

## Accounting Profession in India is More Than Capable of Setting its own Requirements, says IFAC President Ms. Rachel Grimes

*IFAC (International Federation of Accountants) President Ms. Rachel Grimes was recently in India and she was Guest of Honour at the ICAI's Platinum Jubilee function held on the auspicious CA Day, i.e. 1<sup>st</sup> July, 2018, when ICAI entered the 70th year of its glorious existence. The eminent and intelligent leader of world accountancy, Ms. Grimes, today heads the IFAC that represents 130 countries and 175 professional accounting institutions all over the world. In a relaxed and rare interview to ICAI, taken by Central Council Member CA. G Sekar, IFAC President Ms. Grimes opens up her heart and sends across her candid message to the readers of The Chartered Accountant. Readers can experience the flashes of her professional vision and wisdom throughout the interview. She doesn't hesitate to voice her concerns on various professional issues, constantly referring to the IFAC perspectives. Read on...*



**ICAI:** On behalf of ICAI, we welcome you. Being a woman and then becoming the head of the world's greatest professional accountants' body, your professional achievements have been quite remarkable. In the Indian context, a woman entering into CA profession itself is little challenging owing to various obstacles, including social, particularly family, circumstances and commitments vis-à-vis the professional commitments. Your rising to such a coveted position is very inspiring not just for your country but for the whole world today. Please tell us the secret of your success at such a young age.

**Ms. RACHEL GRIMES:** Hi everyone! I am delighted to be here in India especially on such an auspicious occasion as the 70<sup>th</sup> Anniversary of the

Institute of Chartered Accountants of India. There is no great secret to my success other than that I surround myself with very best people I can, be it at IFAC or my job at Westpac, which is one of Australia's large banks. I think it is about putting your hands up and getting involved and being passionate about what you do and wanting to jump there every day and wanting to change things for the best. There is no secret but as far as women go in a profession such as accounting, I think, there is no better profession. One, because she can come in and out of it, as you may have chosen and this applies to men too. We may take career at a different point or just take a career break but it is a wonderful profession with lifelong learning and great opportunities to meet fabulous people but the key to it is-it is a global profession. You can practice anywhere in the world and be a great accountant. It encourages you to come home and share your lessons with your home country.

**What inspired you to become a professional accountant? Please share with us your experiences that you rate important in profession.**

Why I became a professional accountant! I think when I was looking to going to a university, I looked at every course and I said what parts really appealed me and for the accountancy profession-it had Economics, it had Finance, it had Communications and it had Politics. I think now as the President of IFAC, every one of those courses has certainly worked.

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With regard to my top experiences, it will always come down to watching my team succeed and grow. As I say to everyone, it can be exciting about your monthly results for five minutes or you could be excited about watching your team member progress and change their career is, I think, one of the most exciting experiences. The idea of inclusive growth is professionally very elating and inspiring. I think the other achievement that I am proud of is establishing the *Technology Advisory Group*. That was really an important initiative, which will impact all the segments of the Board, standard-setting Boards and the Committees, as its technology is changing fast for us. And, I think it is very exciting.

As for any other great successes or achievements, I guess it shows that my family is happy, and that is key to me as well.

**Indeed very noble thoughts, Ms. Grimes! As you know, in the last couple of decades, world economy, including both developing and developed nations, has witnessed several crises. Kindly elaborate how the community of professional accountants can contribute to solve such crises and espouse the cause of world economy?**

I think accountancy is instrumental in the growth of the world economy. I think that is absolutely proven. So many countries don't have member bodies and we are aspiring to get them because it is proven time and time again that strong accounting bodies mean strong governments. They keep them accountable. They can measure. There is less corruption. That is one of the key components, what we want to do. So, in terms of the global pace and in terms of accountancy, it is absolutely the key that you have strong membership bodies that will make stronger governments. There will be greater analysis of the achievements of Governments and there is less corruption. So, having a strong accounting body is instrumental in the development of countries of the world. So, we are passionate about helping



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countries and member bodies develop in any way we can. We have done that in terms of creating relationships with different bodies to assist in that process. It is really exciting to watch our member bodies grow and get them admitted into the IFAC family.

