

3rd Annual ICPAK Chapter Seminar

Technology and the Future of the Accountancy profession

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Think Ahead

About myself



Director - Deloitte Asia Pacific

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Senior Manager, Capital Markets and Accounting Advisory Services - PwC Australia

ACCA Global Council: Nominating Committee & Audit Committee Member

West Africa, Climate Change and Sustainability Services Leader - EY

Senior Manager, IFRS Advisory- IFRS Partner Ltd

Senior Manager/ Head; Risk, Compliance, Internal Audit - e-Revenue Gateway Ltd

Senior Associate/Team Manager - PwC

The changing profession - Drivers of Change

The drivers that will exert the most influence on the accountancy profession are:

- regulation and governance
- digital technologies
- expectations on professional accountants to look beyond the numbers
- globalisation

Drivers of Change and future skills in Kenya – joint report with ICPAK

Some key challenges facing Kenya:

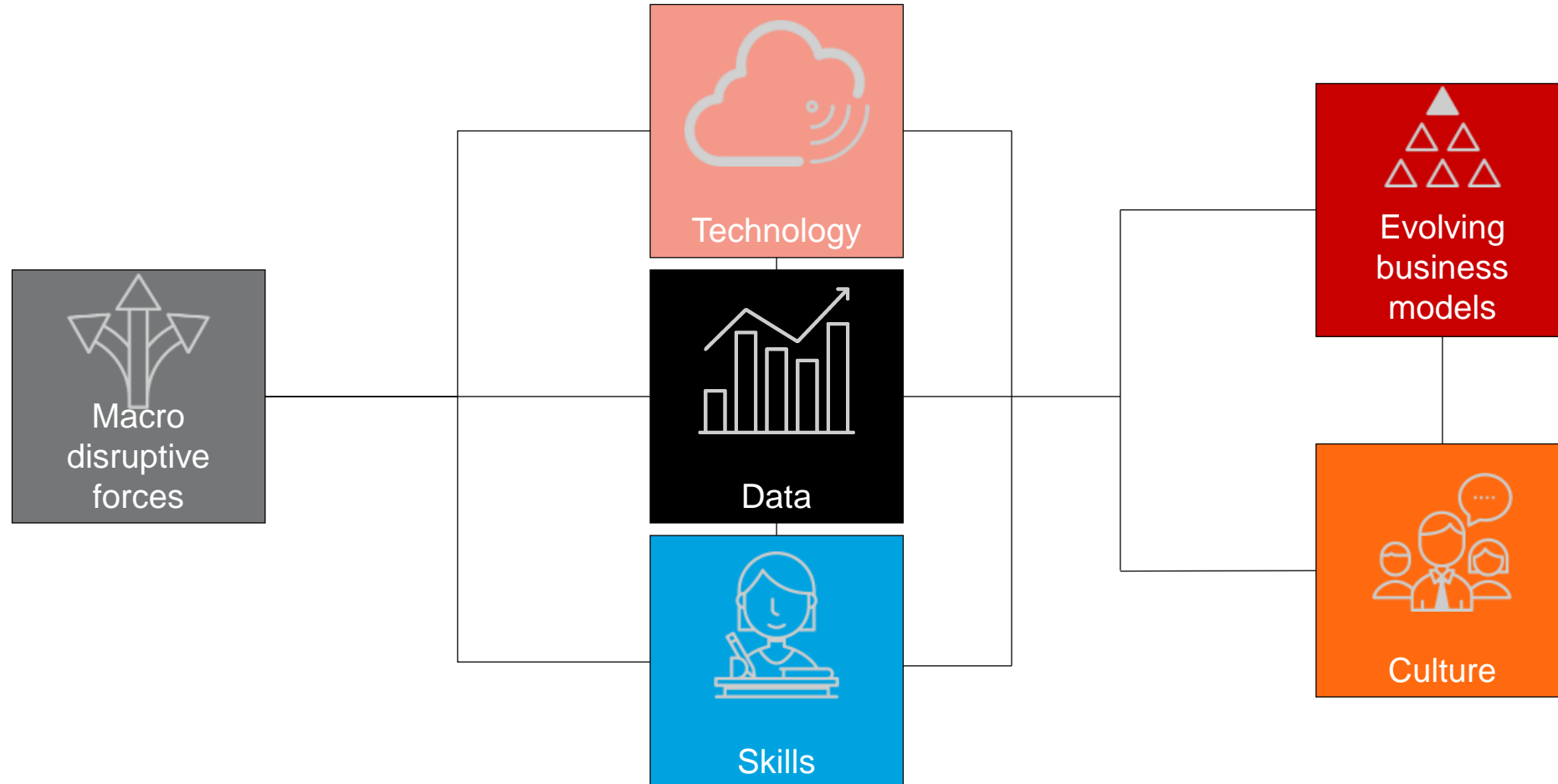
- the threat of political instability
- a rapidly changing demography
- the quality of public sector administration
- fluctuations in government revenues
- a high propensity to natural disasters
- high levels of unemployment.

An evolved set of skills

In addition to a core set of professional skills, there is now a growing need for accountants to have 'softer' skills, such as communication skills, as well as being equipped with the knowledge and skills to address the latest business challenges, such as:

- cybersecurity
- use of social media
- proficiency in e-procurement.

The challenge: The comfort zone is a danger zone.
Opportunities lie outside.



Our hypotheses

Organisations will be driven by real-time, customer centric decision making

- Standardised processes enabled by technology
- Data mining provides fact based insight



Trusted data will be open and accessible across the organisation

- Being data-driven in every decision
- Increased use of Blockchain – IC tagging & reconciliation above the ERP



Finance teams will spend all of their time on generating insight

- Commercial Finance embedded in the business
- Scenario driven modelling and decision making



Traditional roles will disappear. New roles, skills and career paths will be needed

- Data scientists and Systems architects
- Digital agility
- Start-up behaviours
- Career paths?



The finance function will become 'virtual'

- A Productivity Revolution
- Provision through an eco-system
- Widespread use of Artificial Intelligence / RPA

