



## **A Literature Review on AI in Risk Management: Transforming Accounting Practices**

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### **Abstract**

This literature review examines the transformative impact of Artificial Intelligence (AI) on risk management within the accounting profession. Traditional risk management techniques are currently being completely transformed by AI technologies, especially machine learning, predictive analytics, and data mining, which offer improved capacities for recognizing, evaluating, and reducing financial hazards. Key research on the use of AI tools in accounting to identify possible hazards, including fraud, market volatility, credit defaults, and operational inefficiencies, is summarized in the review. Large datasets, trends, and prospective outcomes may all be processed by AI, which makes it possible to use more proactive and data-driven risk management techniques. This enhances decision-making and lowers the possibility of expensive financial mistakes. Dynamic risk parameter adjustment, scenario analysis, and real-time risk monitoring are made possible by the incorporation of AI into risk management frameworks.

Furthermore, human accountants can concentrate on more complex strategic analysis since AI has the ability to automate repetitive risk assessment duties. Nonetheless, issues with model transparency, data quality, and the requirement for specific knowledge to decipher AI results are addressed. The evaluation also takes into account the ethical ramifications of AI in risk management, specifically with regard to predictive bias and data privacy.

In conclusion, research indicates that AI is not only increasing the effectiveness of risk management but also reorienting accountants' roles in managing corporate risks to be more strategic and forward-thinking rather than focusing on compliance and control.