**Today in the morning, you announced that Mumbai (India) has been selected to hold the World Congress of Accountants in November 2022. You will host this Congress in Sydney this year. What will be your advice to the Indian chartered accountants? Indian chartered accountants are very happy with this information. Being one of the founding members of IFAC, ICAI has always shared important professional responsibilities globally. Please comment on the international opportunities that are available to the Indian chartered accountants today.**

I think India can decide its own future. It has got an amazing foundation and a very important one. I was very excited to make the announcement today that Mumbai will be the host of the World Congress in 2022. Of course, Sydney is hosting it first in 2018, which is going to be a great four days. I can't wait. It will be really a fabulous opportunity for you to come and see Sydney at its best. It is a great time of the year. There is a lot to learn as well and to meet the global accountants. When we see that there are 175 member bodies coming from 130 countries, that is a wow factor. It is sort of Olympics for the accountants, and it is so exciting to participate. I have been to a number of them now. People in their national dress, share ideas and ideals, and that is why I am so excited.

As for giving any guidance to India, I encourage you all to come and observe how Australia does it first, so that we can have an even better World Congress in Mumbai. I am sure you will put up a great show in Mumbai in 2022 and I look forward to be there.

In relation to what India can contribute, it is unlimited. When you look at the amazing work they have done in relation to technology and the foundation courses and initiatives they have created, I think they are world leader in this part. I think that many member bodies around the world would look to them. That is for Indian accountants around the world. That is the ticket to the globe. I encourage you all to go and find a pathway and add

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to your crease by experiencing other countries. I encourage you to come home and share your knowledge with everyone.

**Today, accountancy profession is getting critically viewed by various institutions, including regulators and other stakeholders. We would like to know your perspectives on such challenges that professional accountants are facing globally. What do you say?**

I think right around the globe, it doesn't matter what profession you are—doctors, lawyers or accountants—regulatory community is trying to put more and more pressure on all individual professions. But for accountancy, it has been a major pace that we have been working through the last four years. We strongly believe that accountants, being underpinned by ethics, are more than capable of running their own programmes of change. In fact, we want to abide by them and we want to make those changes more quickly than what has been happening.

In relation to other pieces of challenges to the

accounting profession, the change in technology is considered a challenge. But, I regard it as an opportunity. If you think how many magazines you need to read, the latest regulations and everything else, I believe that artificial intelligence can really help us manage that workload and manage that change. In fact, I think that will eliminate a lot of the more mundane work that will be expected to do by the regulators and allow us to spend much more valuable time with our clients.

**Across the globe, institutions of professional accountants have been established in various countries with specific vision. ICAI as a statutory body was created by the Government of India exactly 69 years back in 1949. At ICAI, we have various standards to comply with, whether these are of auditing, accounting, ethics or education. All these standards have been converged with the world standards. Do you feel more statutory regulators are required for the Indian chartered accountants' profession that is regulated by the Act of Parliament at the moment?**

Look, we can always learn from everyone. But, I think again that the accounting profession in India is more than capable of setting its own requirements at minimum education levels and a whole of series of things that can happen. We need to value and respect that this is a member body set up by a statute under the Indian Government. That is very important stamp of approval and that is really an important part because your country is able to dictate what an accountant is and does as a result of that statute. You have less competitive pressures than some of the other member body countries. But, we must look, we must not block anyone, we want to be at the very best we can but in terms of making sure that we try to adopt all the standards that the IFAC umbrella of standard setting boards has, I think that is really important because it encourages capital flows, it encourages investment into India and it allows your team, your people, your accountants to tackle



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the world with confidence that they can apply the same standards anywhere in the world.

**Thank you for your kind appreciations. You have been anchoring the cause of IFAC as President for the last two years. Before that you have served IFAC as its Deputy President. You have also been a member of the IFAC Board in the past. Then, you have also served as President of the ICAA (Institute of Chartered Accountant Australia). We would like to understand what challenges the member countries of IFAC are facing with regard to the implementation of various standards? How can countries like India help and support the mission of IFAC?**

Let me be clear that IFAC is very well supported by the Indian Institute. IFAC has been very fortunate to have the ICAI heavily involved. And, ICAI puts forth fantastic candidates for us, be it our boards, standard-setting boards or committees. I am very fortunate to have Nilesh Vikamsey to assist me throughout my presidency as Special Advisor to the President. There are many-many opportunities.

