

## SME User Testimonial: Lessons learned from Finland

*This user testimonial was developed in the frame of the Regulatory Reporting Community of Practice to share the experiences and insights of small and medium enterprises (SMEs) in their efforts to streamline regulatory reporting processes. The objective of the user testimonial is to highlight good practices that can have a positive impact on SMEs in the European Union (EU).*



Interview with Vuokko Mäkinen, CEO at Inspire it Oy, Finland.

Vuokko has been involved in promoting the use of structured data in Small and Medium Enterprises (SMEs) since 1974, when the first Finnish stakeholders started to implement digital accounting systems. In 1992, she founded an accounting company - Hawcom Oy, sold in 2017 - which offered bookkeeping and broader accounting services to SMEs, making use of the digital solutions available at the time.

Today Vuokko is a consultant for SMEs, the owner of a farm, and support her daughter – the current owner - in directing Inspire it Oy, an SME which offers accounting services.

**Could you please briefly describe your work and how it is related to SMEs' regulatory reporting? What type of regulatory data do you provide to the regulators?**

I have to answer to this question from two different points of views. As a consultant, I have been working on economic programmes since 2009. For instance, I have been involved in several real-time economy (RTE) projects, as well as [Nordic Smart Government](#), and structured data projects. I have always been focused on these projects from the perspective of SMEs, which differs from the one of bigger market players.

As the owner of a farm, I do bookkeeping, value-added tax (VAT) reporting and variable tax reporting, income tax returns and organic farming reporting. Regarding the latter, I mainly keep those data in case of inspection, as they do not need to be sent to the regulators for reporting purposes.

**What are some of the challenges, if any, that you have encountered through your work associated with the regulatory reporting process?**

I have no particular difficulties related to the regulatory reporting process as I work as a consultant in this domain. However, I have experienced challenges on the accounting side when paper-based systems are employed to record and use data. In such cases, SMEs have to produce a lot of Excel sheets or enter data in their booking software manually, which is a time-consuming and error-prone way to handle data. Ultimately, in my opinion, the main challenge is a general lack of automation solutions and, consequently, structured data.

### How does your organisation address and overcome these challenges, if any?

As the owner of an SME, I cannot do anything to address these challenges. However, as a consultant, I am putting efforts in improving the current situation.

Regulators do not know the real life of SMEs and their challenges; hence, I try to open their eyes on the existing issues. I do this by promoting a digitalisation that is focused on the tools actually needed by SMEs. For instance, the use of mobile applications to keep track of data (e.g., on the amount of product acquired) would be particularly handy for small businesses. SMEs do need this kind of easy-to-use tools, such as mobile apps, to better manage the data to be reported.

### Does Finland implement any practices related to streamlined regulatory reporting processes that have had a positive impact on Finnish SMEs?

For a long time, the reporting process in Finland has been simplified by digital solutions. Most accounting software can send digital VAT reports to the tax administrations. Hence, SMEs, such as mine, do the bookkeeping, and then the accounting firms, which have access to the necessary software, send digital VAT reports.

Another important solution available in Finland is e-invoicing. Many of my customers use e-invoices, which I receive directly in my bookkeeping software. Therefore, I do not have to enter data from the invoice but I do the bookkeeping directly. However, these types of automations only concern the accounting software at present.

### What do you believe are the benefits gained through the simplification of the regulatory reporting processes?

The benefits - in terms of costs, time, efficiency, data quality, and administrative burden reduction - can only be realized if the simplification of the regulatory reporting processes is done in a way that is suitable for SMEs. As aforementioned, SMEs need different tools from those used by large companies, such as Enterprise Resource Planning (ERP) systems, which SMEs cannot afford.

Furthermore, the potential benefits of simplifying regulatory reporting processes are currently not visible to SMEs. If you ask an SME what kind of digitalisation would help them with their reporting, they would not be able to answer your question because they are not familiar with this topic. Thinking about farmers, they may not even see the point of digitising accounting. It is therefore important to show how digitalisation can improve their everyday work, as well as reduce their administrative burden, in order to encourage SMEs to follow this path.

Overall, two main actions are needed for SMEs to achieve any benefit from a simplified regulatory reporting process: the **development of SME-friendly technologies** and **increased awareness among SMEs on their positive impact**.

### What is the main insight that you want the reader to remember?

The message that I want to convey is to replace paper-based information with digital and structured data. The use of Excel sheets and PDF images to manually enter data into a system is still a common practice. The technologies are developing and changing rapidly, but to be implemented, they need structured data that they can process and use directly. **This requires an agreement on standardised digital transaction data and data sharing at EU level.**