
A STUDY ON THE IMPACT OF AUTOMATION IN FINANCIAL REPORTING ON OPERATIONAL EFFICIENCY: A CASE STUDY OF BASIZ FUND SERVICE LIMITED

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Article Received: 10 April 2026, Article Revised: 30 April 2026, Published on: 20 May 2026

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DOI: <https://doi-doi.org/101555/ijarp.6281>

ABSTRACT

Financial reporting automation has emerged as a transformative development in the fund services and asset management industry, enabling organizations to process complex financial data with greater speed, accuracy, and consistency. The present study titled “A Study on the Impact of Automation in Financial Reporting on Operational Efficiency at Basiz Fund Service Limited” investigates how the adoption of automated financial reporting tools and systems influences the operational efficiency of the organization. Basiz Fund Service Limited, a fund administration and accounting services firm, operates in a domain where precision in financial reporting, regulatory compliance, and timely delivery of reports are critical success factors. The integration of automation into this environment thus carries significant implications for staff productivity, error reduction, turnaround time, and overall service quality.

The study focuses on identifying the extent of automation adoption across key financial reporting functions, examining employee perceptions of automation’s impact on efficiency, workload, accuracy, and compliance, and analysing the statistical relationships between automation-related variables and operational outcomes. A descriptive research design was adopted, and primary data were collected through structured questionnaires administered to employees engaged in financial reporting and fund administration roles at Basiz Fund Service Limited. Secondary data were sourced from company reports, academic journals, and finance and technology literature. Statistical tools including percentage analysis, Spearman correlation analysis, and Chi-Square test were applied to analyse the data and evaluate the research hypotheses.

The findings reveal that automation positively influences operational efficiency across multiple dimensions including reporting accuracy, turnaround time, regulatory compliance, and employee productivity. The study also identifies areas requiring further improvement in automation adoption and provides practical recommendations to the management of Basiz Fund Service Limited for strengthening their automation strategy. The research contributes to the growing body of knowledge on financial technology adoption in fund administration and highlights the critical role of automation in enhancing organizational performance.

KEYWORDS: Financial Reporting Automation, Operational Efficiency, Fund Administration, Basiz Fund Service Limited, FinTech Adoption, Regulatory Compliance.

1. INTRODUCTION

The financial services industry has undergone a significant transformation in recent years, driven largely by the rapid advancement of financial technology, digital tools, and process automation. In fund administration and accounting services, financial reporting constitutes the backbone of daily operations. The accuracy, timeliness, and regulatory compliance of financial reports determine not only the credibility of the service provider but also the trust of its institutional clients. As global financial markets grow increasingly complex, manual financial reporting processes face mounting challenges in terms of scalability, consistency, and error management.

Automation in financial reporting refers to the deployment of software tools, rule-based engines, robotic process automation (RPA), and integrated data management systems to reduce manual intervention in the preparation, validation, and delivery of financial statements and reports. These technologies are progressively reshaping workflows in fund accounting, NAV (Net Asset Value) calculation, portfolio reconciliation, and regulatory reporting.

This study investigates the impact of financial reporting automation on operational efficiency at Basiz Fund Service Limited, a fund administration company operating from India. Given the organisation's core function of providing accurate and timely fund accounting and reporting services to domestic and international clients, automation in its reporting processes is directly linked to service quality and operational performance.

FINANCIAL REPORTING AUTOMATION

Financial reporting automation encompasses the use of technology to streamline, standardise, and accelerate the preparation and dissemination of financial data. Automated systems extract

data from multiple sources, apply validation rules, generate standardised reports, and flag anomalies — significantly reducing the time and human effort required for these activities. In fund services, automation improves turnaround time for NAV reporting, reduces reconciliation errors, ensures regulatory compliance, and enhances auditability of financial records.

ORGANISATIONAL CONTEXT

Industry Profile: Fund Administration and Financial Services

Fund administration services include accounting, reporting, compliance, and investor servicing functions on behalf of investment funds. This industry demands high precision and regulatory alignment, as errors in fund reporting can lead to financial penalties, reputational damage, and loss of client mandates. The increasing complexity of fund structures, combined with evolving regulatory requirements from bodies such as SEBI, AMFI, and global standards, has created strong demand for automation in fund reporting workflows.