There are many challenges for IFAC in going forward particularly with the work that we have been doing with the Monitoring Group. But, if we have strong member bodies particularly I am going to call out in the Asia-Pacific, I believe that we can counter a lot of the regulatory noise that we have been experiencing. It is just a delight to us that member bodies such as India continue to grow, continue to assist us in the ways they can. I always believe that IFAC would continue. Every industry has challenges has disruptors but I am confident that the IFAC family will stick together and become even stronger than they are now.

**Today, the young members of accounting fraternity fear that robots will soon take charge of the most functions of accountancy. What do you have to say?**

No, I do not believe that the accountancy profession is dead. That is a myth. In fact, you are going to get stronger as a result of the robotics set in place. Robotics are eliminating the more mundane parts of our work. The parts that we have been stereotyped and saying accounting

is boring, it is not boring. It is alive and well and will continue to be so. But, we must embrace the technology. So, it does eliminate some of our more mundane components. That way we will be able to go and work with our valued customers and clients every day and be the trusted advisor to them. It is proven around the world. Thanks to many many reviews to say what the people want. There are so many opportunities to get and have straight through processing, but making a decision like that would be life changing; people want to talk to their accountants first. That is the truth of it. Every individual financial situation is different. So, it is not a matter that I would Google, as it happens often with the legal profession. Every single person wants to talk to another human being and it is proven that they want to talk to their accountants when they make such decisions. So, I am confident that accounting profession will live on. If you see institutions of accountancy, they do not do a lot of tax. Even if they do massive tax work, people would want to explain their tax issues to the accounting personnel and they will never trust robot to resolve the issues.

**Ms. Grimes! You yourself are technologically very advanced. Today you also function as CEO of technology at a leading Australian bank. Kindly elucidate on how the changes in artificial intelligence, blockchain or cyber security will play a game changer for the profession of accountants.**

We would like to have ABCD-artificial intelligence, blockchain, cyber-security and data-analytics. All four are going to be the very foundation of our profession going forward. We must understand them. We must be prepared to help our customers and clients because that is what they are going to make as well if they want to secure future. Artificial intelligence and robotics give an enormous opportunity to free our time and allow us to do a better job for our customers and clients. Block chain can absolutely change the way our stocks etc. are done and following through in all countries. We should understand the governance around cyber security. Everybody needs to protect their data whether as individuals, partners or as companies. It is a very important component. Finally, data

analytics—understanding that in terms of doing an audit and having differences or variations what you expect, understanding how to get the key points in the data or bring out to help the customers to have greater revenues through cross-sales because you realize that there is a connection and that is really important. These are the four pieces that I think will really help in the transformation of accountancy profession. We have got to own and embrace them, and then adopt them. All of us need to do that; no matter what age we are in order to keep attracting great talent to the profession, and to ensure we are relevant to our clients.

**In November 2018, you will successfully complete your tenure at IFAC. Please tell us about the challenges you faced and the success you tasted in the last two years at IFAC.**

I think the challenge is to deal with the regulators. The Monitoring Group has put forward some unusual ideas and, I think, some incredible ideas. We have worked with them continuously in the last two years. We have created an interim Nominating Committee to choose the next chair of Audit Standard-Setting Board. I am excited that because they have adopted the processes of IFAC as used forever. No matter whoever is the Chair, I or you, I am confident that we would get absolutely the same result. I think the major milestones that we have got working with the regulators to enhance our professional role and create transparency, were challenges as well as successes for us. I think establishing the *Technology Advisory Group* at IFAC probably would be one of my lasting legacies in view of the future of accountancy profession. It has been fabulous two years. The main thing that I have achieved is really getting out to many other countries, which we haven't been able to do for a long time or bring to the fore and identifying talent that could go on to next standard-setting boards or next committees and that has been a part that I have loved very much—meeting members around the world.

