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SINGAPORE
ACCOUNTANCY
COMMISSION



MARKET DEMAND FOR PROFESSIONAL ACCOUNTANCY SERVICES IN THE ASIA-PACIFIC FY 2021-2024



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Since 1904 being a force for public good has been embedded in our purpose. And because we're a not-for-profit organisation, we build a sustainable global profession by re-investing our surplus to deliver member value and develop the profession for the next generation.

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SNAI provides high-level, international and practical education to foster high-end talents with professionalism as well as a broad vision and a devotion to the country. SNAI has developed its endeavor into a new stage featuring paralleled high-end training and degree education, complementary talent cultivation and think tank construction. With its domestic service and international presence, SNAI actively serves China's key financial and economic missions by promoting the formation of the eco-system for accounting development that connects the government, industries, educators and academia.

SNAI created the Asian Evaluation Week, the annual Management Accounting Forum, the Belt and Road Initiative (BRI) Accounting Infrastructure Summit, and other high-end international exchange platforms with partners. SNAI also operates the www.esnai.com, an online base for the Chinese accountancy profession.

For more information, please visit www.snai.edu



MARKET DEMAND FOR PROFESSIONAL ACCOUNTANCY SERVICES IN THE ASIA-PACIFIC FY 2021-2024

THIS REPORT IS A DEMAND TRACKER FOR PROFESSIONAL ACCOUNTANCY SERVICES IN THE ASIA-PACIFIC.

To guide professional accountancy services providers to offer services aligned to what businesses really need, ACCA, SAC and SNAI have conducted this research study, which identifies what businesses have budgeted for, in respect of those services, in the next three financial years.

This research report, now in its second edition, examines market demand for these services in the Asia-Pacific (principally in the ASEAN region, Australia and China). It highlights the professional accountancy services which are top on the list of corporates (MNCs, listed corporations, as well as SMEs)), including those specifically requested from the Big Four and SMPs. It also provides recommendations on how professional accountancy services providers can enhance service delivery, taking into account the criteria that corporates use in engaging providers.

The report will inform corporates on what services are being demanded by their industry peers, including successful competitors. They can review these services to identify any external advice that they themselves might require to gain a competitive advantage.

Foreword

The complications arising from COVID-19, on top of technological disruption, overseas expansion, rising costs and intensifying competition, have placed a great need for some businesses to seek external advice.

While many businesses have been adversely affected, our study tells us that the demand for professional accountancy services has not decreased. In fact, it is now required even more urgently to address the challenges posed by the pandemic, as well as to harness opportunities for business growth.

One trend that is clearly discernible is that professional accountancy services providers of all sizes, from SMPs to the Big Four and other large practices, are diversifying from providing traditional services such as audit, tax and other largely regulated or compliance-based services, to non-regulated services, such as IT Advisory, Risk Management and Governance and Tax Advisory.

While the demand for largely regulated services remains stable or enjoys temporary upsurges (as in China currently), our study shows that the long-term demand for non-regulated services is rising.

As the world embraces the new post-pandemic reality, SMPs and the Big Four firms can look forward to burgeoning opportunities ahead in the provision of both regulated and customised, market-driven non-regulated advisory services.

Professional accountancy services providers that connect and plug into global accountancy hubs, as identified in this report, will be better positioned to take advantage of these opportunities which are not restricted to a particular country, but span the whole globe.

This study, a collaboration between ACCA, SAC and SNAI, is useful to policymakers, professional accountancy services providers and businesses as it identifies key demand drivers and growth areas. It will help providers to pivot to services which show the most promise of sustainable revenue streams; and businesses to assess the types of services and external advice that they would need to grow and gain a competitive advantage now and in the future.



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Mark Millar
President, ACCA



A handwritten signature in black ink.

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Contents

Tables & Figures	6
Methodology & Definitions	7
Acknowledgements	8
Professional Accountancy Services Demand Dashboard (Top 5 – FY 2021-2024)	9
1. Executive Summary	12
Opportunities for Professional Accountancy Services Providers	13
Key findings	14
How Professional Accountancy Services Providers Can Up Their Game	17
Conclusion	18
2. Asia-Pacific Market commentary	20
2.1 Annual budgets for professional accountancy services are buoyant for FY 2021-2024	20
2.2 Audit & Assurance enjoying strong demand, especially in China	21
2.3 IT Advisory more in demand in ASEAN-ANZ region	22
2.4 Big Four vs. SMP Service Requests	23
3. ASEAN-ANZ Region Market commentary	24
3.1 Annual budgets for professional accountancy service categories	24
3.2 Top 5 professional accountancy services that ASEAN-ANZ wants from the Big Four	25
3.3 Top 5 professional accountancy services that ASEAN-ANZ wants from SMPs	25
3.4 Country analysis of Top 5 professional accountancy services demanded:	26
3.4.1 Singapore	26
3.4.2 Malaysia	26
3.4.3 Indonesia	27
3.4.4 Vietnam	27
3.4.5 Philippines	28
3.4.6 Australia	28
Conclusion	29
4. China Market commentary	30
4.1 Annual Budgets for professional accountancy service categories	30
4.2 Top 5 professional accountancy services that China wants from the Big Four	31
4.3 Top 5 professional accountancy services that China wants from SMPs	32
5. Selection of Professional Accountancy Services Provider Most Important Criteria Considered	34
5.1 Most important criteria considered when selecting a professional accountancy services provider	34
5.2 Most important criteria considered – ASEAN-ANZ vs China	37
6. Growing Professional Accountancy Services Globally Role of Global Accountancy Hubs	39
6.1 Top 5 criteria that a global accountancy hub should fulfill	39
6.2 Top 5 global accountancy hubs as perceived by survey respondents	41
Conclusion	43
7. Conclusion	45
Appendix 1 – Survey Demographics	46
Appendix 2 – Service Categories and Service Lines/Services	48
Appendix 3 – Cities	49
Contacts	50

Tables

1. Top 5 Professional Accountancy Services Demanded – Singapore (n = 148)
2. Top 5 Professional Accountancy Services Demanded – Malaysia (n = 132)
3. Top 5 Professional Accountancy Services Demanded – Indonesia (n = 111)
4. Top 5 Professional Accountancy Services Demanded – Vietnam (n = 107)
5. Top 5 Professional Accountancy Services Demanded – Philippines (n = 100)
6. Top 5 Professional Accountancy Services Demanded – Australia (n = 68)
7. Type of Organisation

Figures

1. Impact of COVID-19 on Professional Accountancy Services Providers
2. Annual Budget for Professional Accountancy Services, FY 2021-2024, Asia-Pacific
3. Annual Budget for Professional Accountancy Services, FY 2021-2024, ASEAN-ANZ vs China
4. Annual Budget for Professional Accountancy Service Categories, FY 2021-2024, Asia-Pacific
5. Annual Budget for Professional Accountancy Service Categories, FY 2021-2024, ASEAN-ANZ vs. China
6. Big Four vs SMPs Services Requests, Asia-Pacific
7. Annual Budget for Professional Accountancy Service Categories, FY 2021-2024, ASEAN-ANZ
8. Top 5 Professional Accountancy Services requested from Big Four, ASEAN-ANZ
9. Top 5 Professional Accountancy Services requested from SMPs, ASEAN-ANZ
10. Annual Budget for Professional Accountancy Service Categories, FY 2021-2024, China
11. Top 5 Professional Accountancy Services Requested from Big Four, China
12. Top 5 Professional Accountancy Services Requested from SMPs, China
13. Most Important Criteria Considered when Selecting a Professional Accountancy Services Provider, Asia-Pacific
14. Most Important Criteria Considered when Selecting a Professional Accountancy Services Provider, 2021 vs 2018 rankings, Asia-Pacific
15. Most Important Criteria Considered when Selecting a Professional Accountancy Services Provider, ASEAN-ANZ vs China
16. Top 5 Criteria for Assessing a Global Accountancy Hub, Asia-Pacific
17. Top 5 Criteria for Assessing a Global Accountancy Hub, ASEAN-ANZ vs China
18. Country in which the Respondent Works
19. Role of Respondent in the Organisation
20. Industry in which the Organisation Operates
21. Annual Revenue of Organisation

Methodology

The findings of the study were drawn from a survey of 841 senior executives and professionals, including CFOs, in the Asia-Pacific (mainly the ASEAN region, Australia, and China). The survey was conducted from October 2020 to February 2021. The survey demographics can be found in Appendix 1.

