

Impact of Blockchain Technology on Enhancing the Efficiency of Financial Reporting in Financial Sector in Sri Lanka

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Abstract

In today's digital era, blockchain technology has emerged as a powerful innovation, particularly in the financial sector. This study examines the impact of blockchain technology on enhancing the efficiency of financial reporting within Sri Lanka's financial institutions. Financial reporting, which plays a crucial role in ensuring transparency and accountability, often faces challenges including inaccuracies, delays, security vulnerabilities, and limited stakeholder trust. Blockchain, with its decentralized, transparent, and tamper-proof characteristics, offers a promising solution to these challenges. The primary research objective was to assess how four core dimensions of blockchain technology, Consensus Mechanism, Smart Contracts, Interoperability, and Scalability, influence the efficiency of financial reporting. A quantitative research approach was employed, utilizing a structured questionnaire distributed to 120 professionals from finance, accounting, compliance, and IT departments across selected Sri Lankan financial institutions. The collected data were analyzed using descriptive statistics, correlation analysis, and multiple regression techniques to measure the strength and significance of the relationships. The findings demonstrate that blockchain dimensions are positively associated with financial reporting efficiency. This study makes an important contribution by addressing a local research gap regarding blockchain applications in financial reporting. While extensive global research exists, localized insights specific to Sri Lanka remain limited. The study recommends blockchain adoption with supportive regulations and capacity building, achieving its goals and confirming its role in improving financial reporting efficiency in Sri Lanka.

Keywords: consensus mechanism, financial reporting, interoperability, scalability, smart contracts