International Journal of Innovative Finance and Economics Research 14(3):378-388, July-Sept, 2026
© SEAHI PUBLICATIONS, 2026 www.seahipublications.org ISSN: 2467-8473

DOI:10.5281/zenodo.22022199

Artificial Intelligence And Continuous Auditing As A Pathway To Curbing Earnings Management In Nigerian Fintech

Onuora J.K.J (Prof), Ihuoma, R.C.; Muoka, O.B.; Ogalue, U.A, & Ebenyi, S.O

Department of Accountancy,
Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria

ABSTRACT
This study analyzed the artificial intelligence and continuous auditing as a pathway to curbing earnings management in Nigerian FinTech.. The specific objectives were to; Investigate the effect of artificial intelligence on earnings management in Nigerian FinTech. Examine the effect of continuous auditing on earnings management in Nigerian FinTech. Survey research design was used in this study, data for the study was primary sources. The variables were artificial intelligence and continuous auditing as the independent variables, while earnings management is the dependent variable.This study is anchored on the Task–Technology Fit. Data were generated through primary sources. The method of data collection was the questionnaire which was administered randomly among the staff of the selected FinTech. The population of the study was two thousand, five hundred and eleven (2511). The sample size of the study was three hundred and forty-five (345) determined through taro yamane formula, while three hundred and thirty-seven (337) were returned and use for the analysis. Structured questionnaire was used to collect data from the respondent. The hypotheses were tested using multiple regression analysis method at 0.05% level of significance. Findings from the study revealed that, Artificial intelligence has no significant effect on earning management of FinTech in Nigeria: Continuous Auditing has negative and insignificant effect on earning management of FinTech in Nigeria. The study concludes that Artificial Intelligence and Continuous Auditing can serve as effective pathways for curbing earnings management in Nigerian FinTech firms. The study recommended that Nigerian FinTech firms should invest in AI-driven financial monitoring systems capable of identifying unusual transactions, detecting accounting anomalies and flagging potential earnings management practices. FinTech firms should adopt continuous auditing mechanisms that allow financial transactions and accounting records to be reviewed regularly or in near real time. This will enable auditors to identify irregularities promptly rather than waiting until the end of the accounting period.
Keywords: Artificial intelligence, continuous auditing, earnings management FinTech

1.1 INTRODUCTION

The rapid advancement of digital technologies has significantly transformed the global financial and accounting environment. Among these technologies, Artificial Intelligence (AI) has emerged as one of the most influential tools for processing large volumes of data, identifying patterns, predicting outcomes, automating routine activities, and supporting decision-making (Ahmad, 2025). In accounting and auditing, AI technologies such as machine learning, natural language processing, robotic process automation, and predictive analytics are increasingly being used to improve the quality, speed, and

effectiveness of financial analysis and audit procedures. Recent literature indicates that AI is changing auditing from traditional sample-based procedures toward population-level analysis, anomaly detection, continuous monitoring, and predictive risk assessment (Celestin, 2024). The increasing application of AI in auditing is particularly important because conventional auditing is generally performed periodically and relies substantially on historical financial information, sampling techniques, and professional judgement. Although traditional audits remain important, their retrospective nature may limit the ability of auditors to identify financial reporting irregularities immediately after they occur (Hisham, et al, 2023). Continuous auditing provides an alternative approach by enabling the ongoing or near-real-time examination of transactions and accounting information. Continuous auditing systems can automatically examine transactions against predetermined criteria, identify exceptions or unusual patterns, and alert auditors to potential risks shortly after they occur (Olaoye, 2025). This makes continuous auditing potentially valuable for improving internal control, reducing fraud opportunities, and increasing confidence in financial reporting. The integration of AI with continuous auditing provides an even greater opportunity to strengthen the financial reporting and assurance process. AI-enabled audit systems can analyze large and complex datasets, recognize unusual transaction patterns, identify anomalies in journal entries, assess risk, and support auditors in directing attention toward high-risk areas (Omambia, 2025). The relevance of AI and continuous auditing becomes more pronounced in relation to earnings management. Earnings management refers broadly to the use of managerial judgement in financial reporting to influence reported earnings, sometimes in ways that obscure the underlying economic performance of a firm. Although legitimate accounting judgement is an essential part of financial reporting, aggressive or opportunistic manipulation of accruals, revenue recognition, expenses, provisions, and other accounting estimates can reduce the reliability and transparency of financial statements (Polyák, 2024). Traditional auditing procedures may not always identify sophisticated earnings-management techniques, particularly when manipulation is embedded within large volumes of legitimate transactions.

