



# THE FUTURE ACCOUNTANT AND EMERGING FRONTIERS

Presentation by:

Irene Muasya  
Group Head of Compliance,  
MHL

# Introduction



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# Introduction



The global economic and business landscape is changing at a speed and with an intensity that seems unprecedented. Factors reshaping the world include climate change, resource scarcity, geopolitical conflict, unpredictable emerging markets, an ageing population with widening inequalities, huge shifts in corporate and political power and the increasing pace of digital innovation

# Introduction



If professional accountants are to thrive and add value in the future, they will need to develop the skills and competencies that economies and organisations of the future demand.

The landscape for business and professional accountants is being reshaped by a host of existing and emerging drivers and trends in business and politics, the economy, science and technology and society's expectations of business.

# Shape up or shape out!



# Emerging Frontiers



The accounting profession will face significant changes in the next three decades, and professional organizations, their members, and educational institutions should respond. The three categories of changes expected by 2025—evolving smart and digital technology, continued globalization of reporting/disclosure standards, and new forms of regulation—are major challenges for the profession.

# Drivers for Change

## Short-Term



1. The potential strengthening and increased complexity of regulation and corporate governance
2. Changes to the global economic and regulatory infrastructure in direct response to the global economic crisis
3. Public perception of the value of the accounting profession and its attractiveness to future accountants
4. Cyber-security challenges
5. Emergence and adoption of new business and production models
6. Social media and its role in business

# Medium term drivers for change



1. The development of intelligent automated accounting systems
2. Adoption of cloud computing by business
3. Broadening measurement and expectations of business value and demands of external stakeholders - beyond purely financial indicators, including licence to do business
4. The different aspirations and expectations of next generations
5. Data mining and new analytical methodologies as a result of Big Data
6. New enterprise risks (e.g. resource scarcity, increased market volatility, black swan events)



# Long term drivers for change



1. Changing societal expectations and the evolving scope and nature of what is considered accounting and the role of the accountant
2. Changes in the direction for global governance and roles and influence of emerging global powers, regional and global institutions
3. Use of cash for financial transactions versus a cashless society
4. Advances in brain science - e.g. augmentation of our mental capacity and memory, direct computer interfaces to the brain
5. The use of carbon taxes , cap and trade policies and other environmental market mechanisms to encourage more environmentally sound behaviour and provide the funds to finance
6. Changes in the global reserve currency from the US dollar to a different currency

# The Changes



First, accountants will use increasingly sophisticated and smart technologies to enhance their traditional ways of working, and these technologies might even replace the traditional approach. Examples: Cloud computing will enhance outsourcing services and greater use of social media will improve collaboration, disclosure, engagement with stakeholders and broader communities and reveal more data than any corporate assurance report and stakeholders will use tools to interpret “big data”

# The Changes



Second, continued globalization will create more opportunities and challenges for members of the accounting profession. While globalization encourages the free flow of money from one capital market to another, enhanced overseas outsourcing activities and the transfer of technical and professional skills will simultaneously continue to pose threats to resolving local problems (with different cultural, financial, and tax systems).

# The Changes



Third, increased regulation, and the associated disclosure rules, will have the greatest impact on the profession for years to come.

# The Changes



Additionally, social and environmental considerations are getting importance alongside economic concerns in contemporary organizations resulting in challenges to find sustainable solutions to deal with the complexity of integrating financial, social, and environmental performance.

# Implications



The important implication is that all professional accountants will be expected to look beyond the numbers, which will, in turn, enhance collaborations among members of multiple professions, including accountants, doctors, lawyers, environmental scientists, sociologists, and so on.

# Implications for Teaching



Future accountants will increasingly need education in digital technology (including cloud computing and use of big data), globalization (outsourcing of accounting services), and evolving regulations (tax regulation, new forms of corporate reporting, integrated reporting regulation, and so on).

# Implications for Learning



Globalisation has brought in the need for standardisation in accounting. Compliance to a number of standards with regard to capital market needs as well as corporate and taxation needs in both maintaining the accounting system and producing the various reports is required by almost all organisations with a global presence.

All these make it imminent for the accounting students to prepare themselves for these wide range of functions they may be required to perform in the future. It also throws up an opportunity to specialise in these fields, presenting a choice of wide range of careers.



