Key Topic 2

Technology-driven assurance transformation

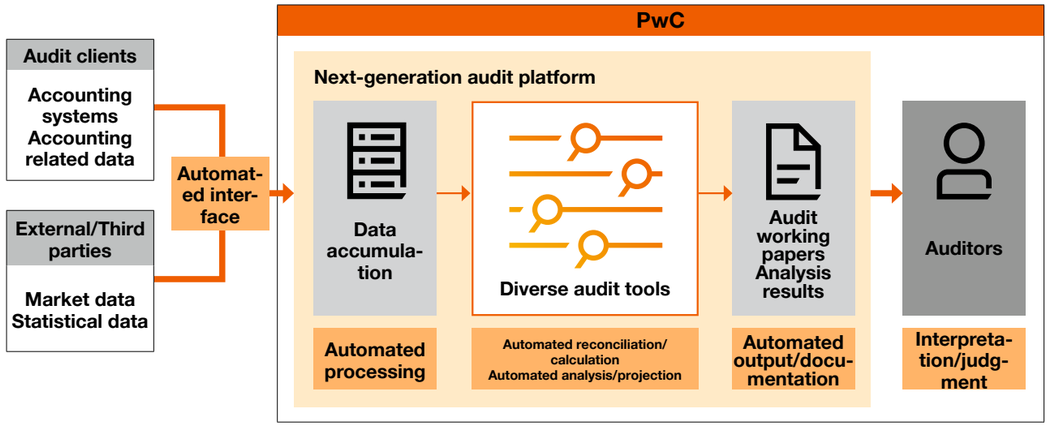
Our transformation towards a human-led, tech-powered future

The rapid advancement of technology is fundamentally reshaping our digital landscape. The evolution of generative AI in particular has been remarkable. Technology, which was once the domain of a select group of experts, is now an integral part of our daily lives, leading to significant transformation in our everyday experiences. In response to these societal changes, the Firm is evolving with a clear vision to shape a human-led, tech-powered future. As technology progresses, there are increasing societal expectations for auditors providing assurance services. We are committed to proactively deploying new technology to swiftly meet the evolving needs of society.

Our vision for the future

We envision the next-generation audit as efficient and high-quality, with one goal being to achieve a 'real-time' audit. This will be enabled by automatically feeding data from audit clients and external sources to PwC's next-generation audit platform, which will process data conversion, reconciliation, analysis and visualisation.
AI-powered analytics tools are transforming our audit from manual sample checks to testing entire datasets, significantly reducing the risk of overlooking key findings inherent in sampling. Automated data feeds enable real-time analyses, allowing early identification of material issues and minimising audit surprises.
AI automatically converts data into usable formats and recommends optimal external datasets and analytical models, facilitating more efficient and higher-quality analyses. Our new integrated platform comprehensively handles the entire processes, from data acquisition to conversion and analysis. This platform enables real-time sharing of analysis results and audit progress, improves data quality by consolidating information sources and enhances communication within engagement teams and with audit clients.
By harnessing cutting-edge technology, we are elevating our audit engagements to deliver audits that are more transparent and efficient.

Our vision for the future



Investment in the future | Next-generation audit platform

The PwC network has been investing over several years to launch a new global audit platform that will replace traditional technology such as Aura (electronic audit documentation platform) and Connect (document exchange platform), and to strengthen the foundation of next-generation audit. Through the exploration of new technology, investment and redesign of the audit process, PwC is driving further standardisation, simplification, centralisation and automation of audit procedures. By harnessing emerging technology, including generative AI, and investing in the innovation of the audit experience with a focus on continuous quality enhancement, PwC is accelerating ongoing innovation and responding to stakeholders' evolving needs. The vision for PwC's next-generation audit is to deliver efficient, robust and independent assurance and audit insights across both financial and non-financial information, helping to build trust and solve important problems for stakeholders.
As PwC advances its next-generation audit program, new functionalities will continue to be introduced to enhance both quality and the overall audit experience. To redefine how human capabilities are maximised using the power of AI, the PwC network has made significant investments. We remain committed to closely monitoring developments in AI, including generative AI, and promoting the development of potential use cases, while fostering a culture of responsible AI usage.

Advantages of next-generation audit

The implementation of next-generation audit brings advantages to both audit clients and our firm.

