

Artificial Intelligence as an Enabler of Financial Reporting Compliance Amongst Malawian SMEs

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DOI: <https://doi.org/10.47772/IJRISS.2026.100600591>

Received: 10 June 2026; Accepted: 15 June 2026; Published: 30 June 2026

ABSTRACT

The study examined compliance in financial reporting across small businesses. It focused on Nsungwi Market in Lilongwe, Malawi. SMEs account for approximately 40% of the GDP in the country. Nonetheless, the small businesses are vulnerable to a persistent compliance gap. This is manifested through poor record keeping and limited adherence to IFRS. Mixed Method was used, with a quantitative sample of 80 SMEs and qualitative sample of 20 participants. The study assessed the ability of AI powered features to help ascertain that transactions have been properly classified. It also evaluated the possibility of real-time anomaly detection. The quantitative analysis done with the help of SPSS indicated a 33% reporting accuracy improvement. This was made possible due to the use of AI features. In terms of qualitative analysis done with the assistance of NVivo software, AI was characterized as a digital guard for SMEs. It has been seen to address agency concerns and reduce internal fraud. AI also reduced information irregularities between stakeholders. Reported benefits included elevated level of trust. This led to better access to bank financing. However, the study identified constraints, especially high internet costs and a need for localised language interfaces.

Keywords: Artificial Intelligence, Compliance, Financial Reporting, IFRS, SME

INTRODUCTION

Background

This article seeks to give a thorough evaluation of the pattern shift. The shift relates to an assessment of possibilities for Artificial Intelligence (AI) to close the financial reporting compliance gap. The paper focuses on the Small and Medium Enterprises (SMEs). The article is a summarised version of a project undertaken by the researcher (Msiska, 2026). This was conducted in Malawi whereby Nsungwi Market in Lilongwe was used as a case study.

Today, global financial sector face complexities related to intelligence and automation. Regulators are enhancing transparency to eliminate misrepresentation in financial matters. This is possible by ensuring those reporting and regulating authorities maintain greater consideration to International Financial Reporting Standards (IFRS). But, compliance of small and medium enterprise is more difficult as most SMEs in developing economies fail to comply with these standards (Acca, 2023). For the growth of local entrepreneurs, the reputation and Performance of SMEs is less due to lack of financial documentation. This is also attributed as compliance gap.

Artificial Intelligence (AI) has emerged as a new collection of technologies that have the capacity to facilitate complex activities. These activities formerly required human intelligence like classification, pattern recognition and autonomous decision making (KPMG, 2024). AI powered accounting systems are therefore increasingly chosen as a gamechanger to effect accurate reporting for SMEs. This is in spite of SMEs facing resource limitations (KPMG, 2024). In Malawi, SMEs are characterised as the foundation for national progress. This is because of a contribution pegged at 40% to the GDP. SMEs also comprise a wide spectrum of domestic employment (Mangazi, 2025). Unfortunately, the majority of these organizations operate informally and resort to slow manual record keeping systems. The results of the manual system are non-compliance due to

inexperience; ending up with numerous mistakes (Chilongo & Nayagam, 2025).

Problem Statement

The core problem the article addresses is the absence of localized empirical evidence. The evidence relates to the extent how AI is effective in enhancing IFRS compliance (Msiska, 2026). Although comparative global studies promote AI as a neutral and superior instrument for financial disclosure, there is no empirically informed evidence to substantiate such claims (Antwi et al., 2024). This is peculiar to Malawian SMEs in Nsungwi Market precisely.

Several system users in Nsungwi Market tries to automate their business records trusting compliance to be automatic. However, they are disadvantaged by programming issues. western made software may not be precise in applying Malawian tax codes or Malawi Revenue Authority levies (Chipofya, 2026). Next, the Human Factor also affects automation. An unquantified risk of “garbage in, garbage out” occurs when reliance on automation replaces accounting expertise and experience (Sacco, 2025).

Exorbitant internet data charges also hinder the usage of cloud-based AI systems in the local sector. The article is motivated by the desire to go beyond theoretical argument and to give a voice for the native Malawian SME.