Respondents to the survey were asked to share basic details of their enterprises and provide data on professional accountancy services their enterprises have budgeted for or would need in the next three financial years, as well as their expectations and priorities when engaging professional accountancy services providers.

Additionally, 3 roundtable discussions were conducted in Singapore and China, in November 2020 and February 2021, with the participation of 25 executives and professionals, including CFOs, who are key decision makers in both the demand and supply sides of professional accountancy services. A list of the roundtable participants is provided in the *Acknowledgements* section below.

The study also drew upon past studies and other materials available in the public domain to provide a more complete picture of the market demand.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

ACCA	Association of Chartered Certified Accountants
ASEAN	Association of South East Asian Nations
ASEAN-ANZ Region	Includes all the countries in the ASEAN region, as well as Australia and New Zealand.
Big Four	These include the following professional accountancy services networks: Deloitte, EY (Ernst & Young), KPMG and PwC (PricewaterhouseCoopers)
BRI	Belt and Road Initiative
CFO	Chief Finance Officer or equivalent
FTA	Free Trade Agreement
GFCI	Global Financial Centres Index
IFRS/FRS	International Financial Reporting Standard / Financial Reporting Standard
IMA	Institute of Management Accountants
IT	Information Technology
M&A	Mergers and Acquisitions
MNC	Multinational Corporations
POE	Private Owned Enterprise
Professional accountancy services	These include largely regulated (e.g., Statutory Audit and Tax Compliance) and largely non-regulated services (e.g., Risk Advisory and Tax Advisory) typically provided by professional accountancy services firms. For a full list of services covered in this report, please refer to Appendix 2. All captions of these services in this report are 'initial-capped'.
Regulated services	Services that are largely regulated i.e., that are required or mandatory by legislation or regulation. These services are also often described as "compliance-based services".
Non-regulated services	Services that are largely not regulated and market-driven i.e., other than regulated services.
RCEP	Regional Comprehensive Economic Partnership
SAC	Singapore Accountancy Commission
SMP	Small and Medium (Accounting) Practice
SME	Small and Medium Enterprise
SNAI	Shanghai National Accounting Institute
SOE	State Owned Enterprise
Service categories	Groups of related service lines. Refer to Appendix 2.
Service lines/Services	Individual component services. Refer to Appendix 2.

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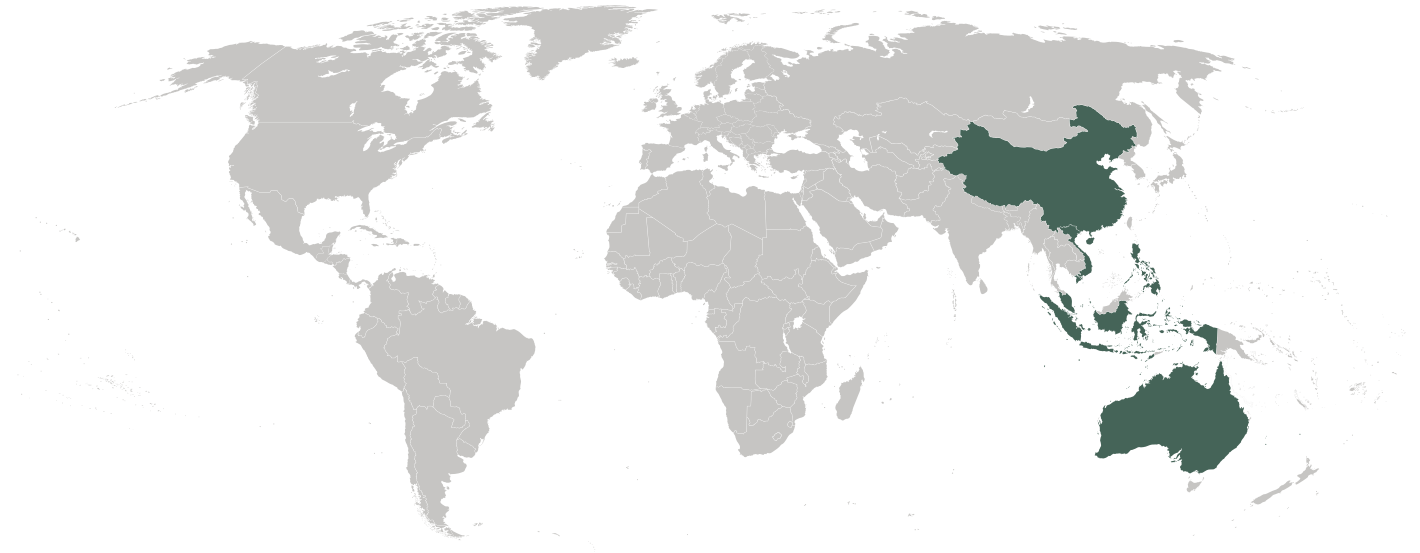
Le Mai Trang, Energy Finance Lead/Manager, Nghi Son Refinery and Petrochemical LLC, Vietnam

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Professional Accountancy Services

DEMAND DASHBOARD Top 5 FY 2021-2024

This dashboard shows the top 5 professional accountancy services demanded by corporates in the Asia-Pacific, ASEAN-ANZ region and China.



ASIA-PACIFIC						
	Top 5 Non-Regulated Service Categories	Top 5 All Service Categories	Top 5 Services requested from Big Four and other large firms ²	Top 5 Services requested from SMPs ²	Top 3 Non-Regulated Service Categories FY 2018 – 2020 ⁴	Top 3 All Service Categories FY 2018 – 2020 ⁴
1	IT Advisory	Audit & Assurance ¹	Accounting Advisory	Accounting Advisory	IT Advisory	Audit & Assurance ¹
2	Risk Management & Governance	Corporate Support Services	Technology Consulting, Digitalisation Advisory	Technology Consulting, Digitalisation Advisory	Risk Management & Governance	Tax Advisory & Compliance
3	Tax Advisory	Tax Compliance	Business Process Outsourcing	Business Process Outsourcing	Tax Advisory & Compliance	IT Advisory
4	Corporate Finance & Deal Advisory	IT Advisory	Technology Risk Advisory	Technology Risk Advisory	NA ³	NA ³
5	Restructuring & Insolvency	Risk Management & Governance	Fund Administration	Fund Administration	NA ³	NA ³

Notes:

1. Accounting Advisory service is included in the Audit & Assurance service category.
2. Supply of services that are not currently perceived to be adequate. (These may not be budgeted for currently.)
3. NA: Data not available. (Data is also not available for Big Four and SMP services requests for FY2018-FY2020.)
4. From *Market Demand for Professional (Business and Advisory) Services*, 1st edition in 2018.¹

¹ Market Demand for Professional (Business and Advisory) Services, page 9, 13, ACCA (Supporting partner: SAC), 2018.

Professional Accountancy Services

DEMAND DASHBOARD Top 5 FY 2021-2024 contd/...