	Audit clients	Our firm
► Prompt response through real-time audit	Early identification of accounting and audit issues	Balancing the timing of audit engagements throughout the year
► In-depth risk assessment and comprehensive testing of entire populations	Increased detection rate of fraud and errors	Identification of patterns and anomalies undetectable by humans
► Advanced analyses and elimination of bias	Access to muti-angled insights	Broader and more advanced analytical capabilities
► Reduced pre-processing tasks through automation	Time savings when preparing materials	Shifting to more value-added work
► Consistency in quality across engagement teams	Reduced audit workload that may otherwise arise from team member replacement	Enhanced quality through achieving consistency in audit
► Ensuring information security throughout the audit cycle	Strengthened information security	Strengthened information security

Initiatives towards next-generation audit

To realise a real-time audit, we are collaborating closely with the PwC network to support the implementation and operation of digital tools in Japan, which will be integrated into the next-generation global audit platform currently under development.

Additionally, we have established a dedicated community where current engagement team members, who will be future users of the platform and its embedded digital tools, can provide feedback.

Transforming assurance through generative AI

Initiatives to promote the use of generative AI

The Firm is actively promoting the use of generative AI through a variety of initiatives. We provide comprehensive information—from basic knowledge of generative AI to practical applications—on our internal website. The site features an overview of generative AI, guidance on crafting prompts, introductions to available tools, use case examples and archives of past training sessions.

The following trainings and other programs, designed with objectives targeting specific user groups, have received high satisfaction ratings:

- Touch&Try workshops focused on learning how to craft generative AI prompts
- Prompt design workshops tailored to individual OUs
- Informal Q&A sessions addressing questions about generative AI
- Practical workshops supporting day-to-day use of generative AI
- Sharing sessions for staff with high digital literacy

Through these programs, the level of generative AI utilization has steadily increased. As a result, ChatPwC, our internal interactive AI assistant, has achieved a 96% internal awareness*1 and an 80% usage rate*1.

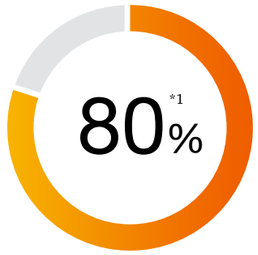
*1 Survey period: June 2025, Target respondents: 350 employees randomly selected from all staff members belonging to assurance, Aggregation condition: Collate all responses from the aforementioned target respondents who participated in the survey.

Launch of AI Factory

In October 2025, PwC Japan Group established the AI Factory as an organisation dedicated to developing and operating AI for both industry transformation and internal transformation. The AI Factory aims to respond swiftly to the needs of each firm within the group and accelerate the development of AI solutions across the entire organisation. By participating and collaborating in this initiative, the Firm's members will advance the development of AI tailored to the Japanese language and local environment, which are areas that global development alone cannot fully address, and apply these solutions to assurance services.

Use of ChatPwC

Usage rate of ChatPwC



ChatPwC is an advanced interactive AI assistant launched across the PwC network. Available to all employees since July 2024, it enables the use of generative AI in PwC's proprietary secured environment. Equipped with advanced AI models from various providers, users can upload client data based on the rules to receive accurate, data-driven responses. Prompts and data are never shared externally, and no data is used for model retraining, thereby ensuring security.

Beyond standard interactive functions, ChatPwC incorporates AI agents that operate autonomously to achieve goals. These agents are capable of retrieving information from previously inaccessible external websites, handling multimodal data*2 input and output and executing programs for data analysis. These enhancements have significantly expanded the scope of available support, facilitating a more tailored use of generative AI in daily work.

*2 Data that combines multiple types of information, such as text, images and audio

Expanding the use of generative AI: Batch-processing AI tools and knowledge sharing between audits and BAS

Harnessing and building upon interactive generative AI, the Firm is advancing the use of batch-processing AI tools across various service lines. Unlike interactive generative AI, which requires users to input prompts, batch-processing AI tools can analyse and evaluate multiple documents or items simultaneously. Specific use cases include extracting necessary data from contracts for accounting purposes, reviewing whether financial statements comply with relevant requirements and analysing trends in internal survey results.

To address challenges in interpreting abbreviations and terminology, which were identified in applying the use cases of general-purpose language models, we employe a Retrieval-Augmented Generation (RAG) mechanism. RAG retrieves additional information from databases and incorporates it into outputs.

Similar to the previously mentioned ChatPwC, RAG operates within PwC's proprietary secured environment, with no data shared externally or used for model retraining.

