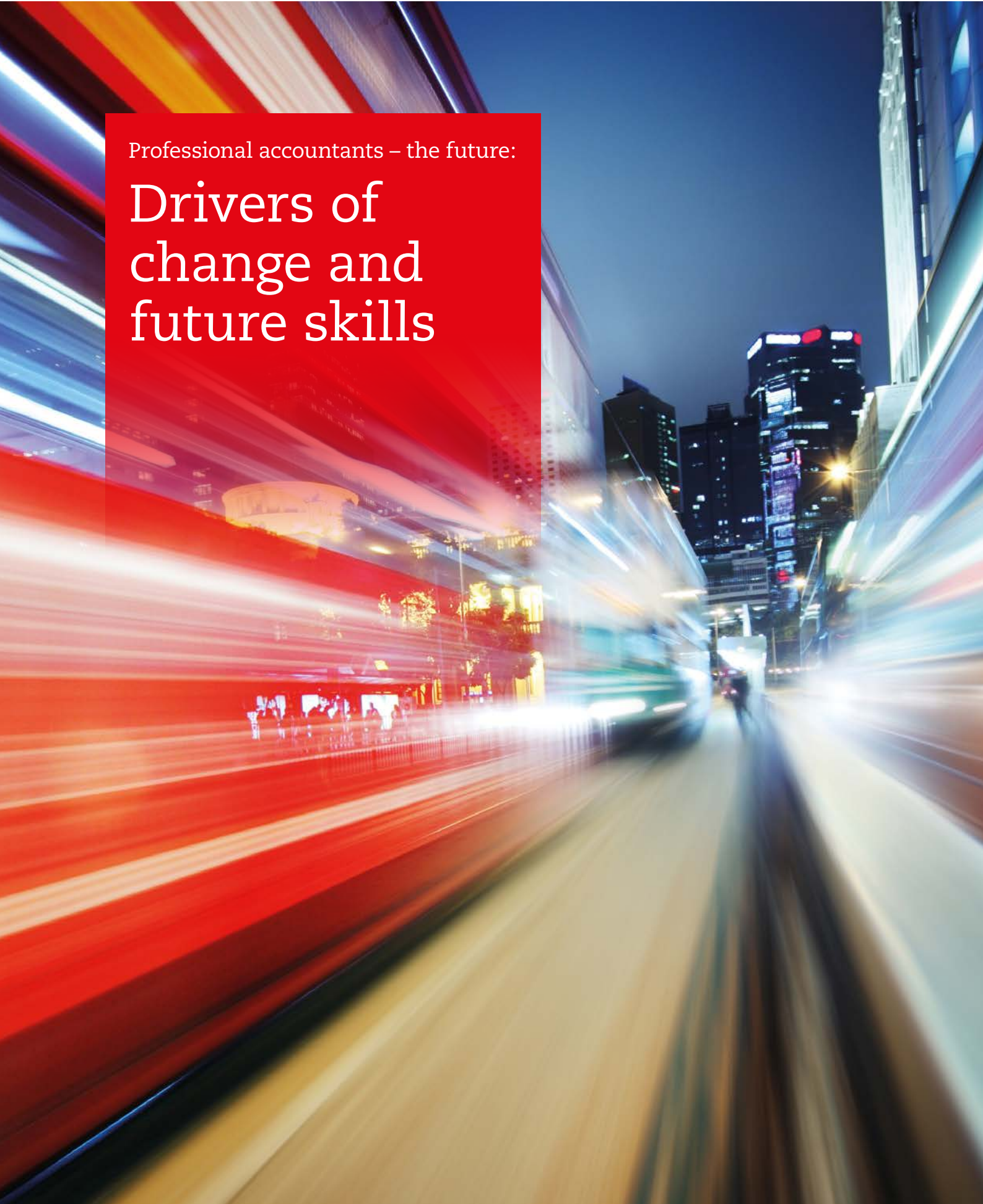


Professional accountants – the future:

Drivers of change and future skills



About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. It offers business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **188,000** members and **480,000** students in **181** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **95** offices and centres and more than **7,110** Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development and seek to develop capacity in the profession and encourage the adoption of global standards. ACCA's core values are aligned to the needs of employers in all sectors and it ensures that, through its range of qualifications, it prepares accountants for business. ACCA seeks to open up the profession to people of all backgrounds and remove artificial barriers, innovating its qualifications and delivery to meet the diverse needs of trainee professionals and their employers.