# The Accountant as a Trusted Business Advisor



The pressure to develop and maintain skills has never been greater as accountants move to fill the role of trusted business advisors and proactive business partners.

The focus needs to be more on a broader range of skills, trust and EQ – or emotional intelligence, excellent communication and listening skills, Leadership skills, team building and management, even sales acumen.

Management roles for accountants increasingly involve a wider and deeper knowledge of financial strategy, business partnering and having to deal with internal and external stakeholders.

# Need for New Skills



Accountants must equip themselves with the knowledge and skills to address the latest business challenges, such as cybersecurity. Accountants need to use social media; be proficient in e-procurement; and develop expertise related to new business models and finance raising, including dealing with cryptocurrencies, crowdfunding, Islamic finance and the greater use of asset financing.

# Need for New Skills



Professional training has already given accountants the skills to analyse a firm and facilitate its growth. The key now is for the profession to recognise that it has a real opportunity to provide - and bill for – business advice.

The global economy is fast changing. It is a world in which the accountancy profession needs to ensure that its members have the knowledge, skills and abilities to help organisations sustain economic growth and compete nationally and internationally.

# Implications for Research



Need to conduct surveys on cloud computing, big data, technological change, new forms of fraud and corruption, and corporate sustainability in order to address the ongoing and future opportunities and challenges facing the profession.

# Expectations



The primary lesson for accountants here is that career advancement in the near future is bound to depend more and more on the ability to take on duties and add value far beyond the relatively narrow job descriptions historically associated with accounting positions.

Senior accountants need to have increasing amounts of their time devoted to non-traditional functions, such as strategic planning and [information technology](#) projects

# Expectations



To add value for their employers and clients, professional accountants of the future will need an optimal and changing combination of professional competencies; a collection of technical knowledge, skills and abilities, combined with interpersonal behaviours and qualities. i.e. Professional Quotient (PQ)

# Expectations



Additionally, by virtue of their intimate awareness of a company's financial position, as the compilers of the numbers, accounting professionals are the obvious persons being looked to for analysis and interpretation of those same numbers. In short, few people in a company are better situated to play these roles than members of the accounting staff.

# Expectations



Finally, because of the facility with numbers and attention to detail that the accounting profession demands, accounting professionals are seen as having precisely the correct discipline of mind to deal effectively with other quantitative matters, even those with no direct connection to or commonalities with accounting itself.



# Critical Skills of the Future Accountant



## 1. **Corporate governance and ethics**

“Accountants need to come in and enforce mechanisms for proper accountability and responsibility

2. **Transformative leadership** “Accountants must be the solution providers to the problems that the industries face.”

3. **Use of technology** “Technology has taken away the first level jobs, leaving most professionals with no choice but to update themselves with the relevant technology.”

## 4. **Data analytics**

“Data is the foundation of improving accountability and governance

# Critical Skills of the Future Accountant



## **5. Contributing to sustainable development goals**

“Accountants need to contribute to SDGs through sustainability accounting and reporting.” Roundtable

## **6. Disaster management**

## **7 Demonstrating value**

“We need to raise the level of accountants to a strategic level – not just as bookkeepers but enhancing bargaining power through engaging in socioeconomic and policy issues.”

**8. Generating revenues** “Declining revenues prove the need for the active involvement of accountants in service delivery and economic development initiatives

# Critical Skills of the Future Accountant



**9. Financial management expertise** -Efficient and effective financial planning, financial control and financial decision making are crucial if organisations are to create and protect value and achieve their objectives.

## **10. Islamic finance**

The influence of Islamic finance is growing. Islamic financial institutions already operate in more than 75 countries worldwide.

# From a Policy Perspective



## **Government**

The government of Kenya should recognise this by involving accountants in the formulation of its economic development and investment strategies.

## **The accountancy profession**

“There is not enough visibility of accountants in public dialogue. The profession needs to be actively involved in making its voice heard in shaping the socioeconomic perspectives of their countries and the globe at large.”

The profession should engage more in public debate and the public policy agenda to understand the problems of the public and propose solutions in solving them.”

# Q&A



**DO SOMETHING  
TODAY THAT  
YOUR FUTURE  
SELF WILL  
THANK YOU FOR.**