



Impact of Technology – Future of Accountancy

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Mombasa - Kenya



Technology Leads ? Technology Follows ?



Almost Everything is a Game of Demand and Supply

What Influences Our demand ?

Financial Activities !

Places of Financial Activities ?

- Government
 - Non-Profit
 - Profit
- Non – Government
 - Non-Profit
 - Profit

Key External Factors Influencing Demand of Accountants and Auditors:

- Government Rules and Regulations
 - Maintaining Accounting Records
 - Submitting Final Statements
 - Audit Norms
- Compliance Needs and Reforms
 - Preparing and Filing Returns
 - Transitioning to changes
- Reconciliations
 - Banks and Others

Applicable to Both Government and Non-Government Entities

Evolution of Technology Adoption -

- Phase - 1. It all started with 'RECORDING HISTORICAL DATA' – Digitization of Records (Back office / Out Sourced)
 - Drivers
 - Giving long life to records
 - Space Constraints
 - Readability / Usability
- Phase – 2. Using Tech. for Creating and Managing Transactions – Here and Now (Front Office / In House)
 - Drivers
 - Efficiency
 - Customer Satisfaction
 - Accuracy
 - Scalability
 - Manageability
 - Competitive
 - Dependency
 - Modernization

- Phase 3 – Use of Tech. for Influencing Decisions and Transactions (Decision Maker's Desk)
 - Drivers
 - Resource and Business Planning
 - Analytics, Trends and Forecasting
 - Data driven decisions
 - Automation (AI)
- Phase 4 – Future !! Business Networks. All entities in the eco-system WILL need to integrate.
 - Drivers
 - Evolution in Reforms – Rules / Regulations
 - Scale in Operations
 - Efficiency Vs. Redundancy
 - Speed of Commerce
 - Reconciliations
 - Evolving buying behaviors and trade practices
 - Evolving trade policies

Entities in SME's Ecosystem



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Growth in Contribution to the Economy

Historic Contribution to GDP*

In 1993, the cont. of MSME to GDP was only **13%**
During 2011 – 2014, the cont. was between **20 – 25%**

Output (2015)

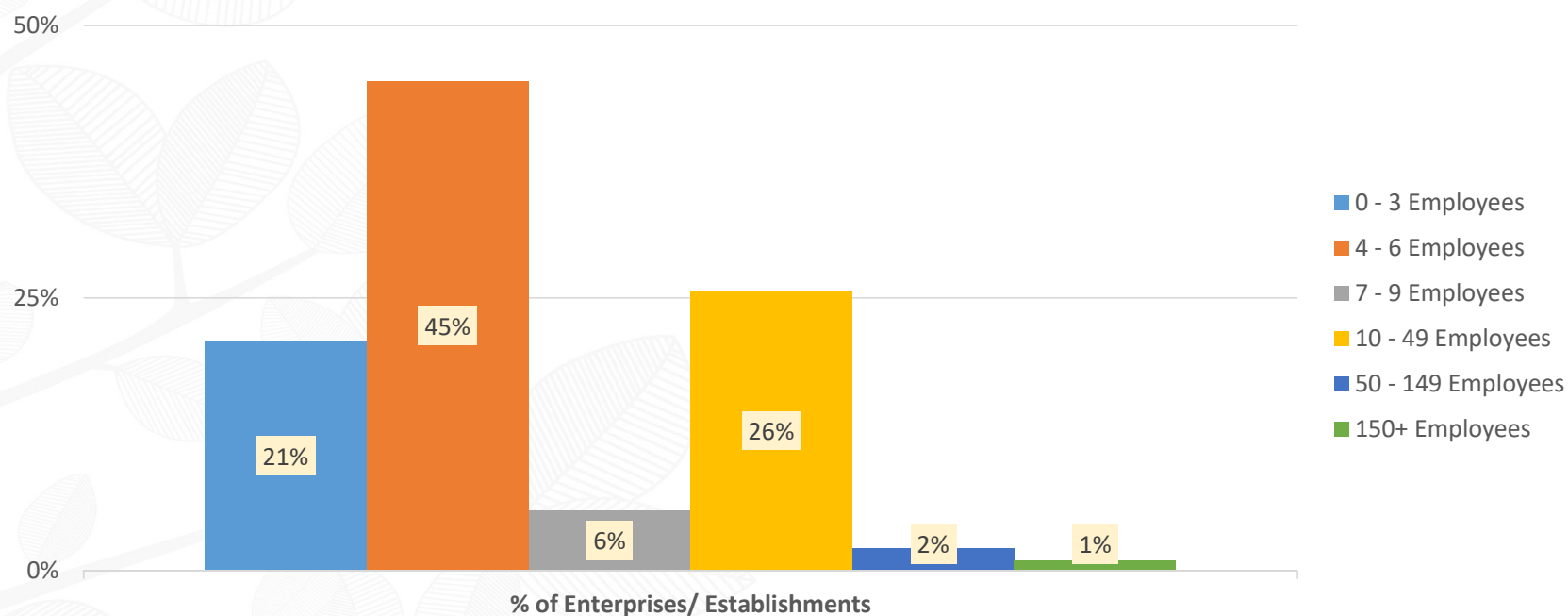
MSME contributed **33.8%** of the national output (KSh 3.37 trillion)