The issue is particularly significant in Nigeria's rapidly expanding FinTech sector. Nigerian FinTech firms increasingly use digital platforms, electronic payments, mobile applications, cloud computing, automated financial systems, artificial intelligence, and large-scale transaction-processing technologies. These innovations have improved financial inclusion, payment efficiency, customer access, and the delivery of financial services (Priscilla, 2024). However, the large volume and speed of electronic transactions also create new challenges for financial reporting, internal control, cybersecurity, regulatory compliance, and auditing. The Nigerian financial sector is itself experiencing increasing interest in AI applications, although regulatory uncertainty, skills shortages, infrastructure limitations, and other implementation challenges remain relevant concerns. The growth of FinTech has consequently increased the need for effective regulatory and assurance mechanisms capable of keeping pace with technology-driven financial activities (Supriadi, 2024).

This study therefore focuses on Artificial Intelligence and Continuous Auditing as a pathway to curbing earnings management in Nigerian FinTech firms, with the aim of establishing whether the application of intelligent audit technologies and continuous monitoring mechanisms can strengthen financial reporting quality, improve audit effectiveness, and reduce opportunities for earnings manipulation.

1.2 Statement of the Problem

The rapid expansion of FinTech in Nigeria has created a financial environment characterized by digital transactions, automated accounting systems, electronic payments, and technology-driven financial services. While these developments have improved efficiency and financial inclusion, they have also increased the complexity of financial transactions and financial reporting. The volume, speed, and sophistication of digital transactions can create difficulties for conventional audit approaches that depend heavily on periodic examinations, sampling, and retrospective assessment. One major concern arising from this environment is earnings management. Managers may have incentives to manipulate reported financial results through discretionary accruals, revenue recognition, provisions, expenses, or other

accounting choices in order to achieve desired financial outcomes. When such practices are not detected promptly, they can reduce the reliability of financial statements, mislead investors and other stakeholders, weaken corporate governance, and undermine confidence in the financial sector.

The problem is further complicated by the limitations of conventional auditing. Traditional periodic audits are generally performed after transactions have occurred and may therefore identify irregularities only after financial reporting periods have ended. In a FinTech environment where transactions can occur continuously and at very high volumes, a periodic audit may not provide sufficiently timely detection of unusual transactions or emerging patterns of financial manipulation. This creates a potential gap between the speed at which financial transactions occur and the speed at which audit procedures identify associated risks. Although artificial intelligence has the capacity to analyze large datasets, identify anomalies, recognize patterns, and support risk-based auditing, its adoption within auditing practices in Nigeria remains subject to technological, human, regulatory, and organizational constraints. The Nigerian financial sector has shown growing interest in AI, but regulatory clarity, infrastructure, technical expertise, and implementation capacity remain important challenges.

Furthermore, AI systems themselves can introduce concerns regarding algorithmic bias, data quality, explainability, privacy, and accountability. Another problem is the limited empirical understanding of how AI-enabled continuous auditing can specifically address earnings management within Nigerian FinTech firms. Existing evidence suggests that AI can improve audit quality and that AI-based mechanisms can enhance the detection of earnings management, but much of the available evidence is either international or focused on listed firms generally rather than the Nigerian FinTech sector specifically. Consequently, there is insufficient context-specific evidence regarding whether AI-supported continuous auditing can effectively identify the patterns and anomalies associated with earnings management in Nigerian FinTech firms.

The absence of timely and technologically advanced monitoring mechanisms may create opportunities for financial reporting manipulation to remain undetected until after significant damage has occurred. This may negatively affect investors, regulators, customers, creditors, and other stakeholders who depend on reliable financial information for decision-making. There is therefore a need for an audit approach capable of continuously analyzing financial information, detecting unusual transactions promptly, and providing auditors and regulators with timely risk alerts.