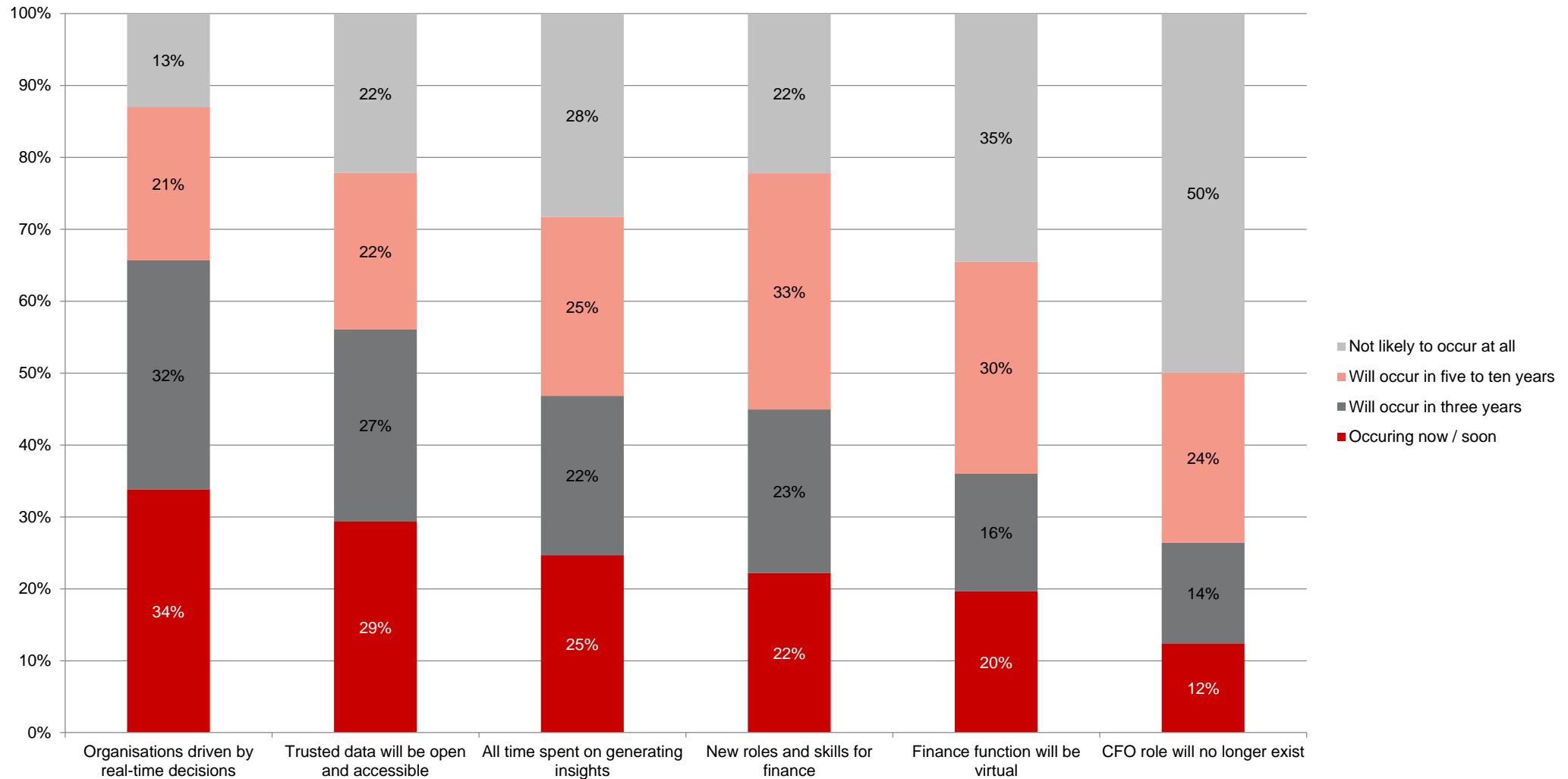


The traditional CFO role will no longer exist

- No need for accounting qualifications at a senior level
- The role will be focused on external stakeholder management not internal operations



The response



Source: ACCA / PwC survey March 2019: approximately 1,100 responses

The response

Organisations will be driven by real-time, customer centric decision making

- This is already happening in some industries
- Predictive analytics and AI move this forward
- Need to shift from 100% accuracy to understand the problem



Trusted data will be open and accessible across the organisation

- Poor data and systems prevent this
- Finance needs to take role in establishing data integrity
- Mindset of custodian not owner of data



Finance teams will spend all of their time on generating insight

- Is finance in five years strategy and marketing?
- Lower tech costs will facilitate this
- Future generation wants to drive this



Traditional roles will disappear. New roles, skills and career paths will be needed

- Finance needs to show what it can do
- More focus towards risk management
- Fear is preventing change – we need change leaders



The finance function will become 'virtual'

- Automation will impact
- More high end roles
- Need to integrate digital and human workforces
- If organisation changes – so does finance

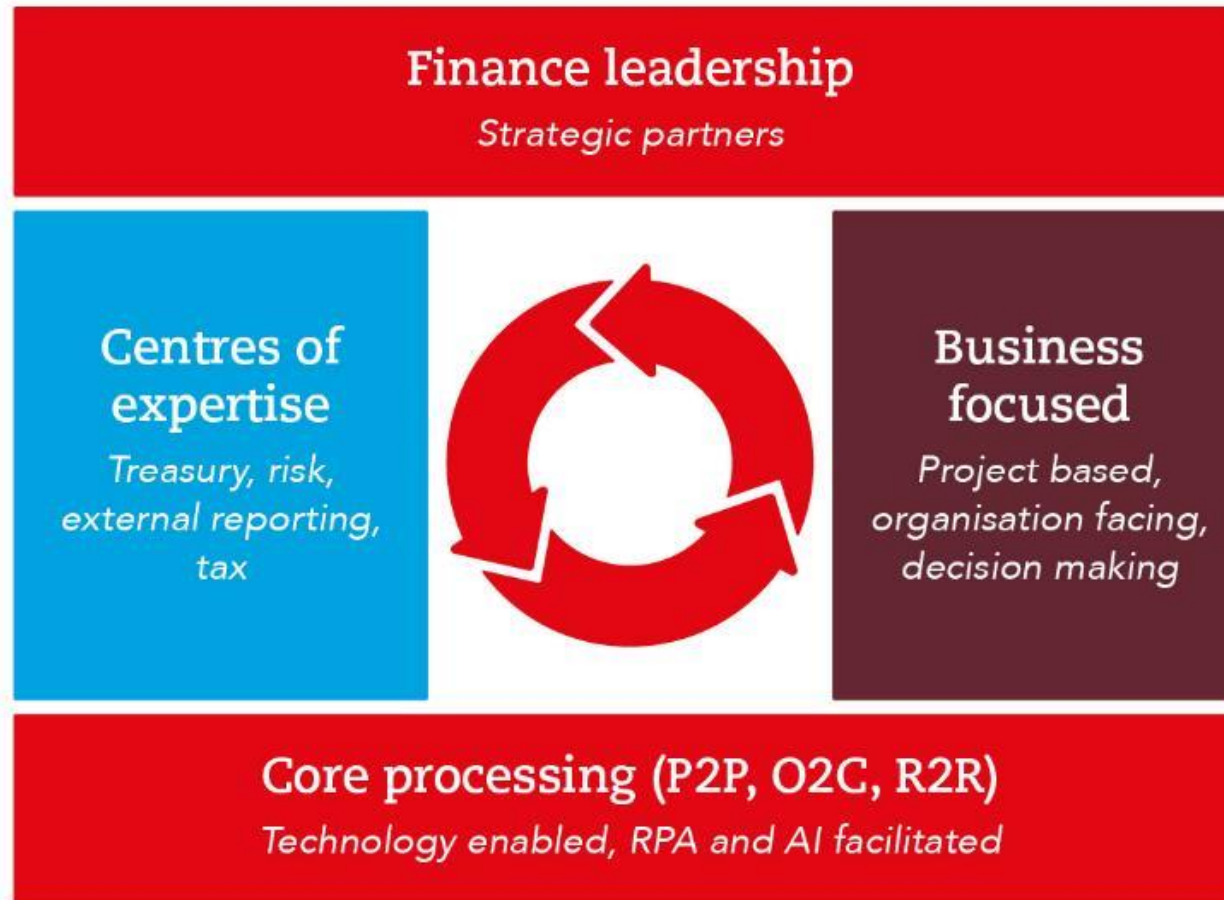


The traditional CFO role will no longer exist

- Role is becoming more strategic
- Financial reporting will not go away
- Ethics and governance key differentiators