ASEAN-ANZ REGION						
	Top 5 Non-Regulated Service Categories	Top 5 All Service Categories	Top 5 Services requested from Big Four and other large firms ²	Top 5 Services requested from SMPs ²	Top 3 Non-Regulated Service Categories FY 2018 – 2020 ⁴	Top 3 All Service Categories FY 2018 – 2020 ⁴
1	IT Advisory	Audit & Assurance ¹	Technology Consulting, Digitalisation Advisory	Accounting Advisory	IT Solutions Business	Audit & Assurance ¹
2	Risk Management & Governance	Corporate Support Services	Accounting Advisory	Technology Consulting, Digitalisation Advisory	International Tax Advisory	Tax Advisory & Compliance
3	Tax Advisory	Tax Compliance	Technology Risk Advisory	Business Process Outsourcing	Accounting Advisory/ Risk Advisory	IT Advisory
4	Corporate Finance & Deal Advisory	IT Advisory	Business Process Outsourcing	Technology Risk Advisory	NA ³	NA ³
5	Restructuring & Insolvency	Risk Management & Governance	IT Forensic	Fund Administration	NA ³	NA ³

CHINA						
	Top 5 Non-Regulated Service Categories	Top 5 All Service Categories	Top 5 Services requested from Big Four and other large firms ²	Top 5 Services requested from SMPs ²	Top 3 Non-Regulated Service Categories FY 2018 – 2020 ⁴	Top 3 All Service Categories FY 2018 – 2020 ⁴
1	Risk Management & Governance	Audit & Assurance ¹	Accounting Advisory	Accounting Advisory	IT Solution Business	Audit & Assurance ¹
2	Tax Advisory	Corporate Support Services	Risk Advisory	Other Assurance	Risk Advisory	IT Advisory
3	IT Advisory	Tax Compliance	Fund Administration	Legal	Process Improvement	Risk Management & Governance
4	Corporate Finance & Deal Advisory	Risk Management & Governance	Other Assurance	Business Process Outsourcing	NA ³	NA ³
5	Restructuring & Insolvency	Tax Advisory	Business Process Outsourcing	International and Cross-Border Tax Advisory	NA ³	NA ³

Notes:

1. Accounting Advisory service is included in the Audit & Assurance service category.
2. Supply of services that are not currently perceived to be adequate. (These may not be budgeted for currently.)
3. NA: Data not available. (Data is also not available for Big Four and SMP services requests for FY2018-FY2020.)
4. From *Market Demand for Professional (Business and Advisory) Services*, 1st edition in 2018.¹

2 Market Demand for Professional (Business and Advisory) Services, page 9, 13, ACCA (Supporting partner: SAC), 2018.

3 Market Demand for Professional (Business and Advisory) Services, page 9, 13, ACCA (Supporting partner: SAC), 2018.



1. Executive Summary

In the wake of a challenging 2020 and the impact of COVID-19 on businesses, demand for professional accountancy services in the Asia-Pacific region is expected to remain buoyant from 2021 to 2024. While regulated services are still the most demanded services, the demand for non-regulated advisory services is rising.

Despite pockets of COVID-19 resurgence, with vaccines rolling out globally, there is cautious optimism that the global economy will recover this year. S&P Global Ratings has upgraded growth forecasts for Asia-Pacific to 7.3% for 2021 from 6.8% previously⁴. ACCA's and IMA's latest *Global Economic Conditions Survey* (GECS Q1 2021)⁵ notes that the prospect of a wider global economic recovery, as well as reasonable prospects within the Asia-Pacific, are brightening the region's economic prospects in 2021.

Recently, 15 Asia-Pacific countries signed the world's largest trade agreement, the Regional Comprehensive Economic Partnership or RCEP, paving the way for a boost in trade flows in the Asia-Pacific. Against this backdrop, we believe sustainability and its environmental, social and economic impact are likely to continue to rise on the agendas of governments and NGOs in the region. The Fourth Industrial Revolution and digital transformations across all markets are still raging on, unabated by the pandemic. In fact, it is continuing with greater intensity.

COVID-19 has been a game changer for the business community. It has forced enterprises to reflect on their growth strategies and question their long-term sustainability, as well as spurring more rapid digitalisation. Worldwide travel bans shook up revenue streams, while social distancing measures ignited a mass shift to remote working. Partly because of this, digitalisation efforts have moved up the agenda. Social distancing regulations forced a mass adoption of remote and hybrid working arrangements, which required the acceleration of digitalisation strategies and the restructuring of hiring practices.

According to *COVID-19: Global Survey; Inside Business Impacts and Responses*⁶, a survey by ACCA of over 10,000 members and other finance professionals from 100 countries, the impact of COVID-19 is extensive, affecting organisations regardless of their size, sector or geographical location. While these challenges are typical of a global economic downturn, they are magnified by lockdowns in various jurisdictions. Supply chain disruption, the delay of new launches, and the delay of investments have occurred as a result of these lockdowns.

The unusual demands of the new normal have placed businesses in extraordinary circumstances. Many businesses are continuously adjusting and realising the need for professional external advice not only for accounting and tax purposes, but also to develop efficient and effective operational processes and workflows, manage risks and develop business strategies.

Companies are constantly in need of insight and guidance as they expand their global footprint (whether digital or physical) and diversify their revenue streams. Whether it is meeting foreign tax regulations or implementing an omni-channel retail strategy, companies want to make sure that their recovery plans are executed as smoothly as possible. Furthermore, in the light of technological disruption and digital innovation, businesses are looking to external consultants for technology related services.

⁴ Economic Outlook Asia-Pacific Q2 2021: Three-Speed Recovery Will Benefit From Faster Global Growth, S&P, 2021.

⁵ Global Economic Conditions Survey: Q1 2021, ACCA, IMA, 2021.

⁶ COVID-19: Global Survey; Inside Business Impacts and Responses, page 12, ACCA, March 2020.

The need for external advice has become more relevant and necessary for businesses to chart and respond to the dynamic and difficult environment thrown up by the new reality.

At the same time, professional accountancy services providers of all sizes, whether it is one of the Big Four or SMPs, face new challenges. They must reflect and crystallise a strategy on what is the best way to serve their clients in a new reality, where remote working, management, and collaborations have become the norm. This, while experiencing tighter deadlines and reduced budgets, and grappling with competition and the increased pressure to deliver, sometimes amid lockdowns.

On this note, resource-strapped SMPs can face an uncertain future, as they may find it difficult in their attempts towards providing a one-stop shop of specialised offerings, combined with their main offerings of audit, corporate support services and tax. Compared with the Big Four, the journey to diversifying their portfolio of services may prove more challenging for them. However, as the world continues to automate, SMPs need to diversify and digitalise, constantly re-inventing their business models to capture opportunities. Furthermore, skills and career paths in SMPs are expected to evolve rapidly as this happens.⁷

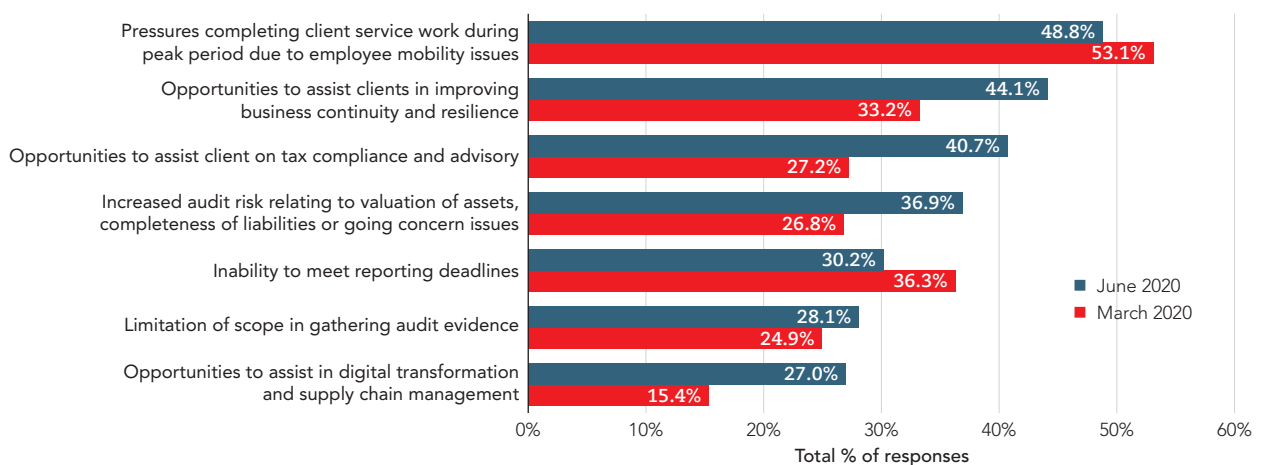
Opportunities for Professional Accountancy Services Providers

Despite throwing up some sombre scenarios, COVID-19 has shored up significant opportunities for professional accountancy services providers, not only the Big Four but also SMPs. According to ACCA's *COVID-19 Global Survey: The Road to Recovery?*⁸, a survey of 4,500 ACCA members published in June 2020, professional accountancy services providers, while acknowledging risks, also observed more opportunities to assist clients' businesses due to the impact of COVID-19. More than 40% saw more opportunities in providing services relating to business continuity and resilience, as well as tax compliance and advisory (see Figure 1 below).