In India, the fund administration industry has expanded alongside the growth of mutual funds, alternative investment funds (AIFs), and portfolio management services (PMS). Service providers such as Basiz Fund Service Limited play a critical role in this ecosystem by offering back-office and middle-office services to asset management companies.

Company Profile: Basiz Fund Service Limited

Basiz Fund Service Limited is a specialised fund administration and financial reporting services company based in India. The organisation provides a comprehensive suite of services including fund accounting, NAV computation, financial statement preparation, investor reporting, regulatory compliance, and audit support to a portfolio of domestic and offshore investment funds. With operations governed by strict regulatory frameworks and client service-level agreements, Basiz Fund Service Limited has progressively adopted automation technologies to enhance the accuracy, consistency, and timeliness of its financial reporting processes.

The company employs professionals in fund accounting, finance operations, compliance, and technology roles. The increasing adoption of automated tools in reporting workflows has created both opportunities for efficiency gains and challenges related to technology adoption, employee training, and change management.

SCOPE OF THE STUDY

- ❖ The study examines the extent of automation adoption in financial reporting functions at Basiz Fund Service Limited.
- ❖ It analyses employee perceptions regarding the impact of automation on reporting accuracy, turnaround time, workload, compliance, and overall operational efficiency.
- ❖ The study identifies the key challenges and facilitators in the adoption of automation in financial reporting.
- ❖ It provides actionable recommendations to management for strengthening the automation strategy and addressing adoption barriers.
- ❖ The findings serve as a reference for other fund administration firms seeking to evaluate and improve their automation frameworks.

2. REVIEW OF LITERATURE

Vasarhelyi and Halper (1991) pioneered the concept of continuous auditing and automated monitoring of financial transactions, establishing early foundations for financial reporting automation. Their work demonstrated that automated systems could provide real-time assurance on financial data with substantially lower error rates compared to manual processes. **Janvrin, Bierstaker, and Lowe (2008)** examined the adoption of audit and financial reporting technology in accounting firms and found that organisations leveraging automated tools reported significant improvements in reporting accuracy and reduced processing time. **Bhimani and Willcocks (2014)** analysed the role of digital finance systems in large enterprises and identified automation as a key driver of cost reduction and operational agility in financial reporting. The authors noted that automation adoption was most effective when supported by structured change management frameworks.

Moffitt, Rozario, and Vasarhelyi (2018) investigated the application of robotic process automation in accounting and finance functions. The study found that RPA deployment in financial reporting reduced manual processing time by up to 60% and substantially decreased error rates in data entry and reconciliation tasks. **Kokina and Blanchette (2019)** explored the role of artificial intelligence in accounting and reporting, finding that AI-assisted tools improved the speed of report generation and enhanced anomaly detection capabilities. **Moll and Yigitbasioglu (2019)** examined the broader digital transformation of management accounting, identifying automation as a critical enabler of real-time financial reporting and enhanced decision- support capability. Studies specific to fund administration contexts, including work by **PricewaterhouseCoopers (2020)** and **Deloitte (2021)** on fund technology

adoption, have confirmed that automation in NAV reporting and regulatory filing significantly reduces processing errors and compliance risk.

OBJECTIVES OF THE STUDY

- ❖ To study the current level of automation adoption in financial reporting functions at Basiz Fund Service Limited.
- ❖ To examine employee perceptions of automation's impact on operational efficiency, reporting accuracy, and turnaround time.
- ❖ To analyse the relationship between automation-related variables and operational efficiency outcomes.
- ❖ To identify key challenges in automation adoption within the organisation.
- ❖ To provide recommendations for improving the automation strategy and enhancing operational performance.

HYPOTHESES OF THE STUDY

H1: There is a significant relationship between the extent of automation adoption and operational efficiency.

H2: Automation significantly improves reporting accuracy and reduces errors in financial reporting.

H3: Automation adoption positively influences regulatory compliance outcomes.

3. RESEARCH DESIGN

Type of Research: Descriptive Research

The study adopts a descriptive research design to systematically examine and describe the perceptions, attitudes, and experiences of employees regarding financial reporting automation and its impact on operational efficiency. This design enables the researcher to identify patterns, associations, and trends in the data without manipulating variables.

Both primary and secondary data were used. Primary data were collected directly from employees of Basiz Fund Service Limited through a structured questionnaire, while secondary data were drawn from company documents, academic journals, industry reports, and technology literature.

