Accounting firm performance and the metaverse realism in Nigeria

Los resultados de las empresas contables y el realismo metaverso en Nigeria

Samuel Ejio Uwhejewei-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu

ABSTRACT

The study aim to explore accounting firm performance and the metaverse realism. The study acknowledged the fact that metaverse is a collection of mixed-reality online spaces which allows users to communicate with each other virtually. Usually featuring digital materials and a personalized avatar, these communal virtual areas are engaging. Video games and mobile applications are now included in the range of metaverse-related technologies, which also include augmented reality (AR) and virtual reality (VR). With a computer, tablet, or smartphone, anyone may access the metaverse, which is like a 3D version of the Internet and does not require a VR headset. The benefits and challenges of the metaverse was extra in the study, while also advocated that accountants and their firms should comply to the rules and regulations guiding the metaverse. The study concluded that firms should think about teaching and training their staff to service customers in this new environment in addition to making a presence in the metaverse.

Keywords: Metaverse; Accountants; Technology; Firm; Nigeria.

INTRODUCTION

One of the top five technological developments of the year is the Metaverse. This new ecosystem is generating a lot of attention, and accounting companies need to think about the implications of this technology. The metaverse as the new trend of technology is gradually creeping into all aspect of business operation already within the shortest possible time. The Metaverse is a collective virtual shared space that is quickly gaining traction and changing how we work, live, and interact. Technological innovation is causing a rapid shift in how
we interact with the world, industries, and society.\textsuperscript{2,3}

It is a fact that the Metaverse is a new technology that has enormous promise for commerce, social media, and entertainment.\textsuperscript{5} Consequently, the accounting firm’s accountants can navigate the metaverse to reap the immense advantages of refining and realigning their organization for efficient expansion and stakeholder engagement. Upon this strength, the study seeks to feel the gap of accounting firm performance and the metaverse realism with a view to ascertain the realism if firms and their accountant are accepting the metaverse in accounting firms in Nigeria.

In Nigeria firms are becoming aware of the metaverse and are willing to accept the metaverse. Companies in Nigeria are using the metaverse more and more for virtual conferences, trade exhibits, product launches, and other activities. These online events provide unique networking opportunities for attendees and businesses alike, as well as expanded reach and higher attendance. Once more, Nigerian businesses are bringing e-commerce features into the metaverse to let customers have virtual purchasing experiences.\textsuperscript{16} Within the metaverse, virtual markets allow companies to sell goods directly to customers in a fun virtual environment.\textsuperscript{17} Consequently the objective of the study is on accounting firm performance and the metaverse realism.

The concept of metaverse

Understanding the metaverse is necessary before one can comprehend the effects it will have on the accounting sector. The term “metaverse” refers to a collective virtual shared environment created by combining virtual, augmented, and physical reality settings.\textsuperscript{5} It can be defined as an immersive, persistent, and networked virtual environment in which users can engage in a range of activities, explore various virtual environments, and communicate with one another.\textsuperscript{4}

Metaverse is a collection of mixed-reality online spaces which allows users to communicate with each other virtually. Usually featuring digital materials and a personalized avatar, these communal virtual areas are engaging. Video games and mobile applications are now included in the range of metaverse-related technologies, which also include augmented reality (AR) and virtual reality (VR). With a computer, tablet, or smartphone, anyone may access the metaverse, which is like a 3D version of the Internet and does not require a VR headset. Digital economies, where people may produce, purchase, and trade goods, emerge within these virtual environments.\textsuperscript{11}

The simplest illustration of this is seen in the multiplayer game environment, where avatars of players communicate and interact with one another in addition to earning in-game cash and other unique objects. Big businesses, tech behemoths, and startups have all embraced the metaverse trend and are working to improve their virtual experiences in order to draw in an expanding consumer base. Finding methods to “get in” and meet your clients’ present and future demands is essential, even though the metaverse is still in its early stages.\textsuperscript{1}