In addition, more than a quarter, saw opportunities to assist clients in digital transformations and supply chain management. These opportunities had almost doubled between an earlier March survey and this June survey.

IT Advisory services, supplied by professional accountancy services providers, has been identified in this report as the top (non-regulated) professional accountancy service category demanded by corporates and tax compliance is in the top 3 service categories demanded (overall). In this report, IT Advisory services refer to services that assist in technology adoption, while being aligned with business strategy and financial objectives. Professional accountants are well-positioned to undertake this holistic approach to digital transformation. In ACCA's parlance, these are accountants who undertake the role of 'Digital Playmakers'.

FIGURE 1: Impact of COVID-19 on Professional Accountancy Services Providers⁹



Source: ACCA COVID-19 Global Survey 2020 Part 2

⁷ Careers in SMPs, ACCA, CA ANZ, 2020.

⁸ COVID-19 Global Survey: The Road to Recovery?, page 20, ACCA, June 2020.

⁹ COVID-19 Global Survey: The Road to Recovery?, page 20, ACCA, June 2020.

This report provides a more detailed review of the demand, identified above, summarised in the *Key Findings* below.

KEY FINDINGS

1. Budgets are high, but corporates have become more prudent and circumspect in spending on professional accountancy services

Despite the widespread adverse impact of COVID-19, demand for professional accountancy services remains high. 14.2% of respondents have annual budgets of more than US\$1,000,000 allocated for the next three financial years. At the other end of the spectrum, some have budgeted very minimal amounts, with about 18.2% budgeting less than US\$10,000. (See Figure 2 below.)

Based on feedback from roundtable participants, there is generally a trend towards more prudence and more scrutiny of expenditures on professional accountancy services. Just three years earlier, cost of advice ranked fourth when it came to respondents' priorities when selecting a professional accountancy services provider based on data from the first edition of this report in 2018¹⁰. In the current report, this has moved up to first place. Cost and ease of doing business was the top criterion for a city to be perceived as a global accountancy hub (see *Key Finding 7* below).

The rising concern over cost could be due to constrained budgets because of COVID-19. According to ACCA's *COVID-19: Global Survey; Inside Business Impacts and Responses*¹¹ report, almost 50% of respondents cited cash flow issues. In addition to this, businesses may also reflect on what value they can derive, as their business needs evolve in a dynamic environment and as they evaluate their

relationships with their professional accountancy services providers. This is explored further in *Key Finding 6* below.

Reflecting on this trend towards tighter budgets, roundtable participants noted that the demand for professional accountancy services provided by SMPs continue to be in demand due to their targeted expertise, localised and personalised knowledge, agility as well as lower fees.

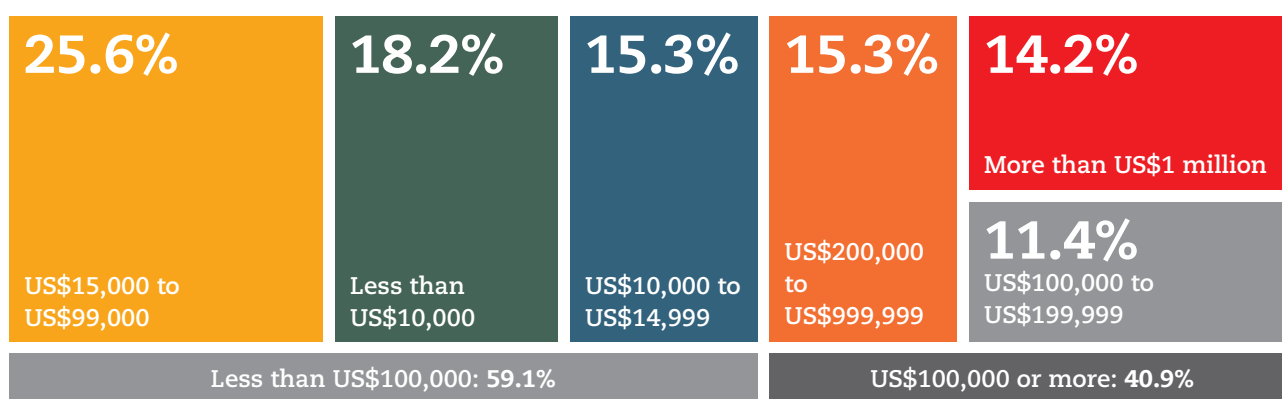
2. Audit & Assurance continues to enjoy strong demand

Both ASEAN-ANZ and China respondents indicated that they would allocate the largest percentage of their annual expenditures for professional accountancy services to regulated services as follows: 18.0% for Audit and Assurance, 14.3% for Corporate Support Services and 12.1% for Tax Compliance for the next three financial years. The demand for most of these expenditures are expected as corporations are required to adhere to regulatory and legal requirements. Furthermore, Audit and Assurance services are critical in instilling trust and confidence in the economy, including the financial environment. (Audit and Assurance was also the top service category demanded in the 2018 report survey¹².)

This was followed by demand for non-regulated services, as follows: IT Advisory took up 9.1% of respondents' budgets, Risk Management & Governance 8.2% and Tax Advisory 7.9%. (For the full list, see Figure 4 below.)

Corporate Support Services pushed Tax Compliance down to third place and IT Advisory to fourth place in 2021 (these were second and third place, respectively, in 2018).

FIGURE 2: Annual Budget for Professional Accountancy Services, FY 2021-2024, Asia-Pacific



10 Market Demand for Professional (Business and Advisory) Services, page 24 fig.4, ACCA (Supporting partner: SAC), 2018.

11 COVID-19: Global Survey; Inside Business Impacts and Responses, page 12, ACCA, March 2020.

12 Market Demand for Professional (Business and Advisory) Services, page 13, ACCA (Supporting partner: SAC), 2018.

These services not only included legal and secretarial services, but also outsourcing of accounting/finance personnel, payroll, statutory financial reporting/compilation and fund administration. These services appear to have become more important in the light of COVID-19.

3. IT Advisory is the highest demanded non-regulated service category

The Top 5 non-regulated service categories in demand were as follows: IT Advisory, Risk Management & Governance, Tax Advisory, Corporate Finance and Deal Advisory, and Restructuring & Insolvency.

Overall, IT Advisory ranked first with respect to non-regulated services, taking up 9.1% of budgets. ASEAN-ANZ respondents said they have allocated 9.5% of their budgets to IT Advisory services. It is to be noted that IT Advisory does not refer purely to technical services relating to IT but project management, where not only technical knowledge and skills are required but a good understanding of business strategy and the possession of financial acumen. Professional accountants are in a good position to offer these more holistic services.

China respondents, in contrast to ASEAN-ANZ respondents, allocated larger budgets for Tax Advisory (7.6%) and Risk Management & Governance (8.7%) over IT Advisory (6.0%). (See Figure 5 below, for more details.) Some feedback from the roundtable discussions speculated that this could be due to more competitively priced IT Advisory services in China, when compared with ASEAN-ANZ. However, from a mathematical relationship perspective, it is also due to the significantly higher budget for Audit and Assurance compared to ASEAN-ANZ (see *Section 4: China – Market Commentary*, for a more detailed discussion of this) which has pushed the percentage down for IT Advisory.

For ASEAN-ANZ, the preference for IT Advisory suggests that businesses in the region are shifting towards automation and innovation, in response to a more rapid technological transformation brought about by the pandemic. The demand for technology-related advisory services has therefore become more pronounced during the pandemic, as business models change in response to mobile and remote working arrangements, the need to strengthen cybersecurity frameworks and to upgrade enterprise architecture.

Rapid and widespread digital transformation and technological disruption have created an urgent need for IT Advisory services. With whole sectors adopting

e-commerce, artificial intelligence, blockchain and data analytics, the need to step up digital transformation efforts is more urgent than ever. COVID-19's reshaping of workflows, supply chain and the conversion from in-office to remote working, has further intensified and heightened the need for IT Advisory services.