Gross Value Add (2015)

MSME contributed **31.4%** of the whole economy (Ksh 1.78 trillion)

Notes: * Sourced from UNDP; Other sources are from Kenya National Bureau of Statistics, 2016 report

Size of Employment by Registered* Businesses



Notes: * Registered under Kenya National Bureau of Statistics (KNBS); Sourced from 2017 Report of KNBS

Technology adoption is growing in Kenya!

~43 % of Individuals use Internet, ranking 80th in the world

~78% of the population is provided with 3G Mobile Network, at par with Low Middle Income countries 😊

Mode of Internet usage in Kenya

~30 Fixed broadband subscriptions for every 1000 people – 230 for similar economies

~91 Mobile broadband subscriptions for every 1000 people – 116th rank
(~738 Mobile phone subscriptions for every 1000 people)

Notes:

- Sources: World Economic Forum's report of Network Readiness Index (2016); World Bank Group and ITU data on Mobile Network, and Fixed Broadband subscriptions (2016)

Technology adoption is growing in Kenya!

Adoption and Innovation

~54th rank in the world in technology absorption by firms is really good
And, ~42nd in having the capacity for innovation
(*But, 78% of software installed are pirated, etc.*)

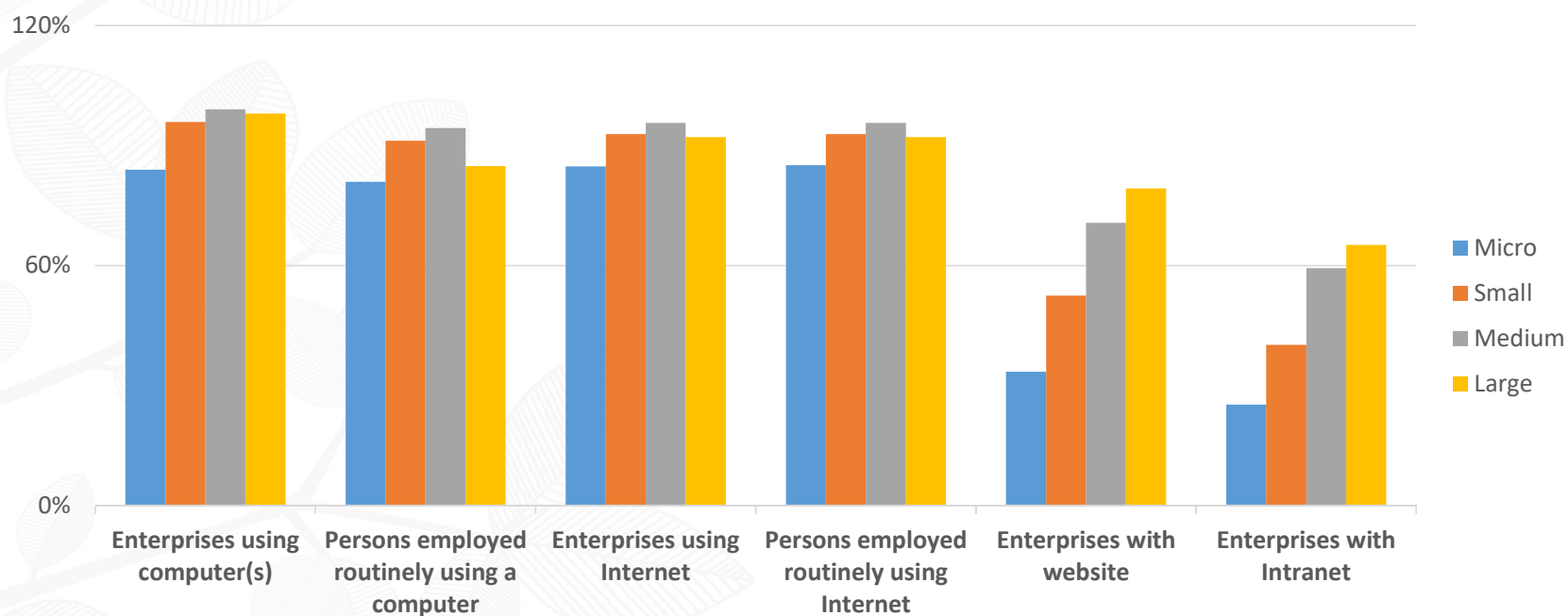
Usage:

