cryptocurrencies (like Bitcoin), it is issued by a central bank.

1) **China -** China launched the Electronic Payment (e-CNY), called the digital yuan. Pilot programs for the digital yuan began in 2020 and have since expanded to major cities and millions of users. By mid-2025, China's central bank announced plans to internationalize the e-CNY and established an international digital yuan center in Shanghai. The e-CNY provides a state-backed digital payment instrument that could reshape cash management and cross-border transactions for Chinese companies.

2) **India -** The Reserve Bank of India (RBI) launched pilots for a Digital Rupee (e-INR) in late 2022—first for wholesale settlements and then a retail CBDC pilot during 2022–2023. By March 2025, the retail e-INR pilot had scaled up to 1.016 billion rupees in circulation (around 10-fold growth from a year prior) and reached about 6 million users. The RBI involved 17 banks in the pilot and enabled offline and programmable payment features in trials.

3) **UAE -** In 2023, the Central Bank of the UAE (CBUAE) launched its Digital Dirham strategy, with plans to introduce both wholesale and retail CBDCs. The UAE is also a participant in international projects like mBridge (with China, Hong Kong, and others) to test cross-border CBDC transfers.

E-Invoicing

E-invoicing refers to tamper-proof electronic documents that allow real-time verification and eliminate the need for paper receipts. This significantly improves efficiency in accounting, reduces errors, enhances audit trails, and strengthens tax compliance through greater transparency.

1) **China-**China pioneered electronic invoices ("e-fapiao") to combat fraud and streamline VAT reporting. By 2020, the Shenzhen Tax Bureau had issued over 10 million e-invoices in partnership with tech firms.

2) **Malaysia -** In 2023, Malaysia's government announced a phased e-invoicing mandate to modernize its tax administration and improve compliance. Beginning August 2024, large taxpayers (with annual turnover over RM 100 million) are required to issue electronic invoices, with the mandate extending to all businesses by July 2025. This means that within a couple of years, every business transaction in Malaysia—B2B and B2G—will be digitized.

3) **India -** India initially mandated e-invoices for large companies (with turnover over INR 500 crore) in October 2020. The threshold was gradually lowered, and by 2023 it applied to businesses with turnover above INR 5 crore (approximately USD 600,000).

4) **Saudi Arabia -** A major technological leap in KSA has been the implementation of nationwide electronic invoicing (e-invoicing) to modernize tax compliance. The Saudi tax authority (ZATCA) introduced e-invoicing regulations in 2020, rolling them out in two phases:

   Phase 1 (December 2021): All VAT-registered businesses were required to generate and store electronic invoices.

   Phase 2 (January 2023): Known as the "Integration Phase," businesses must integrate their systems with ZATCA's platform ("FATOORA") to transmit invoices in real time.

5) **UAE -** The UAE is also implementing e-invoicing mandates, similar to Saudi Arabia's approach, to streamline VAT collection and improve overall tax transparency.

Blockchain, Digital Assets & Artificial Intelligence (AI)

1) **China -** In the accounting and audit profession, Chinese firms (including the local Big Four and domestic giants) are investing in AI tools for analytics and using drones for inventory audits. The professional services industry in China recognizes that technologies like AI and blockchain are reshaping the accounting, audit, and professional service sectors, and firms have responded by launching digital solutions.

2) **UAE -** Artificial Intelligence is a key strategic focus for the UAE. It is the first country to appoint a Minister of State for Artificial Intelligence, with a national strategy aimed at transforming the UAE into a global leader in AI by investing in people and industries.

   The Dubai Land Department is utilizing blockchain for property registries and the tokenization of real estate. In 2023, Dubai introduced a platform allowing investors to purchase fractional property ownership through blockchain-based tokens.

   In Abu Dhabi, the financial free zone ADGM implemented early regulations for cryptocurrencies and licensed exchanges, helping to establish the UAE as a regional crypto hub. The UAE's Securities and Commodities Authority has also issued formal rules governing crypto assets.

3) **Pakistan -** On March 14, 2025, Pakistan launched a National Crypto Council to explore and regulate cryptocurrencies and blockchain innovations. Pakistan has approximately 40 million cryptocurrency users, with an estimated annual crypto trading volume exceeding USD 300 billion.

   The State Bank of Pakistan (SBP) launched Raast, the country's first instant payment system, in 2021 to enable real-time, low-cost digital payments among individuals, businesses, and government entities. By early 2025, Raast had processed around PKR 4.8 trillion (approximately USD 17 billion) in transactions — a significant increase from PKR 100 billion in 2022. Pakistan's financial sector is also witnessing rapid growth in mobile wallets and branchless banking, such as Easypaisa and JazzCash.

4) **India -** India's Unified Payments Interface (UPI)—a real-time mobile payment system—has revolutionized both consumer and business payments. UPI now facilitates billions of transactions each month, enabling instant fund transfers via QR codes or phone numbers.

Implications & Prospects

CBDC is expected to provide citizens and businesses with a new option for risk-free digital payments guaranteed by central banks. It will indirectly impact finance functions such as cash management and payment processing, and will require continuous updates to accounting systems to accommodate digital transactions.

Finance and audit professionals are now expected to be increasingly tech-savvy—whether through the use of analytics tools to examine financial statements or through basic knowledge of how blockchain functions in audit environments.

Initiatives like "Digital Accelerator" are helping businesses implement cloud computing, data analytics, and cybersecurity solutions. Finance professionals must continue to adapt by integrating these digital platforms into their operations and giving increased attention to cybersecurity and data analytics to monitor transactions.

Post-COVID, online learning and training have become the norm. While many countries have already capitalized on this shift, Pakistan has also made significant strides, though there remains considerable untapped potential. The Middle East region, once a no-tax zone, now offers promising opportunities in consultancy and direct services. The estimated market value of outsourced management consultancy services in the Middle East and Africa (MEA) stands at USD 14.67 billion, projected to grow at a CAGR of 7.6% to reach USD 26.22 billion by 2032. How much of this market Pakistan can secure depends on business strategies, international campaigns, and supportive government policies. Pakistan's current share is around 6%, with leading companies including VoiceCom, Systems Ltd, and TRG Pakistan.

The imposition of a withholding income tax on digital transactions under the Finance Act 2025—prescribed at 1% for payments via digital means or banking channels, and 2% for Cash on Delivery (COD)—is a positive step by the FBR to increase tax revenue and curb tax base erosion. However, its effective implementation will be a challenge due to the absence of a robust collection mechanism, the presence of double taxation treaties, and foreign investment agreements. Additionally, foreign earnings by Pakistani online businesses require incentivization, as similar digital tax measures by other countries could adversely affect local enterprises engaged in cross-border e-commerce.

The convergence of regulatory innovation and technological advancement is fostering greater efficiency and transparency in financial systems. Ultimately, the cross-border exchange of best practices will accelerate this digital evolution, shaping a more connected and resilient financial future.

About the Author: *The author is a Fellow member of ICMA and has completed the Principles of International Taxation exams (ADIT) from the Chartered Institute of Taxation (CIOT), UK. He currently serves as the Chief Financial Officer at McDermott Arabia Co. Ltd., Saudi Arabia.*