In June 2016 ACCA formed a strategic alliance with Chartered Accountants Australia and New Zealand (CA ANZ). The alliance represents the voice of 788,000 members and future professional accountants around the world, who share the commitment to uphold the highest ethical, professional and technical standards.

More information is available at: www.accaglobal.com



The report identifies the drivers for change that will have the most impact on the profession, plus the technical, ethical and interpersonal skills and competencies that professional accountants will need to have in the future.

ABOUT THE AUTHOR



Faye Chua is ACCA's portfolio head – business focus, leading ACCA's future research and insights programme with a focus on the future directions of business and the accountancy profession across a range of subjects and disciplines. Faye has over 10 years of experience in research across different sectors of the economy and has worked in North America, Asia-Pacific and Europe.

The global economic and business landscape is changing with unprecedented speed and uncertainty.

Climate change, resource scarcity, geopolitical conflict, unpredictable emerging markets, and the increasing pace of digital innovation are just a few of the many drivers reshaping business and the role and expectations of professional accountants across the world.

Of course, challenges such as these are nothing new. In the modern, global economy, volatility is constant and expected. The question now for business leaders is how do they chart a steady course for their business when the only thing we know for certain is that nothing is certain?

Over the next decade, things are likely to change even more dramatically as the global economy evolves at an ever-quickenning pace. ACCA has a big

responsibility in ensuring that current and future generations of professional accountants have what it takes to deliver what businesses, governments and indeed society needs in this fast moving world.

Professional accountants – the future: Drivers of change and future skills provides insights into the future dynamics of the accountancy profession between 2016 and 2025. This global study draws on inputs from over 2,000 C-suite executives (CEOs, CFOs, CMOs, CTOs and CIOs) and professionals in accountancy and finance.

The report identifies the drivers for change that will have the greatest impact on the profession, plus the technical, ethical and interpersonal skills and competencies that will be essential for future success.



The accountancy profession will evolve significantly over the next decade. Although many factors will influence that evolution, analysis of ACCA's global research reveals some overarching themes.

MANAGING REGULATORY REQUIREMENTS

Increased regulation and stronger governance will have the greatest impact on the profession.

Professional accountants in many roles and countries will be affected by intergovernmental tax action to limit base erosion and profit shifting, but specialists in tax will experience the greatest impact. Meanwhile, fairness in tax will continue to rise in prominence across political and social agendas around the globe.

Regional variations will influence regulation and governance. Many governments will raise more revenue from indirect taxes over the period. In 2015, only South Africa required listed companies to submit an integrated report (<IR>) or explain why not; however, over the next 5-10 years other countries are expected to join this initiative.

TRANSFORMED BY TECHNOLOGY

The spread of digital technologies and their impact on businesses will transform the practice of accounting and the competencies that professional accountants require. In the next 3 to 10 years, over half of the global study respondents (55%) identified the development of intelligent automated accounting systems as the factor likely to have most impact, while 41% highlighted the impact of cloud computing. Smart software and systems will replace manual work (such as bookkeeping), automate complex and multifaceted processes (such as financial close), and support the trends towards outsourcing of some services and repatriation of others.

Knowledge of new models for business, funding, payments and services such as blockchain-related applications including distributed ledger will be vital for all professional accountants. Expert use of



All professional accountants will be expected to look beyond the numbers, collaborate with other parts of the business and think and behave more strategically.

analytics will enable better and closer to real-time reporting, more predictive analysis, and greater interconnectedness of financial and non-financial performance.

EXPANDING EXPECTATIONS

As businesses evolve so will the expectations placed upon professional accountants. They will need the competencies, skills and outlook to meet more requests from diverse stakeholders for comprehensive and forward-looking information and more frequent ad hoc reporting. These requests will increase as the barriers erode between functional silos, internal and external reporting, and financial and non-financial performance.

All professional accountants will be expected to look beyond the numbers, collaborate with other parts of the business and think and behave more strategically.

Above all, professional accountants will be expected to continue to make professional judgements and, in doing so, to exercise the highest standards of integrity, independence and scepticism.