1.3 Objectives of the Study

The general objective of the study is to investigate artificial intelligence and continuous auditing as a pathway to curbing earnings management in Nigerian FinTech. Specifically, the study seeks to:

i. Investigate the effect of artificial intelligence on earnings management in Nigerian FinTech.
ii. Examine the effect of continuous auditing on earnings management in Nigerian FinTech.

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Artificial intelligence

Artificial Intelligence (AI) is a computer science field focused on creating systems that perform tasks requiring human intelligence, including reasoning, learning, and decision-making (Metcalf, Askay & Rosenberg, 2019; Russell & Norvig, 2021). It includes technologies such as machine learning, natural language processing, computer vision, expert system and robotics, enabling machines to analyze data and predict outcomes with minimal human input (Goodfellow, Bengio, & Courville, 2016). Artificial intelligence, in the context of accounting and auditing, refers to the deployment of computational systems that can perform tasks normally requiring human intelligence—pattern recognition, judgment, learning, prediction—on financial data (Issa et al., 2016). Key AI techniques relevant to earnings management detection include supervised machine learning algorithms (logistic regression, random forests, support vector machines, gradient boosting), deep learning architectures (neural networks, recurrent neural

networks), and natural language processing (NLP) for analysing qualitative disclosures in annual reports (Brown et al., 2020; Bao et al., 2020).

2.1.2 Auditing

Auditing is a systematic and independent examination of an organization's financial records to ensure its financial statements are accurate and fair (Antipova, 2023). It aims to provide stakeholders with reasonable assurance that financial information is free from significant misstatements caused by fraud or error (International Auditing and Assurance Standards Board ,2020). Auditing process involves not only verification of records but also the evaluation of internal controls, compliance with regulations, and adherence to corporate governance principles. Auditing serves as a social function that improve the credibility of financial report and maintains trust in financial systems among investors, creditors, and the public. The concept of auditing has progressed alongside increases in organizational complexity and technology, maintaining its core definition based on independence, evidence-based judgment, and ethical rigor (Leocádio et al., 2024).

2.1.3 Earnings Management

Earnings management has been defined in multiple ways, reflecting the breadth and complexity of the phenomenon. Healy and Wahlen (1999, p. 368) define it as occurring "when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers." Schipper (1989) offers a narrower definition, describing it as purposeful intervention in the external financial reporting process with the intent of obtaining some private gain. Scott (2015) frames it more neutrally, as the choice by a manager of accounting policies or real actions that affect earnings so as to achieve some specific reported earnings objective. What unites these definitions is the recognition that earnings management is not random noise-it is intentional, strategic, and consequential. It exploits the discretion inherent in accounting standards to shape reported outcomes in ways that serve managerial rather than stakeholder interests.

2.2. Theoretical framework

Task–Technology Fit (TTF), Theory as a Theoretical Foundation for AI in Audit Practices. The Task–Technology Fit (TTF) theory provides a robust theoretical foundation for examining the effectiveness of Artificial Intelligence (AI) in modern audit practices. Originally developed by Goodhue and Thompson (1995), the theory posits that information technology is more likely to improve individual or organizational performance when the capabilities of the technology align with the tasks users must perform. In other words, performance gains occur when the functionalities of a technology appropriately support the requirements of specific job tasks.

Within the context of auditing, tasks such as risk assessment, transaction testing, fraud detection, audit planning, and continuous monitoring are increasingly complex due to large data volumes, real-time transactions, and sophisticated financial instruments. Traditional audit tools often struggle to process such complexity efficiently. AI technologies such as machine learning, data analytics, natural language processing, expert system and robotic process automation offer advanced capabilities that align closely with these auditing tasks, thereby fulfilling the core premise of the Task–Technology Fit theory.

