

Accountancy Opportunities Galore—2017 and Beyond



Ms. Rachel Grimes of Australia was appointed President of International Federation of Accountants (IFAC) in November 2016 after serving as its Deputy President since 2014 and IFAC Board member since 2011. Having more than 25 years of experience across the financial services sector, Ms. Grimes is commendably spearheading the development and promotion of the global accountancy profession, particularly with respect to IFAC's 'Strategic Plan, Charting the Future of the Global Profession', that identifies opportunities and risks for the profession within the context of the current and anticipated environment while highlighting the unique position and economic benefits of IFAC's activities, as well as IFAC's planned activities in response to macro trends with significant implications for the profession. IFAC is the global organisation for the accountancy profession and comprises over 175 members and associates in more than 130 countries and jurisdictions, representing almost 3 million accountants in public practice, education, government service, industry, and commerce. In this special write-up for The Chartered Accountant journal, she highlights the plethora of opportunities for the accountancy profession in present as well as future context in a global perspective. Read on...



Rachel Grimes

(The author is President, International Federation of Accountants. She can be reached at tonymirenda@ifac.org.)

As the Institute of Chartered Accountant of India (ICAI) celebrates its 68th anniversary, it's a good time to reflect on the changes the profession has witnessed over nearly seven decades—and to anticipate the exciting changes ahead.

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women, it was enormous. It filled a 50-ft long basement and weighed 30 tons. At that time, technology was barely relevant to our profession. The word 'globalisation' was unheard of in everyday conversation. And the all-women ENIAC programming team was extraordinarily rare—diversity in global business leadership and the general workforce was limited.

Fast forward to 2017, and globalisation, technological advances and diversity offer some of the most remarkable opportunities for our profession in the last hundred years. How we respond to them, how we identify trends and issues, and how we stay ahead of the curve, however, is vital.

Rebuilding Trust

First, we must recognise that in many countries, public trust in institutions has been shaken. Populist politicians offering 'change' are being elected in some countries on platforms that offer very little in the way of real reform. Even in the absence of stunning electoral results, the respected Edelman Trust Barometer tells us that, globally, trust is "in crisis".

There is a big, important conversation underway into how trust can be rebuilt. It's a conversation into which we can and must speak with conviction, and with a passion born out of decades of experience advocating for—and demonstrating—greater transparency and accountability. They are built-in to the profession's DNA—embedded in everything from the international Code of Ethics, to the ICAI's professional quality assurance and investigation and disciplinary procedures.

Strengthening the Financial Reporting Supply Chain

Imagine a world where the entire financial reporting supply chain is strong. External auditors are just one part of a long chain of those involved in financial reporting, including all of the people and processes involved in the preparation, approval, analysis, and use of financial reports. From governing bodies like boards of directors, to internal auditors, and preparers of financial statements—often those from our profession—to standard setters, external auditors, regulators, credit analysts and investors.

All accountants throughout the financial reporting value chain are vital to better, higher quality reporting that supports stable capital

The profession has a role in promoting ways to advance integrated thinking and reporting matter—not just because it's the right thing to do, but because it helps build trust between the reporting entity and the community of stakeholders it serves. India is helping lead the international charge on IR, and we applaud the Security and Exchange Board of India's decision to ask India's Top 500 companies to adopt it.

markets. Everyone has an interest in achieving high quality financial reporting—and the only way to achieve lasting reform is by working together with all the other stakeholders.

Our profession has an important stake in this vital public interest mission. We have the expertise to help increase transparency and accountability, and help create constructive cultures and behaviours in each link of the financial reporting chain.

Beyond Financial Reporting

We also have an opportunity to actively and authentically respond to society's expectations about sustainability. Integrated reporting (IR) helps provide forward-looking information that addresses stewardship of other forms of capital, including human, intellectual and environmental.

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Sustainable Development Goals

Complementing IR's advance toward accounting for sustainability are the United Nations-led Sustainable Development Goals. As we rapidly approach the 8.5 billion people on Earth expected by 2030, sustainable development challenges, such as inequality and extreme poverty, climate change, and trust in business and government, pose challenges for societies, economies, organisations, and financial markets.

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The 17 Sustainable Development Goals (SDGs) represent the means to sustain people, planet, and prosperity to 2030, and include a clear call for partnerships between the public, private, and voluntary sectors to address these challenges. The opportunity for our profession is to be an essential partner in—and advisor to—strong and sustainable organisations, financial markets, and economies.

At IFAC, we have identified eight key goals that offer clear opportunities for the profession to make a difference. Importantly, these are also areas where the profession is already engaged, including quality education; gender equality; climate action; decent work and economic growth; and industry, innovation and infrastructure. The accountancy profession has significant scope to shape solutions to sustainable development challenges and can play an important role in achieving these goals.