Expected Benefits

Business owners are expected to check whether the cost of investing in AI solutions is worth. This is when compared to the cost of noncompliance, as well as internal frauds that may occur (Astuti et al., 2026). Next, Software Developers are also expected to be advantaged. In order to get feedback on whether localizing the algorithms for the Malawi market is necessary and to allow for Chichewa language interfaces. The introduction of such has been evaluated to prove if user-friendliness has an impact.

Policymakers would also support the MRA and the Small and Medium Enterprises Development Institute (SMEDI) in devising evidence-based policies. The policies are necessary for the validation of the informal sector via technology (Business Registration Act, 2025). The paper is expected to identify whether AI is moving in a true path to financial compliance. This is in contrast to unnecessary digital enforcement principles. The expectation is possible through the analysis of AI’s automatic transaction classification and Realtime anomaly responsiveness.

LITERATURE REVIEW

Overview of the Global and Regional Landscape

The modern-day financial world is continuously being shaped by ever-increasing international standards requiring high automation levels. Regulators globally demand adherence to IFRS to hold businesses accountable. However, many developing country SMEs are not equipped to trust professional accountants with this standardised approach (Ndaka et al., 2024). The inevitable "compliance gap" persists as poor documentation damages image and hinders expansion.

Within the confines of the SADC, there is a big demand for the harmonisation of accounting law, as a means to promote integration. The integration is for predominantly local businesses to move into regional trade. In the case of Malawi, Small and Medium businesses contribute about 40percent to its GDP, but most businesses are informal. As a result, many cannot even afford an accountant, and would not even maintain basic GAAP (Schoeman, 2023).

Technology Acceptance Model

The main lens used to help comprehend AI acceptance is the Technology Acceptance Model (TAM). This was created by Fred Davis in 1986. TAM suggests that system use is influenced by two beliefs; Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) (Astuti et al., 2026).

Perceived Usefulness (PU). For Malawian SMEs, PU is defined by the degree to which AI enhances job performance, such as avoiding tax penalties, gaining financial visibility, and facilitating bank loan applications.

Perceived Ease of Use (PEOU). This relates to the user interface. In resource-scarce environments like Nsungwi Market, a system is deemed not useful if data entry requires excessive effort.

Agency Theory

According to Agency Theory, the parties (business owners & managers) have information asymmetry (Kopp et al., 2025). As this research shows, AI functions as a Digital Watch Guard; offering actual time monitoring and anomaly detection in information. As the internal fraud reduces, so does the information gain trust. Study shows unregistered SMEs mostly utilise AI for theft prevention and profit or loss calculations. The counterpart, registered firms most use AI for “meeting the MRA requirements” and “audit trails” to achieve compliance (Ayodeji, 2024).

Empirical Review and the Compliance Gap

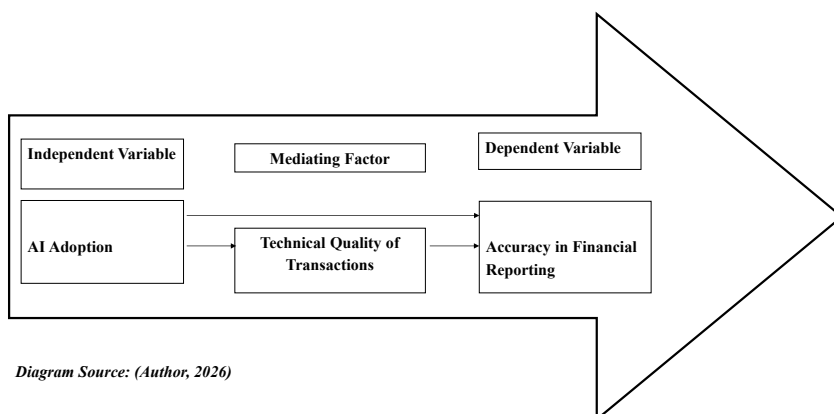
The literature shows that AI has transitioned from a luxury to a necessity for predictive insights and Realtime monitoring. Research shows that AI delivered more accurate financial reports for SMEs, and ultimately compliance came as a main product (Widyaningsih & Fadli, 2024). However, the review also uncovers a huge geographical bias. A number of studies were developed for the global north, who benefits from digital currencies and developed markets (Antwi et al., 2024).

