Internship Report on The Impact of Digital Transformation on Accounting Practices: Evidence from the context of Bangladesh and Global Market

by

Samiu Ibne Shams

ID: 22104035

An internship report submitted to BRAC Business School in partial fulfilment of the requirement of the degree of Bachelor of Business Administration

BRAC Business School

BRAC University

April 2026

Declaration Page

I, Samiu Ibne Shams, ID no- 22104035, student of BRAC Business School, declare that my internship report titles as ‘The impact of Digital Transformation on Accounting Practices: Evidence from the context of Bangladesh and Global Market" has done by me under the supervision of Saif Hossain, Associate Professor, BRAC Business School. This was a mandatory requirement of the BBA Program in Accounting Major.

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student’s Full Name & Signature:

____

Samiu Ibne Shams
2104035

Supervisors' Full Name & Signature:

____

Saif Hossain
Associate Professor
BRAC Business School

____

Riyashad Ahmed
Associate Professor
BRAC Business School

Letter of Transmittal

8th May, 2026

Saif Hossain
Associate Professor
BRAC Business School
BRAC University

Subject: Submission of Internship Report

Dear Sir,
Hope you are doing well with the grace of the Almighty. I would like to inform you that I have prepared the internship report on the Topic - "The Impact of Digital Transformation on Accounting Practices" under your supervision. I tried making the report according to the standard format and structures.

I would pray that you would be kind enough to accept my paper as they might come with some shortcomings. Therefore, I hope this paper meets the standard that needs to be maintained.

Yours,

Samiu Ibne Shams
ID: 22104035
Major: Accounting
Program: BBA
BRAC Business School
BRAC University

Non-Disclosure Agreement

zenith
ISLAMI LIFE INSURANCE PLC
জেনিথ ইসলামী লাইফ ইন্স্যুরেন্স পিএলসি
زينيثه اسلامى لايف إنشورنس بي إل سي

NON-DISCLOSURE AGREEMENT (NDA)

BETWEEN

Zenith Islami Life Insurance PLC

AND

Mr. Samiu Ibne Shams

This Non-Disclosure Agreement ("Agreement") is made and entered into on this 21 day of January, 2026 by and between:

First Party:

Zenith Islami Life Insurance PLC
Head Office: Aziz Bhaban (8th Floor),
93 Motijheel Commercial Area, Dhaka-1000, Bangladesh.
Hereinafter referred to as the "Company".

Second Party:

Mr. Samiu Ibne Shams
S/O: Mr. Md. Shamsul Alam
Address: 97/10 South Bashsaboo, Dhaka-1214
Hereinafter referred to as the "Intern".

WHEREAS

The Intern has been appointed as an Intern in the Finance & Accounts Department of the Company for the period from 22 January 2026 to 25 March 2026, and during the course of the internship may have access to confidential and proprietary information of the Company;

NOW, THEREFORE, both parties agree to the following terms and conditions:

1. Definition of Confidential Information

"Confidential Information" shall mean any and all non-public information disclosed by the Company to the Intern, whether written, oral, electronic, digital, or in any other form, including but not limited to:

- Customer and policyholder information
- Financial statements, reports, and budgets
- Business plans, strategies, and operational processes
- Software, databases, and technical information
- Internal policies, procedures, and administrative records
- Any unpublished or sensitive information relating to the Company

2. Obligations of the Intern

The Intern agrees that he shall:

a) Not disclose any Confidential Information to any third party without prior written consent of the Company;

b) Use Confidential Information solely for the purpose of performing internship-related duties;

c) Not copy, reproduce, store, distribute, or use any Confidential Information for personal benefit or unauthorized purposes;

d) Maintain strict confidentiality during and after completion of the internship period.

3. Return of Company Property

Upon completion or termination of the internship, or upon request by the Company, the Intern shall immediately return all documents, files, records, identification cards, electronic data, and any other property belonging to the Company.

4. Exceptions

Confidential Information shall not include information that:

- Is or becomes publicly available without breach of this Agreement;
- Is required to be disclosed by law or court order;
- Is disclosed with prior written approval of the Company.

5. Breach and Remedies

Any violation of this Agreement shall entitle the Company to take appropriate disciplinary and legal action against the Intern. The Intern shall be liable for any loss or damage caused by such breach.

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زينيته اسلامي لايف إنشورنس بي ال سي

6. Term and Validity

This Agreement shall remain effective during the internship period and shall continue to survive after completion or termination of the internship.

7. Governing Law

This Agreement shall be governed and construed in accordance with the laws of the People's Republic of Bangladesh.

IN WITNESS WHEREOF

The parties hereto have executed this Agreement on the date first written above.

For and on behalf of

Zenith Islami Life Insurance PLC

Signature: ____________________

Name: **S M Nuruzzaman**
Designation: Chief Executive Officer

Date: ____________________

আজই আপনার আর্থিক নিরাপত্তা নিশ্চিত করুন

Intern

Signature: ____________________

Name: **Samiu Ibne Shams**

Date: 21/01/2026

প্রধান কার্যালয় ঃ আজিজ ভবন (৯ম তলা), ৯৩ মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০, বাংলাদেশ, পিএবিএক্স: +৮৮ ০২-২২৩৩৮০৩৩৮ (হান্টিং)
মোবাইল : ০১৭৭৭৭৭৭০৯০, ই-মেইল : info@zenithlifebd.com, zililbd@gmail.com, ওয়েব : www.zenithlifebd.com

আজই আপনার আর্থিক নিরাপত্তা নিশ্চিত করুন।

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زینیته اسلامی لایف إنشورنس پي ال سي

Witness – 1

Signature:

Name: Abdur Rahman
SEVP(HR) & CS

Address: Zenith Islami Life Insurance PLC
Aziz Bhaban (8th floor), 93 Motijheel C/A
Dhaka-1000

Witness – 2

Signature:

Name: Faruk Ahmed
CFO

Address: Zenith Islami Life Insurance PLC
Aziz Bhaban (8th Floor)
93, Motijheel C/A, Dhaka.

প্রধান কার্যালয় ঃ আজিজ ভবন (৯ম তলা), ৯৩ মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০, বাংলাদেশ, পিএবিএক্স: +৮৮ ০২-২২৩৩৮০৩৩৮ (হান্টিং)
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আজই আপনার আর্থিক নিরাপত্তা নিশ্চিত করুন।

Acknowledgement

I would like to submit my internship report which is entitled "The Impact of Digital Transformation on Accounting Practices at Zenith Islami Life Insurance Ltd." Firstly, I am sincerely grateful to my supervisor Mr. Saif Hossain & my co- supervisor Mr. Riyashad Ahmed of BRAC University. They have supported me to prepare the report by providing guidance and inspiration at each & every level.

Secondly, I am also deeply indebted to Mr. SM Nuruzzaman, Chief Executive Officer of Zenith Islami Life Insurance Ltd. For allowing me to complete my internship program at his concern organization. The organizational supervisor of my internship was also helpful for providing all information and training required for the completion of my report.

I am also obliged to the employees of Zenith Islami Life Insurance Ltd. For their guidance throughout the period of the internship and for having provided necessary information to me on accounting and digital transformation within the insurance industry.

The Office of Career Services and Alumni Relations of BRAC University, for helping me in the preparation of paperwork, had a very helpful role.

I am eternally grateful to my family members and friends for having supported me by lending their ideas and sacrificing their valuable time. The Impact of Digital Transformation on Accounting Practices, at Zenith Islami Life Insurance Ltd was one endeavor and I acknowledge all those behind its completion.

Executive Summary

The purpose of this report is to investigate the effects of digital transformation in accounting with references from Bangladeshi and world markets. It examines the way modern digital technology (such as accounting on cloud, automation, artificial intelligence, ERP system and data analytics) is modernizing accounting processes and operations. Digital transformation of the accounting processes such as financial reporting, audit, tax management, budget preparation, and business decision making is increasingly impacting the whole process of accounting and financial activities, with benefits to accuracy, transparency, timeliness, and accessibility.

This report discusses how organizations are implementing digital accounting to enhance operational efficiency and enhance internal controls as well as to enhance manual errors reduction and ensure compliance with both national and international accounting and reporting standards. In Bangladesh, digital transformation in accounting is evolving gradually by adoption of accounting software, online banking, fintech service, e-governance and e-reporting of financial statements. Global organizations are using sophisticated technology such as AI, blockchain, robotic process automation and cloud based financial systems to remodel the accounting practice.

In this study, both the prospects and challenges of this digital transformation are addressed. While digitalization results in increase in productivity, efficiency and reduced cost and enhanced real-time reporting and decision-making, there are significant challenges such as threat of cyber-security risk, cost of technology investment, lack of employee skills and threat on data privacy issue.