To mitigate potential inaccuracies in AI-generated responses, the business rules require users to verify the correctness of the tool's outputs. Therefore, AI may be used in drafting items such as analysis results, rationale and references, in compliance with these business rules, thereby enhancing efficiency and quality.

The batch-processing AI tools, initially developed to enhance the efficiency of BAS services, have now been extended to audit services.

Activities to promote the use of generative AI in audits

While generative AI has the potential to deliver significant benefits in audits, its use also involves inherent risks. To mitigate these risks, PwC has established specific rules for the use of generative AI in audit engagements.

Generative AI also plays a key role in our next-generation audit platform. The platform's global development team has crafted prompts that are useful for audits and made them easily accessible to users. To ensure the appropriate use of generative AI across audit teams, the Risk & Quality and Digital Transformation Office offer support to audit teams on new use cases, ensuring responsible use of generative AI in audits.

Generative AI governance

The Firm is committed to establishing a governance framework that ensures responsible and innovative use of generative AI. Given that all employees have access to ChatPwC, they are required to understand the business rules deployed globally across the PwC network and complete training prior to use. This training program covers measures to address key risks, such as hallucinations and data bias, underscoring our commitment to the responsible use of AI.

In developing tools that incorporate generative AI, we have implemented a rigorous risk-based review process. This process is designed to unlock new value while ensuring an optimal balance between innovation and risks. Our approach accelerates the safe and effective deployment of generative AI services to both clients and internal OUs.

Use of AI by audit clients

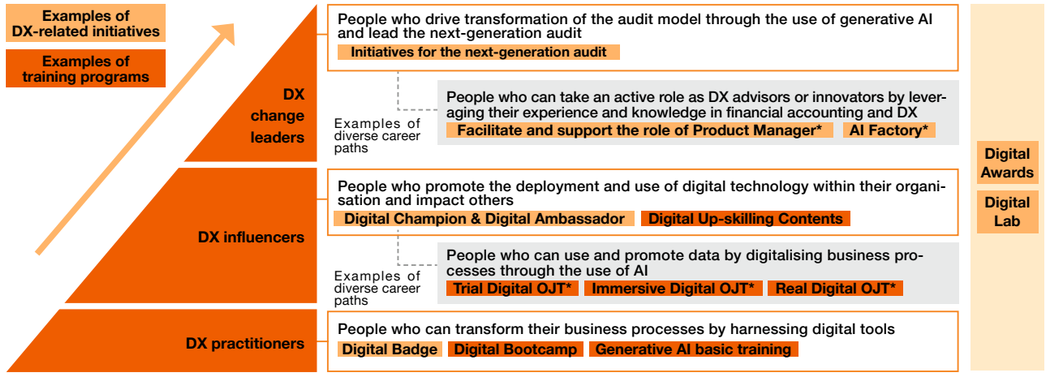
AI adoption is being promoted not only by audit firms but also by audit clients. When assessing the risks associated with the use of AI by audit clients, the Firm evaluates how companies manage risks associated with AI and data governance, as well as the controls in place for the companies' models. This assessment covers aspects such as accuracy, completeness, reliability, explainability, data bias, automation bias and accountability. Based on this evaluation, we develop procedures to address the assessed risks.

Digital & Innovation

People and culture supporting Digital & Innovation

As a professional firm whose vital asset is people, the PwC Japan Group has been undertaking initiatives for digital upskilling. We believe investing in our people and implementing new technology and innovations into our operations are vital in delivering PwC's Purpose. We aim to be an ever-evolving organisation through the continuous cycle of digital upskilling and contribution to corporate transformation both within and outside the PwC Japan Group. The Firm has created an environment in which everyone has an opportunity to be engaged in digital initiatives and equipped with skills to use digital tools.

Our DX journey



* Product Manager placement and support: A project that fosters an environment and supports initiatives that empower people who drive business innovation through digital to take an active role
* AI Factory: A collaborative initiative among member firms of the PwC network, including Japan, to promote the use of generative AI across the organisation
* Trial Digital OJT/Immersive Digital OJT/Real Digital OJT: A hands-on program designed to develop people capable of digitising business processes or leveraging generative AI

Examples of programs

Digital training programs	We have built a learning environment that enables employees to continuously enhance their skills. This includes both in-house content, such as the Digital Bootcamp in which all employees participate upon onboarding, and external training tools. In response to the growing focus on generative AI, we have intensified our efforts in this area. Specifically, we offer a variety of training programs, including basic training to understand risks and business rules, Touch & Try sessions to experience practical usage and Prompt Design Workshop to learn how to craft effective prompts.

