



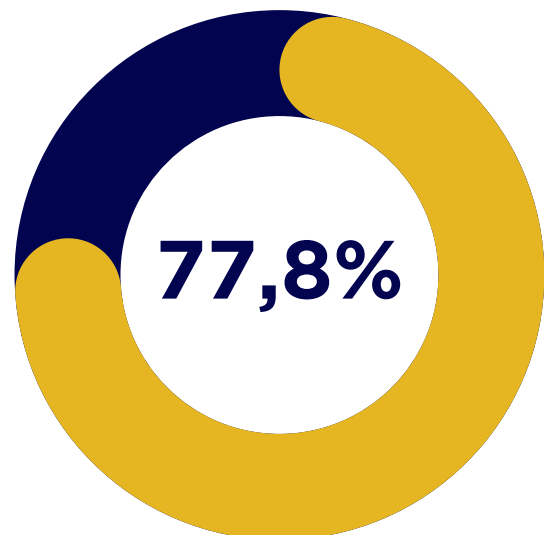
CLOUD ACCOUNTING IN SOUTH AFRICA

As part of the continuing acceleration of the Fourth Industrial Revolution the world of work is constantly changing due to a range of new technologies impacting all disciplines, economies and industries.[1] In few industries this shift is more pronounced than in the accounting sector considering the rise of cloud accounting software such as Xero. This shift within the South African context becomes quite apparent when considering that in 2017 just 13% of respondents in a survey by Xero used cloud accounting software compared to 61% by 2020.[2]

A big factor in this development in South African accounting could be attributed to the exponential growth of Xero subscribers in South Africa where Xero, only officially introduced in the South African market in 2016, experienced its biggest expansion globally in 2021.[3] The more than 50% increase in the use of cloud accounting software in South Africa over a period of three years corresponds with changes in the labour force which currently enjoys a penetration of digital skills above the global average. [4]

It is within the South African financial industry where digital skill penetration is especially advanced as evident in the research by the National Electronic Media Institute of South Africa in conjunction the University of South Africa which classified

almost 80% of employees in this industry as having a good understanding of new digital skills and technology.[5]



Percentage of employees in accounting and finance with a good understanding of new digital skills and technology.[5]

It should thus come as no surprise that as part of the South African Institute of Chartered Accountants' CA2025 competency framework, introduced to universities in 2021, emphasis is placed on digital acumen within the profession.[6] With the introduction of cloud accounting, specifically Xero software, as part of university syllabi it's clear that Xero has become a permanent feature of the South African accounting landscape and its future.



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