Finally, recommendations have been made on how to increase the capability in accounting using technology, enhance through constant training and develop secure data to have a supportive legal and reporting environment. This study concludes that digital transformation is playing a vital role in the enhancement of accounting, organization competitiveness, and business sustainability worldwide and Bangladesh.

Keywords

Administrative function, financial records, disbursement logs, insurance act 2010, outstanding premium, regulatory volume, shariah-compliant, IPO incentives, credit rating agencies, regulatory compliance, mudaraba term deposit, underwriting performance, Bancassurance, cloud computing, blockchain, algorithmic bias, statutory returns, artificial intelligence, data security, reconciliation, auditable, consolidated financial data, branch network, expense management, cloud-support, cybersecurity, AI-assistance, protocols, progressive automation, digital workflow.

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List of Acronyms

Acronym	Full Form
AI	Artificial Intelligence
BGTB	Bangladesh Government Treasury Bond
BRAC	Bangladesh Rural Advancement Committee
BSEC	Bangladesh Securities and Exchange Commission
CAGR	Compound Annual Growth Rate
CFF	Cash Flow from Financing Activities
CFI	Cash Flow from Investing Activities
CFO	Cash Flow from Operating Activities
CPD	Continuing Professional Development
DSE	Dhaka Stock Exchange
ERP	Enterprise Resource Planning
HRM	Human Resource Management
IAS	International Accounting Standard
ICAB	Institute of Chartered Accountants of Bangladesh
IDRA	Insurance Development and Regulatory Authority
IPO	Initial Public Offering
NAV	Net Asset Value
RPA	Robotic Process Automation
ROA	Return on Assets
ROE	Return on Equity
SME	Small and Medium-Sized Enterprise
STD	Short-Term Deposit
SWOT	Strengths, Weaknesses, Opportunities, Threats
ZILIL	Zenith Islami Life Insurance Ltd.

Glossary

AI: simulates human intelligence processes (such as data analysis, pattern recognition and automatic decision making) within computers. This can be utilized in accounting for purposes such as audit sampling, anomaly detection and financial report generation.

Blockchain: a decentralized distributed ledger that records transactions across multiple systems and does not allow retroactive change to transactions. Within accounting and audit this is used for real-time reconciliation and creation of non-tamperable audit trails.

Cloud computing: delivering computing services (such as storage, analytics and software) over the Internet "the cloud". For accounting, this facilitates multi branch real-time access to financial information and scalable storage of accounting records.

DuPont Decomposition: The approach of breaking down return on equity into three components (profit margin, asset turnover, and financial leverage) which allows analysis of what drives a firm's return on equity.

Enterprise Resource Planning (ERP): is an integrated system which an organization uses to manage business process automation (accounting, procurement, project management and supply chain operations).

Life Insurance Fund: Is a sum of money in the context of life insurance accounting, which represents the reserve for life policy holders. It is the primary element of a life insurer's balance sheet and grows through premiums collected, and returns from investments.

Life Revenue Account: is equivalent to an income statement of a life insurer under life insurance accounting in Bangladesh which runs from beginning balance of the Life insurance fund to ending balance of the Life Insurance fund by including all revenue and expenditures.

Mudaraba Term Deposit: this is an Islamic type of profit sharing investment deposit where the depositors provide funds to the bank while the bank provides its management and expertise. It operates on a pre agreed basis regarding profit sharing between the depositor and bank.

Robotic Process Automation (RPA): use of software robots or 'bots' to automate high-volume, rule-based tasks (such as data entry, invoice processing and account reconciliation).

Shariah Compliance: The Shariah refers to the law of Islam. All Shariah compliant transactions are regulated by the law of Islam. The law of Islam prohibited payment/receipt of interest (riba), excess risk/uncertainty or investing in non permissible sectors of the economy. The insurance type, called Takaful, operates under the principle of mutual donation.

Vendor Lock-in: where customers are dependent on a specific vendor to the extent that switching providers is too costly.

CHAPTER 1: Internship Information

1.1 Student Information

Student Name	:	Samiu Ibne Shams
Student ID	:	22104035
Program	:	BBA
Major	:	Accounting

Supervisor: **Saif Hossain**

Co-Supervisor: **Riyashad Ahmed**

1.2 Internship Information

1.2.1 General Internship Details

Internship period	: January 2024 - March 2024
Company Name	: Zenith Islami Life Insurance Ltd.
Department	: Accounts
Corporate Office	: Aziz Bhaban (8th Floor), 93, Motijheel Commercial Area, Dhaka-1000, Bangladesh
Email	: zililbd@gmail.com

1.2.2 Internship Company Supervisor Information

Supervisor Name	: Ariful Alam
Position	: Executive Officer (E.O.)
Department	: Accounts
Contact Email	: arifbd136@gmail.com

1.2.3 Job Scope: Duties and Responsibilities

The internship experience at Zenith Islami Life Insurance Ltd. (ZILIL) was in the Finance and Accounts Department where various accounting, financial analysis, and administrative functions were performed. The most important duties and responsibilities are as follows:

Financial Record Keeping: Helped in the maintenance of daily financial records such as premium collection registers, bank reconciliations and finding mismatches.

The entries were made in the integrated accounting software of the company in compliance with the Insurance Act 2010 and IAS standards. Policy and Premium Management: Assisted the premium accounts team in reconciling first-year and renewal premiums with branch-level remittances, and in tracking outstanding premium receivables.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

The intern helped in leading the process of matching over 15 bank accounts to make sure all statements were correct and matched our records. He fixed problems with missing postings and discrepancies. The intern also made the journal recording process in Excel better. They organized the spreadsheets. Managed data more efficiently. This made it easier to do work. The interns' work helped the finance team work smoothly.

1.3.2 Benefits to the Student

The ZILIL internship experience was an outstanding practical experience in the life insurance business in the areas of accounting and financial management.

i) Proficiency in preparing and interpreting financial statements — specifically the Life Revenue Account format unique to life insurance companies in Bangladesh.

ii) Applied knowledge of financial ratio analysis, DuPont decomposition, and horizontal/vertical analysis techniques on actual audited statements.

1.3.3 Problems and Difficulties Encountered

The internship period was faced with several challenges, which offered good learning opportunities:

i) Data Access Control: Confidentiality: Sensitive policyholder and premium databases were properly limited to prevent in-depth analyses.

ii) The Complexity of Insurance Accounting: The format of the Life Revenue Account is quite different from the traditional income statements and it takes more time to learn how policyholder reserves, the Life Insurance Fund and the actuarial liabilities are treated.

iii) Regulatory Volume: It was necessary to constantly work to be familiar with compliance implications by keeping up with regular IDRA circulars and BSEC updates.

1.3.4 Recommendations to the Company on Future Internships

i) Organized Onboarding: Have a formal internship orientation programme on the company operations, accounting systems, and regulatory frameworks in the first week.

ii) Supervised Access to Systems: Authorized and monitored access to financial software since the first day, giving interns the opportunity to have a valuable hands-on experience without compromising data security.

iii) Defined Project Assignments: Have interns work on a particular research or analysis project that is relevant to the current company requirements so that they can make meaningful contributions and acquire skills.

iv) Mentorship Pairing: Assign an intern a mid-level finance professional as a daily point of contact, in addition to the formal supervisor.

v) Digital Workflow Adoption: Increase the rate at which branches are digitised in terms of reporting to ease the workload on interns and permanent employees in terms of manual data entry.

CHAPTER 2: Company Analysis — Zenith Islami Life Insurance Ltd.

2.1 Introduction to Zenith Islami Life Insurance Ltd.

Zenith Islami Life Insurance Ltd. (ZILIL) is a Bangladesh based life insurance company that is Shariah compliant and is set up to offer financial security and ethical investments. The company works under the vision of becoming one of the top providers of life insurance services and comply with Islamic principles, which will guarantee profitability and social responsibility.

The company has a paid-up capital of Tk 225 million and statutory reserve fund of Tk 15 million and the employees have been given 2.25 million shares of the company in IPO incentives, which creates a sense of alignment between the staff and the company growth goals (ZILIL Annual Report, 2023).

The Chairperson Faridun Nahar Laily is the person who gives strategic direction, and insists on ethical, socially responsible business operations whereas the CEO manages day-to-day operations, risk management, and compliance. ZILIL has 64 branches all over Bangladesh and is well spread out so that policyholders have easy access to it. IT integration in policy management, financial reporting, and marketing supports operational efficiency, aligning organizational structure and strategic objectives.