GLOBAL VILLAGERS

The fourth main driver of change, globalisation, takes many forms. It is foreseen in the continuing harmonisation of accounting and business standards (an important medium-term factor, selected by 42% of survey participants); and in the increasing global mobility of professional accountants, who will require the necessary interpersonal skills to work successfully with people from different countries and cultures. Individuals will increasingly need to understand developments in global tax and governance systems as well as alternative forms of finance, such as Islamic finance.

Figure 1: The external factors expected to have the most impact over 3 to 10 years

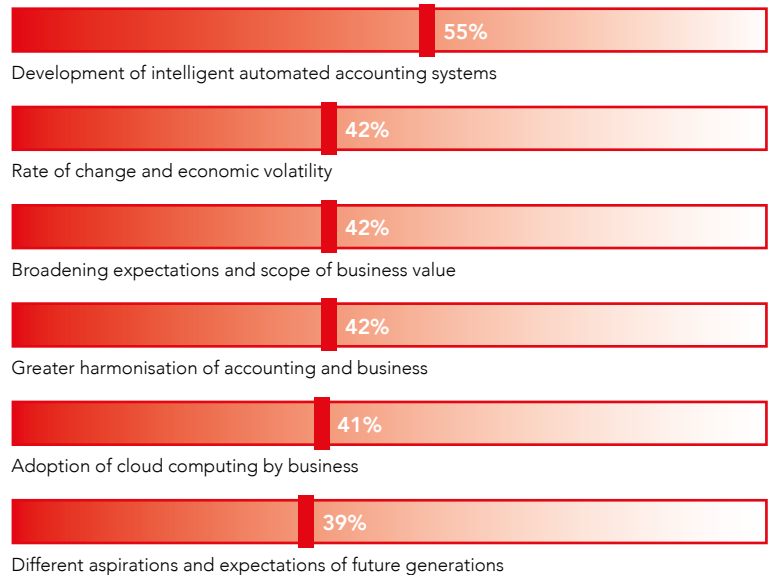
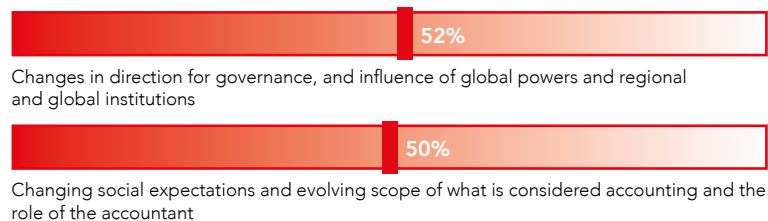


Figure 2: The external factors expected to have the most impact beyond 10 years



PROFESSIONAL QUOTIENTS FOR SUCCESS

The accountancy profession has always helped to shape and support businesses, other organisations, and economies of all types and sizes. Professional accountants are becoming leaders, trusted expert counsels and key strategic advisers to growing organisations across the public and private sectors.

To continue to add value to 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.