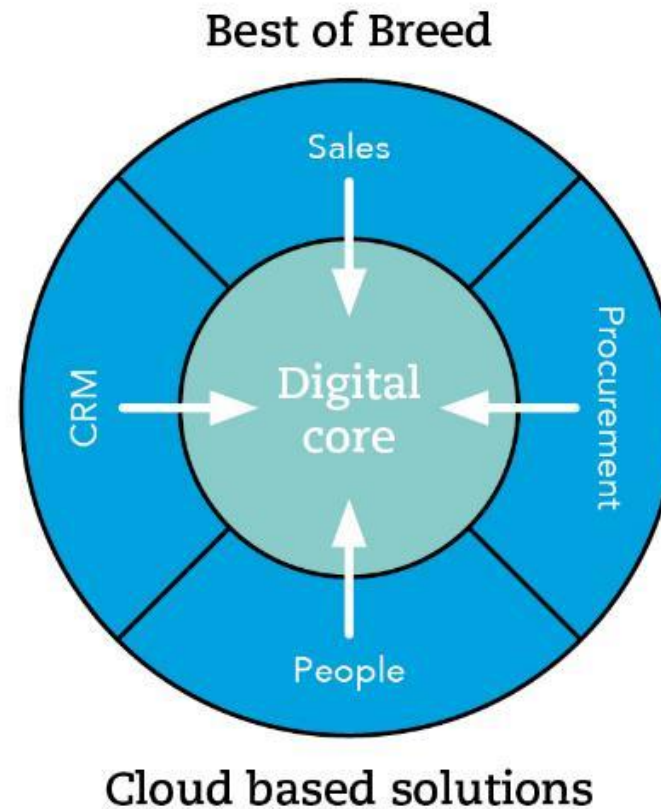


Finance of the future?



Source: ACCA

Creating Competitive Advantage - The digital core



Technology

“There will be two types of organisations in this world – those finance functions who adjust to technological change and have the data at their fingertips with a lightweight ‘digital core’; and those who remain heavily reliant on a burdensome core ERP core for month-end..”

“The finance function must understand its vital role going forward in building financial trust – so that the robots, artificial intelligence and blockchain of the future can give the business real and lasting commercial advantage.”

Colin Bezant, Director, PwC



Data

“With the right process, controls and responsibilities in place throughout the data lifecycle, you can add enormous value and opportunity to your businesses.”

“One question CFOs should ask themselves is whether their role places them in a unique position to take on the responsibility for all data (financial and non-financial) in the organisation.”



Fedelma Good, Director, PwC

Skills

“Companies who articulate specific career ‘stories’ in the finance function to the rest of the business and the function – showing career possibilities – have proved already to be successful in helping their people define their own future.”

“The successful finance people of the future will not necessarily have grown up inside the function, but may actually come from the operations and sales side of the business – or have spent a significant chunk of their careers outside of finance. It will be those experiences on the front line of the business which will provide the key business acumen needed to lead the finance function of the future.”

Helen Tuddenham, Director, PwC



Culture

“The importance of “purpose” and “ethos” in the future finance function will be key to enacting and enabling change.”

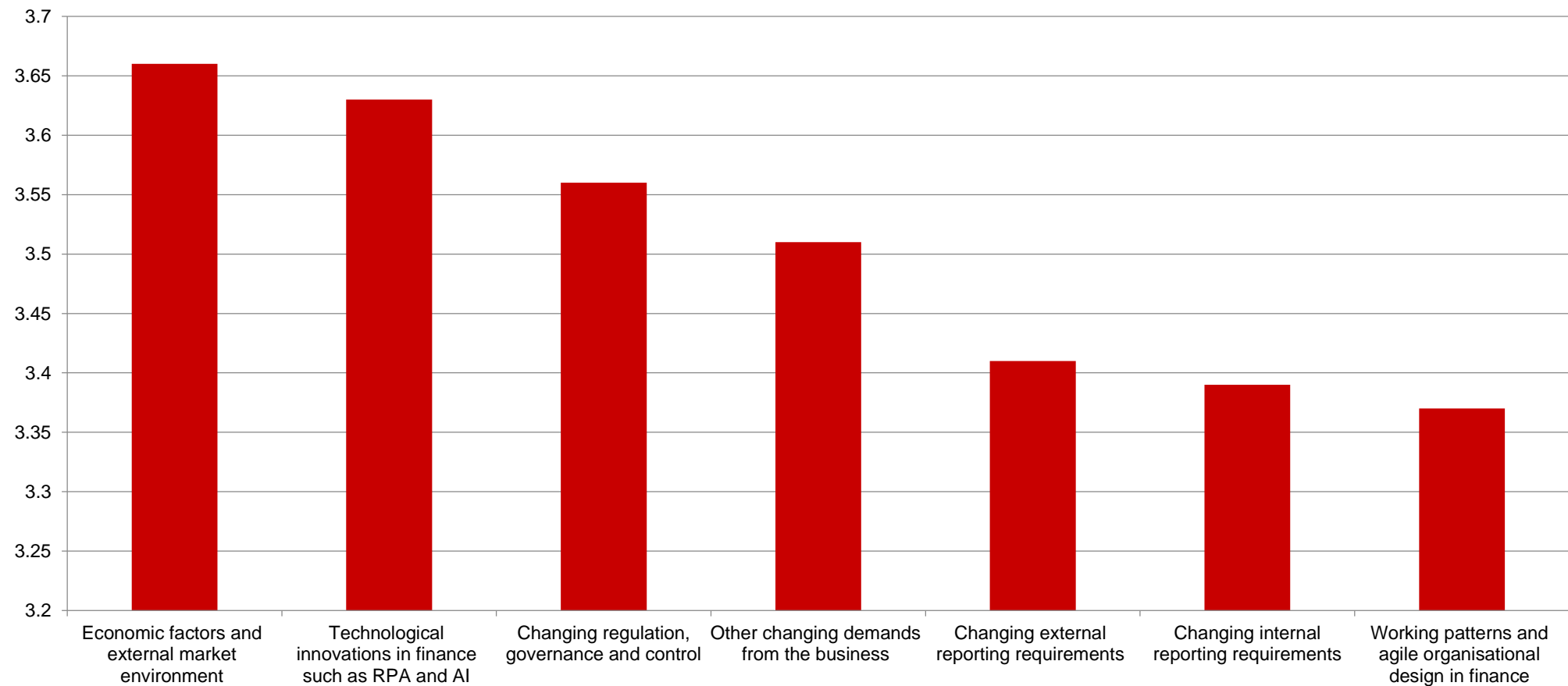
“Finance functions must aim to build a culture of continuous learning so people feel empowered to drive change in a way which isn’t threatening.”

