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Ethics in the Age of Intelligent Technology

India's leadership and a global public-interest imperative

Imagine a technology-based economy in which intelligent systems help to prepare accounts, interrogate entire populations of transactions and identify risks before they become losses. Now imagine that the same systems can invent facts, conceal bias or act without a clear line of

human responsibility. The technology opportunity is extraordinary. So is the obligation to use it ethically.

India enters this moment in its technological leadership role in the world with an important ethical milestone. The Institute of Chartered Accountants of India's revised Code of Ethics, effective from 1 April 2026, converges with the 2024 IESBA Code and incorporates its technology-related revisions. This achievement deserves congratulations. It also creates a timely opportunity to re-emphasise ethics where it belongs: at the forefront of every technology decision, not as a compliance check after design, procurement or deployment.

2026 is particularly noteworthy for another reason: re-centering ethics is the topic of Global Ethics Day. For IESBA, re-centering ethics in the age of intelligent technology means asking at the outset how integrity, objectivity, professional competence and due care, confidentiality and professional behavior will be protected. It means deciding who remains accountable, what evidence will be required, which limitations must be communicated, and when a software tool should not be used. These questions do not inhibit

innovation. They make innovation worthy of trust.

India's scale, digital ambition and globally respected accountancy profession make it a vital proving ground on how the latest technology innovations, such as AI, can be made consistent with re-centering ethics and ultimately, worthy of supporting public trust in the accountancy profession.

India's opportunity and responsibility

Few countries illustrate the pace of technological change more vividly than India. India is home to world-class technology companies, a deep engineering talent base and digital infrastructure operating at population scale. India is no stranger to artificial intelligence (AI) – a 2024 Microsoft and LinkedIn study reported that 92% of Indian knowledge workers used generative AI at work, compared with 75% globally. The measure extends well beyond accountancy, but its direction is unmistakable: intelligent tools have moved from experimentation into everyday work.

Other technologies are moving through the same professional landscape. Distributed ledgers are being explored in financial services and public infrastructure for their capacity to create shared, tamper-evident records, while robotic process automation is increasingly used to execute structured, repetitive workflows in banking, finance and accounting. These technologies can improve speed, consistency, and traceability. They can also move errors across systems at scale or make responsibility harder to locate when design, data and oversight are weak.

The Indian accountancy profession is not watching from the sidelines. By November 2024, ICAI reported that its CA GPT platform had attracted more than 70,000 active members, offered 19 specialised GPTs and processed more than 250,000 member prompts. Its Industry Forum incorporated annual reports from approximately 5,000 listed companies¹. These figures show technology entering core financial analysis, learning and professional workflows – not simply administrative support.

¹ <https://www.icai.org/post/prc-icai-unveils-groundbreaking-ca-gpt-platform>

Adoption, however, is not the same as competence. ACCA's India Talent Trends 2025 found that 43% of respondents in India identified AI proficiency as the most valuable future skill, against 36% globally, while only 27% felt confident in their AI knowledge. This adoption-to-competence gap, observed in many jurisdictions, is where effective ethical leadership becomes urgent. A profession cannot responsibly rely on tools it cannot adequately interrogate.

India therefore has both a leadership opportunity and a governance responsibility. Its professional accountants can help organisations translate technological capability into trustworthy outcomes by insisting on fit-for-purpose systems, reliable data, meaningful oversight, and clear accountability. The question is no longer whether intelligent technology will shape professional work. It is whether the profession will shape that technology.

IESBA's role is to help professional accountants in India and elsewhere act in the public interest through its Code of Ethics and associated guidance and close collaboration with local organizations and professionals. By working together, we can ensure that ethical competence in technology will support India's business leadership in the world.

IESBA's durable ethical compass and the Three-Pillar Approach

The technology-related revisions to the IESBA Code², effective in India starting in April 2026, translate ethical principles into practical safeguards for working in an era of rapid and transformative digitalization. The strength of these provisions lies in a principle-based, technology-agnostic architecture. No code can anticipate every model, platform, or use case. Nor should a global ethical framework chase each product cycle.

It must instead equip professional accountants to identify, evaluate and address threats as facts and technologies change.

Under the Technology-related revisions, professional competence and due care now demand more than the ability to operate a technology-based tool. Professional accountants must understand, be able to explain, and evaluate the technology relevant to their work, including its assumptions, limitations and whether it is fit for the intended purpose. An attractive interface or confident answer is no evidence of reliability. The professional accountant must determine whether inputs are appropriate, outputs are sufficient, and reliance is justified.