2.2 Overview of the Company

Zenith Islami Life Insurance Ltd. (ZILIL) is a leading Shariah-compliant life insurance firm in Bangladesh, which was founded with the aim of offering financial protection and investment solutions based on Islamic principles. The corporation has its head office in Aziz Bhaban (8th floor), 93 motijheel commercial area, Dhaka and has a comprehensive network of 64 offices throughout the country, which makes the company reachable and covers the area with its services. The leadership of ZILIL is based on the experience of Chairperson Faridun Nahar Laily, whose social and philanthropic experience supplements the strategic leadership of CEO S M Nuruzzaman. Its board of directors is composed of experts in finance, law and insurance and all these ensure good governance, regulation and efficiency in operations (ZILIL Prospectus, 2024).

ZILIL provides a wide range of products and services such as term life, whole life, endowment, and investment-linked and health coverage and Shariah-compliant wealth accumulation plans. The company uses various distribution channels, which include a vast agency network, in-house sales force, branch offices, and online platforms to reach a broad range of customers. The strategic focus of its operations is on market penetration, customer satisfaction, claims efficiency and operational excellence which are reinforced by the ongoing human capital development and training programs. The recent issue of 15,000,000 ordinary shares including 2,250,000 shares to be issued to the employees confirms the interest of aligning the staff interests with the long-term growth and sustainability of the organization (ZILIL Financial Statements, 2023).

One of the major pillars of the operations of ZILIL is regulatory compliance whereby the operations are in line with the regulations of the Bangladesh Securities and Exchange Commission (BSEC) and corporate governance standards. The reputable credit rating agencies and auditors support the company, which also contributes to the increased stakeholder confidence. Zenith Islami Life Insurance Ltd. is an insurance company that aims to be a customer-focused, reliable and growth oriented, insurer committed to providing quality Shariah compliant financial services, to promote trust, transparency and sustainable development in the Bangladesh insurance industry (ZILIL Prospectus, 2024).

2.3 Vision and mission

Vision: The company's vision, based on its prospectuses and communication efforts, to become one of the premier Shariah compliant providers of life insurance and sustainable investments in Bangladesh which focuses on rendering financially sound and Islamically-valid protection products (ZILIL Prospectus, 2024).

Mission: To serve the diverse needs of all Bangladeshis and help secure their future by offering competitive, and Shariah compliant life insurance and wealth management products nationwide, through a wide network of branches and customer oriented agencies along with the integration of advanced digital technologies to ensure service effectiveness, compliance with relevant laws and ultimately, create sustainable value for policyholders and shareholders (ZILIL Financial Statements, 2023).

2.4 Management Practices

2.4.1 Leadership Style

ZILIL leadership is more of a visionary and transformational style of leadership. Chairperson Faridun Nahar Laily, offers strategic direction based on social responsibility and ethical business practice, which is a transformational leadership approach, where employees are encouraged to work together towards the organisational objectives. CEO Dr. S M Nuruzzaman is a hands-on, integrative leader in the field of governance, compliance and operational management. The executive team creates a culture of accountability and excellence in line with the core values of ZILIL: A'dal and Ehsan (Justice and Excellence), Caring, Credibility, and Collaboration.

2.4.2 Human Resource Management Process

The HRM approach of ZILIL is designed and humanistic. Recruitment focuses on skilled professionals to meet client service objectives in its 64-branch network. Friendly management, training programmes and performance incentives like the IPO shares allocation of 2,250,000 shares to employees (ZILIL Prospectus, 2024) are the methods of engaging employees. The development of human capital is a continuous priority and the focus of operational excellence is in skill upgrades and training in change management.

2.4.3 Performance Appraisal

It can be assumed that the performance appraisal in ZILIL is designed to be in parallel with the customer satisfaction rates, operational efficiency, and regulatory compliance. Board oversight and management committees ensure accountability on the executive level performance that is in line with corporate governance best practices in the insurance industry. The 21.99% drop in management costs in 2023 compared to 2022, Tk 214.74 million to Tk 167.51 million, indicates the effectiveness of cost efficiency efforts that were implemented with the help of performance management (ZILIL Financial Statements, 2023).

2.5 Marketing Practices

2.5.1 Target Market and Segmentation

ZILIL uses a multi-dimensional strategy of segmentation. Insurance products are demographically aimed at working adults who have dependents, and target middle-income earners who appreciate financial security and halal-compliant returns on investment. The 40+ branch network is geographically focused on urban and semi-urban centres that are more aware of insurance. Customers are also behaviourally segmented based on risk perception, savings behaviour and Shariah sensitivity, which is a rather applicable segment in Bangladesh, where about 90 per cent of the population is Muslim (Bangladesh Bureau of Statistics, 2022).

2.5.2 Branding and Positioning

The main brand promise of ZILIL is Shariah-compliant life insurance and commitment to financial security and social responsibility. The brand sets itself apart by registration under IDRA, compliance with the evaluations of National Credit Ratings Ltd. and open governance, which increases the confidence of ethically-minded policyholders. The marketing campaigns focus on protection, family security and long term wealth creation by means of Shariah compliant savings and investment plans (ZILIL Prospectus, 2024).

2.6 Financial Performance and Accounting Practices

2.6.1 Statement of Financial Position (Balance Sheet)

Table 2.1 presents a comparison of ZILIL's balance sheet for the two most recent fiscal years. All figures are in Bangladeshi Taka (Tk).

Zenith Islami Life Insurance Ltd.

Statement of Financial Position

For the year ended 31 December, 2023

Particulars	2023 (TK)	2024 (TK)	Change (%)
PROPERTY & ASSETS			
Bangladesh Govt. Treasury Bond	68,000,000	30,000,000	126.67%
Outstanding Premium	45,746,375	34,789,219	31.50%
Advances, Deposits & Pre-Payments	31,496,355	27,551,183	14.32%
Mudaraba Term Deposits	257,379,854	252,122,025	2.09%
STD + Current Accounts + Cash	35,251,401	27,394,600	28.68%
Total Cash, Bank & Balances	**292,631,255**	**279,516,625**	4.69%
Fixed Assets (Net)	10,988,697	3,728,595	194.71%
Right of Use (RoU) Assets	4,973,392	6,816,351	−27.04%
TOTAL ASSETS	**468,506,259**	**389,356,938**	20.33%
Capital & Liabilities			
Paid-up Capital	225,000,000	225,000,000	0.00%
Reserve Fund Account	15,000,000	15,000,000	0.00%
Life Insurance Fund	177,612,267	92,718,650	91.55%
Gross Fund (Equity)	**417,612,267**	**332,718,650**	25.52%
Estimated Liabilities	5,947,816	7,206,425	−17.47%
Lease Liability	4,526,508	6,521,801	−30.59%
Sundry Creditors	39,969,314	42,305,312	−5.52%
Total Liabilities	**50,893,992**	**56,638,288**	−10.14%
TOTAL CAPITAL & LIABILITIES	**468,506,259**	**389,356,938**	20.33%

Figure 2.1 - Statement of Financial Position

2.6.2 Life Revenue Account (Income Statement)

Table 2.2 presents the Life Revenue Account for 2023 and 2022. In Bangladesh life insurance accounting, this statement begins with the opening balance of the Life Insurance Fund and ends with its closing balance, with all income and expenses flowing through it.

Zenith Islami Life Insurance Ltd.

Statement of Profit or Lose

For the year ended 31 December, 2023

Particulars	2023 (TK)	2024 (TK)	Change (%)
Opening Balance of Life Insurance Fund	**92,718,650**	**39,382,018**	135.44%
PREMIUM INCOME			
First Year Premium	129,095,768	187,938,697	−31.31%
Renewal Premium	137,505,554	101,694,110	35.21%
Group Insurance Premium	16,946,476	13,746,516	23.28%
Gross Premium	283,547,798	303,379,323	−6.53%
Less: Re-Insurance	-117,016	-227,148	−48.49%
Net Premium	**283,430,782**	**303,152,175**	−6.50%
Profit, Dividend & Rents	23,230,058	19,052,649	21.93%
Other Income (incl. prior year adj.)	176,181	992,888	−82.25%
TOTAL REVENUE	**399,555,671**	**362,579,730**	10.20%
EXPENDITURE			
By Death	2,180,237	2,083,027	4.67%
By Maturity Claim	4,222,223	2,488,000	69.70%
By Survival Benefit	36,666,552	37,232,973	−1.52%
By Surrender	890,939	570,437	56.18%
By Group & Hospitalization	11,399,426	10,572,277	7.82%
Total Claims & Commission	**55,359,377**	**53,216,362**	4.02%
Expenses of Management	167,509,490	214,743,740	−21.99%
Depreciation of Fixed Assets	2,351,742	1,770,298	32.85%
Deferred Tax (Income)/Expense	-3,277,206	130,680	N/A
Closing Balance – Life Insurance Fund	**177,612,267**	**92,718,650**	91.55%
Net Surplus (Life Fund Increase)	**84,893,617**	**53,336,632**	59.17%

Figure 2.2 - Statement of Profit or Loss

2.6.3 Statement of Cash Flows

Table 2.3: Statement of Cash Flows – Year ended 31 December 2023 and 2022 (Amounts in Tk)

Zenith Islami Life Insurance Ltd.