Research Approach: Quantitative

The research follows a quantitative approach, employing numerical data collected through

questionnaire responses and applying statistical techniques to test hypotheses and identify relationships. Quantitative methods provide objective, measurable evidence of automation's impact on operational efficiency.

RESEARCH SAMPLE

Target Population

The target population comprises employees of Basiz Fund Service Limited who are directly involved in or closely associated with financial reporting, fund accounting, compliance, and technology operations.

Sample Size

A total of 100 employees were selected as respondents for the study.

Sampling Technique

Non-probability convenience sampling was employed, selecting respondents based on their availability and direct relevance to financial reporting and automation functions within the organisation.

DATA COLLECTION METHODS

Primary Data

Primary data were collected using a structured questionnaire distributed to employees of Basiz Fund Service Limited. The questionnaire covered sections on demographic information, automation adoption levels, impact on reporting accuracy and turnaround time, regulatory compliance, workload, and overall efficiency perceptions. A five-point Likert scale (Strongly Agree to Strongly Disagree) was used for most attitudinal questions.

Secondary Data

Secondary data were obtained from company annual reports, regulatory filings, academic research journals, industry white papers on fund technology, and online databases relevant to financial reporting automation.

Statistical Tools Used

- ❖ Percentage Analysis
- ❖ Spearman Correlation Analysis
- ❖ Chi-Square Test

4. CHI-SQUARE TEST

The Chi-Square test was applied to examine the association between the level of automation adoption and employee-perceived operational efficiency at Basiz Fund Service Limited.

TABLE 4.1 Cross Tabulation. (Observed Frequencies)

Automation Level \ Efficiency	Highly Efficient	Efficient	Neutral	Inefficient	Total
Fully Automated	8	10	2	0	20
Largely Automated	12	18	5	1	36
Partially Automated	6	14	10	2	32
Minimally Automated	1	4	5	2	12
Total	27	46	22	5	100

TABLE 4.2 Chi-Square Calculation.

O	E	O-E	(O-E) ²	(O-E) ² /E
8	5.40	2.60	6.76	1.252
10	9.20	0.80	0.64	0.070
2	4.40	-2.40	5.76	1.309
0	1.00	-1.00	1.00	1.000
12	9.72	2.28	5.20	0.535
18	16.56	1.44	2.07	0.125
5	7.92	-2.92	8.53	1.077
1	1.80	-0.80	0.64	0.356
Total Chi-Square value, $\chi^2 = 18.74$				

Degrees of freedom = $(r-1)(c-1) = (4-1)(4-1) = 9$ Table Value (5%) = 16.919

Since **18.74 > 16.919**

Interpretation:

The Chi-Square test was applied to examine the association between automation adoption level and operational efficiency perceptions among employees at Basiz Fund Service Limited. The calculated Chi-Square value is 18.74, which is greater than the table value of 16.919 at the 5% level of significance with 9 degrees of freedom.

Hypothesis Testing: Hence, the null hypothesis (H_{01}) is rejected and the alternative hypothesis (H_{11}) is accepted. This indicates that there is a significant association between the level of automation adoption and operational efficiency at Basiz Fund Service Limited.

5. SPEARMAN CORRELATION ANALYSIS

Spearman rank correlation was applied to examine the relationship between automation-related variables and operational efficiency. This non-parametric measure is appropriate given the ordinal nature of the Likert scale responses.



TABLE 5.1 Spearman Correlation Analysis.

S.No	Variables	Spearman Correlation with Operational Efficiency (ρ)	Interpretation
1	Reporting Accuracy (Automation)	0.61	Strong Positive Relationship
2	Turnaround Time Reduction	0.57	Moderate–Strong Positive Relationship
3	Regulatory Compliance Support	0.53	Moderate Positive Relationship
4	Workload Reduction through Automation	0.48	Moderate Positive Relationship

Interpretation:

The correlation results indicate that reporting accuracy enabled by automation ($\rho = 0.61$) has the strongest relationship with operational efficiency. Turnaround time reduction ($\rho = 0.57$) also demonstrates a strong positive relationship. Regulatory compliance support ($\rho = 0.53$) and workload reduction ($\rho = 0.48$) show moderate positive relationships with operational efficiency. Overall, the results confirm that the adoption of automation across financial reporting functions positively and significantly influences operational efficiency at Basiz Fund Service Limited.