2.3 Empirical Review

Farooq, et al. (2026) examined artificial intelligence controls and earnings management intention: the mediating role of ethical decision-making. The study adopts a quantitative research design and utilizes structured data collected from 250 observations. The analysis was conducted using descriptive statistics, reliability analysis, Pearson correlation analysis, multiple linear regression, and mediation analysis. The findings reveal that artificial intelligence governance controls significantly strengthen ethical decision-making while simultaneously reducing earnings management intention. Ethical decision-making also demonstrates a significant negative association with earnings management intention, indicating that stronger ethical judgment discourages manipulative financial reporting behavior. Furthermore, the mediation analysis confirms that ethical decision-making partially mediates the relationship between

artificial intelligence governance controls and earnings management intention. This explains that effective governance mechanisms reduce manipulative reporting tendencies both directly and indirectly through the promotion of ethical reasoning and professional judgment. The findings emphasize that the role of artificial intelligence in accounting should not be evaluated solely from the perspective of technological efficiency, but also through the quality of governance structures and their ethical implications. The study also offers practical implications for organizations, regulators, and accounting professionals by highlighting the importance of transparent, accountable, and ethically grounded governance systems in the successful implementation of artificial intelligence within financial reporting practices.

Nasareldeen, et al. (2026) examined the usage of artificial intelligence (AI) in enhancing audit quality and lowering income management inside Saudi-listed corporations from 2015 to 2024. The study uses 680 corporation-accounting period observations sourced from the Bloomberg and DataStream databases, employing correlational and panel regression analyses (OLS and FGLS) to analyze the relationships amongst AI adoption, audit quality, and earnings management, with employer traits functioning as independent variables. The empirical findings display a strong negative correlation between AI use and profit control, suggesting that advanced incorporation of AI in auditing diminishes discretionary accruals and improves financial transparency. Audit is wonderful; moreover has a large, terrible impact on income manipulation, which shows that it plays a role within the interplay between AI and income manipulation. Control variables like the length and leverage of an employer have a significant impact on income management, while profitability has a negative effect. In particular, the outcomes show that AI-pushed audit techniques make governance more potent, make it less complicated to find out issues, and inspire moral reporting. The studies offer to the frame of expertise via imparting empirical statistics from a developing market, providing realistic guidance for regulators, audit agencies, and policymakers aiming to make use of AI to enhance audit effectiveness and company accountability in accordance with Saudi Vision 2030.

Orumwense and Ogbebor, (2026) examined the effect of artificial intelligence (AI) on audit practices. This study aims to determine whether AI will affect auditing practices in any way. This investigation was supported by the Task-Technology Fit (TTF) theory. Using a structured questionnaire and a research survey design, data was gathered from primary sources. The study's sample size consisted of 316 auditors from audit firms in southern Nigeria. Multiple regression analysis was used to determine the kind and strength of correlations between the study variables. Findings show that the p-value of 0.0391 was less than 0.05, the results demonstrated that machine learning (ML) significantly affects auditing practices (AUP). A p-value of less than 0.05 indicates that expert systems (ES) have a substantial impact on auditing practices (AUP), and a p-value of less than 0.05 indicates that natural language processing (NLP) has a significant impact on auditing practices (AUP). The results of the study demonstrated that artificial intelligence (ML, ES, and NLP) significantly and favorably impacted auditing practices. To improve efficiency, accuracy, and fraud detection skills, audit firms and regulatory agencies should proactively incorporate Artificial Intelligence (AI) techniques into audit practices. To automate regular audit processes, analyze vast amounts of financial data in real time, and more successfully discover abnormalities or dangers than using traditional approaches, technologies like machine learning, expert system, and natural language processing should be implemented.

Bojuwon, et al. (2026) explored the impact of artificial intelligence on corporate earnings management using a quantitative research design. Data were collected from 145 small and medium-sized manufacturing enterprises in Lagos State, Nigeria, comprising food production (n = 113) and beverage production (n = 38) firms, representing an 80.5% response rate. The paper employs Partial Least Squares Structural Equation Modelling (PLS-SEM) with a bootstrapping technique (5000 replicate samples) to analyse the causal relationships between constructs. The findings show that all five hypotheses are highly supported. This is because: the integration of artificial intelligence with the existing system portrays the highest positive correlation coefficient value with the corporate earning management, r = 0.392, t = 15.054, $p < 0.001$. This is followed by the challenges in the regulation of the use of artificial intelligence,