Statement of Cash Flows

For the year ended 31 December, 2023

Particulars	2023 (TK)	2024 (TK)	Change (%)
A. OPERATING ACTIVITIES			
Collection of Premium	272,590,642	307,643,172	−11.39%
Other Income & Adjustments	176,181	121,688	44.79%
Payment for Claims	-56,617,986	-53,000,274	6.83%
Payment for Management Expenses	-161,621,189	-204,592,004	−21.01%
Other Operating Outflows	-6,575,232	-5,268,214	24.82%
Net Cash from Operating Activities (CFO)	**47,952,416**	**44,904,368**	6.79%
B. INVESTING ACTIVITIES			
Acquisition of Fixed Assets	-9,611,844	-1,042,300	822.26%
Investment Made (BGTB)	-38,000,000	-15,000,000	153.33%
Profit, Dividend & Rent Received	19,439,663	17,001,222	14.34%
Net Cash from Investing Activities (CFI)	**-29,617,091**	**1,359,624**	N/A
C. FINANCING ACTIVITIES			
Lease Payments	-5,220,696	-4,353,819	19.91%
Shareholders' Capital Added	—	45,000,000	N/A
Net Cash from Financing Activities (CFF)	**-5,220,696**	**40,646,181**	N/A
NET INCREASE IN CASH & EQUIVALENTS	**13,114,630**	**86,910,173**	−84.91%
Opening Cash & Equivalents	279,516,625	192,606,452	45.13%
Closing Cash & Equivalents	**292,631,255**	**279,516,625**	4.69%

Figure 2.3 - Statement of Cash Flow

2.6.4 Horizontal and Vertical Analysis

Table 2.1 - Horizontal Analysis

Horizontal Analysis				
Particulars	2023 (TK)	2024 (TK)	Change (TK)	Change (%)
Total Assets	468,506,259	389,356,938	-79,149,321	-16.89%
Life Insurance Fund	177,612,267	92,718,650	-84,893,617	-47.80%
Total Revenue	399,555,671	362,579,730	-36,975,941	-9.25%
Expenses of Management	167,509,490	214,743,740	47,234,250	28.20%
Net Cash from Operations	47,952,416	44,904,368	-3,048,048	-6.36%

The company's financial situation got worse from 2023 to 2024. Their total Assets went down by 79.15 million taka or 16.89% (ZILIL Financial Statements, 2024). This was mainly because the Life Insurance Fund dropped sharply by 47.80% or 84.89 million taka. The company's Total Revenue also decreased by 9.25% or 36.98 million taka. The Expenses of Management went up a lot by 28.20% or 47.23 million taka. This means the company had operational costs even though it earned less. As a result the Net Cash from Operations decreased slightly by 6.36% or 3.05 million taka. The company had revenue from a smaller life insurance fund and higher expenses. All these point to problems, with making a profit and running the business efficiently.

Table 2.2 - Vertical Analysis (% Change of Assets)

Vertical Analysis (% Change of Assets)				
Particulars	2023 (TK)	2023 (%)	2024 (TK)	2024 (%)
Mudaraba Term Deposits	257,379,854	54.94%	252,122,025	64.77%
Cash & Bank Balances	292,631,255	62.46%	279,516,625	71.82%
Fixed Assets (Net)	10,988,697	2.35%	3,728,595	0.96%
Paid-up Capital	225,000,000	48.03%	225,000,000	57.79%
Life Insurance Fund	177,612,267	37.91%	92,718,650	23.82%
Total Liabilities	50,893,992	10.86%	56,638,288	14.54%

The company's asset base changed noticeably between 2023 and 2024. Cash and bank balances made up a part of total assets rising from 62.46% to 71.82% (ZILIL Financial Statements, 2024). Mudaraba term deposits also increased, from 54.94% to 64.77% showing the company is focusing on having liquid assets. On the other hand fixed assets decreased from 2.35% to 0.96% of total assets which could mean the company sold or wrote down some assets. Paid-up capital grew from 48.03% to 57.79% of assets. The

Life Insurance Fund dropped from 37.91% to 23.82%. Total liabilities went up slightly from 10.86% to 14.54% of assets. The asset structure now is more liquid. Not as focused on capital. The company seems to be moving towards having cash and liquid assets. This change suggests a shift in how the company manages its assets. The decrease in fixed assets and Life Insurance Fund also supports this. The increase in paid-up capital and liabilities is also notable. Overall these changes indicate a direction for the company's asset base.

Table 2.3 - Vertical Analysis – (% Change of Revenue)

Vertical Analysis (% Change of Revenue)				
Particulars	2023 (TK)	2023 (%)	2024 (TK)	2024 (%)
Net Premium	283,430,782	70.94%	303,152,175	83.60%
Expenses of Management	167,509,490	41.93%	214,743,740	59.22%
Total Claims & Commission	55,359,377	13.86%	53,336,632	14.71%
Closing Life Insurance Fund	177,612,267	44.45%	92,718,650	25.57%

The revenue analysis shows some changes in what makes up the income and expenses compared to the total revenue. The Net Premium part of the revenue went up from 70.94 percent in 2023 to 83.60 percent in 2024 (ZILIL Financial Statements, 2024). This means the core underwriting performance of the Net Premium is getting stronger compared to the revenue.

However the Expenses of Management part went up fast from 41.93 percent to 59.22 percent of the revenue. This shows that the costs of running the business are taking up a lot more of the revenue. The Total Claims & Commission part of the revenue did not change much; it only went up a bit from 13.86 percent to 14.71 percent.

The Closing Life Insurance Fund part of the revenue went down from 44.45 percent to 25.57 percent. This is consistent with what we saw in the analysis. So while the Net Premium income is becoming more important the big increase in management expenses as a part of the revenue is a concern, for making a profit and controlling expenses. The Net Premium and the management expenses are closely related to the revenue. We need to keep an eye on them.

2.6.5 Liquidity Ratios

Liquidity ratios measure ZILIL's ability to meet short-term obligations. Given the nature of life insurance — where most assets are long-term and liabilities include policyholder reserves — these ratios are interpreted in the insurance context (Rejda & McNamara, 2017).

Table 2.4 - Liquidity Ratio

Ratio	2023	2024	Interpretation
Current Ratio	6.37x	5.65x	Short-Term debt For every 1 Taka of short-term debt the company has 6.37 Taka in assets for the year 2023 and 5.65 Taka for the year 2024. This means that the company can pay its bills more than 5 times.
Quick Ratio	1.76x	1.26x	For every 1 Taka of short-term debt the company has 1.76 Taka in cash and customer receivables for the year 2023. 1.26 Taka for the year 2024.
Cash Ratio	0.77x	0.55x	The company has only 0.77 Taka in cash for the short-term debt of 1 Taka for 2023 and 0.55 Taka for 2024.
Operating CFO to Liabilities	0.94x	0.79x	For every 1 Taka of debt the company generates 0.94 Taka from its operations each year for the year 2023 and 0.79 Taka for the year 2024.

2.6.6 Solvency and Leverage Ratios

Table 2.5 - Solvency and Leverage Ratios

Ratio	2023	2024	Interpretation
Debt-to-Equity Ratio	0.12x	0.17x	That means it has 0.12 debt for every 1 Taka of owner's equity for the year 2023. 0.17 Taka debt for the year 2024.
Debt Ratio	0.11x	0.15x	The company's creditors have financed 11% of the company's assets for the year 2023 and 15% for the year 2024.
Equity Ratio	0.89x	0.85x	For the year 2023, the owners have financed 89% of the company's assets. 85% For 2024.
Equity Multiplier	1.12x	1.17x	For every 1 Taka of equity the company controls 1.12 Taka assets for the year 2023 and 1.17 Taka of assets for the year 2024.

2.6.7 Profitability Ratios

Table 2.6 - Profitability Ratios

Ratio	2023	2024	Interpretation
Net Profit Margin	21.25%	14.71%	For every 1 Taka revenue the company retains 0.2125 Taka profit for 2023 and 0.1471 profit for 2024.
Return on Assets (ROA)	18.12%	13.70%	For every 1 Taka of assets the company generates 0.1812 Taka of profit for 2023 and 0.1370 Taka of profit

			for 2024.
Return on Equity (ROE)	20.33%	16.03%	For every 1 Taka of owners equity the company earns a profit of 0.2033 Taka in 2023 and 0.1603 Taka profit in 2024.