~41st rank in the world for usage of ICT for B2B transactions 😊
~54th rank for B2C usage of Internet 😊

Notes:

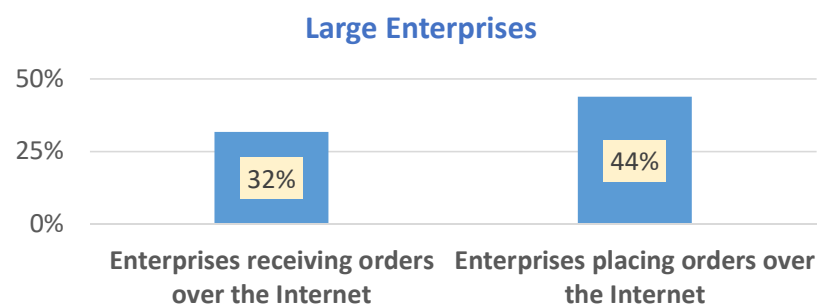
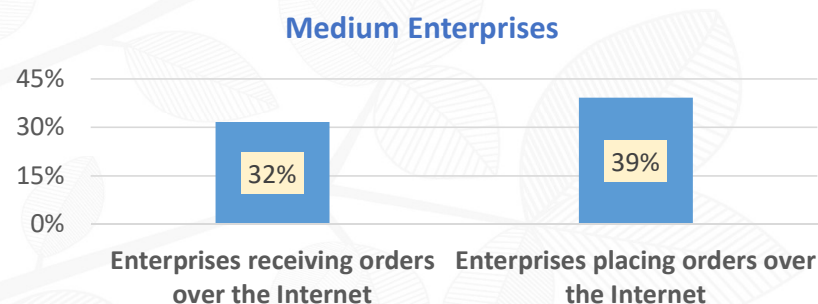
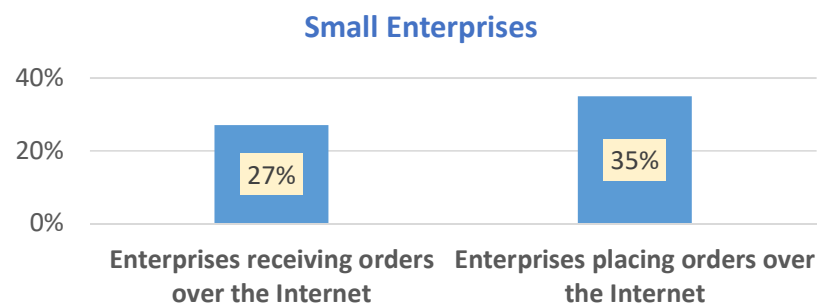
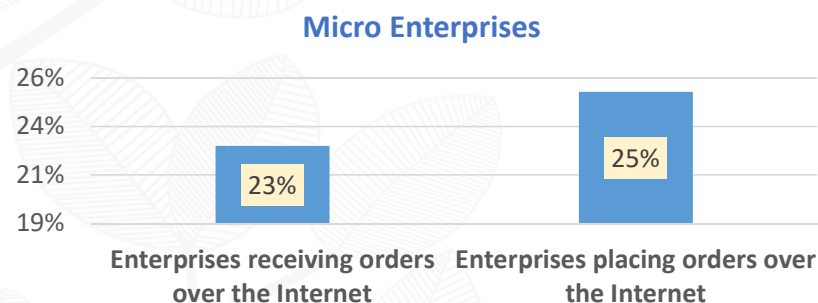
- Sources: World Economic Forum's report of Network Readiness Index (2016)

