**Benefits and drawbacks of digital systems**

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| **Benefits of digital systems** | **Drawbacks of digital systems** |
| Saves time and therefore saves on finance staff costs too.  Convenience – as many of the market-leading systems are app-based, the organisation owner can update their records ‘on the go.’  Automatically transfers data from books of prime entry to the ledgers and control accounts.  Reduces errors or omissions. A direct import of transactions is likely to be more accurate than manually copying records across.  Automatically carries out reconciliations such as:   * Cash book to bank statement * Receivables and payables ledgers to their respective control accounts.   Can automatically produce a trial balance, meaning that the organisation owner can easily produce a snapshot of their finances in real time.  Entries can be duplicated in order to save time. For example, a rent payment which is exactly the same each month can be processed as a recurring entry. | The systems are only as accurate as the data that is input into them.  There is also a risk of too heavy a reliance on digital systems. Carrying out some manual checks on the records is recommended to ensure that the transactions are correctly recorded.  Digital systems may create errors if they have not been set up correctly. Recurring entries which automatically post the same amount each week/month may be out of date if the amount or frequency changes, which then creates work to fix the errors. |