Chris Box, Partner, PwC



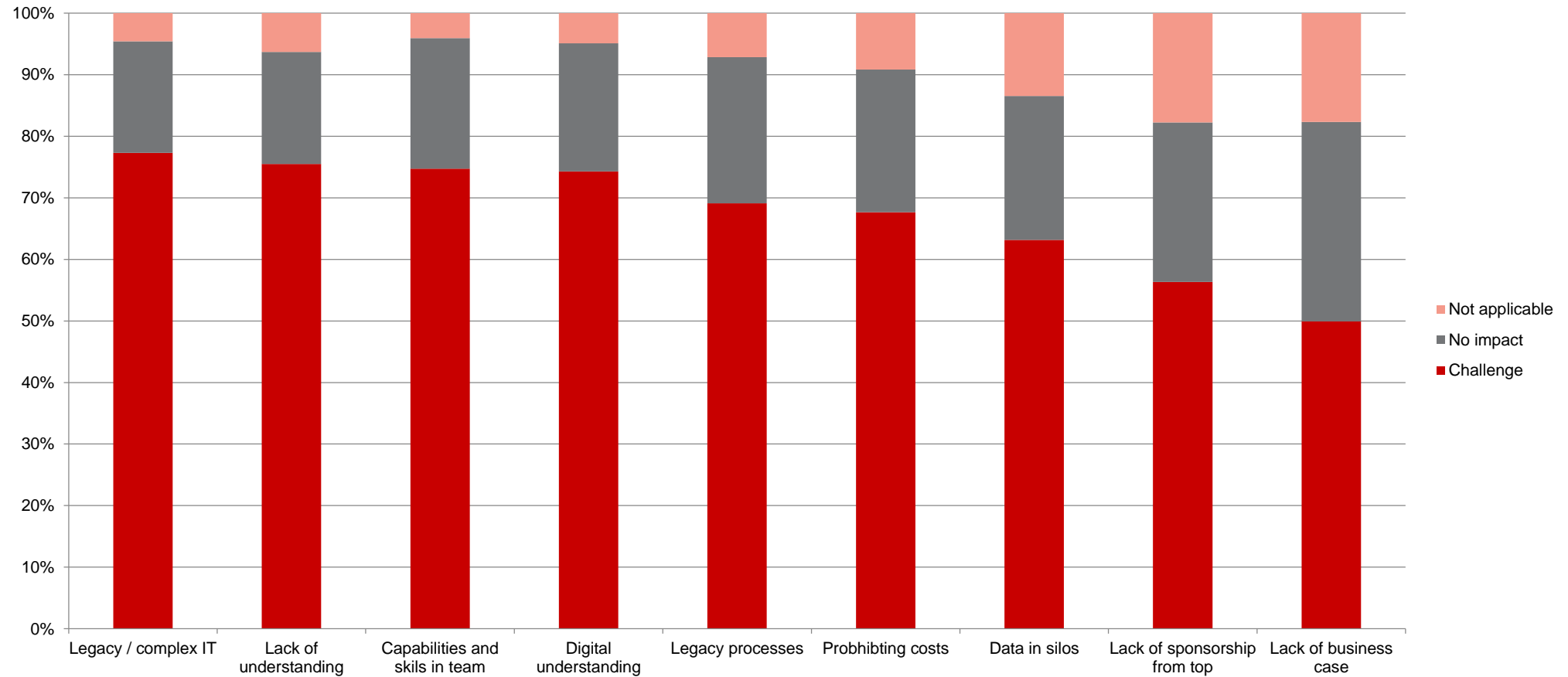
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Factors influencing finance in next three years

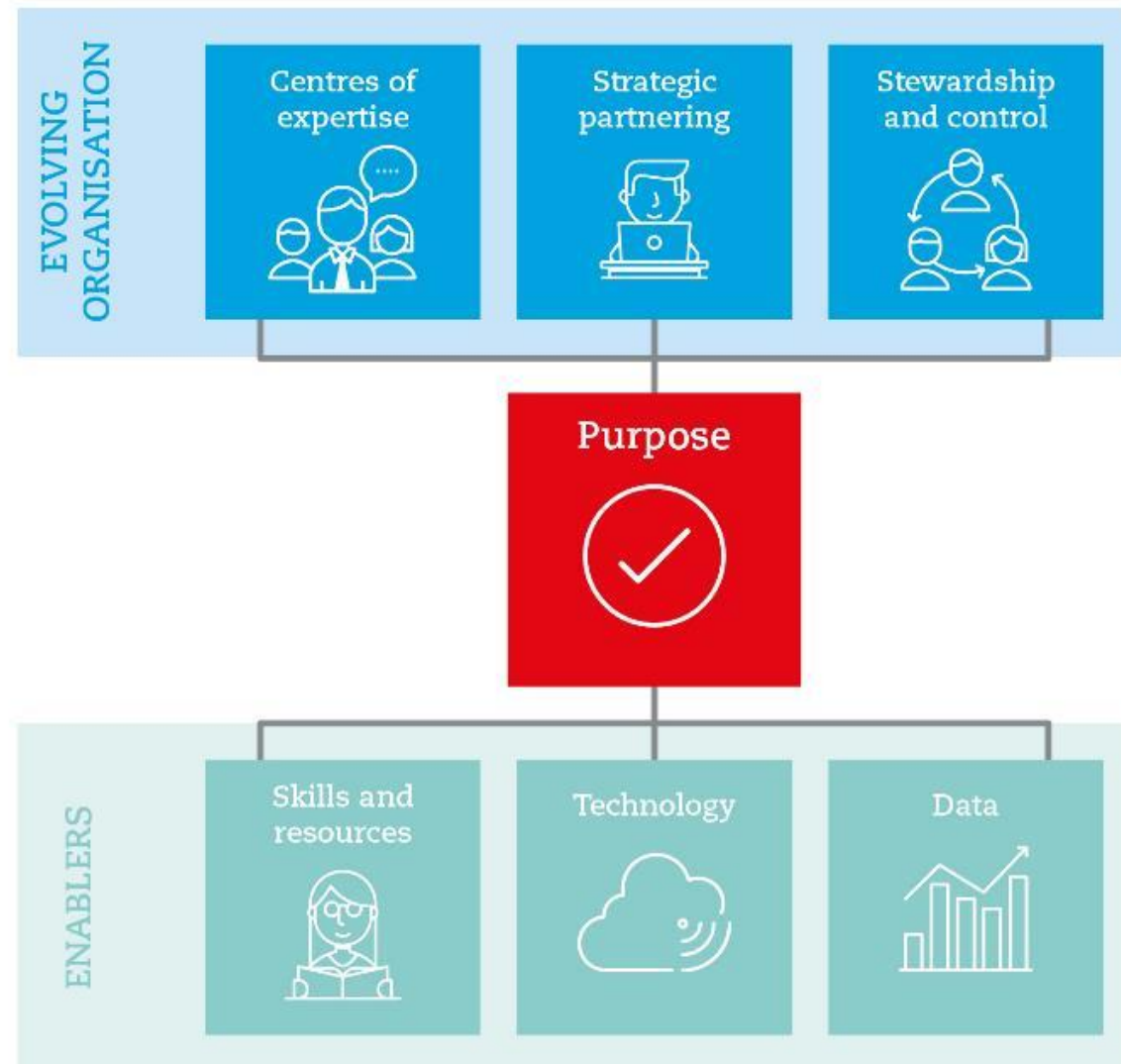


Scale: 0 being Not Applicable, 1 the lowest priority and 5 the highest.

