

Blockchain Application in Accounting

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This paper discusses how to apply blockchain technology in accounting. The blockchain technology has been increasingly essential in accounting since it entered the mainstream in 2017. Blockchain is a decentralized ledger system accessible via a public or private network that operates on consensus basis with a more secure and efficient way to transact, record, and analyze transactions in real time. Blockchain was designed to solve the problem of duplicate spending in cryptocurrencies, to enable exchanges in a low-trust environment without a third party, to create a distributed ledger of transactions that is robust against failure, and to provide an immutable audit trail. The possible applications of blockchain technology in accounting are (1) to improve transparency and eliminate account reconciliations; (2) to reduce costs of data backup in IT internal control; (3) to optimize supply chain operations which can impact the work of accounts payable or accounts receivable functions. On the other hand, there are following challenges: (1) lack of regulatory rules and industry standards; (2) transformation cost of existing systems; (3) mass adoption of blockchain technology.