Talent Attraction and Retention

Telling the story of our supporting role in developing sustainable systems and economies is also important if the accounting profession is going to continue to attract the best and brightest talent. We need to understand what attracts today's talent as well as what retains them. Today's talent environment is only going to get more competitive. Young people have more choices, more preferences in terms of the



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work environment in which they will operate, and have very clear requirements for the purpose of the work they do.

It is also important for us to remain flexible and nimble when we consider where we look for talent. The sustainability of the profession demands that we constantly search for and then tap new pools of talent. The profession's future talent may not necessarily come from a traditional background of an accounting degree and professional programme. Today different pathways are beginning to emerge, enabled by technology and allowing us to reach different demographics and levels of education.

This is relevant to a number of recruiting challenges our profession faces in many parts of the world. In parts of the developing world, where professional accountants play a critical and expanding role, the higher education infrastructure demanded by the traditional pathway may not exist. We need to be creative and forward looking. It is in the profession's and public's self-interest to build a sustainable diverse and inclusive profession.

How we address these issues will be critical to maintaining the flow of the best possible talent into accountancy.

Advancing Technologies

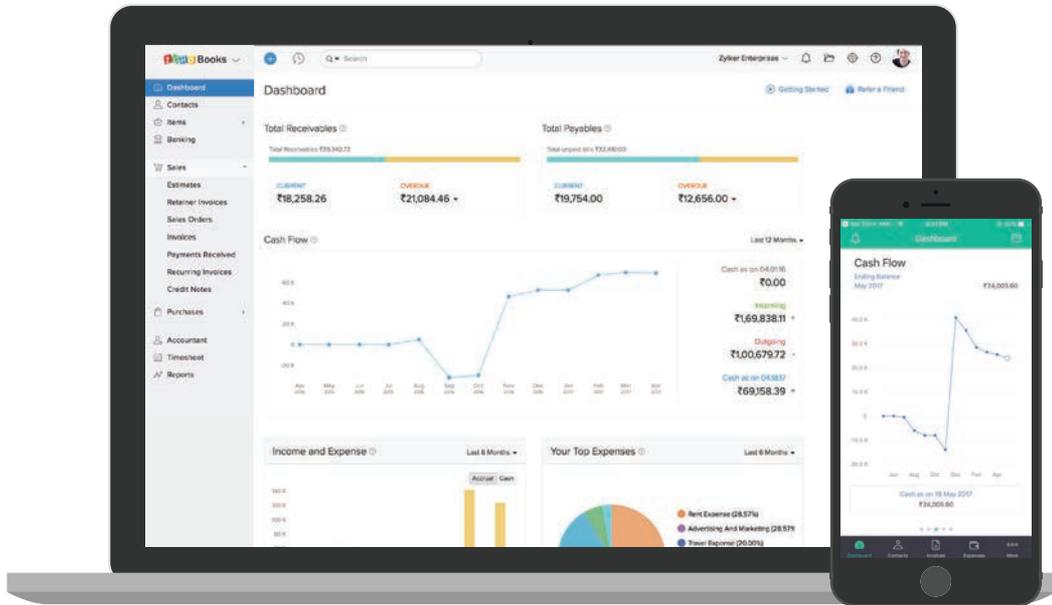
India is home to some of the world's most innovative technology companies, and I don't think anyone will argue with the positive impact technology is having on global business conduct.

Technology also offers our profession enormous advantages. Artificial Intelligence will give us the opportunity to process far more data than any human ever could, leaving human accountants to provide the judgement, advice and counsel that automation cannot. In the future, accountants will be the end-users and beneficiaries of information generated by artificial intelligence. But only if we don't ignore technology's potential. Now is the time to write ourselves into technology's future.

To help IFAC support the global accountancy profession in responding to technology's opportunities and challenges, we established a Technology Advisory Group (TAG). The group, comprising IFAC board members—including ICAI Past President CA. K. Raghu—and others in the broad IFAC family, will focus on 4-6 themes such as Blockchain, Automation, Big Data, Cybersecurity, Skills & Talent, and the value of data. In particular,



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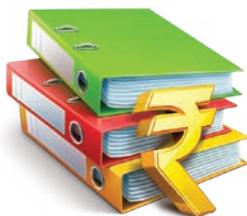
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We are a profession of great diversity—from the size of our practices, businesses, or organisations; to the sectors we work in; to our seniority, background and experience. But what makes our profession unique is our quest to ensure that all professional accountants apply the same set of high quality standards and adhere to high ethical requirements.

the TAG will enable high-level information exchange with member organisations and stakeholders.

As you know, the profession's strength varies around the world. But make no mistake—the developing world as well as the developed world is already looking at ways technology can help it leapfrog into the future.

Further Professionalising Accountancy

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Unfortunately, not everyone calling themselves an accountant can be considered a professional accountant. Around the world, there are millions of people who call themselves accountants, but who are not subject to rigorous training, the discipline of following international standards, or adhering to an ethical code. Professionalisation improves quality, strengthens organisations, and advances economies and well-functioning professional accountancy organisations are the vital link to ensuring this professionalisation in our field.