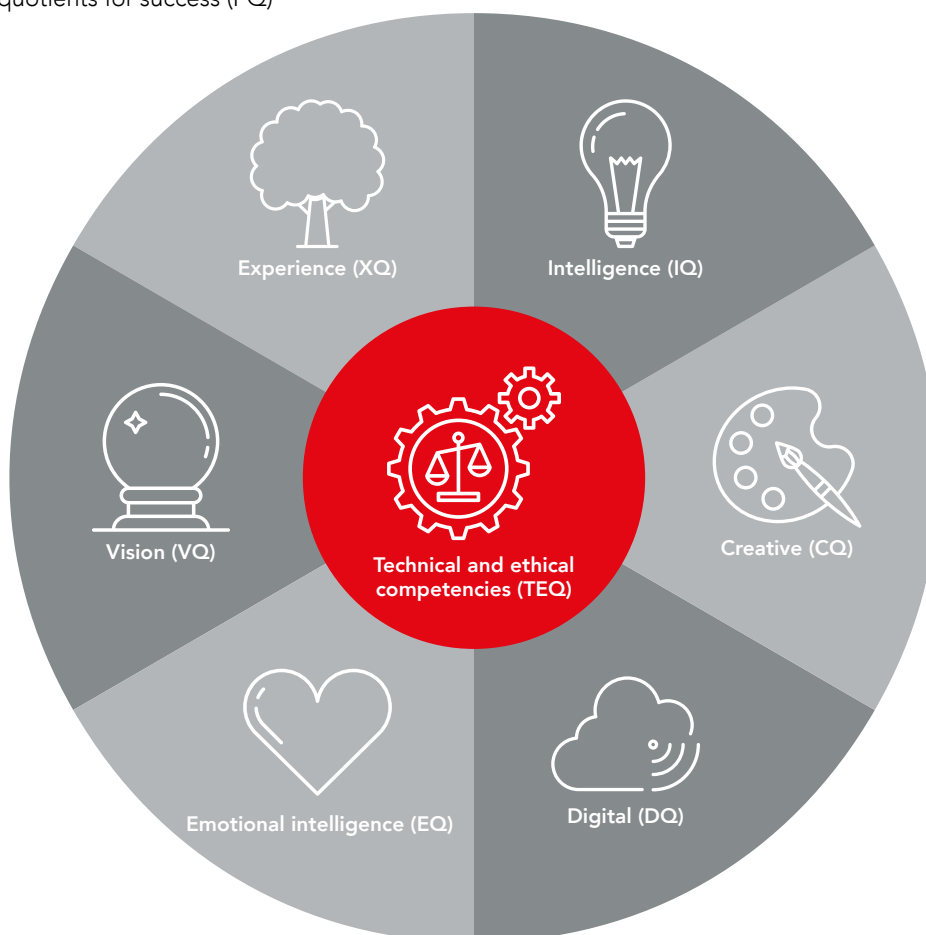
Intellect, creativity, emotional intelligence, vision, experience, mastery of the digital world and technical skills make up these 'magnificent seven' sought after skills and qualities. And perhaps most crucially, they must all be underpinned by a strong ethical compass.

Each professional accountant's 'professional quotients' (PQ) will reflect their competencies and skills across the seven areas which will naturally vary and the 'optimal' mix will need to reflect specialist domains, roles, organisations, industries and geographies. Hard technical competencies and a strong ethical compass (TEQ) and experience (XQ) will be combined with an intelligence quotient (IQ) and digital (DQ); interpersonal behaviours, skills and qualities will be reflected in quotients for creativity (CQ), emotional intelligence (EQ) and vision (VQ).

- **Technical and ethical competencies (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.
- **Creativity (CQ):** The ability to use existing knowledge in a new situation, to make connections, explore potential outcomes, and generate new ideas.
- **Digital quotient (DQ):** The awareness and application of existing and emerging digital technologies, capabilities, practices, strategies and culture.
- **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.

Over the years to 2025, some technical knowledge and skills will increase in value, others will decrease, and new knowledge and skills will be required, which will vary across specialist areas. The following section highlights the six technical areas.

Figure 3: Professional quotients for success (PQ)



As group audits become more international, working with component auditors from different countries, firms and cultures becomes more challenging.

AUDIT AND ASSURANCE

ACCA research finds that in response to new and emerging laws, standards, technologies and stakeholder expectations, audit professionals are planning to hone their technical knowledge, expand their understanding of emerging technologies and their application to audit, and enhance their interpersonal skills.

Many cite the audit of fair value and the audit of international groups as emerging challenges. Obtaining reliable information relevant to fair values can be difficult for preparers of financial statements and for auditors. As group audits become more international, working with component auditors from different countries, firms and cultures becomes more challenging.



‘Professional scepticism will remain a key competency. We need to apply our sixth sense as accountants and auditors and move away from box ticking’.

Patricia Kintu, Chief internal auditor, Office of the Auditor General, Operations division, African Development Bank, Uganda



‘The volume of information is reasonably static, but we will see it growing rapidly in the future and the analysis of data will become more important, and we are moving from retrospective analytics to predictive analytics’.

Ken Miller, Growth advisory, Grant Thornton, Australia



As it becomes more holistic, corporate reporting will become less about the numbers and more about the story of the organisation.

CORPORATE REPORTING

Over the next decade there will be more regulation, increased (and more frequent) corporate disclosures, and greater awareness of the interconnectedness of financial and non-financial reporting. Professional accountants will need the ability to communicate a more comprehensive view of corporate reporting. As a result, integrated reporting is expected to gradually become mandatory globally.