Usage of Technology among Registered* Businesses



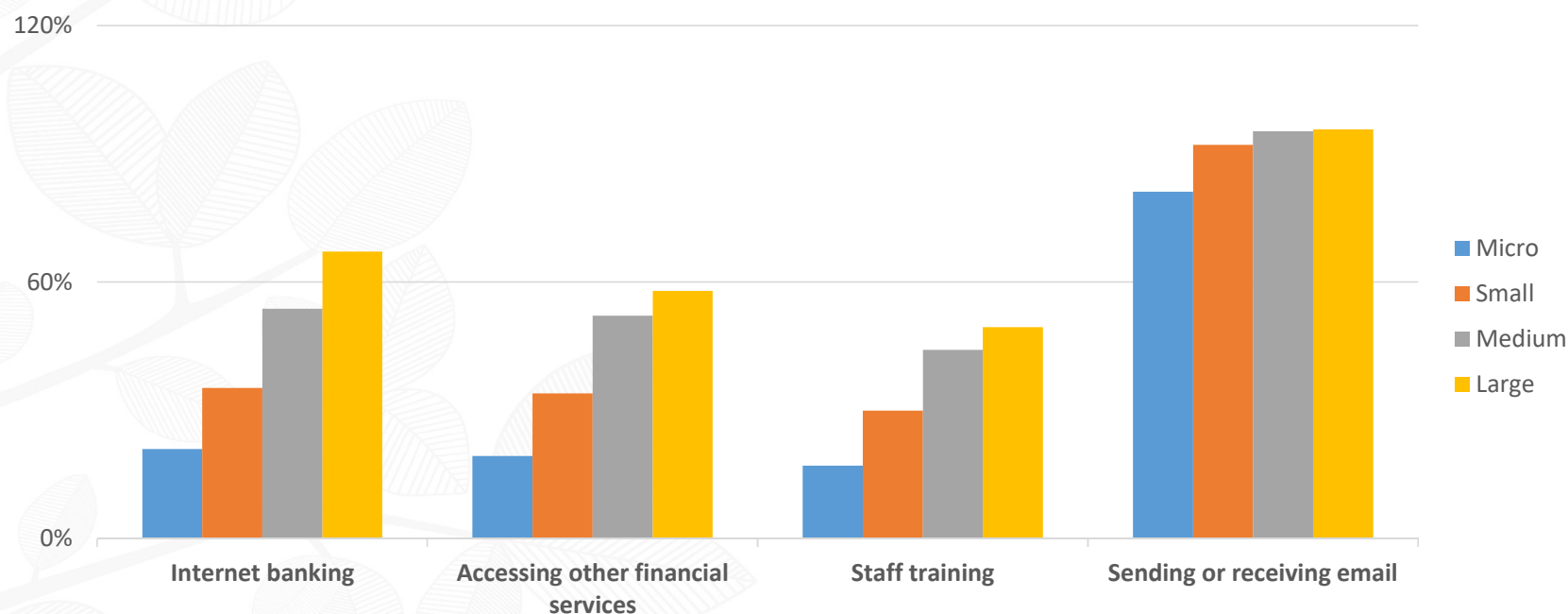
Notes: * Based on survey conducted by Communications Authority of Kenya across 3500+ MSMEs registered under Kenya National Bureau of Statistics

