

A close-up portrait of a man with a beard and short hair, smiling broadly. He is looking towards the right side of the frame. The background is a bright window with horizontal blinds, creating a soft, out-of-focus light effect. The overall color palette is warm, with yellows and greens.

STATE OF ACCOUNTING REPORT 2026

The trends, challenges and
opportunities for growth

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ACCOUNTANTS ARE THRIVING AND EMBRACING TECH

We continue to see the remarkable resilience of South Africa's accountants and bookkeepers. Over the past year, 76% of practices have seen revenues rise, with 39% achieving double-digit growth. Much of this success has been driven by expanding their services, gaining new clients, and using technology - including AI. One of the standout findings in this year's report is the widespread use of AI, with early adoption already delivering a boost in productivity, revenue and breakthroughs for clients.

Many are thinking about how to set themselves up well for the future and we look forward to continuing to support them as they increasingly become tech-enabled advisors that sit at the heart of small business success.

Colin Timmis Regional Director EMEA, Xero

RESILIENT GROWTH

Practices are demonstrating a strikingly positive outlook for the year ahead. An overwhelming 89% are optimistic about their growth prospects, even as they prepare to navigate external pressures such as potential increases to tax or VAT rates (32%), new price pressures (29%) and broader economic instability (25%).

Top opportunities for growth in 2026



Capacity remains a key challenge

Despite high optimism, South African practices face a 'capacity trap' driven by three primary hurdles.

- First, navigating tax complexities (32%) and wasting time on admin (32%) are amongst the top industry challenges identified.
- While practices turn to technology to help, 38% are struggling with the skills required to keep pace with rapid technological change. This demanding transitional phase - balancing AI mastery with shifting regulations - makes it harder for practices to demonstrate their strategic worth.
- Consequently, a 'value gap' (34%) persists, suggesting some clients view their accountants through a narrow compliance lens rather than as high-impact partners to the business.

BEYOND COMPLIANCE

For 42% of accountants, tax and compliance is the top area they're supporting their clients with, but many are striving to offer more proactive, tailored support to small businesses. Within the next five years, 62% say they would like to offer financial forecasting and 48% want to provide business continuity planning. As services expand, 23% of accountants expect to become "key advisors" on growth and profitability. Although the majority (42%) envision a more balanced approach that combines essential task-based compliance work with periodic strategic advice.

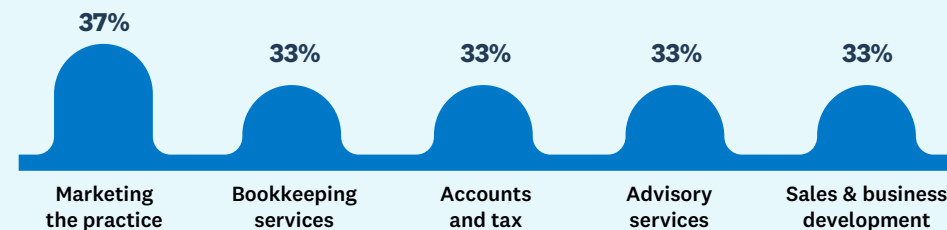


THE AI DIVIDEND

New technology is helping accountants and bookkeepers improve practice efficiency and deliver more value to their clients. Many practices are using AI to optimise workflows and improve operational health. This focus is reflected in spending intentions, with 9 in 10 planning to maintain or increase their technology investment in the coming year.

Overall, 79% are using AI in some way to complete day-to-day tasks, with 62% using AI daily or weekly and it's already delivering benefits.

AI is being used across many areas of the practice



Over half (53%) report that AI has reduced errors in client work, 51% agree it has enabled faster and clearer communication with clients, and 49% say AI has allowed them to focus on running the practice better. Beyond driving efficiency, 49% believe AI has driven breakthroughs in their clients' financial health.

THE BOTTOM LINE

Crucially, AI is also a catalyst for growth. A third (33%) believe AI has directly increased revenues. This is largely driven by efficiency gains, with 47% of those using AI experiencing significant time savings which are being reinvested into revenue-generating tasks.

Time saved using AI



The human factor

The positive impact of AI adoption is also shifting the attributes that accountants look for when recruiting new staff. Overall, 84% report that AI has influenced their practice's hiring strategy. There is a shift towards recruiting people with strong interpersonal skills (60%) and creativity and problem solving over technical accounting knowledge (59%).

“The findings of this year’s research hint that we’re approaching a pivotal moment for the accounting profession. By embracing a shift to advisory services and rethinking the skills they will need in the future, especially to leverage the benefits of AI, practices are securing their own growth while ensuring they can strengthen the resilience of the small businesses that they serve.”

Colin Timmis Regional Director EMEA, Xero

METHODOLOGY

Xero partnered with KLA on this research, surveying 92 accounting and bookkeeping professionals who work in practices with up to 250 employees in South Africa via an independent online panel between January and February 2026. Responses were collected from a mixture of job roles. Some survey options have been edited throughout for readability.