**Ms Grimes! Now, we can understand why IFAC Board chose you to lead it. You are**

**the second successive woman President of IFAC. Please give your message to the Indian woman chartered accountants. How can they emulate your success?**

Firstly, I became the President of accounting body of my own country in 2011, which gave me really a strong base how much to work from and grow and utilize my experiences. I would love to see that there will be a female President at the Institute of Chartered Accountants of India within next 10 years. That would be a massive achievement and a great wow factor. Now, I hope that that person would go on to the IFAC Board, stay there for six years and become the President there. It is a fabulous opportunity. This is a fabulous job. It is an amazing door right now and as I said you have amazing and bright people.

**Today, various economic reports, governments or tax/ revenue regulators feel that our profession can support and help them eliminate corruption. Do you feel chartered accountants alone can take decisive steps to eliminate corruption?**

I think everybody has a role to eliminate corruption. Every member of the value chain must be prepared to put up their hands against corruption. IFAC or the Ethical Standards Setting Board is releasing a new *Code of Conduct* in 2019. I encourage everybody to read that. But, it doesn't matter if you are preparer, audit committee chair, Board of Directors, an investor or an auditor, everybody must take responsibility for calling out corruption in all parts of the value-chain because we are only strong as our weakest link. We have had massive failures around the world in recent times. Often, that will come down to people not calling out the right behaviour or that they have ignored the wrong behaviour. So, we need everyone's help. We need to put our hands up when we see an issue and call it out. We need to have courage to do that in many countries in many cases. But around the world, accounting bodies need to come together; accountants need to come together and work together to ensure that corruption is eliminated. I think, with technology,



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this is going to help because before we see some countries head towards absolutely no paper or plastic currency, the more corruption is eliminated, as you will have an actual trail of where the money has gone. I think it is going to be a lot harder for a lot of people, be they corporates or government to take any money in terms of corruption because you will have a tangible trail and that is something that I look forward to.

**Today in India, Chartered Accountants are expected to investigate and identify fraud. At IFAC, do you have any plan to take any concrete steps to increase the scope of audit vis-à-vis the detection and identification of fraud?**

Let's be clear. Fraud is only a collusion of two or more people in order to make that happen. We can never really audit that or solve that. What we need to do is to create a strong profession to emphasize again ethics to all parts of the value chain. In Australia, I am a preparer. I could absolutely influence results of my company by 25% of their P&L if I didn't have the right behaviour, so we must ensure that audit cannot be expected to be the last part of call to protect everybody. Everyone must take responsibility. Everyone must put their hands up. In terms of IFAC, we continuously review what is happening in relation to ethics and audit and technology pace again is going to make a lot harder for the people to create fraud and corruption if we understand the other components extremely well.

**Being a leader of the world accountancy, what is your message to the Indian CA students?**

I love meeting the students throughout around the world. I have had the opportunity now to meet the Indian students a few times. In fact, I have got to see their talent the other night. It made me think and reflect that the Indian chartered accountants institute is in very safe hands with the energy,

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passion and the commitment and the team work that those young students show. So, they may be the best of the best but I look forward to meet the rest as well. I look forward to the future of the Indian chartered accountants.

**You have come to India so many times in the past. We would like to know your experiences that have helped you in having happy memories about India?**

I love India. I said that Mumbai is one of the most exciting cities in the world. Previously, I have called that for the last 10 years Shanghai was the most exciting. But, if you look at the growth and

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development and if you look at the opportunities, if you look at the technology and advancement that India is putting out, every time I come here, I see something new and I learn something. There is passion in everybody and particularly young people who want to get India to be the very best that can be. The initiatives that the Government has undertaken are exciting. To see so many people to call out the GST is greatest thing in the last year and is fascinating to watch to see and see how well it has been done. India is looked upon from the world stage as something to make, something to watch. We look with interest. We have a lot to learn from around the world.

**On behalf of the Indian accountancy profession, we thank you again for this interview. We also thank you for giving us the opportunity to hold World Congress of Accountants in India, while being grateful to you for your participation in our Platinum Jubilee celebrations.**

Thank you for inviting me here. I love coming to India. And I look forward to coming back to Mumbai again in 2022. Thank you everyone. ■