

Chapter 3

The Impact of Digital Transformation on Corporate Financial Practices: A Global Perspective

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ABSTRACT

Digital transformation has revolutionized corporate financial practices globally, introducing advanced technologies like AI, blockchain, and cloud computing to enhance efficiency, accuracy, and decision-making. This paper examines the impact of these innovations on financial management, reporting, and auditing, focusing on automation, real-time analysis, and transparency. While digital tools offer significant advantages, challenges such as regulatory compliance, data security, and the need for workforce

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reskilling remain prevalent. Through a comparative analysis of global sectors, this study highlights both the opportunities and risks associated with the integration of digital technologies in corporate finance.

1. INTRODUCTION

Background

The advent of digital transformation marks a pivotal shift in how industries operate, communicate, and manage their resources. This transformation, characterized by the adoption of digital technologies across various sectors, is fundamentally reshaping traditional business processes. Digital transformation is defined as the integration of digital technologies, such as artificial intelligence (AI), cloud computing, blockchain, and big data analytics, into all areas of business, fundamentally altering how companies deliver value to customers and how they operate internally (Vial, 2019). In corporate finance, this transformation is particularly influential, offering new avenues for enhancing financial management, reporting, and decision-making.

Historically, corporate financial practices were driven by manual processes, legacy systems, and extensive human intervention. These traditional financial frameworks, while reliable, are increasingly seen as inefficient in today's fast-paced, data-driven business environment. The rapid proliferation of digital tools has allowed organizations to automate financial operations, improve accuracy, and make more informed, real-time financial decisions (Kashyap, 2020). The growing influence of technologies such as AI and blockchain is transforming financial reporting, auditing, and forecasting, offering corporations opportunities to streamline processes and improve their competitive edge.

In the context of corporate finance, digital transformation is not merely about automating existing processes but also about rethinking financial operations in a way that aligns with the broader goals of efficiency, transparency, and agility (Deloitte, 2020). By leveraging digital tools, corporations are finding new ways to manage risks, optimize resource allocation, and enhance decision-making. However, this shift also comes

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