Examples of DX initiatives

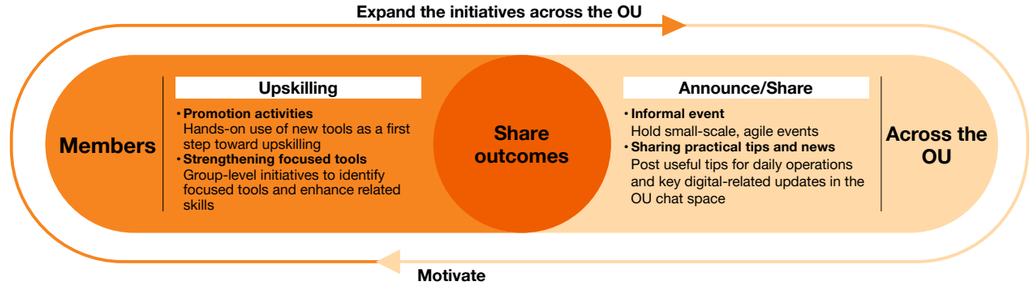
Digital Badge	Digital Badge is digital skill certification issued by PwC to visualise digital skills. This Badge can be shared not only within the Firm, but also through external social media.
Digital Champion & Digital Ambassador	Digital Champions & Digital Ambassadors are selected from each OU and are responsible for fostering a digital culture at the OU and engagement team level. They are expected to refine their expertise and play an active role both inside and outside the company.
Initiatives for next-generation audit	To realise real-time auditing, we are collaborating with the PwC network to support the implementation and operation of digital tools in Japan. These tools are being integrated into the next-generation audit platform currently under development globally. We have also established a community where current audit team members—who are the future users—can share feedback on both the next-generation audit platform and the digital tools incorporated into it.
Digital Lab	Digital Lab is a platform designed to collect and share digital tools created by the PwC network firms, including Japan.
Digital Awards	An event called Digital Awards is held to recognise individuals and teams who have contributed to human-led, tech-powered initiatives*. * PwC aims to build trust in society through human-led and tech-powered approaches, combining the human ability to think and experience with technology-driven innovation.

Examples of activities as Digital Champion & Digital Ambassador

► East Japan

Our OU has established an overarching policy to strengthen intrinsic motivation and promote voluntary digital adoption by supporting digital talent development and driving cultural transformation. Specifically, we have fostered a positive cycle by sharing outcomes of individual skill-building achievements and disseminating digital tool use cases across the OU. This approach helps members recognise the benefits of digitalisation, further motivating them to engage proactively in digitalisation initiatives.

Digital promotion by upskilling and cultural cultivation



► West Japan

While the expanded use of digital tools brings benefits such as standardisation, increased efficiency and improved quality, it also requires transformation of practices, which may involve temporary challenges. This transformation calls for collaboration between leaders, including partners and managers who lead engagement teams, and engagement team members responsible for implementing changes in practice.

Our OU has taken a comprehensive approach involving not only engagement teams but also various other functions. Key activities included support from the Technical Competency Centre (TCC) and the tool implementation support team, standardisation of audit processes and Digital Champion & Digital Ambassador' activities. As a result, within approximately a year and a half after the integration between PricewaterhouseCoopers Aarata LLC and PricewaterhouseCoopers Kyoto in December 2023, the implementation of Halo (journal entry data analysis tool) by engagement teams that joined from PricewaterhouseCoopers Kyoto has reached a level comparable to other OUs. This achievement demonstrates how collaboration through integration and the adoption of technology can lead to successful implementation.

► Financial Services

Our OU has efficiently organised and structured a substantial volume of internal and external communication data related to domestic investment trust audits by leveraging generative AI. This project uses ChatPwC to analyse and assess the context of the data, implementing functionality that automatically generates appropriate titles and relevant keywords based on accounting and auditing standards as well as classifications of financial instruments. Through this approach, we have consolidated data into a single structured dataset. As a result, we have successfully developed a high-quality and user-friendly dataset that serves as a foundation for internal knowledge management.

Our junior staff members have been leading initiatives such as the data structuring project illustrated above and the development project of a topic search tool powered by generative AI's code generation capabilities. These efforts not only enhance operational efficiency and audit quality for engagement teams, but also foster a culture of understanding and utilising generative AI, thereby contributing to the development of professionals who will lead the next generation audit.