$r = 0.346$, $t = 15.926$, $p < 0.001$. This study also found that the acceptance level by the users, the cost-effectiveness, as well as the consideration of the ethical aspect of the use of the AI, contribute less significantly to the corporate earning management, $r = 0.315$, $t = 16.368$, $p < 0.001$, $r = 0.164$, $t = 5.637$, $p < 0.001$, and $r = 0.104$, $t = 4.526$, $p < 0.001$, respectively. Hence, the model achieved excellent explanatory values, which stood at 99%, given that the value of R2 = 0.990. This reveals that 99% of the variability that exists in corporate earnings management can be predicted by its five variables. In this, the values of Cronbach's exceeded 0.784 for all the variables, which reveals that each has exhibited appropriate values for the level of error. In the study, the values of the AVE stood beyond 0.609, which indicates that the variables possessed appropriate values for the level of error. These results indicate that artificial intelligence can substantially enhance the accuracy, reliability, and timeliness of financial reporting practices and render the ethical and regulatory considerations to be part of its responsible use.

Yahaya, (2026) examined the role of artificial intelligence (AI) in detecting earnings management among 151 listed firms on the Nigerian Exchange Group (NGX) over the period 2020–2024. Earnings management remains a persistent challenge in emerging economies like Nigeria, where regulatory enforcement gaps, weak institutional frameworks, and information asymmetry create fertile ground for managerial discretion in financial reporting. Traditional detection models-particularly accrual-based approaches rooted in the Modified Jones Model- have demonstrated well-documented limitations in capturing the increasingly sophisticated patterns of earnings manipulation. This paper argues that AI-driven analytical techniques, encompassing machine learning algorithms and natural language processing, offer a substantively more robust and adaptive toolkit for identifying both accrual-based and real earnings management. Employing an ex- post facto research design and panel regression analysis, the study models earnings management detection as a function of AI adoption indicators while controlling for firm size, industry type, leverage, profitability, growth opportunities, auditor type, board size, and board independence. Secondary data were sourced from audited annual reports, the Nigerian Exchange Group factbook, and the Securities and Exchange Commission database. The findings reveal that AI-based detection mechanisms significantly enhance the identification of earnings management practices, and that this relationship holds after accounting for firm-level and governance characteristics. The study contributes to knowledge by providing empirical evidence from an emerging market context, bridging the gap between AI adoption literature and earnings quality research in sub-Saharan Africa. Policy implications for regulators, auditors, and corporate governance practitioners are discussed.

Kamau and Kinyua, (2025) investigated the effectiveness of AI in identifying financial irregularities among selected Kenyan corporations, comparing AI-driven techniques with traditional accrual-based models, including the Modified Jones Model and the Beneish M-Score. Using a mixed-methods design, secondary financial data spanning five years from four road transport companies were analyzed alongside qualitative insights from finance managers and internal auditors. AI techniques, including anomaly detection models and explainable AI tools, effectively identified complex, multi-dimensional patterns indicative of earnings manipulation, corroborating findings from traditional models in severe cases. The results demonstrate that AI complements classical detection methods by capturing non-linear relationships and emergent manipulative practices that conventional models may overlook. The study further highlights the importance of organizational readiness, auditor training, and regulatory frameworks to ensure the ethical and effective deployment of AI in financial reporting. Findings suggest that integrating AI into auditing practices can enhance accuracy, efficiency, and transparency, thereby strengthening corporate governance and stakeholder trust.

METHODOLOGY

3.1: Research Design

Descriptive survey design was use in this study. It is considered more appropriate for a study involving relationships analysis. In addition, comparison were important in this study, hence a survey design were

suitable because it enable collection of data from broad survey units. This design is considered appropriate since the study largely have a target population and sample size.

3.2: Population of the Study.

The population targeted by the study consists of all the staff of FINTEC in Nigeria

S/N	Ministries	Staff
1	**Flutterwave**	195
2	**Paystack**	155
3	**Moniepoint**	231
4	**OPay**	145
5	**PalmPay**	178
6	**Interswitch**	189
7	**Paga**	78
8	Kuda	191
9	Remita	197
10	Piggyvest	198
11	**Cowrywise**	112
12	Carbon	178
13	**Nomba**	89
14	Fairmoney	242
15	**eTranzact**	133
	Total	2511

Human Resource Department of the Selected FINTEC**, (2026)**

3.3: Sample Size and Sampling Technique

Taro Yamane formula was used to determine the Sample size. The formula is given as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where

n= Sample size of the study=

N = Population

1 = Constant value

e = Error margin assumed to be (5%)

Applying this formula, we have

$$n = \frac{N}{1+N(e)^2}$$

$$n = \frac{2511}{1+2511\ (5\%)^2}$$

$$n = \frac{3472}{1+2511\ (0.0025)}$$

$$n = \frac{2511}{1+6.2775}$$

$$n = \frac{2511}{7.2775}$$

Sample size = 345.0360 apprx 345

3.4 Sources of Data

Primary Data: These consist of all the data and information obtained personally from respondents through interviews and the use of questionnaire.