This narrative is especially true today. The ultimate goal is that anyone calling themselves an accountant, anywhere in the world has the same fundamental skills; is bound by the same standards and ethical code; and, is part of a professional accountant community.

If we are to meet the needs of interconnected capital markets, if we are to have a strong presence where investment is flowing and where it will flow in the future, the accountancy profession must be professionalised and strengthened across all regions. Indian accountancy profession is already playing an important role by being a

founding member of the South Asian Federation of Accountants in 1984 and hosting the first meeting in New Delhi. With a shared heritage, and similarities in trade, legal and economic practices and conditions, SAFA has helped to develop and grow the profession and support the region's economies.

Fighting Corruption

Another area of opportunity for the profession across all jurisdictions is our role in fighting fraud and corruption. In both mature and developing economies, fraud disproportionately impacts citizens least able to absorb its cost. Transparency International believes only one billion of the world's 7 billion citizens live in a country without serious fraud and corruption issues and that corruption costs the planet \$2.6 trillion US dollars or 5% of global GDP each year.

Our profession's role in fighting corruption is deeply linked not only to our own ethical standards, but to our role as engaged members of civil society who have a duty to speak out on issues that are of importance to society at large. But beyond that, accountants have crucial technical expertise to contribute to the war on fraud and corruption. We have an array of forensic accounting tools and techniques to deter fraud, and we can design systems and processes to prevent fraud and corruption from occurring. We can assist governments and regulators in framing regulations and legislation. We can recommend compliance actions that ensure entities are compliant with control and regulatory rules, and we can advise on cross-border issues: a complex area given the wide divergence of anti-fraud and corruption regimes in place. And, as the profession continues to embrace technology, it will only enhance our ability to fight corruption as transactions become more traceable

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and cash becomes less important in key economies.

In mature countries and economies, the profession is already active, but arguably in some jurisdictions there is still an untapped opportunity. It will take time for local professions to develop the much-needed expertise. It is a real opportunity for mature PAOs to support their peers in these emerging economies—in the global public interest.

A Stronger Public Sector

One of the more impactful areas that our profession can contribute is in public sector accounting. I know the ICAI has been very active in this area, including forming the Committee on Accounting Standards for Local Bodies to, among many other objectives, create stakeholder awareness among end-users and citizens of the many benefits of accounting reform in your nation's government and local bodies.

Around the world, global public sector spending is massive. It is a significant component of global GDP. Government spending globally contributes from a quarter, to up to 60% of national GDP.

Yet—astonishingly—policy formulation, spending decisions, management of assets and liabilities, and public accountability are frequently based on incomplete, low-quality information.

While most governments seem to share the profession's view that private sector organisations should comply with the highest international standards, they frequently do not apply that same discipline to their own activity. Most public budgeting, financial accounting and reporting around the world does not comply with good practice or international standards, and many jurisdictions have not even started the journey toward improvement or are stuck in the very early stages.

All too often we see the consequences of poor public financial management. But just as bad as poor public services, sovereign debt crises and municipal bankruptcies is the loss of faith by citizens that their governments can chart a sustainable future. Clearly, given the vast funds that flow through governments around the globe, there is acute need for swift public sector financial management transformation.

Our profession's support for public financial management and especially public financial budgeting, accounting, reporting and auditing reform, is vital to ensuring sustainable public services and stronger societies. PAOs are ideally positioned to establish partnerships between

government and the accountancy profession, acting as trusted advisor.

IFAC's *Accountability. Now.* program promotes high-quality financial reporting by governments to improve transparency and help strengthen public financial management accountability in the public interest. Its role is to provide the catalyst for change. It challenges governments to recognise the importance of working toward financial reporting that meets international standards. Since its inception, *Accountability. Now.* has been highly engaged in developing networks, coordinating with others working in the PFM space and organising conferences globally.

Supporting Small and Medium Sized Practices

The role of SMEs in our economies is vital. They are the engine-rooms of growth, the kernel of innovation, the source of the majority of private sector value-add.

And, as such, they all need access to the expertise of professional accountants to provide advice on their formation and growth, to strengthen their internal controls, enhance their reporting, and provide assurance on, and hence build confidence in, their financial statements. Indeed, the SMPs that provide these services account for a significant proportion of those working in practice—and in many jurisdictions, they likely account for the majority.

Professional accountants in business are another vital group that support a range of key organisational improvements including reporting, internal control, and treasury functions. Raising awareness of the importance of this sector and bringing PAIBs into the professional fold, so-to-speak, and engaging with them is not just good for us, but deeply important to global economic growth.

Time to Get Excited!

Built on a Code of Ethics and underpinned by deep concern for the public interest, there is no other profession that matches our concerted effort to be truly global—bound by the same standards that transcend both borders and language. Alongside technology's game-changing potential to enable new and exciting fields of accountancy endeavour, there has never been a more exciting time to tell the story of the vast opportunity our profession represents. ■