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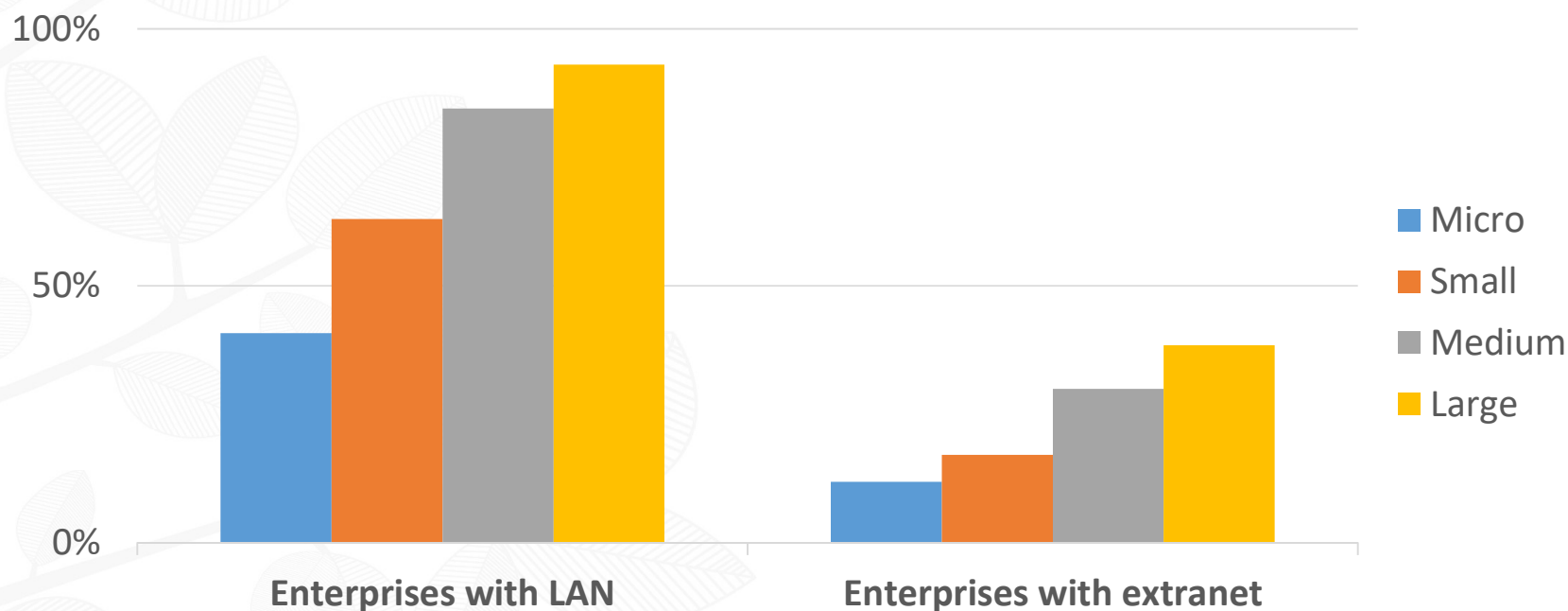
Usage of Technology among Registered* Businesses



Enterprises using Internet by type of activity

Notes: * Based on survey conducted by Communications Authority of Kenya across 3500+ MSMEs registered under Kenya National Bureau of Statistics in 2016

Usage of Technology among Registered* Businesses



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How conducive is the environment for adoption of technology?

The Govt. is among the top 20 countries in giving importance to ICT, for their vision

The Govt. ranks 21st in succeeding to promote adoption of ICT
(but, has a low rank of 76 in providing online services)

Notes: * Based on data provided under Network Readiness Index (World Economic Forum)

What Drives Them ?

- Government Policies
- Technology
- Opportunity
- Market
- None of the above

They are Driven by 'Entrepreneurship'. They are risk takers.