These innovations tend to miss the digital disconnection in Malawi. Malawi has peculiar issues as Infrastructure Gaps. Inconsistent power supplies and rising data charges pose a lot of difficulties in offering Cloud software alternatives. Also, the software developed in Western societies have not been adjusted to the Malawian context. Additionally, human factors also increase the disconnection. The technology has not been viable without user training, or else the it leads to garbage in rule, which may corrupt an Output with garbage (Sacco, 2025).

Conceptual Synthesis

The research operates on the hypothesis that AI adoption improves reporting accuracy by filtering entered data and reducing human initiated errors. Technical quality acts as a mediator: for a report to be compliant, the AI must be able to read unpolluted transactions and align them with IFRS for SMEs (Author, 2026). Below is the conceptual graphical representation:

Figure 1 Conceptual Overview of the Hypothesis



Summary of Literature Review

The existing body of knowledge confirms that AI can catalyse financial accuracy and build Credibility Capital,

enabling local traders to access formal financing. However, the review does highlight one obvious deficiency, which is local evidence in the Malawian context. The current study closed the evidence gap by providing a systematic examination of the AI tools under the restrictions of the Nsungwi Market.

METHODOLOGY

Research Design

The investigator used a mixed research design. This is because adopting any technology in the informal and semiformal commercial spheres is definitely complex. Employing combined methods design was the best way to both pick out useful statistical trends while searching the hidden. This was also done as a way of triangulation, ensuring the paper actually represents the SMEs need.

Quantitatively, the data was provided through use of numbers from the survey. This was a way to determine the relationship between the use of AI features and reporting accuracy. The statistics were generated from SMEs lived experiences, perceptions and barriers (qualitative data). Including these two data sources strengthens the results of the study. It lets the statistics (quantitative data) to have guarantee of being based on the operative reality of the study site.

Study Site and Target Population

The research was limited to Nsungwi Market in Area 25 Lilongwe, Malawi. This site was chosen as it is a densely populated, has fast growing commercial centre, and it is in the process of rapid digitalisation.

Population Parameters

The entire target population consisted of 350 SMEs who would meet the inclusion criteria. This relates to the ones equipped with digital infrastructure (smartphones and computers). Based on a study, the following ten broad business categories were identified in the market: Clinical and Pharmaceutical, Food and Beverage, Garage and Handset Repair, Hardware and Kitchenware, Mobile Money Agents, Printing and Stationery, Salon and Boutique, Tailoring and Fashion, Wholesalers and Retailers, as well as General Dealers

Participant Selection Rationale

The respondents were specifically chosen because of one reason. The participants were the primary group of users interacting with accounting automation. The study used real AI users to ensure it would be grounded in practice, with actual interest groups.

Sampling Strategy

A detailed sampling plan was also designed. This ensured the data comes from rigorous and logistically manageable sources. The strategy was to include key informants, from the system users. Secondly, the researcher assessed three key interested groups from regulatory authorities that interacts with SMEs.

Sample Size (Slovin's Formula)

The study included the use of Slovin's (or Yamane's) Formula in finding an inclusive sample size. The formula is written as:

$$n = N / (1 + N(e)^2)$$

Where:

n = Sample size

N = Entire population (350)

e = Tolerable error rate (set at 10%)

The proposed number of participants for this study was: $n = 350 / (1 + 350(0.1)^2) = 77.7$, which was rounded to 80, to allow for a substantial sample size (Data, 2024). These 80 participants were nearly a quarter of the whole sample, providing 90% confidence level per calculations.

Stratified Random Sampling

Stratified Random Sampling was used to draw quantitative data presented in this article. The reason was protection against bias and prevent the smaller categories from being ignored. The researcher identified 10 strata; hence the population was split into those ten categories of businesses. The ten categories above had 8 individuals chosen from the list of the whole SMEs. Picking the SMEs within each category was by use of Scientific calculator that produced random numbers. The numbers had to match that of available shops

Purposive Sampling

Purposive Sampling was used on the assessment of 20 key informants for the qualitative stage. The idea of this technique was ensuring a deeper insight from the quantitative figures was established

Data Collection Procedures

The types of questions were gathered in a series of multistage questionnaires, allowing for a greater flexibility in data collection. This was strategic and only incorporated questions that were expected to help an SME.