The revised confidentiality provisions extend across the full data lifecycle: collection, use, transfer, storage, dissemination, and lawful destruction. Information obtained for one purpose does not become freely available for another merely because an AI system can learn from it. Using client data to train a model requires specific, informed authorisation with clear boundaries; importantly, blanket consent should not be treated as an ethical shortcut.

The Code and its technology-related revisions do not claim to answer every technology question. They provide something more durable: a disciplined way to ask the right ethical questions before speed, convenience or commercial pressure narrows the field of view. This approach remains relevant to whether a professional accountant is selecting software, developing an AI model, using an external platform or assuring a technology-enabled process. Keeping the principles-based Code fit for purpose regardless of the technology used is, in fact, the first of IESBA's three-pillar approach to Technology.

The second pillar is continuous horizon scanning. An eight-member

Technology Expert Group monitors developments, including AI, digital assets, cybersecurity and quantum computing. IESBA staff monitor technology developments daily and interact with experts regularly, including through the monthly Decoding Ethics Podcast³ and numerous frequent outreach events. This kinetic outreach and monitoring activity by IESBA matters because ethical risks rarely arrive as neatly labeled issues. They emerge through changing business models, unexpected combinations of systems, and gaps between adoption and governance. They show up as news stories that become beacons of concern to standard-setting bodies in India and throughout the world.

The second pillar's focuses on upcoming technology risks includes how digital assets on a blockchain or digital ledgers test the profession's traditional boundaries, particularly where evidence is synthetic, model-driven, distributed across networks or difficult to trace. In such settings, the form of a record may appear precise while its provenance, completeness, or control environment remains uncertain.

Distributed ledgers can provide tamper-evident transaction histories, but immutability does not establish



² <https://www.ethicsboard.org/publications/final-pronouncement-technology-related-revisions-code>

³ <https://www.ethicsboard.org/news-events/2026-02/iesba-decoding-ethics-podcast>

the truth of information entered, the legitimacy of an off-chain event or the identity and authority of every participant. Smart contracts may be executed automatically while embedding flawed assumptions. Custody, valuation, related-party relationships, and dependence on exchanges, developers or infrastructure providers can each raise ethical and independence questions. Professional accountants need sufficient technological understanding to connect on-chain evidence with economic substance and legal rights.

Larger concerns about financial crimes also inform the second pillar's focus. Technology-enabled financial crime may involve both digital assets and AI. Deepfakes can impersonate executives; synthetic documents can support fictitious transactions; automated attacks can probe controls at speed; and layered digital-asset transfers can frustrate tracing. These are not separate technology problems to be handed to specialists and forgotten. They affect the reliability of evidence, the exercise of an inquiring mind, the design of safeguards, and

sometimes independence itself. Given these risks, actionable guidance for professional accountants to isolate and address ethical issues becomes important. This is the focus of the third pillar.

The third pillar is practical support through carefully developed non-authoritative materials, outreach, and communication. Such support helps accountants apply existing principles without creating new requirements or adding noise to an already polarized technology debate. These support materials are created not only because of horizon-scanning efforts, but also due to direct input received from IESBA's world-wide stakeholders with guidance from senior leadership from IESBA.

IESBA's July 2026 publication, *Emerging Technologies: A Characteristics-Based Approach*⁴, illustrates the method of the third pillar. It provides tools – common-sense questions on aspects of emerging technologies to help professional accountants easily identify, evaluate and address threats to ethical conduct. Concerns relative to emerging technologies include opacity, non-determinism, data dependence, adaptivity, autonomy, scale, speed,

third-party reliance and governance gaps – all of which may amplify bias, error, privacy and accountability risks. Further, IESBA's guidance makes it plain that ethical assessment must span the technology lifecycle, from selection and design through use, monitoring and retirement. Integrated systems require holistic review because a sound component can still produce an unsound outcome when combined with weak data or controls. IESBA informs professional accountants that safeguards require continuing reassessment, and human accountability remains even when an agentic system initiates or completes tasks.

IESBA's AI-specific non-authoritative material to be published in the coming months will provide further support on dealing with the challenges professional accountants most commonly face. (See box below)

This combination of durable standards, active scanning and focused implementation support is how ethical guidance can keep pace without becoming captive to fashion. It also provides a platform for stakeholder dialogue across jurisdictions and professional services and activities.