Hypothesis Testing: Since $p < 0.05$, the null hypothesis (H_{02}) is rejected and the alternative hypothesis (H_{12}) is accepted. Automation significantly improves reporting accuracy and reduces errors in financial reporting operations.

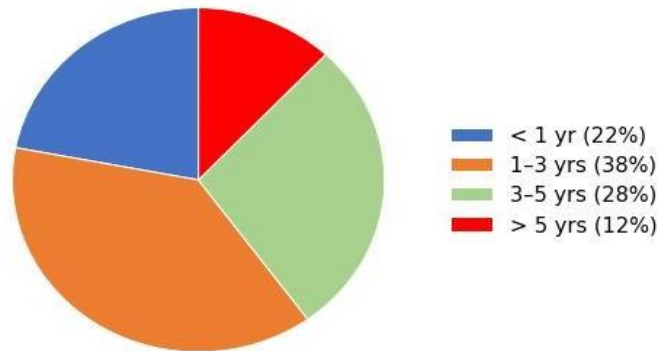
6. FINDINGS OF THE STUDY

The following section presents the key demographic and survey findings from the study, supported by frequency tables and charts.

TABLE 6.1 — Experience-wise Classification.

S.No	Particulars	No. of Respondents	Percentage
1	Less than 1 year	22	22.0
2	1–3 years	38	38.0
3	3–5 years	28	28.0
4	More than 5 years	12	12.0
Total		100	100

CHART 6.1 — Experience-wise Classification



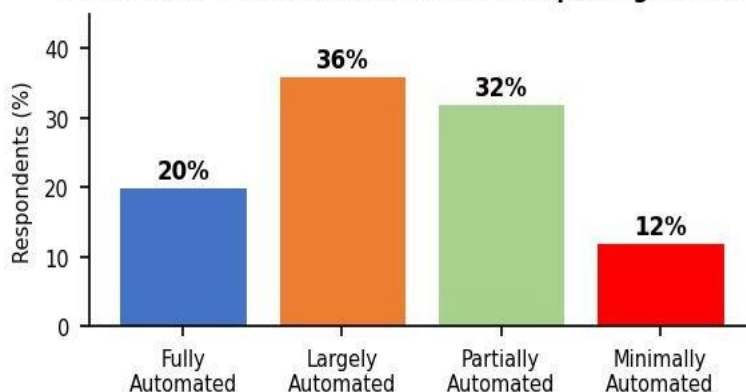
Interpretation:

The majority of respondents (38%) have 1–3 years of experience, followed by 28% with 3–5 years. Only 12% have more than 5 years of experience, indicating a relatively young workforce in financial reporting roles at Basiz Fund Service Limited. This pattern suggests the importance of robust onboarding and training in automated systems for newer employees.

TABLE 6.2 — Level of Automation in Current Reporting Functions.

S.No	Particulars	No. of Respondents	Percentage
1	Fully Automated	20	20.0
2	Largely Automated	36	36.0
3	Partially Automated	32	32.0
4	Minimally Automated	12	12.0
Total		100	100

CHART 6.2 — Level of Automation in Reporting Functions



Interpretation:

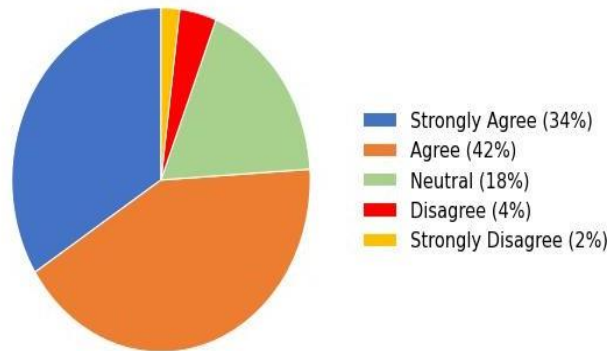
The majority of respondents (36%) describe their reporting functions as largely automated, while 32% report partial automation. Only 20% operate in fully automated environments, and 12% work in minimally automated settings. This indicates that while automation has been

substantially adopted at Basiz Fund Service Limited, significant scope remains for full automation across all reporting functions.

TABLE 6.3 — Impact of Automation on Reporting Accuracy.