2.7 Operations Management and Information System Practices

2.7.1 Policy and Operations Management

Digital platforms enable real-time issuance of policies, tracking of premiums and claims in 64 branches. Underwriting and risk assessment automation is in line with the Shariah principles and the regulatory requirements of IDRA. The Policy Information Application (accessible on mobile platforms) allows policyholders and employees to see account information, payment records, and claim statuses online - minimizing the number of people visiting the branch and enhancing the efficiency of services.

2.7.2 Finance and Accounting Systems

Integrated accounting software is used to digitalise financial operations and facilitate real-time tracking of revenue, management of expenses, monitoring of investments and statutory reporting. This allows the management to track solvency levels, asset placement and profitability ratios in near-real-time, which is essential in IDRA compliance and Board-level decision-making. The financial statements of 2023 were prepared in the framework of IAS-1, IAS-7 and Insurance Act 2010, which demonstrates the adherence to international accounting standards (ZILIL Financial Statements, 2023).

2.7.3 Marketing and Distribution

IT facilitates digital marketing, targeted campaigns, and data-driven segmentation. Through customer behavior and preferences, ZILIL will be able to maximize product promotion, improve lead generation and improve efficiency of policy sales (ZILIL Prospectus, 2024). Online platforms decrease the reliance on physical offices and increase access to urban and semi-urban customers.

2.8 Industry and Competitive Analysis

2.8.1 Porter's Five Forces Analysis

Figure 2.1 below presents a structured Porter's Five Forces assessment of the competitive environment in Bangladesh's life insurance industry, with specific implications for ZILIL's strategic positioning.

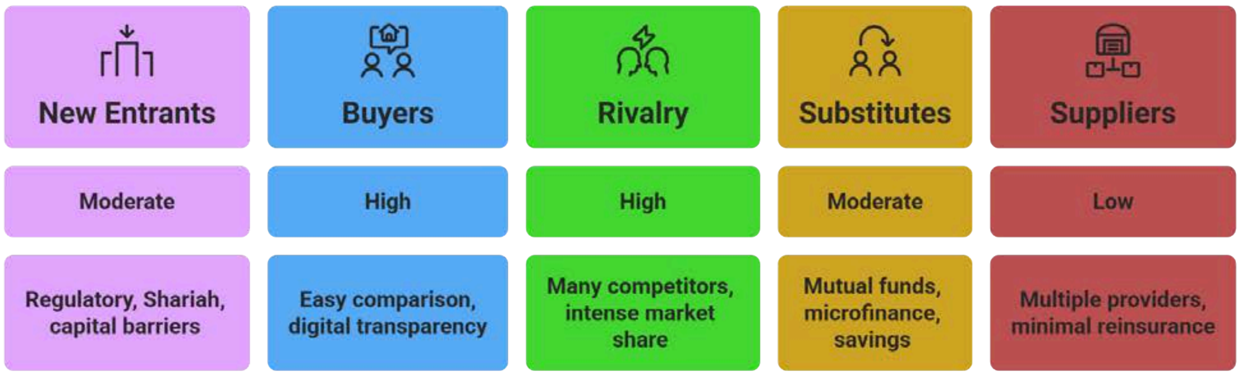

Figure 2.4: Porter's Five Forces Analysis of ZILIL's Competitive Environment.

1. Threat of New Entrants: Moderate

Rationale: The barriers to entry are high due to regulatory restrictions imposed by IDRA and BSEC, Shariah-compliance regulations, and high capital requirements. New entrants will also need to invest in IT systems to be able to control multi-branch operations effectively, just like the digital policy management platform used by ZILIL.

Implication: Despite the presence of barriers, digital insurance providers and fintech startups have the ability to circumvent the physical infrastructure, which heightens potential competitive pressures. ZILIL should keep using digital strength, and its branch network to retain its market share.

2. Bargaining Power of Buyers: High

Rationale: Online platforms and digital transparency enable customers to readily compare the offerings of various traditional and Islamic insurers. A major distinction is on Shariah compliance and pricing, and policyholders can easily change insurers in case of perceived value loss .

Implication: ZILIL should have good service delivery, articulate presentation of Shariah compliance and competitive rates. Its increased Life Insurance Fund and improved digital customer experience can increase buyer loyalty and mitigate the switching risk.

3. Competitive Rivalry: High

Explanation: Bangladesh has 36 life insurers, a vast Islamic segment among them being Alpha Islami, Mercantile Islami, Trust Islami, and Protective Islami. The high level of competition is further increased by the fact that the overall insurance penetration (0.5% of the population) is low, thus reducing the market expansion opportunities.

Implication: ZILIL competitive advantage is operational efficiency (e.g. lower management costs, digital policy tracking) and differentiation on the basis of ethical considerations by Shariah compliance. It is essential to keep on innovating in product offerings and customer interaction to retain market share.

4. Threat of Substitutes: Moderate

Explanation: Competition: Competition There are other financial instruments, like mutual funds, National Savings Certificates and traditional savings plans, which are also competing with the identical risk-averse, investment-oriented client base.

Implication: The fact that the Shariah-compliant products offered by ZILIL stand out among other conventional substitutes, the firm needs to constantly show the value in terms of returns, security, and educating customers to ensure repeat clients who may have other alternatives of non-insurance investments.

5. Supplier Power: Low.

Explanation: Suppliers in the life insurance industry are reinsurers, actuaries, IT vendors and consultants. There are several suppliers within each category, which also decreases reliance on a particular supplier. The influence of suppliers is also restricted by low reinsurance expenses (Tk 117,016 in 2023).

Implication: ZILIL may be able to negotiate good contracts with various vendors and flexibility in IT and actuarial relationships, which guarantee efficiency in operations and cost management.

2.8.2 SWOT Analysis

Figure 2.2 presents a comprehensive SWOT analysis of ZILIL, integrating findings from the financial performance section and industry analysis.

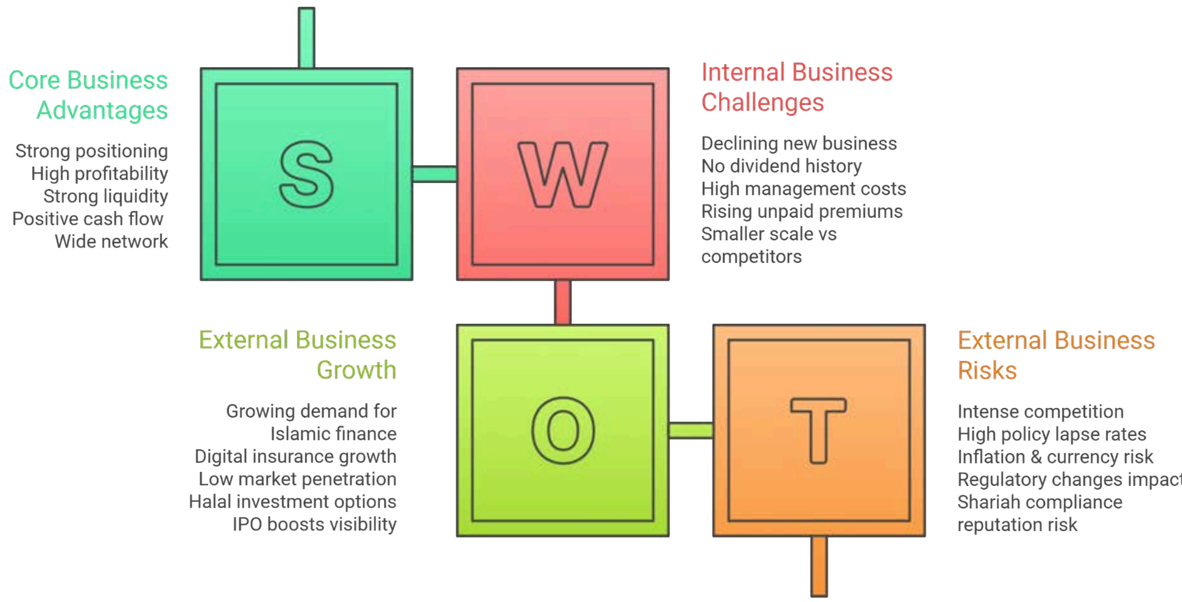

Figure 2.5: SWOT Analysis of Zenith Islami Life Insurance Ltd.

a) **Strengths:** The firm enjoys a good Shariah positioning within a 90 percent Muslim market, which generates a distinction. Its life fund grew by 91.55% (Tk 92.7M → Tk 177.6M), supported by high profitability with ROE 20.33% and net margin 21.24%. It is highly liquid with a cash ratio of 5.75x and zero debt and positive operating cash flow of Tk 47.95M. The broad network of 64 branches enhances the coverage of the market and the investments in government bonds grew between Tk 30M to Tk 68M, guaranteeing the consistent returns.