Many professional accountants believe that they lack the relevant skills to engage with the frameworks, principles, techniques, standards and guidance that the new world of corporate reporting will require. They also lack important technology skills, such as being able to apply software to analyse, interpret and present financial and non-financial data faster and more frequently.

Third on the list of most important missing skills is financial maths. The trend is for this to form the basis of financial reporting standards. Some professional accountants are concerned that the grasp of financial maths among their fellow professionals is not sufficiently developed to enable them to understand and apply some of the most complex International Financial Reporting Standards (IFRS).

As it becomes more holistic, corporate reporting will become less about the numbers and more about the story of the organisation. Professional accountants will need the skills to present that big picture and carefully select details, without drowning people in data.



‘Accountants are fantastic at numbers, fantastic at preparing accounts, but we are bad at giving a holistic view in a way that everybody understands really well’.

Jonathan Power, CEO, JPA Financial Modelling, Australia



‘We need to focus more on how to get the most from big data – all of the information which is relevant to clients in our business’.

Jiří Klimas, Vice president, EU finance and accounting, Monster Worldwide CZ s.r.o., Czech Republic



Professional accountants will need to explain financial strategy and performance, defend investments and manage the conflicting expectations of stakeholders both inside and outside the organisation.

FINANCIAL MANAGEMENT

The roles and responsibilities of professional accountants in financial management and the scope of the subject matter they deal with will continue to expand over the next decade. All financial managers will need a more complete view of the business, a more global view of the business environment, and to develop and apply a broader range of technical finance and personal communications skills.

The most important areas facing skills gaps are: knowledge of emerging issues; communication; business partnering and relationship building; and advanced investment appraisal and analysis.

Professional accountants will need to explain financial strategy and performance, defend investments and manage the conflicting expectations of stakeholders both inside and outside the organisation. Team work, language skills, multicultural awareness and the ability to collaborate, influence, persuade, speak articulately and present to others inside and outside finance will be vital for tomorrow's financial leaders.



'Accountants are traditionally presenting backward-looking information to people who need to distil it to make forward-looking decisions. Professional accountants should therefore be mindful of their audience when summarising information for business decision makers'.

Robert Smith, CFO, Green Earth Energy, Australia



'More and more non-quantifiable factors are involved in investment and financial performance valuation. Decisions are not merely based on net present value or a similar financial model, but on the balance of the whole portfolio'.

Xiaohui Xi, M&A & Commercial finance manager, Shell Ltd., China



'By 2020 we expect accountants to have the skill to build up an enterprise risk management model that could give out an early signal to the company to assess the risk and find means to contain the risk'.

Paul Mok, Group financial controller, Orient Overseas (International) Ltd./Orient Overseas Container Line Ltd., Hong Kong



Over the next decade, governance and risk management will focus ever more closely on compliance and procedures, which will become more holistic, formalised and integrated than before.

GOVERNANCE, RISK AND ETHICS

As the focus on corporate governance intensifies and the profile of risk management is raised, twin trends are emerging: a more all-inclusive approach to corporate governance and a more integrated approach to risk management.

The most important competency area where skills are currently lacking is the awareness, application and governance of a range of emerging technologies. Professional accountants need to become accomplished users of business intelligence and data analytics technologies. This will be essential in order to better identify, manage and mitigate risks in the business, supply chain and the wider economy.

Calls for more guidance and regulation will intensify from a broadening range of external stakeholders. Over the next decade, governance and risk management will focus ever more closely on compliance and procedures, which will become more holistic, formalised and integrated than before. Governance and risk structures, processes and relationships will all become increasingly challenging technically, practically and ethically.



‘In the old days, you could set simple ethics rules that apply in your organisation. Now you have to develop a set of ethical core values that you can apply everywhere in the world’.

Arthur Lee, Assistant president, CGN New Energy Holdings Co., Ltd., Hong Kong



‘Things change, people change, values change and a lot of external factors affect a person. But when it comes to ethics, the profession needs a gold standard’.

Wayne Soo, Managing partner, Fiducia LLP, Singapore



‘As accountants, we need to drive the governance agenda, to educate the board on their responsibilities’.