4. Budgets for Sustainability and CSR Reporting are alarmingly low

The demand for services within the Sustainability and Climate Change service category, including Sustainability & CSR Reporting, are alarmingly low. This is the lowest demanded service category in the Asia-Pacific, at 5.2%. China was even lower at only 2.6%. Roundtable participants also expressed concern that Sustainability & CSR Reporting and Sustainability and CSR Consulting services were ranked very low (below the 10th place) for professional accountancy services requested from the Big Four and SMPs, and overall, for the Asia-Pacific.

It was suggested that perhaps Sustainability & CSR Reporting is one of the more affordable professional accountancy services, hence budgets are lower. Another more likely explanation is that firms may be looking to advisors outside of the Big Four and SMPs for more specialised know-how in this field.

However, it is to be noted that professional accountants, who are trained in corporate finance and reporting, would be in a good position to offer these services relating to Sustainability and CSR Reporting and Green Finance.

Other assurance services will also be set to grow if budgets for Sustainability and CSR Reporting grows, as more assurance services will be required for Sustainability reports in due course. Singapore corporates bucked the trend as they included Sustainability & CSR Consulting (a related service line under the Sustainability and Climate Change service category) in the top 5 services requested from the Big Four.

Participants noted that COVID-19 may be reshaping budgets in a way where more is spent on more urgent immediate needs such as technology consulting and advisory, postponing tasks such as sustainability reporting in the meantime. This short-term attitude may need to be rectified as the pandemic has shown and is continuing to show how vulnerable organisations can be, given the real threats of global climate change.

5. ASEAN-ANZ region would like both Big Four and SMPs to provide more Technology Consulting and Digitalisation Advisory while China wants more Accounting Advisory

These services are requested by respondents but are currently perceived not to be in adequate supply from the Big Four and/or SMPs.

SERVICES REQUESTED FROM BIG FOUR

ASEAN-ANZ's focus is on digitalisation. 25.6% of ASEAN-ANZ respondents requested Technology Consulting and Digitalisation Services from the Big Four (see Figure 8, below). In the roundtable discussions with ASEAN-ANZ, some participants spoke of their experience engaging Big Four firms for IT Advisory and digital services. They cited difficulties in finding talent within Big Four firms who are skilled at IT and can apply their skills to business models that are unique to each company.

This talent gap has been noted by the industry and large professional accountancy services providers are ramping up the hiring of IT Advisory talent while enhancing their digital capabilities. The participants noted that they looked to software providers or IT firms who are more experienced and specialised in accounting and enterprise solutions, instead of the Big Four. Big Four services were perceived to be costly and participants indicated that they preferred SMPs for their affordability.

When it came to China's view on the Big Four, 32.1% of respondents chose Accounting Advisory as the service that they want to see more of (see Figure 11, below). China's adoption of IFRS, which is revised on a constant basis, could be driving the need for trained professionals in these new and more complex accounting standards. China's FRS have been converged with IFRS and are being adopted by many large companies in recent years. Accounting and finance professionals need more training, advice and guidance on the adoption and implementation of these standards.

Roundtable discussions with participants in China noted that internal IT departments handle IT-related projects. As the survey was conducted mainly among finance professionals, they might be more inclined to choose Accounting Advisory and other business or finance-related services over externally sourced IT Advisory. It was also suggested that China is more advanced than ASEAN-ANZ in their digitalisation journeys, and the growth of China-based companies has led to higher demand for professional advisory services related to compliance and business diversification, rather than IT Advisory.

SERVICES REQUESTED FROM SMPs

Accounting Advisory was also the first choice in terms of services respondents would like to see more of from SMPs. This was followed by Technology Consulting, Digitalisation Advisory, Business Process Outsourcing, Technology Risk Advisory and Fund Administration. Among the ASEAN-ANZ respondents, 29.2% want to see more Technology Consulting, Digitalisation Advisory from SMPs. This contrasts sharply with China, where respondents did not place this in this Top 5 services demanded. Roundtable participants speculated that ASEAN-ANZ is in the throes of the digitalisation race, giving rise to its higher preference for technology-related services, hence, the higher percentage. Businesses in China, however, appear to be placing more funds on obtaining Accounting Advisory services.

China roundtable participants noted that while both the Big Four and SMPs have their own unique selling propositions, they would choose SMPs over the Big Four when it comes to more customised and targeted projects.

SMPs, particularly the larger ones, were perceived to have more specialised offerings and are often more affordable than the Big Four. ASEAN-ANZ echoed similar beliefs, with some roundtable participants flagging out the high fees of Big Four firms as a deterrent. Furthermore, local on-the-ground partners of SMPs prove to be integral to overseas operations, as they would be more familiar with local policies and realities. In that regard, roundtable participants highlighted the advantages SMPs would have over the Big Four, when these types of collaborations are forged. Broad-based services such as audit or corporate strategies are what Big Four firms do best, added the roundtable participants.

6. Cost-effectiveness and value for money is the top criterion when it comes to selecting a professional accountancy services provider

The survey found that "Cost considerations and value for money" is the most important criterion for both ASEAN-ANZ and China respondents, when it came to selecting a professional accountancy services provider. "Relevant and specialised expertise" came in second, while "Personalised attention to my needs" came in third. (See Figure 15 below for more details.)



How Professional Accountancy Services Providers Can Up Their Game

Based on the top 5 criteria that respondents considered when selecting professional accountancy services providers, we present this report's recommendations below.

#1 CALIBRATE cost with value

In order to determine value, clients and professional services providers should put together a detailed proposal consisting of deliverables, timelines, fee breakdowns, and payment deadlines. Both parties can reach a more effective working relationship, and perhaps negotiate fees in exchange for a longer-term partnership. Perhaps shifting from a time-based to a value-based fee arrangement may reflect the needs of clients better.

#2 COMMUNICATE ideas and needs effectively

Clients want to feel that they are being taken care of and so they prefer a personalised approach. Providers will need to analyse and reflect on their clients' pain points. They should not resort to a boilerplate approach. Clients should communicate these pain points clearly to their professional service providers. This will help providers customise their solutions more accurately to what their clients really need.

#3 COLLABORATE with other professional accountancy service providers

Clients prefer a one-stop service among their professional service partners. This is where the Big Four outperform SMPs, due to their larger networks and diverse offerings. However, skilled manpower remains a challenge for

the professional accountancy services industry¹³. SMPs can mitigate this through collaborations with other professional services providers or hiring self-employed accounting professionals.

#4 IMPOSE penalties on missed deadlines

According to the survey findings, "prompt ability to meet deadlines set" is the fourth most desired trait when it comes to choosing a professional service. This raises the question of whether missed deadlines are common in the accountancy services industry. Clients and professional services providers can work towards realistic deadlines and penalties can be clearly agreed on in advance for both sides if deadlines for deliverables are missed without valid reasons, either from the clients or professional services providers.

#5 CREATE an overseas presence

SMPs need to have a global view for long-term sustainability. Many businesses look to overseas markets for revenue growth and require Tax Advisory as well as knowledge on local financial regulations. SMPs should consider expanding overseas to ensure sustainable revenue streams. This report provides information about demand for services in different countries and regions that SMPs can review to target their internationalisation efforts. ■

THE SURVEY FOUND THAT "COST CONSIDERATIONS AND VALUE FOR MONEY" IS THE MOST IMPORTANT CRITERION FOR BOTH ASEAN-ANZ AND CHINA RESPONDENTS, WHEN IT CAME TO SELECTING A PROFESSIONAL ACCOUNTANCY SERVICES PROVIDER.

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13 ICPAS-CPA Australia Survey on Advisory Services for Singapore Businesses, Page 14. ICPAS, CPA Australia, March 2013.

China roundtable discussions noted that professional accountancy service fees are increasing, and the question of whether the fees are worth their value is on their minds. Consultancies, including the Big Four, are often subject to a revolving door of employees, which may introduce inconsistencies when it comes to implementing projects, commented the roundtable participants. They further noted that there is a gap between delivery and expectation. ASEAN-ANZ echoed a similar sentiment, citing increasing challenges in finding value in their engagement of professional accountancy services providers. It is therefore urgent that providers up their game to enhance their value proposition.