b) **Weaknesses:** The company experiences a reduction of 31.31% of first year premiums which means that new business growth is not strong. It does not have any dividend history, which can be a deterrent to investors, and has a high expense ratio of 59.10, which is inefficient. Exceptional premiums grew by 31.5 per cent which escalates the risk of collection. It is further not competitive due to its smaller size and NAV as an actuary (Tk 10.52) is lower than the book value (Tk 18.56), suggesting weaknesses in the reserves.

c) **Opportunities:** With the launch of bancassurance in 2023, growth prospects are high, as it will allow new distribution channels. The increase in demand of Islamic finance and digital insurance growth may contribute to the expansion of the market and efficiency. The high potential in Bangladesh is indicated by a huge population (~170M) and a very low insurance penetration (only 0.5%). The expansion is further supported by stable halal investments in government securities, more visibility through IPO listing in DSE and projected industry growth of 6%.

d) **Threats:** The competition exerted by 36 life insurers on the firm is very high and this puts a strain on market share. Long term stability in revenues may be compromised by high policy lapse rates. Both the returns and customer affordability can be impacted by macroeconomic issues like inflation and currency volatility. The reserve requirements can be increased by regulatory changes, such as new actuarial rules in 2024. Reputational risk associated with Shariah compliance exists, as well as an increasingly disruptive challenge with InsurTech firms putting pressure on competitive aspects.

2.9 Conclusions

ZILIL is an insurance company in Bangladesh. It has a lot of money. It is located in a good place. This means ZILIL can grow in a way. ZILIL also offers products that follow Shariah rules. It is good at managing its assets. To stay ahead of companies ZILIL should focus on selling its products online, talking to customers and making new products that people want. ZILIL should also be careful with its money. Make sure it does not spend too much. If ZILIL does these things it will be in a position to sell more products, make its shareholders happy and have a strong financial future in a competitive insurance market. ZILIL will be able to increase its market share and provide term financial sustainability. ZILIL is a company and it can do well if it follows these steps.

2.10 Recommendations and Implications

- **Increase Digital Distribution Channels:** ZILIL needs to invest in online sales, mobile apps, and social media to appeal to younger and more tech-savvy consumers. Since total revenue increased by 10% between 2022 and 2023, using digital channels may enhance the growth of the premium and cut operational expenses related to the sales made through the branches.
- **Enhance Customer Relationship and Branding:** The Shariah-compliant insurance offered by the company is a good differentiator. To enhance customer loyalty and minimize lapses in policies, ZILIL can increase financial literacy programs, client education, and community outreach. The Life Insurance Fund, which grew by approximately 91% in 2023 (Tk 92.72M → Tk 177.61M), can be further improved with the net profit margin increasing by 14.7% to 21.3%.
- **Capital and Dividend Strategy:** Having a strong equity base of Tk 417.61M in 2023 and low leverage (Debt-to-Equity 0.122), ZILIL can strike a balance between retained earnings to grow and moderate dividends to reward shareholders. This plan will provide adequate expansion, digital, and regulatory financing without adding to the debt.

- **Performance Monitoring and HR Development:** It is necessary to invest in the continuous training of employees, performance appraisal, and incentive programs. The connection of human capital management to operational and financial metrics aids productivity in underwriting, claims processing and service delivery that led to the growth in ROE of 16 to 20.3.
- **Use Financial Insights to make Strategic Decisions:** Ratio analysis, trend analysis and DuPont decomposition should be used by ZILIL to make decisions in product development, underwriting, claims management and investment strategies. As an example, cash flow operating in 2023 is Tk 47.95M, which is almost enough to meet all current liabilities (Tk 50.89M), indicating that the internal cash flow is adequate to finance growth projects.

CHAPTER 3: Research Study

The Impact of Digital Transformation on Accounting Practices: Evidence from Bangladesh

3.1 Introduction

3.1.1 Background

The world's business environment is being transformed rapidly with the digital revolution, of which accounting is one of the highest impacted disciplines. In developed as well as developing countries, organizations are adopting technological advancements and moving from manual paper-based accounting to AI, cloud computing, blockchain, Robotic Process Automation (RPA), and many more technologies to prepare accounting reports (Bragg, 2022). These technology implementations have changed the recording, processing, reporting and auditing of financial information.

In Bangladesh, the digital accounting practices are gaining momentum in the Banking and Financial services sector. Increasingly, IDRA (Insurance Development and Regulatory Authority) is introducing regulatory standards promoting digital reporting and transparency, while BSEC (Bangladesh Securities and Exchange Commission) requires listed entities to comply with international reporting standards (ICAB, 2023). Within the dynamic regulatory and technological context of Bangladesh, life insurance companies, such as Zenith Islami Life Insurance Ltd. (ZILIL) appear to be pertinent locations for study of how digital revolution impacts accounting practice in reality.

The financial services sector in Bangladesh has its own set of specific contextual features. There exists poor digital infrastructure in semi-urban and rural areas, underdeveloped FinTech ecosystem, fragment of regulations, a huge gap of expertise in adopting advanced digital accounting tools among accountants (Islam, 2024). Simultaneously, the country has a large market size of around 170 million uninsured population and there is growing demand for Shariah compliant financial products, with the government supporting e-governance and digital finance.

3.1.2 Literature Review

Digital transformation as a key driver of accounting practice change is widely documented in both academic and professional literature (Bragg, 2022) outlines how current accounting systems are built around automated data processing. AI-based solutions make it possible to perform real time financial analysis, develop predictive budgets, and use exception-based audits rather than period-end reports. Similarly, it was found that with integrated digital systems, financial ratio analysis and DuPont decomposition lead to much richer insights for managerial decision-making than those generated by manual processes (Soliman, 2008).

The literature around the impact of AI in accounting highlights both benefits and risks in terms of efficiency and reliability. While AI systems make it possible to automate large scale transaction processing, sampling in audits, and pattern-based detection of anomalies, there are risks of algorithmic bias, and of "AI hallucinations" (when outputs look plausible but are not actually true) (ICAB, 2023). The continued role of human professional judgment in the use of AI cannot be overemphasised.

Blockchain technology is a particularly exciting prospect in audit literature, which points to a future where traditional manual audits are completely replaced with continuous auditing by immutable, time-stamped records on the blockchain. It was further found in a report that in the case of South Asian financial institutions, lack of technical skills, high implementation costs, and undefined legal status make it difficult for the use of this technology to grow beyond trial implementation (Islam, 2024).

The literature review for cloud computing gives a mostly positive picture. With integrated cloud-based ERPs and accounting software, organisations with multiple branches are able to view unified, real time financial information, which improves the turnaround time of end-of-period reporting, and leads to more flexible decision making (Bragg, 2022). For the needs of ZILIL with 64 branches located throughout Bangladesh, the ability to have access to centralized financial information in a scalable, accessible way would clearly provide benefits. Nonetheless, the risks of data sovereignty, compliance in terms of cross border law and also vendor risk cannot be ignored (ICAB, 2023).

Robotic Process Automation (RPA) as detailed in literature is best suited to rule based, high volume tasks, like the reconciliation of premiums, matching of invoices, generation of statutory returns, and generally produces faster, less error-prone output in areas such as premium calculation for the insurance sector (Rejda & McNamara, 2017). The limitations to the adoption of RPA are stated to be implementation costs, and also the fact that business processes need to be standardized before they can be automated (Islam, 2024).

All in all, it would appear from the literature that digital transformation will provide significant benefits for accuracy, speed and strategic value for financial services in Bangladesh, while introducing entirely new categories of operational, legal and human capital risk.

3.1.2 Objectives of the Study

The primary aim of this study is to examine the imp act of digital transformation on accounting practices in Bangladesh, with a particular focus on the life insurance sector. To achieve this, the study pursues the following specific objectives:

Objective 1: To analyze how digital technologies — specifically Artificial Intelligence, blockchain, cloud computing, and Robotic Process Automation — are transforming core accounting processes in Bangladeshi financial institutions, with reference to the operations of Zenith Islami Life Insurance Ltd.

Objective 2: To identify and assess the key challenges and risks associated with the adoption of digital accounting technologies in the Bangladeshi insurance and financial services sector.

Objective 3: To evaluate the future trajectory of accounting practice in Bangladesh in the context of accelerating digital adoption, and to derive recommendations for accounting professionals, organizations, and regulators.

3.1.3 Significance of the Study

- Demonstrates the transformation of accounting in Bangladesh by digital technologies (AI, blockchain, cloud, automation).
- Helps accounting personnel realize efficiency, reduction of errors and expansion of advisory roles.
- Assists in identifying the potential challenges and possible risks regarding the governance, data security and compliances.