3.5 Method of Data Collection.

The instrument for the data collection that was utilized for this study was self-developed structured questionnaire.

3.6 Instrument for Data Analysis

Inferential statistics such as percentage table was also used. The significance level was set at $p< 0.01$ for every statistical set. The specific effect of independent variables vis-à-vis the dependent variable was tested through the multiple regression analysis.

DATA PRESENTATION AND ANALYSIS

4.1 Multiple Regression Analysis

Multiple regression result was employed to test the effect of independent or explanatory variables on the dependent variables. The result of the multiple regression analysis is presented in the tables below.

Table 4.1.1 Summary of the Regression Result

The result of the multiple regressions formulated in chapter three is presented in the tables below

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.478[a]	.072	.076	1.72056	.032	5.471	2	334	.005	1.849

a. Predictors: (Constant), CTA, ARI

b. Dependent Variable: ENM

The R-square value of 0.072 indicates that Artificial Intelligence and Continuous Auditing jointly explain approximately 7.2% of the variation in Earnings Management among Nigerian FinTech firms. The remaining 92.8% of the variation in earnings management is explained by other factors not included in the model. This indicates that although the predictors contribute to explaining earnings management, their combined explanatory power is relatively low. The Adjusted R-square of 0.076 shows the explanatory power of the model after adjusting for the number of predictors. However, there appears to be a minor inconsistency in the supplied output because the adjusted R-square is normally expected to be slightly lower than the R-square. Therefore, the original SPSS output should be checked before the final report is submitted. The Durbin-Watson statistic of 1.849 is close to the benchmark value of 2. This suggests that there is no serious evidence of autocorrelation in the residuals and that the model is reasonably suitable for further interpretation.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.391	2	16.196	5.471	.005[b]
	Residual	988.748	334	2.960		
	Total	1021.139	336			

a. Dependent Variable: ENM

b. Predictors: (Constant), CTA, ARI

The ANOVA table examines whether Artificial Intelligence (ARI) and Continuous Auditing (CTA) jointly have a statistically significant effect on Earnings Management (ENM) in Nigerian FinTech firms. Most importantly, the significance value is 0.005. Since 0.005 is less than the 0.05 level of significance, the overall regression model is statistically significant.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	0.439	.302		4.693	.000	3.845	5.034
	ARI	-.073	.077	-.056	-3.955	.002	-.225	.078
	CTA	-.190	.074	-.150	-3.570	.001	-.335	-.044

a. Dependent Variable: ENM

The coefficient for Artificial Intelligence is -0.073, with a standard error of 0.077 and a standardized Beta coefficient of -0.056. The t-statistic is -3.955, with a probability value of 0.002. Since 0.002 < 0.05, Artificial Intelligence has a statistically significant negative effect on Earnings Management. The negative coefficient means that an increase in the application of Artificial Intelligence is associated with a reduction in the measured level of earnings management, holding Continuous Auditing constant. Specifically, a one-unit increase in ARI is associated with approximately a 0.073-unit decrease in ENM.
Continuous Auditing has a coefficient of -0.190, standard error of 0.074, and standardized Beta of -0.150. The t-statistic is -3.570, while the probability value is 0.001. Since 0.001 < 0.05, Continuous Auditing has a statistically significant negative effect on Earnings Management. The negative coefficient indicates that an increase in continuous auditing is associated with a reduction in earnings management. Specifically, a one-unit increase in CTA is associated with approximately a 0.190-unit decrease in ENM, holding Artificial Intelligence constant. The standardized Beta of -0.150 also indicates that Continuous Auditing has a stronger relative effect on Earnings Management than Artificial Intelligence in this model.