7. Cost and ease of doing business chosen as the top criteria of a global accountancy hub

Professional accountancy services thrive in an economy where there is proper infrastructure to support and promote them. The concept of a ‘global accountancy hub’ to support professional accountancy services has been discussed in Singapore for many years¹⁴.

“Cost and ease of doing business” is the top criterion a global accountancy hub should possess, said survey respondents from ASEAN-ANZ and for Asia-Pacific, as a whole. However, China ranked it second. Respondents from China selected “Quality of public service and competence level” as the top criterion. Roundtable participants believed that political stability, economic stability, as well as a broad scope of talent with a diverse range of skills in professional accountancy services, contributed to a city’s recognition as a global accountancy hub. However, participants warned that global accountancy hubs such as Hong Kong and Singapore could easily lose their lustre over time if cost remains an issue for businesses.

The following were selected as the top global accountancy hubs by survey respondents: New York, London, Hong Kong, Singapore and Beijing – using the criteria selected by respondents, as discussed above. As this list is based on perceptions of the Asia-Pacific respondents and has not been evaluated by independent panels, they have not been ranked. They are sequenced based on the GFCI 2021¹⁵.

Conclusion

COVID-19 may have slashed revenues and caused significant cash flow problems for businesses, but things are looking up with the promise of vaccines and as the world transcends into a new normal. Paradoxically, it has opened opportunities for the growth of professional accountancy services, both in non-regulated services, such as IT Advisory, Risk Management & Governance and Tax Advisory; but also regulated services such as Tax Compliance.

ASEAN-ANZ and China appear to have differing appetites for regulated services as well as its non-regulated services. China, still on a high growth trajectory, requires more Audit & Assurance and Corporate Support services, with lower IT Advisory budgets. On the other hand, ASEAN-ANZ’s higher demand for IT Advisory and tech-related services reflects the high priority that digital transformation has in the region. The evolving needs of enterprises and concerns about increasing fees have resulted in respondents selecting cost and value for money as the topmost preferred criterion of a professional accountancy service provider.

We believe that the above findings, and the study as a whole, will provide actionable insights on the demand for specific professional accountancy services in the Asia-Pacific, amid COVID-19’s impact and ongoing digital transformations (which had already begun even before the pandemic). The study’s findings serve to highlight the key professional accountancy services that are in demand in the region and assist professional accountancy services providers and consultants to review the range of services they provide to see if these adequately meet the needs of enterprises. As for enterprises, they can reflect on their own needs for these services, using findings from the study in order to boost growth, or to transform their businesses by seeking external advice.

Policymakers can use the study to better understand the needs of both professional accountancy services providers and enterprises to help facilitate business transformation. On a wider perspective, they will need to reflect on the infrastructure required to boost the volume and diversity of professional accountancy services in their countries, by reviewing the criteria that successful and thriving global accountancy hubs have fulfilled and emulate those to the extent feasible and appropriate in their environment.

¹⁴ Transforming Singapore into a Leading Global Accountancy Hub for Asia-Pacific, CDAS, 2010.

¹⁵ GFCI 29 Rank, March 2021.



2. Asia-Pacific Market Commentary

2.1 Annual Budgets for Professional Accountancy Services are buoyant for FY 2021- 2024

Almost a third (31.0%) of respondents were from organisations that had annual revenues of US\$100 million and above (with 10.6% having US\$1 billion and above). At the other end of the spectrum, 28.7% had annual revenues of US\$5 million and below. (See *Appendix 1 – Survey Demographics*.)

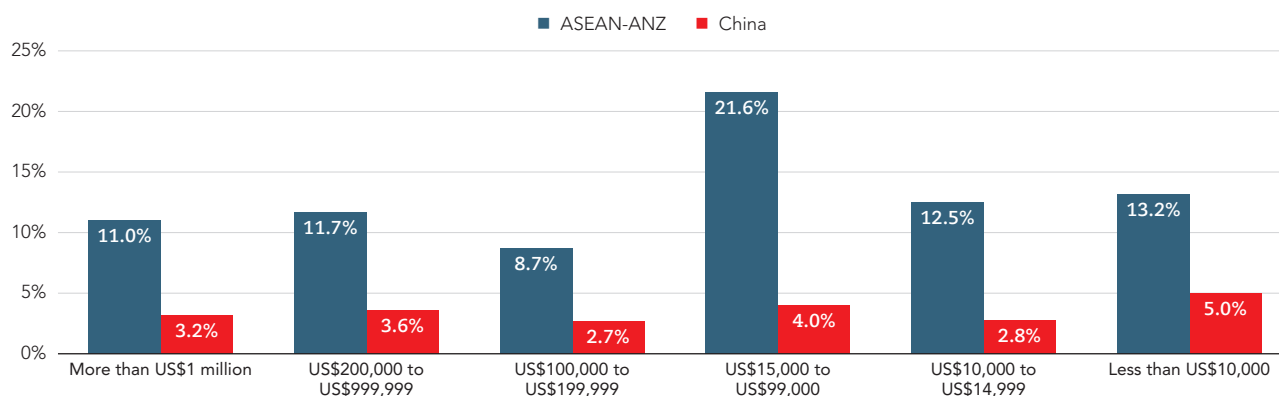
The demand for professional accountancy services remains buoyant both in ASEAN-ANZ region and China. While overall in the Asia-Pacific 14.2% have annual budgets of more than US\$1,000,000 allocated for the next three financial years (see Figure 2, above), 11.0% of ASEAN-ANZ respondents are in this budget range, compared to only 3.2% of China's respondents. On the other hand, 13.2% of ASEAN-ANZ respondents and 5.0% of China respondents have budgets of less than US\$10,000 (see Figure 3, below).

With regards to these lower budgets, some roundtable participants questioned what implications there are from a compliance and governance point of view. There is

some evidence, as discussed in *Key Finding 1*, above, that the pandemic, including its adverse impact on cashflows, have made organisations more prudent and circumspect about spending in general. However, an over-emphasis on simply cutting costs may affect the ability of organisations to perform effectively to recover from the pandemic and is also likely to impact the quality of financial reporting. Boards must understand and address these risks by reviewing whether sufficient resources are being allocated to professional accountancy services to improve the organisation's ability to be future ready in a post-COVID world.

On the supply side, as discussed earlier in the Executive Summary, professional accountancy services providers must enhance their value propositions to their clients, demonstrating the value they bring, whether with regards to regulated services, such as Statutory Audits, or non-regulated services, for e.g., IT Advisory. This will put them in a good position to command higher fees. Ensuring a proper level of fees will not only have implications on profitability but the quality of financial reporting and auditing, which impacts a city's standing as a global accountancy hub.

FIGURE 3: Annual Budget for Professional Accountancy Services, FY 2021-2024, ASEAN-ANZ vs China



2.2 Audit & Assurance enjoying strong demand in the Asia-Pacific, especially in China

The proportion of the annual budget allocated for various professional accountancy service categories, as reported by survey respondents, are given below (Figure 4).

Figure 5, below, shows the breakdown of the demand between ASEAN-ANZ and China.

Audit and Assurance led overall demand in the Asia-Pacific. Overall, this service category attracted 18.0% of annual professional service budgets for the next three financial years. The China respondents allocated a much higher 31.0% of their annual budgets to Audit & Assurance, significantly more than ASEAN-ANZ's 14.8%.

Discussions revealed that meeting the requirements of the constantly evolving IFRS in China are driving demand for Audit and Assurance services as well as Tax Advisory, against the backdrop of tax reforms.

Yan Caizhi, the CFO of Grassland Finance Limited, revealed that "As a foreign-owned microcredit company, we have a growing demand in the past one or two years for a better understanding of new requirements under IFRS 9 Financial Instruments." IFRS 9 took effect on 1 January 2018, having replaced the previous accounting standard International Accounting Standard 39. This new standard, amongst others, placed obligations on companies that will not want to fall foul of the requirements, to embark on understanding these new standards, as well as to seek external advice. Caizhi elaborated, "As a company doing credit business, most of our assets are credit assets. Therefore, the new standards will have a large impact on us, so we have discussed the accounting treatment with a professional services provider over the past year."