Effects of Tech. Evolution on Accounting Profession-

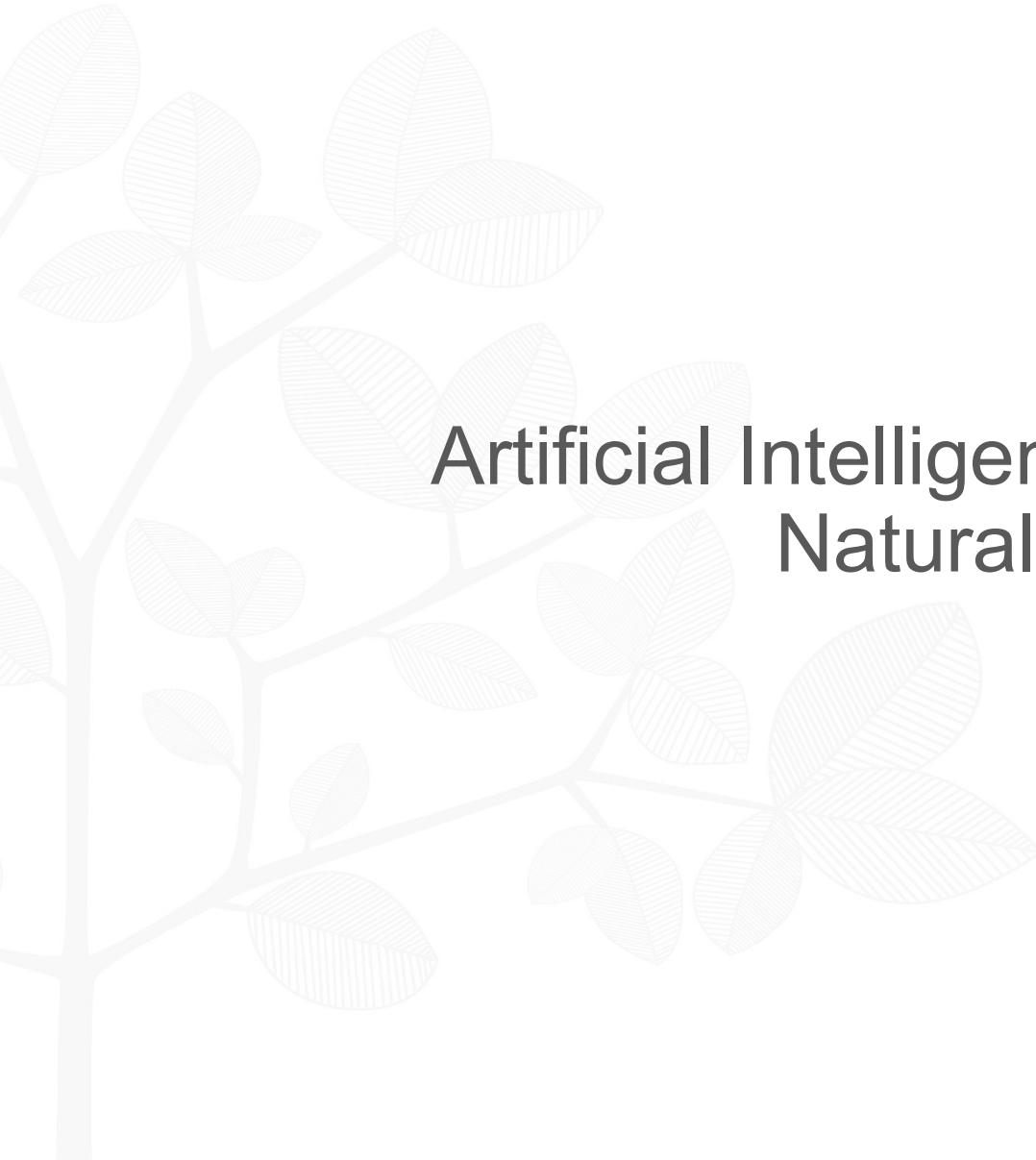
- Need of being automated and modernized will takeover the external need of book keeping.
- Integration with compliance systems of the Govt. will make compliance work redundant.
- Integration with Banks and other entities will eradicate reconciliation issues.
- Increasing automation will bring in the need of IT audits and reduce the need of internal / interim audits.

What do they look for ?

- A qualified professional friend who can be their companion in their entrepreneurial journey.
- Someone who can Interpret Govt. policies for growth opportunities.
- Someone who can analyze industry wide / Macro data for upcoming trends, opportunities and threats.
- Someone who can analyze their current micro data and guide them.
- Someone who can guide them in managing their working capital better.
- Who can help them in capital creation and appropriate utilization of funds and cash against their business objectives / Goals.



Managing / Auditing History → Influencing Future



Artificial Intelligence can never replace
Natural Intelligence



Government has expectations from us
So do Entrepreneurs !



Start Planning your Transition Journey TODAY !



Thank You

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