3.1.4 Scope of the Study

This paper is about accounting firms and financial services organisations in Bangladesh with a specific reference to the life insurance sector. It discusses how AI, blockchain, cloud computing, and automation will affect accounting practices, the accuracy of financial reporting, and the future of the accountant. The research is based on secondary data such as scholarly sources, professional reports, case studies, and professional commentary of accounting and technology thought leaders.

3.2 Methodology

This research paper uses the secondary data analysis approach in exploring the impact of digital transformation on accounting in the insurance and financial sector in Bangladesh. Sources for data are audited financial statement, reports of the Insurance Development and Regulatory Authority (IDRA), reports of the Bangladesh Securities and Exchange Commission (BSEC), company prospectuses, and professional journal articles on accounting digital technologies (ICAB, 2023; Zenith Islami Life Insurance Ltd., 2023).

This analysis includes three objectives such as, (1) the evaluation of ways in which technologies like AI, block chain, and cloud computing are reshaping the way traditional accounting has traditionally performed tasks, (2) the evaluation of the potential challenges and risks encountered while adoption of technologies, and (3) the evaluation of future prospects of accounting as further digital integration happens. This analysis covers the aspects of financial performance, horizontal and vertical analysis, liquidity, solvency, profitability ratios and DuPont decomposition in order to frame the business and financial context that digital technologies bring to the existing accounting methods(Bragg, 2022; Soliman, 2008).

3.3 Findings and Analysis

3.3.1 Objective 1: How Digital Technologies Are Transforming Accounting Practices in Bangladesh

a) Artificial Intelligence (AI)

AI is gradually transforming accounting functions in Bangladesh's financial sector, though adoption remains uneven. Large financial institutions and commercial banks have begun deploying AI for automated data entry validation, anomaly detection in transaction records, and generation of financial management reports (ICAB, 2023). However, for insurance companies such as ZILIL, AI adoption remains nascent. The current integrated accounting software used by ZILIL automates routine transactional recording and expense categorization, but does not yet incorporate predictive AI analytics or AI-driven audit tools (ZILIL Financial Statements, 2023).

The implications for accounting practice are significant. AI has the potential to shift the accountant's role from data processing toward higher-value analytical and advisory functions — what the profession terms the "expanded role" of the accountant (Bragg, 2022). However, this transition requires the resolution of practical barriers, including data quality issues, the risk of AI-generated inaccuracies in financial outputs, and a pronounced skills gap among accounting professionals in Bangladesh (Alam, 2024). As report notes, formal digital competency frameworks for accounting professionals are still being developed in Bangladesh, meaning that the deployment of AI tools currently outpaces the profession's readiness to supervise them critically (ICAB, 2023).

b) Blockchain

Blockchain technology remains in early-stage piloting within Bangladesh's financial services sector. Commercial banks have explored blockchain for interbank reconciliation and trade finance documentation, where its capacity to generate real-time, tamper-evident transaction records offers clear efficiency gains over manual reconciliation (Islam, 2024). For insurance accounting specifically, blockchain's potential lies in automating claims verification through smart contracts and creating permanent, auditable premium payment trails.

ZILIL's current operations reflect the sector-wide gap in blockchain adoption. The company relies on conventional banking channels and manual reconciliation processes for its 64-branch network — a context in which blockchain-enabled reconciliation could meaningfully reduce the premium tracking discrepancies and manual workload documented during the internship period (ZILIL Financial Statements, 2023). The principal constraints — high implementation cost, absence of regulatory guidance from IDRA on blockchain use in insurance, and limited technical capacity — are consistent with the experience of insurers across comparable emerging markets (Islam, 2024).

c) Cloud Computing

Cloud-based accounting systems are gaining meaningful traction in Bangladesh's mid-tier financial institutions and are beginning to be explored in the insurance sector. The key operational benefit — real-time, multi-location access to consolidated financial data — is directly relevant to insurance companies managing geographically dispersed branch networks (El-Gazzar, 2014). ZILIL's current system provides real-time tracking of revenue, expense management, investment monitoring, and statutory reporting across its operations, which partially reflects a cloud-supported architecture (ZILIL Prospectus, 2024).

The operational impact of this partial digitalization is evident in ZILIL's financial data. Management expenses declined by 21.99% between 2022 and 2023 — from Tk 214.74 million to Tk 167.51 million — a reduction attributable in part to the automation of financial workflows and reduced reliance on manual data consolidation (ZILIL Financial Statements, 2023). This finding is consistent with the broader literature linking cloud-based ERP adoption with measurable reductions in administrative overhead (Bragg, 2022). However, the subsequent reversal of this trend in 2024, with management expenses rising back to Tk 214.74 million — a 28.20% increase — suggests that cost efficiency gains from partial digitalization are not self-sustaining without deeper systemic integration.

d) Robotic Process Automation (RPA)

RPA is the digital technology with arguably the most immediate and demonstrable applicability to insurance accounting in Bangladesh. Premium reconciliation, claim disbursement recording, and management expense tracking — all core activities of ZILIL's accounts department — are high-volume, rule-based tasks well suited to RPA automation (Rejda & McNamara, 2017). During the internship period, these tasks were performed substantially through manual Excel-based workflows, involving the reconciliation of over 15 bank accounts and the manual categorization of journal entries.

The financial case for RPA adoption at ZILIL is supported by the data. Management expenses in 2023 amounted to Tk 167.51 million, representing 41.93% of total revenue (ZILIL Financial Statements, 2023). Industry benchmarks for comparable life insurers in South Asia suggest that RPA-enabled automation of back-office accounting functions can reduce management cost ratios by 15–25% over a three-to-five-year implementation horizon (Islam, 2024). Even a conservative 10% reduction from ZILIL's 2023 expense base would represent approximately Tk 16.75 million in annual savings — a material figure relative to the company's net surplus of Tk 84.89 million.

3.3.2 Objective 2: Challenges and Risks of Digital Technology Adoption

a) Data Security

Cybersecurity represents the most critical risk associated with digital transformation in insurance accounting. The migration of policyholder data, premium records, and financial statements to networked digital systems creates significant exposure to unauthorized access, data breaches, and ransomware attacks (ICAB, 2023). In the Bangladeshi context, this risk is heightened by limited institutional investment in cybersecurity infrastructure among smaller insurance firms and the absence of a dedicated financial sector cybersecurity regulatory framework from IDRA. For

ZILIL, which manages sensitive policyholder and investment data across 64 branches, a breach could compromise both financial integrity and regulatory compliance. Mitigation requires end-to-end data encryption, role-based access controls, regular security audits, and third-party vendor due diligence (Islam, 2024).

b) AI Reliability and Professional Skepticism

The risk that AI-generated financial outputs may contain errors — whether through algorithmic bias, data quality failures, or "hallucination" — poses a direct threat to the accuracy of financial reporting (ICAB, 2023). This is particularly consequential in the insurance context, where actuarial assumptions, reserve calculations, and Life Insurance Fund valuations have direct regulatory implications under the Insurance Act 2010. The appropriate mitigation, consistent with ICAB guidance, is the institutionalization of human-in-the-loop review protocols for all AI-assisted financial outputs, ensuring that professional judgment remains the final safeguard against automated errors (ICAB, 2023; Bragg, 2022).

c) Regulatory Compliance Gaps

Automated accounting systems carry a moderate but significant risk of non-compliance with frequently updated regulatory requirements. BSEC and IDRA issue circulars and revised reporting requirements that may not be immediately reflected in software configurations (ZILIL Financial Statements, 2023). ZILIL's financial statements are prepared in accordance with IAS-1, IAS-7, and the Insurance Act 2010, demonstrating a commitment to standards compliance. However, maintaining this compliance as digital tools become more deeply integrated into financial workflows will require regular technology audits and software update protocols aligned with regulatory changes.

d) Vendor Lock-in

Over-reliance on a single cloud or software vendor introduces operational and financial risk. Vendor failure, service discontinuation, or unilateral price increases can disrupt financial operations with limited recourse. This risk is particularly acute for smaller insurance firms that lack the negotiating leverage of larger financial institutions. The recommended mitigation strategy involves the adoption of open-standard systems, multi-vendor cloud strategies, and contractual protections including data portability and exit clauses (Islam, 2024).

e) Skills Gap

The skills gap among accounting professionals in Bangladesh is consistently identified as the most significant barrier to effective digital technology adoption (ICAB, 2023). The current generation of accounting graduates is trained primarily in conventional financial reporting and manual analytical techniques, with limited exposure to AI tools, data analytics platforms, or ERP system administration. At the organizational level, ZILIL's accounts department processes a substantial volume of transactions manually, reflecting both the skills profile of current staff and the absence of structured digital upskilling programs. Addressing this gap requires a coordinated response involving universities, ICAB's CPD framework, and firm-level training investment (Islam, 2024).