Updates in accounting standards such as the IFRS continue to drive demand for professional accountancy services in China.

FIGURE 4: Annual Budget for Professional Accountancy Service Categories, FY 2021-2024, Asia Pacific

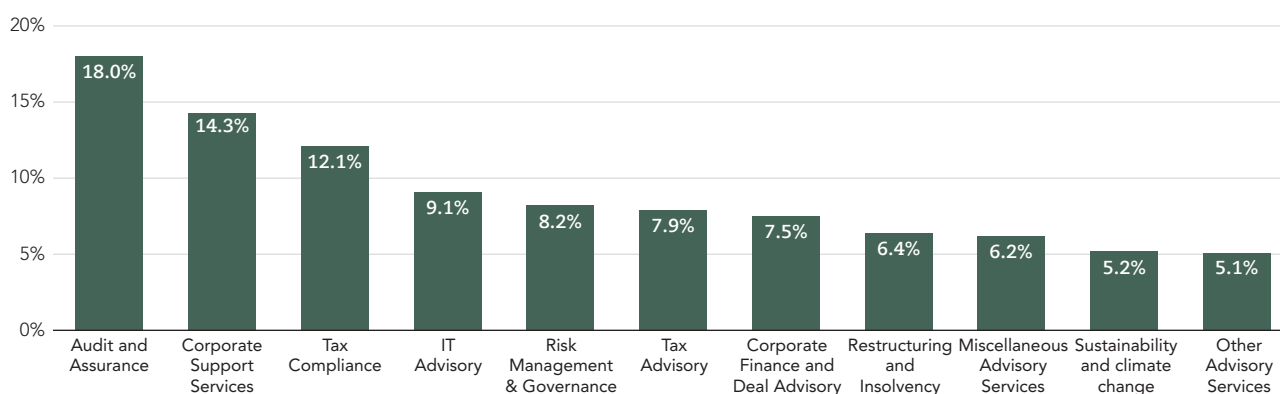
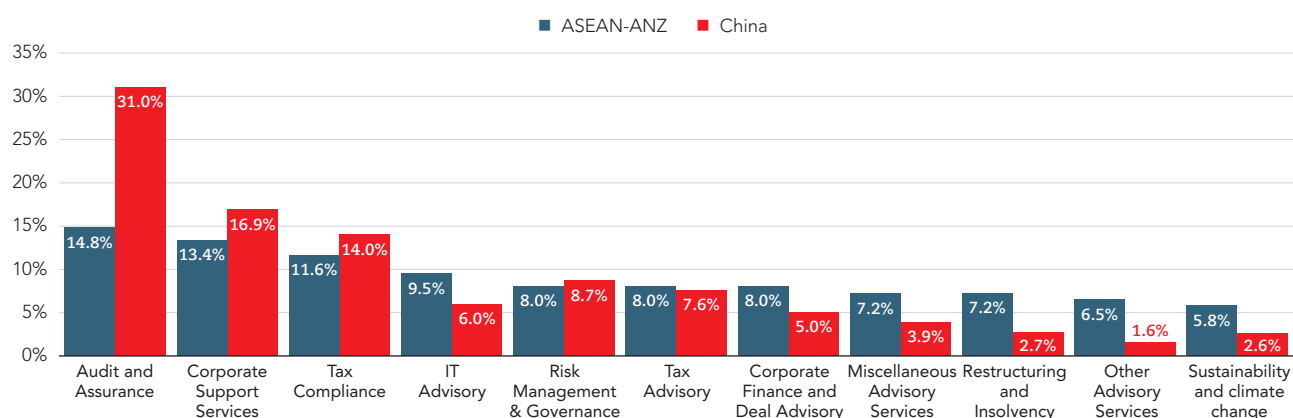


FIGURE 5: Annual Budget for Professional Service Categories, FY 2021-2024, ASEAN-ANZ vs China



The rapid increase in the volume of data requires auditors to be equipped with the latest available technological tools to analyse a much higher volume of data in their audits than has previously been the case¹⁶. As such, auditors will need to embrace technology as assurance services continue to evolve. The use of advanced technologies such as AI and ML, blockchain and data analytics promises a transformation in the audit profession, changing audit from a reactive and backward-looking exercise to a proactive, constant source of forward-looking insights that can be used all the time, with the auditor as the custodian and interpreter of the underlying data. This immersion in audit technology will allow traditional firms that focus on audits to expand their business models and provide a leeway into non-traditional services, including IT advisory¹⁷.

2.3 IT Advisory more in demand in ASEAN-ANZ region

The China respondents prioritised Corporate Support Services and Tax Compliance over its ASEAN-ANZ peers, allocating 16.9% and 14.0% of their annual professional accountancy services budgets, respectively. China allocated 8.7% of its budget to Risk Management & Governance. However, IT Advisory was less in demand, commanding just 6.0% of annual budgets.

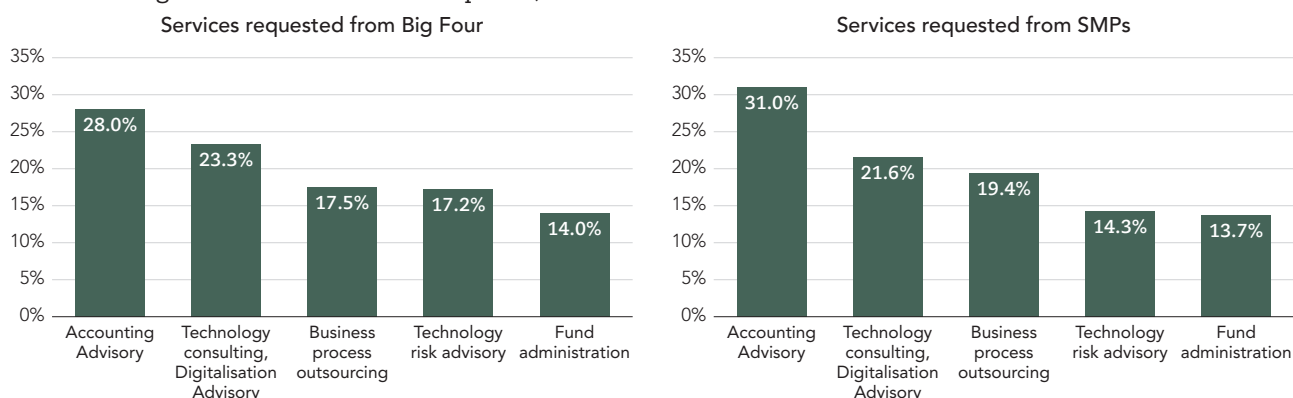
This contrasts with ASEAN-ANZ respondents' lower allocations of 13.4% and 11.6% of their annual professional accountancy services budgets to Corporate Support Services and Tax Compliance, respectively. ASEAN-ANZ allocated 8.0% of its budget to Risk Management & Governance, with IT Advisory ranking higher on the demand scale (compared to China) at 9.5%.

The contrasting trend was dissected during roundtables with China and ASEAN-ANZ participants. It was suggested that China was ahead of ASEAN-ANZ in technology, hence it is prioritising other professional accountancy services. Participants in China shared the same sentiment, and said that they left their IT departments to take care of IT matters. They cited examples where small service-providers who specialised in IT Advisory, coupled with financial knowledge, are more agile and can adapt quickly to customise offerings to satisfy their clients' requirements.

While organisations feel the need to digitalise their otherwise manual and repetitive processes, many of them felt that cost was a pertinent issue. Training internal staff in such skills is not only costly and time-consuming, but it could be counterproductive, as they may leave for greener pastures with their new skills in tow, without a clear career progression path in sight. Hiring IT Advisory services talent from the Big Four can be very expensive as well, added the participants.

The roundtable participants noted that many IT Advisory service providers lack the business intelligence required that can help organisations to reach their business goals. Skilled talent that can do both are a rare find. "IT guys talk in IT language and business people talk business. It is difficult to source capable IT professional accountancy services that understand your business," said Horace Ma, CFO of S. Culture Holdings (BVI) Limited. This is an opportunity for professional accountants to provide a more holistic service offering to clients by combining their financial and management expertise with technology. As this report has highlighted, accountants who are able to do this will be able to benefit from the upsurge in demand for IT Advisory services across Asia-Pacific.

