


Chapter 4


Financial Reporting for E-Commerce and Digital Trade Platforms

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ABSTRACT

This chapter investigates the changes e-commerce has brought about in financial reporting, considering challenges that new technology and digital business models present. It examines how big data, blockchain, and artificial intelligence enhance the accuracy, transparency, and compliance of financial reporting. E-commerce industries require new financial frameworks that deal with issues such as valuation, continuous processing of data, and regulatory complications, as shown through peer-reviewed research, industry reports, and case studies. AI enables real-time analytics to make decisions, while blockchain ensures secure, immutable transactions. Case studies of multinational e-commerce companies illustrate the need for standardization of financial reporting. Recommendations in the chapter on IFRS changes with inclusions of blockchain, real-time reporting, and AI-driven analytics for secure financial management are made. Future Research Directions: Ethics frameworks for financial operations in digital economies, regional technological adaptations, and ESG indicators in reporting.

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1 INTRODUCTION

E-commerce Platforms have underlined that financial reporting is no longer the same with the advent of high-end technologies (AI, Blockchain, Cloud computing, etc.). They benefit by greater accuracy, efficiency, and transparency in managing financial data. This chapter goes into tackling the key areas supporting financial reportage in e-commerce like compliance, real-time handling of data, and valuation of intangible assets.

1.1 Background and Context

E-commerce sites have a say in financial behavior, as it is the point where customers have an opportunity to handle money wisely and make prudent decisions. According to Gusti and Hilda (2023), this has shown the shift of e-commerce to fast business settings and cementing digital economies as part of current trade cornerstone Gazieva et al. (2021). With the rapid adoption, e-commerce is increasingly becoming a tool for managing enterprises around the clock and reaching a larger consumer base at lower costs. In what is typically described as a company, a move towards a digital approach leads to a strategy that is far more sustainable and effective (Išoraitė & Miniutienė, 2018; Ardakani et al., 2024). One of the best examples is the fact that the nature of e-commerce has enabled it to be better adopted by small and medium enterprises in order to better embed it into their financial and operational planning, particularly within developing countries (Almuwallad & Alhumoudi, 2024).

Cutting-edge technology, such as blockchain, cloud computing, and digital payment systems, has changed the practice of financial reporting. Applications like SAP ERP and Microsoft Excel have made financial data administration easy, accurate, and effective (Mladenović et al., 2023). Kosadi et al. (2021) say that digital receipts and automated reconciliation procedures address the multi-platform transactional intricacies and greatly enhance the precision and transparency of financial reports. In general, changes are taking place in financial systems with the help of DLT, ML, and AI. Such developments increase operational effectiveness, data governance, and transparency, all factors imperative to the survival of the e-commerce industry (Gashi & Vardari, 2025a, 2025b). Take, for instance, AI-enabled analytics that provide real-time insights helpful for the decision-making process while blockchain technology validates security and accountability in financial reporting (Gashi, 2024). Financial reporting is on the pathway of the wider global digital transition in trade. Companies like Amazon and eBay changed their financial architectures to meet the necessities for international commerce, thereby ensuring transparency and compliance in every single country (Hýblová, 2019; Bari et al., 2023). The resilience of e-commerce systems was also on display during the COVID-19 pandemic in that e-commerce

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