The Role of Accountants in the Metaverse

Accountants will be essential in helping to navigate the financial opportunities and complications that develop in this digital world as the metaverse takes shape. Accountants will need to adjust and use their knowledge to offer vital services to customers operating in virtual environments as the metaverse grows and becomes more ingrained in daily life.

i. Financial Services and Transactions: Accounting companies are starting to provide financial services that are specifically designed for people and companies that interact in the Metaverse. This involves keeping track of who owns digital assets, maintaining virtual currencies, and making sure tax laws in virtual economies are followed. Accountants will be in charge of maintaining correct record-keeping within the Metaverse, auditing these transactions, and offering financial advice.\textsuperscript{5}

ii. Cooperation and Immersive Experiences: Accountants can engage with clients and colleagues in immersive virtual settings through the metaverse, which provides a unique platform for cooperation. Companies such as Prager Metis, PwC Hong Kong, KPMG US, KPMG Canada, and Engineered Tax Services have already made a name for themselves in the metaverse by setting up meetings, providing support, and exchanging information about NFTs, taxes, blockchain, and cryptocurrency. They have even set up virtual offices for accountants.\textsuperscript{6}

iii. Gaining a Comprehensive Understanding of new Technologies: In order to succeed in the metaverse, accountants need to gain a thorough understanding of new technologies like blockchain, cryptocurrencies like Bitcoin, NFTs (Non-Fungible Tokens), and other digital assets. These technologies are the foundation of the metaverse’s virtual economy, so accountants must keep up with their advancements in order to properly counsel clients on financial issues pertaining to these assets.\textsuperscript{5}

iv. Specialized Skill Set: To successfully navigate this new terrain as the metaverse continues to expand, accountants will need to possess specialized skills. Understanding the tax ramifications of digital assets, converting virtual transactions into real-world financial reporting, and modifying conventional accounting procedures to fit the dynamic nature of virtual economies are all skills that accountants will...
Future Prospects: Major firms’ early embrace of the metaverse suggests its growing significance in the industry, even if it is still unclear if it will completely transform accounting processes. Accountants are at the forefront of this technology transition because of their capacity to provide customized financial services in virtual environments and communicate with clients in novel ways through immersive experiences.

Accountants, therefore, will play a crucial part in determining the direction of finance in the metaverse by using their knowledge to successfully negotiate challenging financial environments and offer insightful advice to customers who operate in virtual worlds.

Benefits of the Metaverse to Accountants for Effective Performance

Accountants can benefit from the metaverse in a number of ways that can improve their productivity and performance across the board. The following are some significant advantages that the metaverse can offer accountants:

a. Enhanced Customer Engagement: The metaverse offers a fresh, engaging setting for customer contacts. Accountants are able to deal more interactively and effectively with their clients when they have the capability to set up virtual meeting places. When face-to-face encounters are not possible for example, due to travel restrictions or health issues this might be especially helpful.

b. Increased Training Opportunities: Accounting companies depend on their employees’ ongoing education and training. A special venue for virtual and augmented reality training sessions is provided by the metaverse. Accountants are able to engage in realistic training activities that replicate real-world settings by using 3D avatars and simulated scenarios. This can be especially helpful for younger and entry-level workers who need practical experience.

c. Encouragement of Interactions among Employees: The accounting sector has seen an increase in remote employment, which has complicated teamwork and communication. Accounting companies can set up virtual workspaces in the metaverse where staff members from various places can communicate easily. In the metaverse, team members can engage in virtual meetings, cooperative projects, and team-building exercises, all of which promote unity.

d. Innovative Commercial Operations: Organizations have had to reconsider their commercial operations as a result of the pandemic’s impact on remote work. Accountancy businesses now have an alternative means of conducting business, from networking events to client meetings, thanks to the metaverse. Accounting professionals can adjust to shifting inclinations for online interactions and investigate cutting-edge service delivery methods by embracing virtual platforms.

e. Blockchain Technology with NFT Integration: The metaverse’s utilization of blockchain technology and non-fungible tokens (NFTs) offers accountants the chance to experiment with new service offerings and revenue streams. Accounting companies may help clients manage digital assets, confirm ownership rights, and negotiate the challenges of decentralized finance by utilizing these technologies.