When intelligent systems reshape professional judgment: 5 Examples

The speed and breath of AI Adoption are creating opportunities and challenges everyday around the world. Some illustrative examples of ethical risks include:

- **Hallucinations:** Consider a plausible month-end close process. An AI assistant drafts an explanation for an unusual variance, drawing on prior reports and external data. The narrative is fluent, but one cited event never occurred. A team member, pressed for time and reassured by the system's confidence, approves it. Four of the five fundamental principles are challenged: first, Integrity is engaged because the explanation may mislead; second,

professional competence and due care is at issue because the output was not adequately evaluated; third, objectivity must be considered because automation bias displaced challenge; and finally, professional behavior is called into question because unreliable information may reach decision-makers.

- **Shadow AI:** An employee uploads a client schedule to an unapproved public tool to save an hour. Where is the data stored? Can it be used for training? What contractual rights exist, and can the information be retrieved or destroyed? A seemingly minor productivity choice can

create a risk extending across jurisdictions, vendors, and the full data lifecycle.

- **Pricing innovations:** AI can compress the hours required for some professional services, increasing pressure to reduce fees or move toward outcome-based pricing. Those models may create value, but they can intensify self-interest threats. A promised result, tight margin or accelerated deadline may encourage teams to reduce review, overstate a tool's capability or rely on automation beyond what the evidence supports. Pricing innovation must not weaken the professional judgment on which the service depends.

⁴ <https://www.ethicsboard.org/publications/emerging-technologies-characteristics-based-approach-ethical-considerations-professional-accountants>

■ **Partnerships:** A firm may buy an AI tool from an audit client, sell technology to that client, jointly develop a platform, or form an alliance with a strategic provider for multiple services. Even where no explicit prohibition is triggered under the Code, the arrangement may create commercial dependency, a close business relationship, confidentiality exposure, a self-review threat or the risk of assuming management responsibility.

■ **Agentic AI:** Agentic AI raises the stakes further. A system able to plan, call other tools and execute transactions may compress several human decisions into a sequence that is difficult to reconstruct, let alone ethically analyze concerns such as biased training data. Professional accountants must establish boundaries, escalation points, validation and meaningful human review before deployment. Human accountability cannot be delegated to a machine simply because its actions are autonomous.

These risks are not reasons to reject AI or technology in general. They are reasons to govern it ethically. The essential questions remain human and not technology focused: Is the output reasonable? What evidence supports it? Who benefits from the conclusion? What would a reasonable and informed third party think? And who will take responsibility when the system is wrong? IESBA's technology guidance is designed to help the professional accountant develop the ethical answers to all these questions.

Keeping humanity and trust at the center

India's 2026 Code milestone shows that ethical convergence and technological ambition can advance together. That is an achievement to celebrate. It is also a commitment to fulfill through implementation. A Code acquires force when its principles shape the decisions made in firms, finance functions, classrooms, boardrooms and regulatory conversations every day.

Furthering this goal of re-centering ethics today, especially in leading countries such as India, means placing at the forefront ethical considerations based on the Code. Leaders in the profession today must align human-

based incentives with challenge, ensure that review is meaningful rather than ceremonial, and create a culture in which their fellow professional accountants and other colleagues can question a system without being characterized as resistant to innovation.

Re-centering ethics also means technological literacy should be taught alongside ethical reasoning, with realistic cases involving hallucinations, bias, confidentiality, agentic action, digital assets, and fraud. Regulators and standard setters in India and elsewhere should continue listening, horizon-scanning, and supporting consistent application, intervening where evidence shows that principles or safeguards need reinforcement.

Common sense questions too are part of keeping trust at the center of any ethics-based decision involving technology: before accepting an output, ask where it came from, what it omits and how it could be wrong? Before sharing data, ask whether there is authority, necessity, and protection? Before entering a commercial technology relationship, ask how it may appear to a reasonable and informed third party? Before delegating a process, decide where human judgment must remain.

It is wise to remember that in 2026, the profession's comparative advantage is not privileged access to intelligent tools. Those tools are

rapidly becoming available to clients, competitors, and the public. The enduring advantage of professional accountants is disciplined judgment: the capacity to understand evidence, recognize threats, challenge an apparently plausible answer and act consistently in the public interest even when commercial incentives may be pointed elsewhere. Technology can extend the work capacity of professional accountants, but it cannot supply the ethical purpose that directs them.

Ethics must move at the speed of innovation. That does not mean rewriting the rules for every new tool or chasing each technological fashion. It means making ethical reflection part of design, deployment, and daily use. India can lead by showing that scale need not dilute responsibility and speed need not displace due care. If human accountability, independence, and trust remain at the center of change, intelligent technology can serve not only more efficient markets and organizations, but also a more confident public.



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