Ethical Clearance and Local Authorization

Prior to the beginning of data collection, the researcher sought Ethical Clearance from the University of Malawi, established through a formal letter. Recognizing the realities of local political structures, the researcher also approached the Nsungwi Market Chairperson, gaining a local approval. This approval was secured through a signature at the bottom of the introduction letter, and acted as the researcher's license to operate.

Instrument Administration

The research utilised a hybrid delivery system. It incorporated Physical Questionnaires. These were given to the individuals shops to fill out. The questionnaires were Left with the shops for a week, at their leisure. Digital Surveys were also used. A Google Form link was included as an alternative for digitally conversant respondents, offering a straightforward submission via mobile phone. Once the questionnaires were finished, few qualitative information were collected via face-to-face interviews. Alternatively, video calls were set up as option after consent (George, 2023).

SPSS Data Analysis

SPSS was utilised to analyse the quantitative data. The areas of analysis included Descriptive Statistics. This was done to define the existing practice of AI use by analysing the mean, standard deviation and frequencies of variables. Furthermore, Inferential Statistics were also used. The study involved regression analysis to examine the connection between the individual AI traits and reporting accuracy. This was a way to allow the researcher generalise the findings to the wider population.

NVIVO Data Analysis

Transcripts from interviewees were coded and imported into NVIVO software. The researcher, by using thematic analysis was able to apply the concepts of Trust, The Digital Guard, and Infrastructure Barriers. This made it possible to categorise the subjective experiences of the participants into meaningful themes.

FINDINGS AND RESULTS

Overview of AI Adoption and Business Profile

There was a most important Artificial Intelligence trend in accounting that emerges from the results. The findings from Nsungwi Market shows how AI is becoming an actual operational tool, a fact that would have been hard to imagine before. The paper argues that SME are not growing to large scale enterprises due to resources, but rather through accessibility to software with integrated AI dimension. Table 1 below shows AI Adoption, based on a specific application.

Table 1 AI Adoption Level by Application

Category	Count	Percentage
SAP ERP Software	33	41%
Excel or Spreadsheets	25	31%
Zoho	16	20%
None or Manual	3	4%
In Process	1	1%
Other	2	3%
Grand Total	80	100%

Sample Structure and Impact

The study concentrated on 80 SMEs for quantitative, and 20 for qualitative. An initial quantitative study indicated different impacts on various forms of samples in terms of AI usage. The business with huge volumes, like in retail industries and pharmaceutical were ones seen to heavily rely on intelligence systems. This was mostly due to numerous volumes of transaction on the related business type. The same trend was seen on other similar samples. This translates to a positive correlation between business type and AI usage.

Table 2 AI Adoption by Segment

Nature of business	Uses AI	Count	Percentage
Clinical and Pharmaceutical	Yes	8	10.0%
Food and Beverage	Yes	8	10.0%
Garage and Handsets Repair	Yes	7	8.8%
General Dealer	Yes	7	8.8%
Hardware and Kitchenware	Yes	8	10.0%
Mobile Money Agent	Yes	6	7.5%
Printing and Stationery	Yes	8	10.0%
Salon and Boutique	Yes	7	8.8%
Tailoring and Fashion	Yes	7	8.8%
Wholesaler and Retailer	Yes	8	10.0%
Grand Total		74	92.5

Reliability of the Research Instruments

The research tools were subjected to robust statistical tests. The tests involved an assessment of internal consistency and converging validity. These were established before the findings were considered reliable. The researcher used Cronbach's Alpha (α), which establishes inter-item reliability (Yangailo, 2023). Average Variance Extract also enhanced the reliability by finding the convergent validity. Eventually, model fit was established by Composite Reliability from loading factors. Below is the table summarising the tests:

Table 3 Reliability Analysis

Metric	Test Result	Interpretation
Cronbach's Alpha (α)	0.882	The overall figure shows a highly consistent outcome. The survey reliably measured the intended constructs.
Average Variance Extracted (AVE)	0.63	On average, 63% of responses were driven by actual factors rather than error.
Composite Reliability	0.87	The combination of indicators effectively represented the hidden variables.