4.2.1 Test of Hypothesis One

Ho_1: Artificial intelligence has no significant effect on earning management of FINTECH in Nigeria
Artificial intelligence has a t-statistics of -3.95 and a probability value of 0.002 which is statistically insignificant. Therefore, we accept the alternative hypothesis and reject the null hypotheses which state Artificial intelligence has significant and negative effect on earning management of FinTech in Nigeria

4.2.2 Test of Hypothesis Two

Ho_2: Continuous Auditing has no significant effect on earning management of FinTech in Nigeria
In testing this hypothesis, the t-statistics and probability value in table above is used. Continuous Auditing has a t-statistics of -3.570 and a probability value of 0.001 which is statistically insignificant. Therefore, we reject the alternative hypothesis and accept the null hypotheses which state that Continuous Auditing has negative and significant effect on earning management of FinTech in Nigeria

4.3 DISCUSSION OF FINDINGS

4.3.1 Artificial Intelligence and Earnings Management

The negative coefficient indicates that an increase in the application of Artificial Intelligence is associated with a reduction in earnings management. This finding suggests that AI can strengthen the ability of FinTech firms to identify unusual transactions, detect anomalies in financial records, monitor accounting patterns and identify possible manipulation of financial information. AI systems can process large volumes of financial information more rapidly than traditional manual procedures, thereby improving the ability of firms to detect potentially inappropriate financial reporting practices. The finding further suggests that the use of AI can enhance the transparency and reliability of financial information. In the

Nigerian FinTech environment, where firms process substantial volumes of digital transactions, AI-based monitoring can provide an additional layer of control over financial reporting. The significant negative relationship therefore supports the argument that technological innovation can contribute to reducing opportunities for earnings manipulation.

4.3.2 Continuous Auditing and Earnings Management

The negative coefficient means that increased application of continuous auditing is associated with a reduction in earnings management. This finding demonstrates the importance of moving from purely periodic auditing towards more frequent or continuous monitoring of financial transactions. Continuous auditing enables auditors to identify unusual transactions, accounting inconsistencies and potential irregularities closer to the time they occur. The finding is particularly relevant to FinTech firms because their operations are largely technology-driven and transactions can occur continuously. A traditional audit conducted only at the end of an accounting period may not identify some irregularities early enough. Continuous auditing, on the other hand, provides an opportunity for timely monitoring and investigation. The result therefore suggests that continuous auditing can strengthen internal monitoring and reduce the opportunity for managers to engage in earnings management. The standardized coefficient of **-0.150** also indicates that continuous auditing has a relatively stronger effect on earnings management than Artificial Intelligence, whose standardized coefficient is **-0.056**. This suggests that continuous auditing may make a comparatively greater contribution to controlling earnings management within the sampled firms.

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

This study examined Artificial Intelligence and Continuous Auditing as pathways to curbing earnings management in Nigerian FinTech firms. The study focused on determining whether the application of Artificial Intelligence and Continuous Auditing could contribute to reducing earnings management practices within the rapidly developing Nigerian FinTech sector. In conclusion, Artificial Intelligence and Continuous Auditing can serve as effective pathways for curbing earnings management in Nigerian FinTech firms. Their adoption can strengthen financial monitoring, improve the timeliness of detecting irregularities and enhance the reliability of financial reporting. However, their effectiveness will be greater when supported by strong internal controls, independent auditing, ethical management practices, effective corporate governance and appropriate regulatory supervision. Therefore, Nigerian FinTech firms should not view AI and continuous auditing merely as technological innovations but as important components of a broader financial reporting and corporate accountability framework aimed at promoting transparency, credibility and integrity in the Nigerian FinTech sector.

Recommendations

Based on the findings of the study, the following recommendations are made:

Nigerian FinTech firms should invest in AI-driven financial monitoring systems capable of identifying unusual transactions, detecting accounting anomalies and flagging potential earnings management practices.

FinTech firms should adopt continuous auditing mechanisms that allow financial transactions and accounting records to be reviewed regularly or in near real time. This will enable auditors to identify irregularities promptly rather than waiting until the end of the accounting period.

FinTech firms should consider integrating AI-powered analytical tools with continuous auditing systems. AI can identify unusual patterns, while continuous auditing can provide systematic verification and follow-up of those transactions.

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