S.No	Particulars	No. of Respondents	Percentage
1	Strongly Agree	34	34.0
2	Agree	42	42.0
3	Neutral	18	18.0
4	Disagree	4	4.0
5	Strongly Disagree	2	2.0
Total		100	100

CHART 6.3 — Impact of Automation on Reporting Accuracy

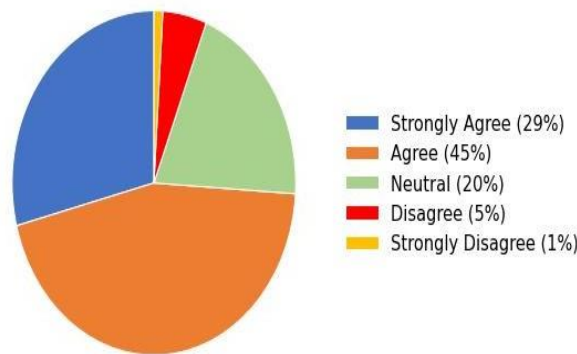


Interpretation: A substantial 76% of respondents agree or strongly agree that automation has improved reporting accuracy. Only 6% disagree, indicating strong employee consensus on the positive impact of automation on data quality and error reduction in financial reporting at Basiz Fund Service Limited.

TABLE 6.4 — Automation’s Contribution to Regulatory Compliance.

S.No	Particulars	No. of Respondents	Percentage
1	Strongly Agree	29	29.0
2	Agree	45	45.0
3	Neutral	20	20.0
4	Disagree	5	5.0
5	Strongly Disagree	1	1.0
Total		100	100

CHART 6.4 – Automation's Contribution to Regulatory Compliance

**Interpretation:**

74% of respondents agree or strongly agree that automation supports regulatory compliance in financial reporting. With only 6% disagreeing, the data confirms that automated systems at Basiz Fund Service Limited have been effective in embedding compliance checks and reducing regulatory risk in reporting workflows.

7. SUGGESTIONS

Based on the findings of the study, the following suggestions are made to enhance the impact of automation on financial reporting and operational efficiency at Basiz Fund Service Limited:

- ❖ Accelerate the transition from partial to full automation in financial reporting functions, particularly in NAV computation, reconciliation, and regulatory filing, to maximize efficiency gains across all operational units.
- ❖ Invest in structured training and capacity-building programmes for employees in financial reporting and fund accounting roles to ensure effective utilization of automated tools and minimize resistance to technology adoption.
- ❖ Strengthen data integration frameworks by connecting automation platforms with upstream data sources, reducing manual data entry points, and improving the real-time availability of financial data for reporting purposes.
- ❖ Establish robust quality assurance and exception management protocols within automated reporting workflows to promptly identify and resolve anomalies, ensuring continued accuracy and compliance.
- ❖ Leverage automation to improve regulatory reporting turnaround time by integrating compliance rule libraries into reporting systems and deploying automated alerts for

filing deadlines and threshold breaches.

- ❖ Prioritize the retention and ups killing of experienced employees who can drive automation adoption and serve as internal champions, given the relatively young workforce profile observed in the study.

7. SUGGESTIONS

The study on the impact of automation in financial reporting on operational efficiency at Basiz Fund Service Limited reveals a compelling and positive relationship between automation adoption and key dimensions of organisational performance. The Chi- Square analysis confirms a statistically significant association between the level of automation in reporting functions and employee-perceived operational efficiency, establishing that higher levels of automation are meaningfully linked to better efficiency outcomes. The Spearman correlation analysis further reinforces this finding, demonstrating that reporting accuracy ($\rho = 0.61$) and turnaround time reduction ($\rho = 0.57$) are the most strongly correlated variables with operational efficiency, followed by regulatory compliance support and workload reduction.

Descriptive findings indicate that while automation has been substantially adopted across reporting functions — with 56% of respondents characterising their workflows as largely or fully automated — a significant proportion of employees still operate in partially or minimally automated environments. This presents both a challenge and an opportunity for the organisation to deepen its automation investments and extend the efficiency benefits across all reporting units. The strong employee consensus on automation's positive impact on accuracy (76% agreement) and regulatory compliance (74% agreement) underscores the strategic value of continued investment in financial reporting technology.

In conclusion, automation is not merely a technological upgrade for Basiz Fund Service Limited but a fundamental enabler of operational excellence. By addressing the identified gaps in adoption, training, and system integration, the organisation can fully realise the transformative potential of automation in financial reporting and strengthen its competitive position in the fund administration industry.

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