Results of AI on Quality Reporting

The findings showed that AI usage significantly increased the quality of reporting, defined as compliance. In particular, regression analysis indicated 33% of the increase in accuracy of reporting by the Nsungwi SMEs was due to AI. The 33% was calculated in SPSS using Bivariate Pearson Correlation as in table 4. AI had an ability in the detection of errors and fraud. The systems (Excel, Sage, Zoho Books & QuickBooks) scored highly in terms of detecting errors and fighting fraud. 85% of respondents had positive perceptions of AI systems in respect to fraud detection.

Below is a deep dive into SPSS working that brings a 33% correlation. The Bivariate Pearson Correlation ranges from 0.471,0.526 to 0.708, the average being 0.57. This is stronger, as the maximum can only be 1. Raising 0.57 to power 2, gives the R^2 of 0.33 (coefficient of determination). It reflects one-unit variable change affects the other by 33%. The significance probability (Sig.) has been calculated at 0.001.

Table 4 SPSS Results for AI on Technical Quality

Construct	Model	AI_Adoption	Transactions_Technical_Quality	Quality_Financial_Reporting
AI_Adoption	Pearson Correlation	1	0.526	0.471
	Sig. (2-tailed)		<.001	<.001
	N	80	80	80
Transactions_Technical_Quality	Pearson Correlation	0.526	1	0.708

	Sig. (2-tailed)	<.001		<.001
	N	80	80	80
Quality_Financial_Reportin	Pearson Correlation	0.471	0.708	1
	Sig. (2-tailed)	<.001	<.001	
	N	80	80	80

Impact of AI on Technical Aspect

The adoption of AI was found to have definite effects on the technical quality of financial transactions. The technical quality is the cleanliness of the data. Additionally, this relates to how well a computer has an ability to group transactions. (Antwi et al., 2024).

Table 5 Statistical Findings of AI Technical Quality Impact

Category	Findings
Regression Analysis	Adoption of AI contributed 27.7% of technical quality reflected in the data set of the surveyed SMEs.
Score of Improvement	Technical quality is predicted to increase by a factor of 1.084 for each unit increase in AI adoption.
Key Performance Indicators	84% of users agreed that AI systems installed updates to incorporate changes in regulation, allowing the technical logic of the system to be refreshed periodically.

RESULTS of Technical Quality on Reporting

The study found that the technical quality is an important motivator of final reporting compliance. A properly classified transactions and correct application of system logic led to reports that are more IFRS and local regulatory compliant. This is reflected via a strong coefficient of determination of 50.2% and a beta of 0.703. It implies every increase in technical quality leads to corresponding reporting quality of 0.703. Below is the table summarising the findings:

Table 6 Effect of Technical Quality on Reporting

Metric	Value	Meaning
R ² (Coefficient of Determination)	0.502	50.2% of reporting compliance quality is credited to Technical Quality.
Unstandardized B	0.703	A unit change in technical quality leads to reporting quality change by 0.703.
Significance (Sig.)	<0.01	The relationship is not due to chance but statistically significant

The Mediating Impact of Technical Quality

Technical Quality is the essential link between AI adoption and compliant financial reporting. The statistical

impact of Technical Quality of $B=0.632$ was far greater than that of AI adoption of $B=0.278$. This demonstrates that the greatest advantage of AI is to improve the technical quality of transactions. The model shows that the route most likely to yield high-quality reporting is use of AI to achieve technical purity. This is summarised below:

Table 7 Analysis of Mediating Effect of Technical Quality

Component	Key Finding
Technical Quality	Bridges AI adoption and financial reporting
Statistical Strength	Technical Quality ($B=0.632$) has twice the influence of direct AI-adoption ($B=0.278$)
Primary Value of AI	AI's main contribution is the ability to enhance the technical and purity of transactions
Predictive Model	Reporting Quality = $1.213 + 0.278(AI) + 0.632(Tech\ Quality)$
Research Reliability	The relationship is statistically backed with a significance (p-value) below 0.01

Qualitative Themes: Reducing Asymmetry and Building Trust

Through using NVIVO on qualitative interviews, the researcher found some of the soft benefits of AI. The first benefit was the overcoming of agency theory concerns. Among many SMEs, there was a specific information asymmetry between the owner and the manager (Astuti et al., 2026). AI was seen to offer completely open monitoring system. This made the owners have an access to view the shop and real-time. The agency aid tracked sales and expenditures. It overcame agency cost and improved trust. The owners of the businesses were 100% convinced that the information provided is not subjective.