Barriers to change



The journey



Audit & Technology

Areas discussed

- What is driving technological change in audit?
- Which technologies are changing audit?
- What does this mean for auditors?

What drives technological change in audit?

**Increase in
volume of data**

**Changes in
business
models**

**General shift
towards
automation**

**Demand for
forward
looking audits**

Which are the main technologies impacting audit?

Blockchain

Drone technology

**Natural language
processing**

Data analytics

**AI and Machine
learning**

Which are the main technologies impacting audit?

Data analytics

Perform tests using
100% of the
population

Better insights for
clients

Which are the main technologies impacting audit?

Machine learning

Ability of the system to make predictions or decisions based on the analysis of large historical dataset. In doing so, it 'learns' in the sense that the outcomes are not explicitly programmed in advance.

Improving fraud detection

In risk assessment, supervised learning algorithms can be used to help identify specific types or characteristics that warrant greater scrutiny and improve targeting areas of focus for the audit.

What does this mean for auditors as people?

- Human relationships between businesses and their auditors remain important
- Auditors now need to be 'hybrids' having auditing but also technological skills
- Auditors will need to be more adaptable to change in the future

Professional Quotients in Demand

- 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.
- By 2020, all professional accountants will need to develop and balance the necessary professional quotients to fit their role and stage of career.



Technical skills and ethics (TEQ):

The skills and abilities to perform activities consistently to a defined standard while maintaining the highest standards of integrity, independence and scepticism.



Intelligence (IQ):

The ability to acquire and use knowledge: thinking, reasoning and solving problems.



Creative (CQ):

The ability to use existing knowledge in a new situation, to make connections, explore potential outcomes, and generate new ideas.



Digital (DQ):

The awareness and application of existing and emerging digital technologies, capabilities, practices and strategies.



Emotional intelligence (EQ):

The ability to identify your own emotions and those of others, harness and apply them to tasks, and regulate and manage them.



Vision (VQ):

The ability to anticipate future trends accurately by extrapolating existing trends and facts, and filling the gaps by thinking innovatively.



Experience (XQ):

The ability and skills to understand customer expectations, meet desired outcomes and create value.



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Cyber and the CFO

Challenges and opportunities for the finance team

Why cyber matters to finance

Significant business risk – one we need to be comfortable with

Not just an IT issue – organisation wide

A continuously evolving threat

The risk and the consequences

We know the risk...

175,000 personal details stolen

500m personal details stolen

Malware stopping hospital operations

...but do we know the consequences?

£400,000 fine

Fines

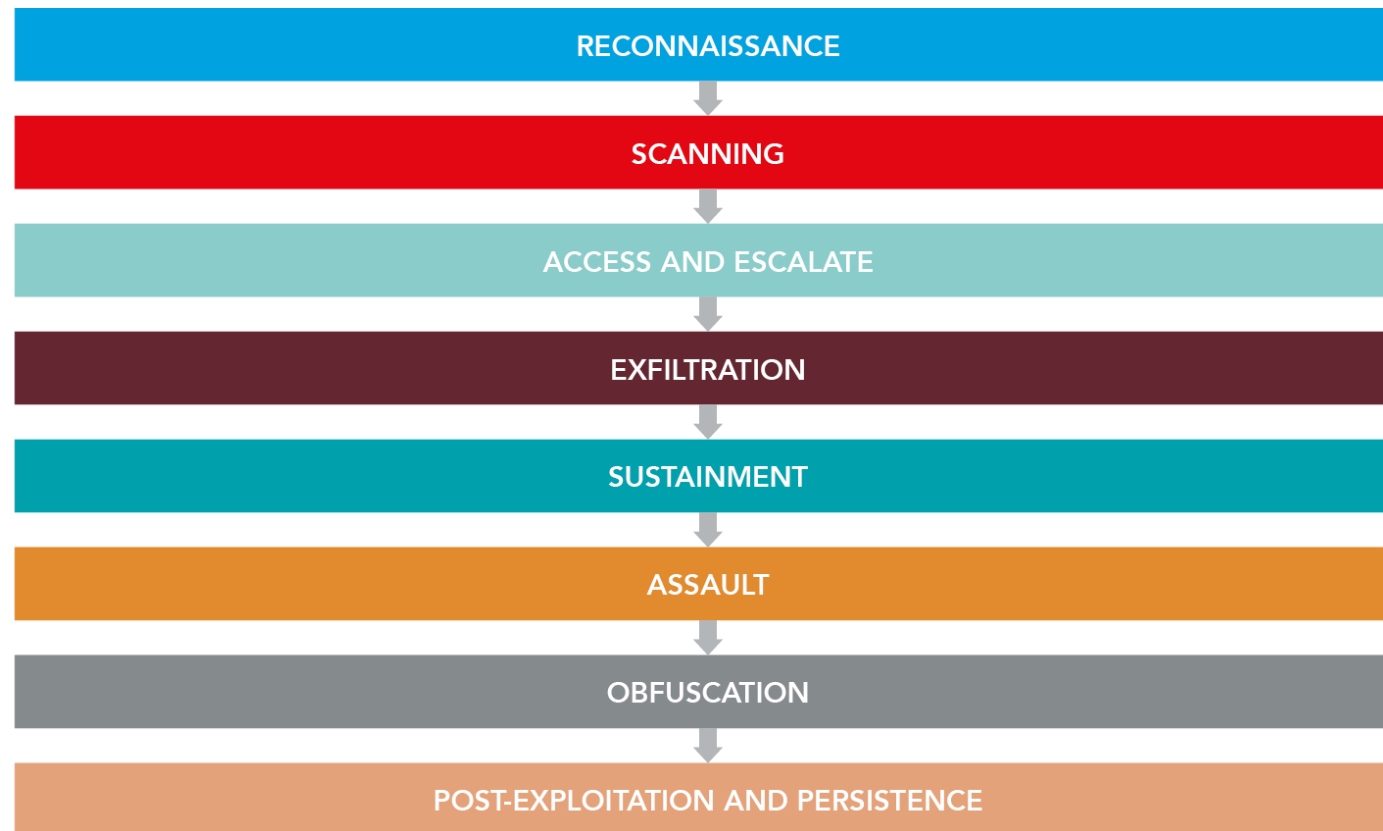
US\$200m to US\$600m
lost revenue

Reputational loss

19,000 cancelled
operations

Direct impact on lives

Stages of a cyber attack



There are various models with variants of each of the phases, although they follow similar patterns.