All things considered, there is a great deal of promise for the metaverse to change the way accountants operate, engage with clients, and advance their careers. Accounting firms may keep ahead of technology changes and offer improved services that meet their clients’ changing needs by embracing this virtual world.

Challenges of Metaverse to Accountants Effective Performance

Adapting to the metaverse for effective performance presents a number of issues for accountants. Accountants must manage new accounting norms and issues due to the unique nature of transactions and assets within the metaverse. Among the principal difficulties are:

i. Appraising and Identifying NFTs: As distinct digital assets, non-fungible tokens (NFTs) play a big role in the metaverse economy. Accurately valuing these assets is a challenge for accountants, especially in light of their intangible and frequently subjective nature. Because these innovative transactions may not be directly addressed by typical accounting systems, determining when and how to record revenue from NFT sales can be complicated.

ii. Ownership and Rights Management: Through NFTs, people in the metaverse are able to claim genuine ownership over digital assets such as virtual land or in-game items. Accountants are responsible for making sure that ownership rights relating to these assets are properly tracked and recorded, including any transfers of ownership and the resulting implications for revenue recognition. Accounting procedures get more complicated when handling ownership rights in a virtual setting.

iii. Cross-Border Transactions and Tax Implications: The borderless nature of the metaverse raises challenges related to cross-border transactions and tax compliance. Accountants must navigate international tax laws, transfer pricing regulations, and jurisdictional issues when dealing with transactions involving NFTs or other digital assets across different countries. Ensuring compliance with evolving tax
regulations in a rapidly changing digital landscape is crucial for effective financial reporting.\(^{(10)}\)

iv. Security and Fraud Risks: Because many metaverse platforms are decentralized and blockchain-based, there is a danger of fraud, hacking, or data breaches. In the context of the metaverse, accountants must take into account how possible security risks may affect the accuracy of financial reporting, auditing practices, and overall risk management plans.

v. Difficulties with Regulatory Compliance: As the metaverse takes off, regulators are catching up, and accountants need to keep up with the changing rules that apply to digital assets and virtual economies. Accountants face a problem in adhering to current accounting standards while adjusting to new regulations designed for blockchain-enabled workplaces.\(^{(12)}\)

To effectively tackle these obstacles, accountants must acquire specialized expertise in blockchain technology, digital asset assessment, and new metaverse-specific accounting rules.\(^{(13)}\) In this dynamic digital environment, accountants must remain up to date on regulatory developments, collaborate with industry experts, and engage in ongoing learning in order to fulfill their jobs.\(^{(9)}\)

**Metaverse Adoption among Nigerian Firms**

Businesses in Nigeria are beginning to embrace the metaverse as they become aware of the advantages and prospects that the virtual world presents. Nigerian businesses are investigating the metaverse as a fresh opportunity for creative marketing approaches. Businesses can engage with their target audience in novel and interactive ways by developing virtual experiences, immersive ads, and branded virtual environments within the metaverse.\(^{(15)}\)

Nigerian businesses are using the metaverse to exhibit their goods and services in virtual spaces. Customers may virtually sample things before making a purchase thanks to this, which could increase conversion rates and improve consumer engagement.\(^{(16)}\) As a result, Nigerian businesses can work virtually with partners, clients, and distant teams thanks to the metaverse. Within the metaverse, collaborative workspaces, virtual meetings, and conferences present fresh chances for effective teamwork and communication.\(^{(18)}\)

Firms in Nigeria are using the metaverse to train and improve their workforce. Through interactive training modules, immersive learning experiences, and virtual simulations, staff members can improve their knowledge and abilities in a dynamic virtual environment.\(^{(17)}\) All things considered, the ambition to innovate, engage customers in new ways, increase cooperation and communication, better staff training, effectively conduct virtual events, and create immersive e-commerce experiences is what propels Nigerian enterprises’ use of the metaverse.