The second benefit was enhanced credibility capital and financial inclusion. The adoption of AI further converted informal records into validated signals as per this quote, "It communicates transparent outcomes to all parties". This was referred to as "credibility capital that minimizes information asymmetries". It gave an enablement for banks and supervisory authorities to have confidence. This made a strategic entry point for SMEs into formal credit.

Barriers to Full Compliance

In spite of these huge benefits, the paper also identified digital barriers that inhibit the compliance by SMEs. The first one was infrastructure Gaps. The biggest limitation identified was high internet data costs. This was accelerated by unreliable power in Malawi. Many of the AI driven accounting packages would be cloud based. However, the local AI users opted for desktop-based software due to the expounded gap.

The other one was the financial grammar. An identified and persistent issue emerged around missing interfaces in the Chichewa language. Inevitably, SMEs found that the financial grammar present in English programs was difficult. The foreign language made some users not to fully understood the postings. This was qualitatively assessed by a tone of some individuals, who vividly asked the researcher to relay the gap.

Lastly, the technical Proficiency affected ease of use. The results also highlighted a paradox of skills. The AI tools like Excel were seen to be better than high graphic packages e.g. Zoho, QuickBooks and Sage accounting. Excel was seen easier due to longer learning curve. The package has a been there for ages, hance having a lot of tutors. Easy to use was key in reducing error in original data.

Summary of Major Findings

The results indicated 92.5% of the SMEs adopting AI for reporting enhancement. This was due to its AI enabled features. The features were able to classify complex transaction (Astuti et al., 2026). Additionally, 85% of the survey respondents attested that the technology was a digital guard. This effectively minimised internal

fraud and systematic human errors. It was seen to be possible in real-time by generating error reports. These ability for AI to generate professional reports acted as a credibility capital. It also gave local traders an enablement to have access to bank loans. Besides, the survey revealed why compliance may not reach 100%. This was seen via 57.4% of the respondents reporting the prohibitive internet data prices. Another barrier seen in the study was unavailable of local language software interface.

DISCUSSION

Interpretation of the Findings and Meaning

This part evaluates the AI-Compliance Relationship by analysing the technical features. The given features are automated classification, fraud detection, and regulatory responsiveness. The findings are contrasted with prior literature to highlight the unique digital realities of the Malawian marketplace. The core meaning of the results for AI adoption has shifted from luxury to a basic necessity (Caserio, 2019). This is the reason why SMEs have been seen to embrace AI technology.

AI Adoption vs. Reporting Accuracy

The quantitative analysis revealed a high positive correlation (33%) between the use of AI features and reporting accuracy. This means that for every unit of AI integration there is a corresponding surge in the reliability of the final financial statements. An example of such unit of AI integration was seen in areas like automated bank feeds and OCR for scanning receipts. In the context of Nsungwi Market, this accuracy was not just a technical metric; it was a trigger for success. An SME's accurate reporting ended the issue of loan rejection by securing the capital needed for expansion.

The Digital Guard and Agency Theory

The most significant qualitative finding was the positioning of AI as a Digital Guard. Agency theory explains agency problem as conflicts between principals (owners) and agents (managers) (Kopp et al., 2025). Almost all business owners were concerned at the possibility of theft or creative accounting by their staff. The finding indicated that 85% of respondents believed AI helped prevent fraud. This demonstrated the importance of information sufficiency. The use of the system to lock transactions and enable real time monitoring narrowed the information asymmetrical.

Comparison with Existing Literature

This part compared the findings with those around the world. There were some similarities, as well as some major differences in this local case.

Convergence with Global Trends. AI technology was found to be advantageous for SMEs. It provided the small business with higher degree of accuracy in reporting (Widyaningsih & Fadli, 2024). The Perceived Usefulness (PU) prescribed by TAM was reaffirmed by Malawian individuals. This is because the findings proved that AI usage was being adopted only if it could achieve its purpose. The purpose was to reduce the dangers of non-compliance via harmonisation. The issue of harmonisation has been a critical topic in the field of accounting (Deloitte, 2025).