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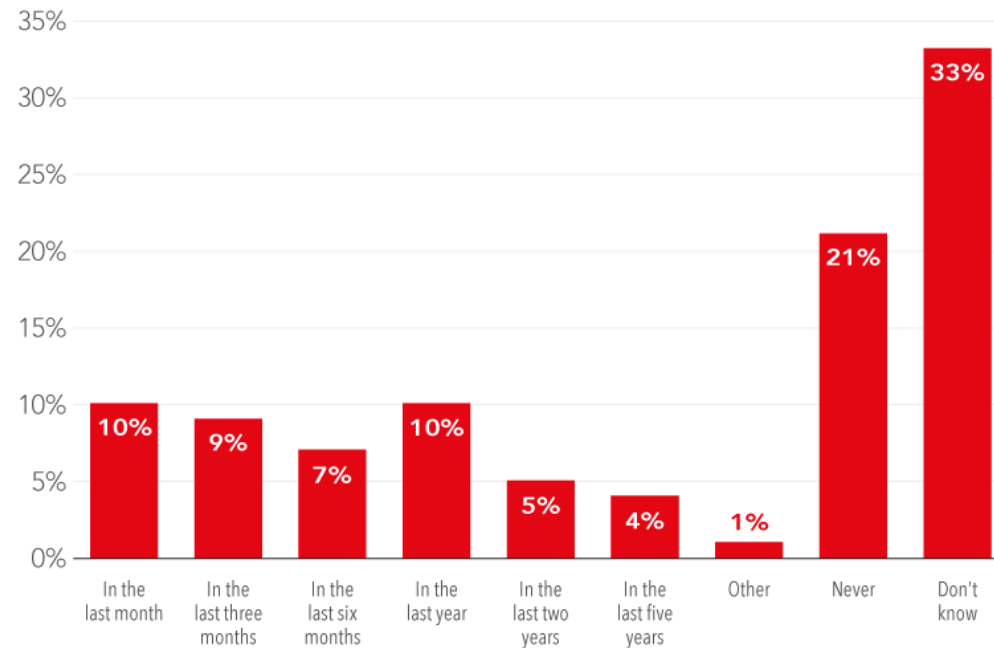
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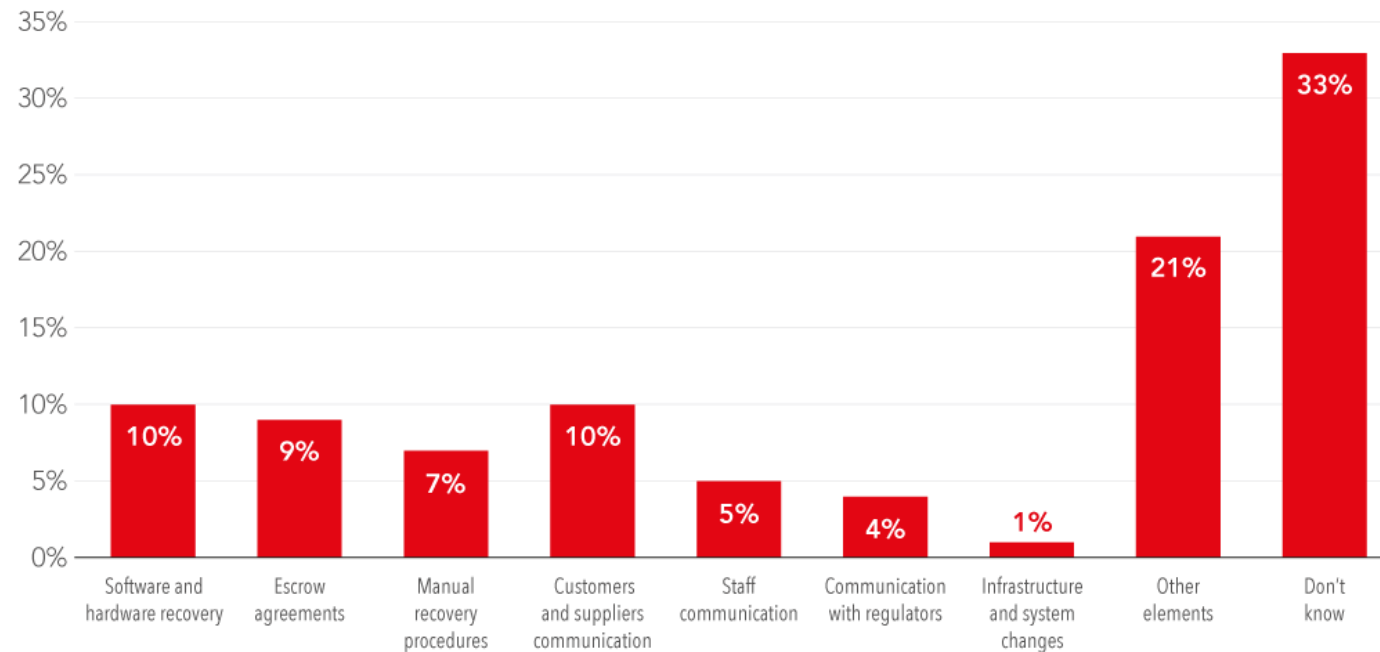
An attack is inevitable...



For most organisations it is not a question of when – but how often

Yet, why do we seem complacent or ignorant?

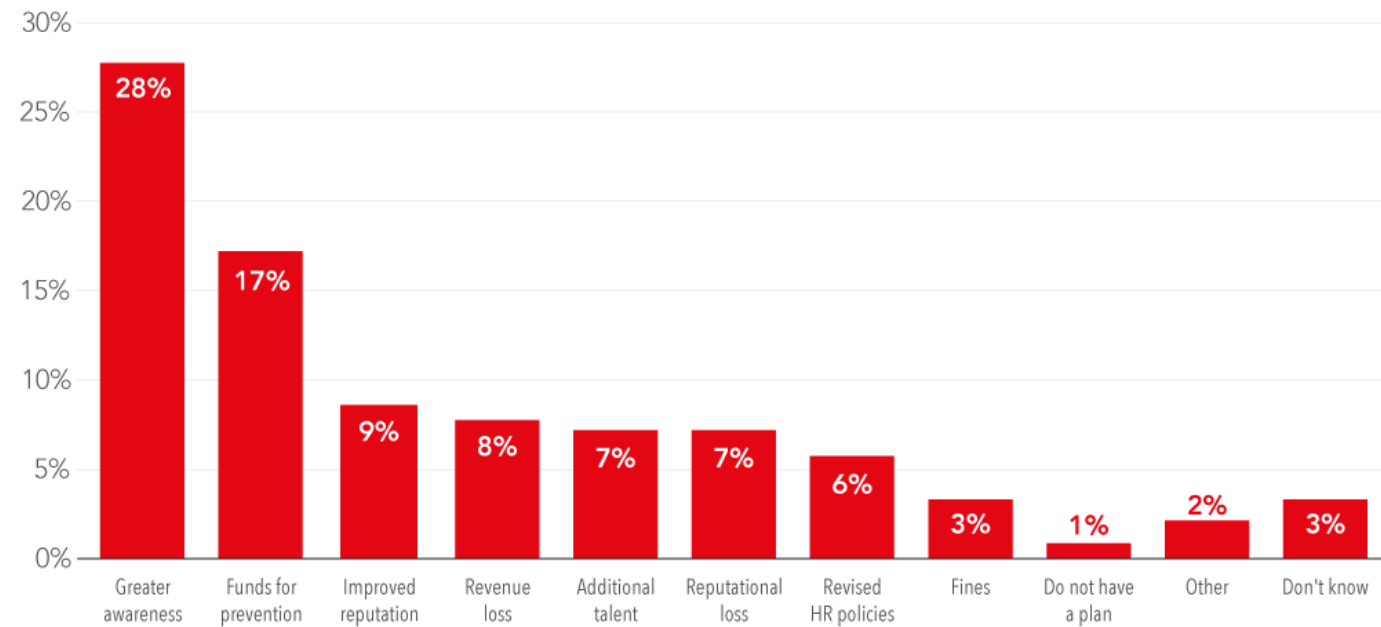
...we need to plan...