**Compliance and Regulation in the Metaverse:**

Accountants have special compliance and regulatory issues in the metaverse. Because this virtual environment is dynamic and ever-changing, accountants must stay up to date on regulations in order to guarantee that laws and standards as required using the metaverse technology.\(^{(8)}\) The following are some crucial regulatory and compliance factors that accountants in the metaverse should take into account:\(^{(9)}\)

i. Changing legislation: As legislation governing virtual assets, transactions, and decentralized finance (DeFi) evolve, accountants working in the Metaverse must keep a close eye on them and adjust as necessary. Since the regulatory landscape pertaining to digital assets is still evolving, accountants must take the initiative to become knowledgeable about and compliant with new regulations.\(^{(8)}\)

ii. Mitigation of Legal Risks: Complying with regulations is essential to reducing legal risks related to financial transactions in the Metaverse. Serious repercussions from non-compliance might include fines and harm to one’s image. If accountants want to keep financial reporting honest, they must make sure that their procedures comply with all applicable laws and rules.\(^{(9)}\)

iii. Financial Reporting Integrity: In any setting, including the Metaverse, accountants have a fundamental duty to uphold the accuracy of financial reporting. Accountants may promote trust among stakeholders by adhering to best practices and regulatory regulations, which will maintain transparency and accuracy in financial reporting.\(^{(9)}\)

iv. Tax Compliance: In the Metaverse, taxation is a crucial area of compliance that accountants need to manage. Understanding the tax ramifications of transactions involving virtual goods, cryptocurrencies, and digital assets gets complicated. In this digital economy, accountants must appropriately interpret tax rules to ensure proper tax reporting and payment.\(^{(10)}\)

v. Data Security and Privacy: Regulations pertaining to data security and privacy must also be followed in the Metaverse. More and more financial transactions are taking place online, so it’s critical to safeguard private data from breaches and illegal access. To protect client information and stay in accordance with regulations, accountants need to have strong data protection procedures in place.\(^{(10)}\)

vi. Cross-Border Transactions: Due to the Metaverse’s borderless nature, there are certain difficulties with cross-border transactions. When managing transactions that span different locations, accountants
may run into problems including jurisdictional conflicts, disparate tax systems, and foreign regulatory obligations. It is crucial to comprehend how these elements affect financial operations in order to guarantee compliance.\(^{(10)}\)

To sum up, rules and compliance are very important since they direct the behavior of accountants working in the ever-changing Metaverse. Accountants are capable of effectively navigating the regulatory landscape while upholding ethical standards in their professional practice if they stay informed about evolving regulations, mitigate legal risks, maintain financial reporting integrity, ensure tax compliance, prioritize data security and privacy, and comprehend cross-border complexities.\(^{(10)}\)

The Impact of Metaverse in Performance and Operation in Accounting Firm

The performance and operations of accounting firms may be significantly impacted by their use and integration of the metaverse. Accounting businesses are creating new avenues for growth, innovation, and client engagement by venturing into the metaverse. Accounting businesses can differentiate themselves in a competitive market, improve service offerings, and streamline operations by utilizing the metaverse’s potential.\(^{(15)}\) Thus, Abilities of accounting firms to involve clients and stakeholders in fully immersive virtual environments are critical to their success in the metaverse. Accounting firms can construct interactive venues where clients can study financial data, take part in virtual meetings, and experience customized financial simulations using generative AI and virtual reality technologies. Better communication, stronger client connections, and better decision-making processes can result from this degree of involvement.\(^{(15)}\)