3.3.3 Objective 3: Future Outlook of Accounting Practice

a) Short-to-Medium Term (2025–2028)

In the near term, the trajectory of accounting practice in Bangladesh's insurance sector will be shaped by three converging forces: progressive automation of routine transactional functions, growing regulatory pressure for real-time digital reporting, and the gradual upskilling of the accounting profession (ICAB, 2023). AI-native operating models — in which AI handles data entry, categorization, and exception flagging, while accountants focus on analysis, interpretation, and advisory functions — are beginning to emerge in Bangladesh's commercial banking sector and will likely reach the insurance industry within this horizon (Bragg, 2022). For ZILIL, the practical near-term opportunity lies in implementing RPA for premium reconciliation and claims processing, and migrating statutory reporting to a cloud-based platform compliant with IDRA requirements.

b) Regulatory Evolution

Standard-setters and oversight bodies are moving toward explicit governance of technology in audit and financial reporting. ICAB has begun developing guidance on the use of AI tools in audit engagements, and BSEC has signalled greater scrutiny of digital financial reporting systems in listed company audits (ICAB, 2023). IDRA's introduction of bancassurance regulations in December 2023 — creating new distribution channels for insurance products through bank networks — reflects a broader willingness to integrate digital and financial services infrastructure (The Daily Star, 2024). As these regulatory frameworks mature, organizations with established digital accounting infrastructure will be better positioned to adapt quickly and avoid compliance penalties.

c) Long-Term Transformation of the Accountant's Role

Over a longer horizon, digital transformation is expected to fundamentally redefine the competency profile of the accounting professional in Bangladesh. Rather than serving primarily as a recorder and reporter of historical financial data, the accountant of the future will function as a data-informed strategic advisor — using real-time dashboards, predictive analytics, and scenario modelling to support management decision-making (Bragg, 2022; ICAB, 2023). This shift has significant implications for accounting education, professional development, and the design of accounting functions within organizations. For ZILIL specifically, the integration of digital tools into its accounting and reporting infrastructure — underpinned by adequate training and robust governance — presents an opportunity to improve not only operational efficiency but also the quality and timeliness of information available to its Board and regulatory authorities.

3.4 Summary

The results show that digital technologies are slowly transforming the accounting practice in Bangladesh, particularly in life insurance companies like Zenith Islami Life Insurance Ltd. AI, blockchain, cloud computing, and RPA are improving efficiency in financial records keeping, premium tracking, claim processing, and financial reporting. Banks are leading in adoption. Insurance companies and small businesses are behind because they face costs, technical issues and tough regulations.

The areas of data security, AI reliability, following regulations, vendor lock-in and lack of skills are quite risky. To manage these risks we need to have a human review of AI decisions, use cloud services from vendors, have strong rules for data and provide specific training to people. This way we can reduce the risks in data security, AI reliability and other areas.

In the future, more accounting professionals will be able to offer more advisory-oriented services, minimize end of period surprises, and aid real-time decision-making due to the greater use of cloud-based automation.

In general, digital transformation can provide a way to achieve better operational efficiency, greater financial accuracy, and organizational sustainability in the long term in the insurance industry. The successful implementation, along with the regulatory control and professional growth, will predetermine the ability of firms to fully utilize technology to streamline accounting processes and generate value to stakeholders (ICAB, 2023; Zenith Islami Life Insurance Ltd., 2023).

3.5 Recommendations

A. For Accounting Professionals and Firms

i) Invest in lifelong learning on AI tools, data analytics, and ERP systems - actively developing competencies in line with new ICAB and global CPD demands.

ii) Introduce human-in-the-loop review procedures to all AI-aided financial outputs, with professional scepticism as the default protection against automated mistakes.

iv) Build technology risk assessment models to assess cloud providers, AI systems, and RPA solutions prior to implementation, such as data security audits and contractual data protection provisions.

B. For Organisations like ZILIL (Insurance Sector)

i) Implement RPA in premium collection reconciliation, claims processing, and management expense reporting - aiming to reduce the Tk 47.23 million cost already realised in 2023 as the starting point of the further automation savings (ZILIL Financial Statements, 2023).

ii) We need to use cloud-based reporting so that we can track premiums at all our branches in real time and do IDRA statutory reporting. This will help us avoid mistakes that happen when we put data together by hand.

iii) We should get a data governance system that includes things like rules, for what kind of data we have, who can access it and what to do if something goes wrong. This will help us use cloud and AI technologies safely.

C. For Policymakers and Regulators (IDRA, BSEC, Bangladesh Bank)

i) Build an inclusive digital technology governance model on accounting and audit within the financial services sector - such as the requirements to document AI tools in audits and cloud data residency.

ii) Offer tax breaks or regulatory relaxations to SMEs and insurance firms that make approved investments in digital transformation, as in India, in Digital Transformation policy frameworks mentioned by (Islam, 2024).

iii) Collaborate with universities and ICAB to incorporate digital accounting skills into undergraduate and professional accounting programs, which is the most significant obstacle to adoption.

Appendices

A. Liquidity Ratio

Calculations

1. Current Ratio

Formula:
Current Ratio = (Cash & Bank + Mudaraba Term Deposits) / (Sundry Creditors + Estimated Liabilities)

2023 Current Ratio	2024 Current Ratio
= (35251000 + 257379000) / (39969000 + 5947000) = 292631000 / 45917000 = 6.37x	= (27394000 + 252122000) / (42305000 + 7206000) = 279516000 / 49511000 = 5.65x

2. Quick Ratio

Formula:
Quick Ratio = (Cash & Bank + Outstanding Premium) / (Sundry Creditors + Estimated Liabilities)

2023 Quick Ratio	2024 Current Ratio
= (35251000 + 45746000) / (39969000 + 5947000) = 80997000 / 45917000 = 1.76x	= (27394000 + 34789000) / (42305000 + 7206000) = 62183000 / 49511000 = 1.26x

3. Cash Ratio

Formula: Cash Ratio = Cash & Bank Balances / (Sundry Creditors + Estimated Liabilities)

2023 Cash Ratio	2024 Cash Ratio
= 35251000 / (39969000 + 5947000) = 35251000 / 45917000 = 0.77x	= 27394000 / (42305000 + 7206000) = 27394000 / 49511000 = 0.55x

4. Operating CFO to Liabilities

Formula: Operating CFO to Liabilities = CFO / Total Liabilities

2023 Operating CFO to Liabilities	2024 Operating CFO to Liabilities
= 47952000 / 50893000 = 0.94x	= 44904000 / 56638000 = 0.79x

B. Solvency & Leverage Ratio

1. Debt-to-Equity

Formula:
Debt-to-Equity = Total Liabilities / Total Equity

2023 Debt-to-Equity	2024 Debt-to-Equity
= 50,893,992 / 417,612,267 = 0.12x	= 56,638,288 / 332,718,650 = 0.17x

2. Debt Ratio

Formula:
Debt Ratio = Total Liabilities / Total Assets

2023 Debt Ratio	2024 Debt Ratio
= 50,893,992 / 468,506,259 = 0.11x (11%)	= 56,638,288 / 389,356,938 = 0.15x (15%)

3. Equity Ratio

Formula:
Equity Ratio = Total Equity / Total Assets

2023 Equity Ratio	2024 Equity Ratio
= 417,612,267 / 468,506,259 = 0.89x (89%)	= 332,718,650 / 389,356,938 = 0.85x (85%)

4. Equity Multiplier

Formula:
Equity Multiplier = Total Assets / Total Equity

2023 Equity Multiplier	2024 Equity Multiplier
= 468,506,259 / 417,612,267 = 1.12x	= 389,356,938 / 332,718,650 = 1.17x

C. Profitability Ratio

1. Net Profit Margin

Formula:
Net Profit Margin = Net Profit / Total Revenue

2023 Net Profit Margin	2024 Net Profit Margin
= 84,893,617 / 399,555,671 = 0.2125x (21.25%)	= 53,336,632 / 362,579,730 = 0.1471x (14.71%)

2. Return on Assets (ROA)

Formula:
ROA = Net Profit / Total Assets

2023 ROA	2024 ROA
= 84,893,617 / 468,506,259 = 0.1812x (18.12%)	= 53,336,632 / 389,356,938 = 0.1370x (13.70%)

3. Return on Equity (ROE)

Formula:
ROE = Net Profit / Total Equity

2023 ROE	2024 ROE
= 84,893,617 / 417,612,267 = 0.2033x (20.33%)	= 53,336,632 / 332,718,650 = 0.1603x (16.03%)

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