Robert Bussuulwa, Partner, BRJ Partners Certified Public Accountant, Uganda



Traditional management accounting techniques must evolve for professional accountants to remain effective, as business planning and performance management becomes more forward and outward-looking.

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

Professional accountants working in this area will increasingly contribute to the wider business conversation over the next decade. Their leadership role will extend beyond the finance function; they will become more proactive than reactive; they will partner, collaborate and network; and develop and manage relationships with a broader range of stakeholders.

Global and cross-sector perspectives will be needed on intelligence gathering and on emerging trends in areas such as international relations and technology. Traditional management accounting techniques must evolve for professional accountants to remain effective, as business planning and performance management becomes more forward- and outward-looking. This is reflected in the competency areas where professional accountants believe that skills are currently lacking.

Chief financial officers (CFOs) will need the interpersonal skills and tactical thinking to promote their ideas to those in the C-suite and on the Board. All professional accountants in this area will need the ability to speak articulately when presenting information, as they become more involved in business decision-making.



‘The communication skills to convey your message, your views and your comments, and convince people to achieve goals, these are increasingly important’.

Kelly Chan, Finance director, Moët Hennessy Diageo HK Ltd., Hong Kong

MHD
MOËT HENNESSY DIAGEO



‘Influencing skills will be even more important in the coming years’.

Mikaël Zakarian, Consumer channel group – CEE CFO, Microsoft, Czech Republic

Microsoft



‘You need to be business savvy and analytical. You need to be able to translate data into information which will enable decision-making in a timely manner’.

Lukman Ibrahim, former Deputy CEO, Proton Holdings Bhd, Malaysia

Tax specialists will need to look beyond the tax silo, deepen their understanding of their organisation and broaden their understanding of the business environment.

TAX

Over the next 5 to 10 years, tax advice, compliance, reporting, planning and risk management will become even more complex than they are already. Impending challenges include: governmental attempts to devise, impose and collect sufficient taxes to maintain their tax base, intergovernmental tax actions and changing political and public perspectives on the social acceptability of tax planning.

The roles and responsibilities of tax professionals will expand. New challenges will demand a more global perspective, plus strong collaboration, relationship building, advocacy and negotiation skills. Tax directors will become part of the business risk-management structure: collaborating in the design and running of control processes; partnering with other business leaders rather than just providing them with information.

Tax specialists will need to look beyond the tax silo, deepen their understanding of their organisation and broaden their understanding of the business environment. The latter was second on the list of areas where important skills were identified as lacking, followed by data analysis tools and expert systems.



‘By 2020, specialisation in tax won’t be enough. The professional will need to have a background in law, business, sales or IT’.

Roman Ženatý, Director, tax and legal department, Deloitte Advisory s.r.o., Czech Republic

Deloitte.



‘It’s important that the people in tax are not just pure tax experts. It’s important to understand the business as well’

Charalambos Antoniou, Global head of tax operations, transformation and risk management, Zurich Insurance Group, Switzerland

ZURICH

Alongside technical, ethical and digital expertise, the modern accountant must possess another set of skills perhaps not historically associated so closely with the profession. Namely creativity, emotional intelligence and vision.

The future finance professional must be alive to a far wider range of issues and influences as their remit spreads into more and more areas of the business. Despite that, the contributors to our report unanimously attested that technical competency and a strong ethical approach will continue to be the foundation upon which the future finance professional is built.

Alongside technical, ethical and digital expertise, the modern accountant must possess another set of skills perhaps not historically associated so closely with the profession. Namely creativity, emotional intelligence and vision. The future professional accountant will need to be able to steer a business on a steady course between risk and opportunity. This requires collaboration, strategic thinking and a genuine 360 degree understanding of the business – its environment, its people and its opportunities.

It is safe to say that the age of accountants as bean-counters is well and truly over. The modern business demands far more from its professional accountants.

Professional accountants – the future: Drivers of change and future skills outlines the most significant existing and emerging drivers affecting the practice of business and accountancy. Considering these drivers and their potential impact on the technical and interpersonal competencies and the personal qualities that professional accountants will need over the next decade, will help professional accountants, educators, employers and professional bodies to respond to what the world will need between now and 2025.

The full report and an interactive test designed to help anyone in business understand how they stack up against these seven quotients can be accessed here: www.accaglobal.com/thefuture