Disagreement and the Digital Disconnection. This article reveals the existence of a serious issue of geographical bias. The researcher found some factors in the local market that differs from the expectation. AI may only work with removal of distractions (Antwi et al., 2024). The issues seen in preliminary studies like infrastructure barriers, algorithmic discrepancy and linguistic problem.

There were problems like erratic power and increase in data Internet charges. This was a hinderance for SMEs from getting a cloud-based system possibility. Additionally, some AI features were not tailored to Malawian context. Furthermore, the issue of Black Box nature of AI technology in the African settings was rampant. This is where hidden problems of AI were not adequately assessed in previous papers.

Connection to Theoretical Frameworks

The results tend to align with TAM and Agency Theory. Among registered businesses, the widespread adoption indicated that when the Perceived Usefulness was strong, SMEs could ignore the initial cost for better future. Likewise, assessing the connection with Agency Theory; AI paints the cleanest image of the company's health to the owner. This has been backed by the ability of AI to work in the interest of the owners.

CONCLUSION

The paper found that AI is no longer a luxury. It has been proven to be a basic help assisting with compliance. The researcher thus concluded that AI indeed helps in financial reporting. The type of help has been deemed to be of higher level. This was proven through the highlights that AI helped compliance by 33% margin. It implies that AI usage in Nsungwi SMEs had an enhanced ability. The enhancement led to changing the focus to an oversight function in terms of resources allocation.

Additionally, AI strengthened the trust ecosystem through the reduction of information discrepancy. This provides an assurance to the owner that the transactions are of higher quality. Quality comes with integrity which AI was proven to enhance. The paper however saw the above possibilities being fulfilled via elimination of digital divide. This is where all stakeholders deliver a conducive environment for latest technology,

RECOMMENDATION

Zero-Rated Data Initiatives. The paper found several financial constraints. This was due to limited resources by the SMEs. MRA has a platform that users uploads return and make payments. It is therefore suggested that MRA make the website accessible without data charges. This is expected to enhance compliance and increase revenue collection.

API Integration. MRA should update Application Programming Interface gateways. These should allow an integration with the systems evaluated in this study. Compliance is expected to exceed 33% if reports from users are directly uploaded to MRA Msonkho online, end to end. This means an elimination of a third party.

Localization of user interface. English is not a mother language in Malawi. A number of SMEs were seen abandoning the systems due to failure to understand the language. Hence, the developers should align with the users and regulatory authorities on best local language. Nsungwi market responses saw Chichewa language as mostly spoken in Malawi. The data entry may be done in Chichewa, but having an option to translate the final report back to English.

Offline Functionality. Developers should also allow the system to temporarily store data offline. This was seen where users had data loss due to network issues. It means any web-based system should have a physical installation as back up. The offline files ought to have a capability to update, once the internet has been restored.

Digital Clinics Seminars and Certification. ICAM is advised to do massive training on how AI may enhance compliance. The institute Should also recommend better systems for an adoption. This should be based on both functionality and cost. Additionally, ICAM should introduce a program to certify AI trained SMEs. This is expected to empower others to follow same route. The certification may be in levels, based on continued trainings and experience. This may give an upper hand to the individuals to access finance from banks.

Investment in Risk Management. The SMEs should focus on AI usage to reduce risks. This should be done in a cost-effective manner. An example is the use of recent Excel packages. It was seen from the study, where excel was the most efficient to SMEs, as well as cheaper. Secondly, SMEs should have a collaborative data purchasing plan. The SMEs may consider purchasing one internet router, then share internet connection. Purchasing items in bulks brings economies of scale, hence cheaper cost.

ACKNOWLEDGMENT

The researcher expresses gratitude to the Lectures of the university of Malawi (Chancellor College), for support during the project. Specifically, an applause goes to Dr. Tryson Yangailo, the supervisor during the master thesis study. Above all, the SMEs for Nsungwi market in Lilongwe played the key role in responding to the survey. Furthermore, and very key of all, praise is rendered to God, for gift of life. This is key and a platform for any step of action.

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