‘Some companies spend very little time and money on reacting and recovering. They spend 80% of their budget on defences and probably less than 10% on recovery’.

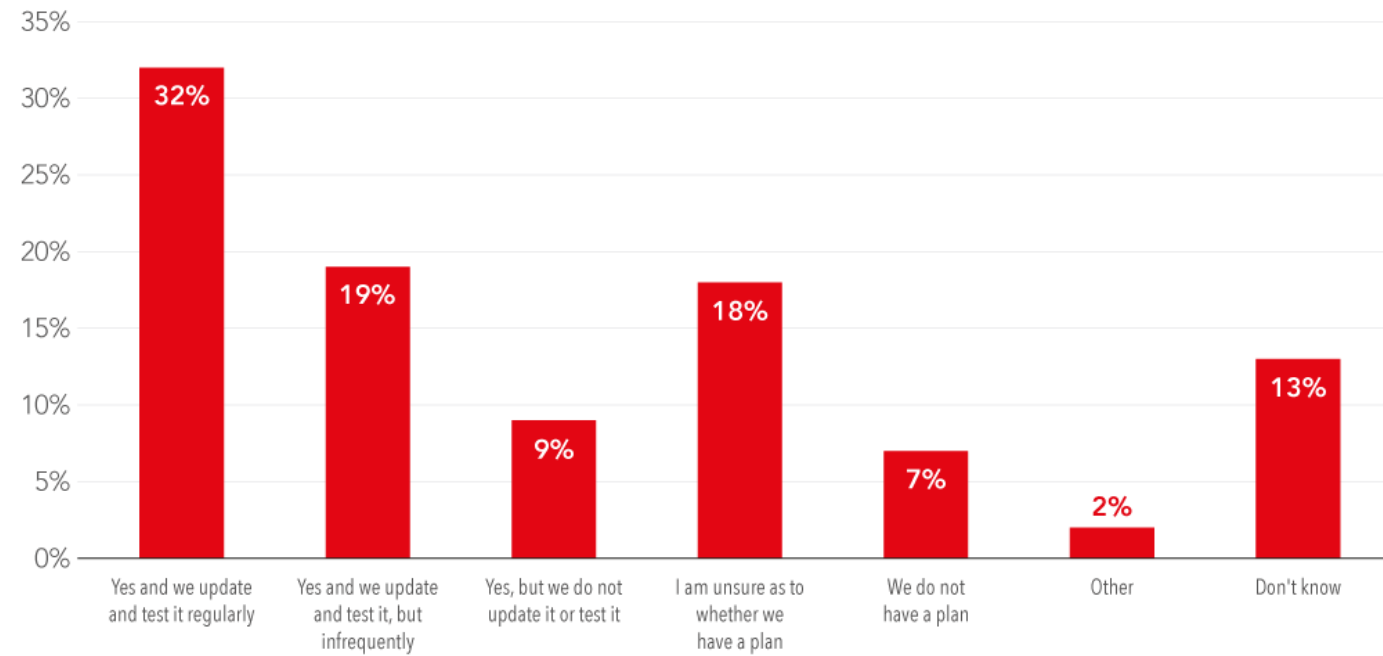
...and learn the lessons...

Impact



...and test it

Action





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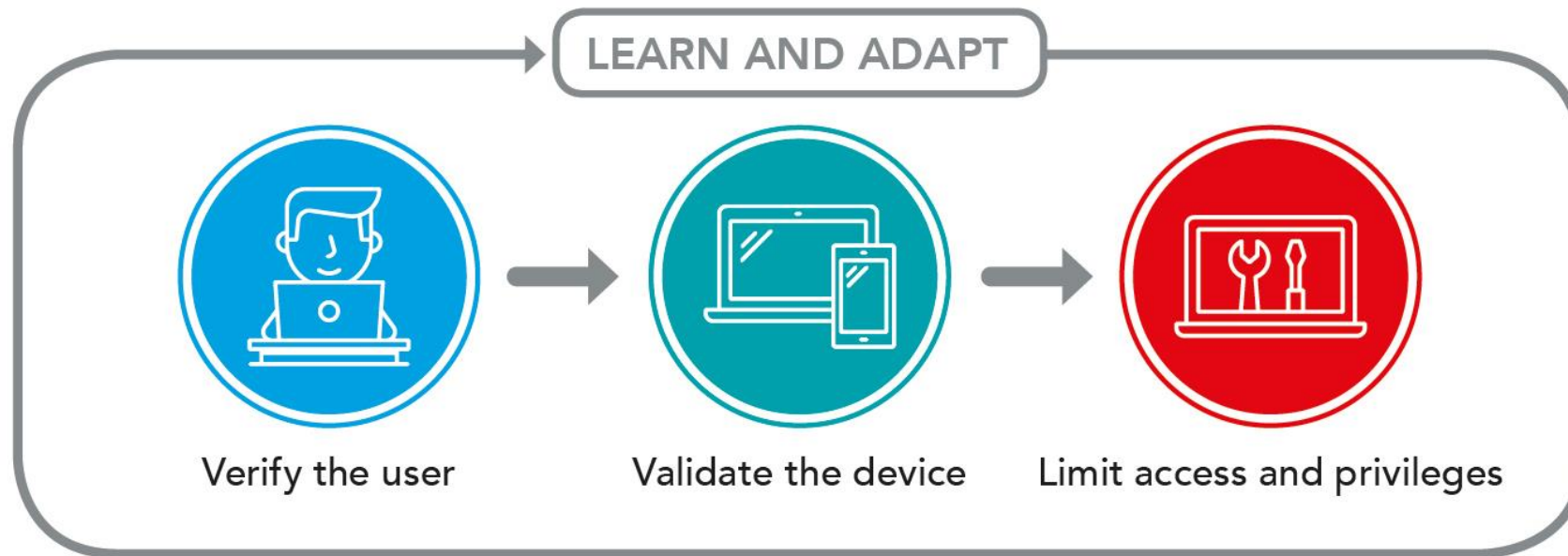


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Cyber resilience



Zero trust model



Reiteration - Points to remember

- Cyber security is a business issue; it involves everybody
- Business impact is significant
- Finance teams cannot absolve themselves – it is a financial and operational risk
- Understand the weakest link – our boundaries have moved



Suggestions to implement...