Moreover, accounting businesses can enhance their efficiency and optimize their operations by utilizing the metaverse. Virtual representations of accounting procedures, including data analysis, financial reporting, and auditing, can assist businesses in finding bottlenecks, streamlining workflows, and increasing overall output.\(^{(16)}\) Through the digitization of conventional accounting chores within the metaverse, businesses can minimize human errors, automate monotonous procedures, and concentrate on activities that provide value. The metaverse helps accounting businesses to upskill their staff and promote a continuous learning culture in addition to improving operations.\(^{(6)}\) Employees can improve their technical skills, industry knowledge, and professional development by participating in immersive learning experiences in virtual collaborative spaces and training environments within the metaverse. Accounting companies may develop a trained staff that is flexible enough to adjust to changes in the digital landscape and new developments in the sector by investing in employee training via metaverse technologies.\(^{(15)}\)

All things considered, accounting firms can be positioned as creative leaders in the digital economy by embracing the metaverse.\(^{(16)}\) Accounting businesses may create sustainable growth, provide value-added services to clients, and remain ahead of competitors in a business landscape that is continuously expanding by utilizing virtual reality technologies, immersive experiences, and advanced analytics within the metaverse.

Accountants Future and Meeting in the Metaverse

firms are starting to provide financial services to people and companies that trade in the metaverse. However, accountants are capable of far more than merely helping customers conduct transactions in the metaverse. With the option to have an immersive experience where accountants may connect and collaborate with one other and their clients, the high-tech setting also facilitates teamwork. Many companies have already joined the Metaverse; these include Engineered Tax Services (ETS), Prager Metis, PWC Hong Kong, KPMG US, KPMG Canada, and others. When ETS joined the Metaverse, it obtained virtual land and a building in Decentraland.\(^{(1)}\)

The structure is made to enable clients and accountants to:

- Provide assistance to accountants in navigating the Metaverse and its associated complexity;
- Rent a virtual workspace;
- Interact with each other and their clients;
- Gain access to expert knowledge regarding NFTs, blockchain, bitcoin, cryptocurrency, and taxes.\(^{(1)}\)

With so much potential in the metaverse, it will not be long until an accountant works in a hybrid workplace where the metaverse will be a part of their everyday routine. Large firms are already starting to embrace the metaverse which is a hint that the metaverse will most likely play a significant role in the accounting industry going forward.\(^{(1)}\) Accountants and their firms will be able to engage and assist their clients in novel and exciting ways thanks to the metaverse. There is already the chance to learn about the inner workings of this virtual environment and get a head start in the metaverse.\(^{(1)}\) Firms should think about teaching and training their staff to service customers in this new environment in addition to making a presence in the metaverse.

CONCLUSION

The performance and operations of accounting firms may be significantly impacted by their use and integration of the metaverse. Accounting businesses are creating new avenues for growth, innovation, and client engagement by venturing into the metaverse. The study however acknowledge that the future of the
The metaverse is very bright as most of the big firms are already accepting the metaverse as part of their firm’s technological innovation. The entrance of EST to metaverse saw the firm obtaining their own virtual land and a building in Decentraland in the metaverse thereby creating room and workspace for other accounting firms to rent workspace from EST to enhance the client’s firm growth in the metaverse. The study further concluded that Firms should think about teaching and training their staff to service customers in this new environment in addition to making a presence in the metaverse.

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AUTHORSHIP CONTRIBUTION

Conceptualization: Samuel Ejio Uwhejevwe-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu.
Project administration: Samuel Ejio Uwhejevwe-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu.
Validation: Samuel Ejio Uwhejevwe-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu.
Visualization: Samuel Ejio Uwhejevwe-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu.
Writing - original draft: Samuel Ejio Uwhejevwe-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu.
Writing - proofreading and editing: Samuel Ejio Uwhejevwe-Togbolo, Felix Enaibre Ighosewe, Elugom Festus Ubogu.

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