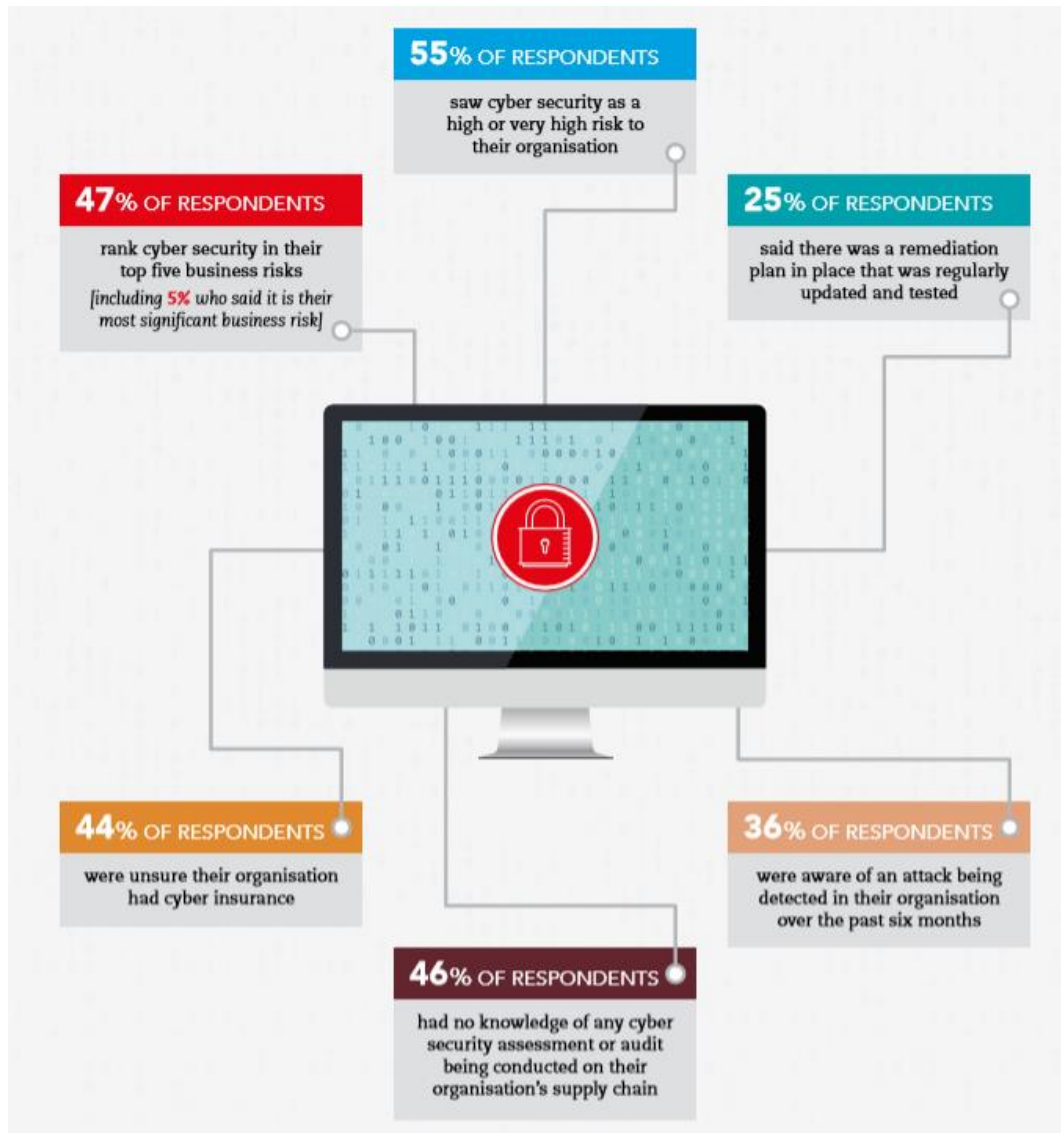
...for organisations

- Manage it as a business-wide risk – understand your valuable assets and data
- Adopt practices in standards and guidance
- Educate your users
- Develop skills and expertise to manage risk
- Develop and regularly test recovery and resilience plans
- Review and support your supply chain

...for individuals

- Personally apply the security culture
- Be vigilant – suspect everything
- Keep up to date – the threat evolves
- Don't rely on IT as your saviour; engage with your technologists

Survey results from Australia



Tapping into technology to allow your organisation to flourish

Are you maximising the use of social collaboration tools?

Generation Next has the potential to make profound changes in the way teams work together through collaboration via digital tools in the future. There is growing use of social media and collaboration tools such as apps to share information in enterprises and with stakeholders, or conference and event apps. Social digital tools can also be very useful for encouraging peer to peer collaboration, recognising the contribution of colleagues and driving engagement. Social collaboration tools can also play a key role in helping better share information and opinion up and down the organisation's hierarchy, as well as providing useful analytical information

ACCA Professional Insights



Technology

Audit and Technology →



Technology

Cyber and the CFO →



Technology

Machine learning: more science than fiction →



Technology

Re-inventing internal controls in the digital age →



Technology

The passionate practitioner: developing the digitalised small and medium practice →



Technology

Embracing robotic automation during the evolution of finance →

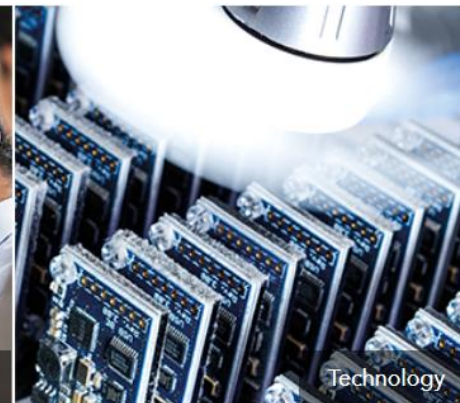
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Grow and create competitive advantage →



Taking advantage of risk and regulatory complexity →



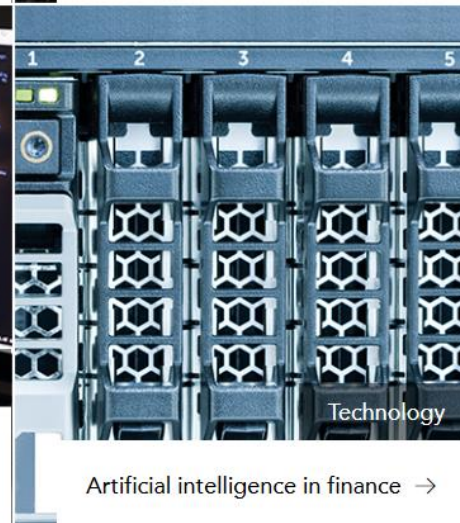
ICOs: real deal or token gesture? →



The race for relevance - technology opportunities for the finance function →



Cyber risk management in finance →



Artificial intelligence in finance →

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Technology

The rise of the machines – from robotics to machine learning, big data to the internet of things – is happening. We uncover what it means for finance professionals.

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Questions?