FIGURE 6: Big Four vs SMP Services Requests, Asia-Pacific



¹⁶ Audit and Technology, ACCA, CA ANZ, 2019.

¹⁷ Audit and Technology, ACCA, CA ANZ, 2019.

2.4 Big Four vs. SMP Service Requests

Figure 6 (see above) shows services that respondents perceived were not adequately supplied by the Big Four and/or SMPs. The figures show that across the Asia-Pacific (comprising the data from both ASEAN-ANZ region and China), the services requested from the Big Four and SMPs are identical with slight differences in the intensity of the demand, and a preference for technology-related services from the Big Four. It is clear that respondents are of the view that both the Big Four and SMPs should expand the supply of Accounting Advisory services. (The services requested from the Big Four and SMPs, by ASEAN-ANZ and China respondents separately, however, do show some differences.)

THE SERVICES REQUESTED FROM THE BIG FOUR AND SMPs ARE IDENTICAL WITH SLIGHT DIFFERENCES IN THE INTENSITY OF THE DEMAND, AND A PREFERENCE FOR TECHNOLOGY-RELATED SERVICES FROM THE BIG FOUR.



3. ASEAN-ANZ Region Market Commentary

According to a forecast by the World Bank, economic growth in the ASEAN region is expected to grow by about 5.4% for 2021¹⁸. According to the IMF's April 2021 forecast, GDP growth for Australia is expected to pick up to 4.5% in 2021 and 2.8% in 2022¹⁹. Given this scenario, the demand for professional accountancy services is expected to rise over the next few years.

3.1 Annual Budgets for Professional Accountancy Service Categories

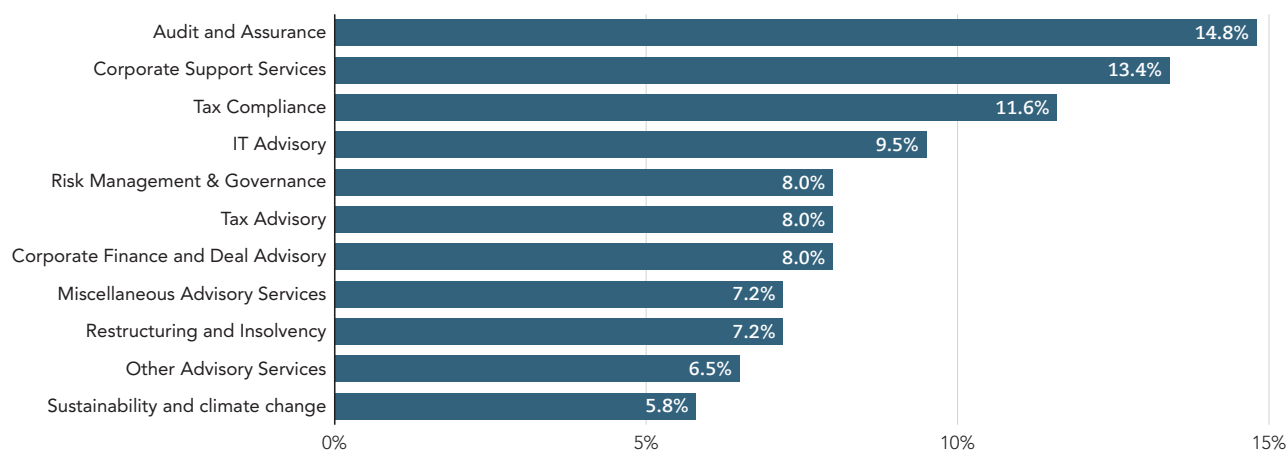
The percentage of respondents' annual budget expenditure which their organisation has allocated (or will be allocating) to each professional accountancy service category for the next three financial years, is shown below.

Coupled with COVID-19's impact on revenues, it is likely that smaller enterprises have no choice but to tighten their purse strings and allocate budgets to professional accountancy services that are essential, such as Audit and Assurance, and Corporate Services. Such services demanded 14.8% and 13.4% of annual professional

accountancy services budgets in ASEAN-ANZ for the next three financial years. The next highest budgets went to Tax Compliance (11.6%), IT Advisory (9.5%), Risk Management & Governance (8.0%), Tax Advisory (8.0%) and Corporate Finance & Deal Advisory (8.0%).

The allocation of budgets by the ASEAN-ANZ respondents is consistent with the increased trade flows in the ASEAN region. The differing tax laws and regulations require enterprises to source for expert advice in Tax Compliance, Risk Management & Governance, and Tax Advisory, while IT Advisory services are also required as companies undergo digital transformation.

FIGURE 7: Annual Budget for Professional Accountancy Service Category, FY 2021-2024, ASEAN-ANZ



¹⁸ ASEAN Economic Outlook for 2021, Karyo, 2021.

¹⁹ Australia: Economic and Political Overview, Nordea, 2021.

3.2 Top 5 Professional Accountancy Services that ASEAN-ANZ wants from the Big Four

The top 5 services respondents believe are not widely offered today and would like the Big Four and other large firms to provide more in future are shown below in Figure 8.

COVID-19 has accelerated the digital transformation agenda for most enterprises. In line with this trend, 25.6% of the ASEAN-ANZ respondents indicated a desire for more Technology Consulting & Digitalisation Advisory services while 19.4% would like to see more Technology Risk Advisory services to be provided. 13.9% of the respondents also asked for more IT forensic services. Beyond these technology related services, a significant proportion of respondents also want more Accounting Advisory (23.9%) and Business Process Outsourcing services (17.2%).

Roundtable discussions noted that the results were consistent with current trends, where enterprises in ASEAN-ANZ are embracing automation and digitalisation as part of a growth mindset. E-commerce's spike, the advent of digital marketing and the mass adoption of remote working arrangements, owing to COVID-19's impact, drove demand for technology services, as well as for Business Process Outsourcing. The demand for IT Forensic is understandable given the cyber risks that multiply with greater digitalisation and e-commerce activities.

Roundtable participants expressed concern at Sustainability & CSR Reporting being ranked below the 10th position on the list of professional accountancy services requested from the Big Four. They noted that while services such as Audit and Assurance are non-discretionary, perhaps some regulation is needed for ASEAN-ANZ firms to step up their sustainability reporting efforts. Other participants

argued that corporates may be looking to advisors outside of the Big Four and SMPs for more specialised expertise. However, as noted earlier, professional accountants are well-positioned to provide these services and should consider seizing the opportunity to provide and be known for providing sustainability-related services.

3.3 Top 5 Professional Accountancy Services that ASEAN-ANZ wants from SMPs

The top 5 services respondents believe are not widely offered today and would like SMPs to provide more in future are shown below in Figure 9.

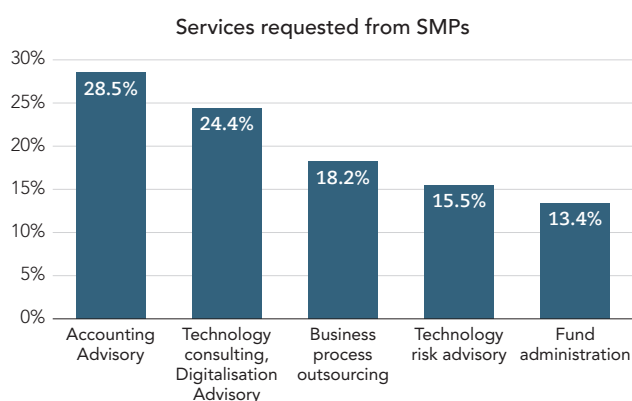
28.5% of respondents hoped to see more Accounting Advisory services from SMPs, while 24.4% of them hoped to see more Technology Consulting & Digitalisation Advisory. Business Process Outsourcing, Technology Risk Advisory, and Fund Administration made up 18.2%, 15.5% and 13.4% of respondents' wish list of professional accountancy services from SMPs respectively.

The result underpins a trend of businesses seeking out SMPs for such services, rather than consulting any of the Big Four firms. Smaller businesses may have different, more niche requirements that only SMPs can meet. Furthermore, SMPs may be able to provide these services at a lower cost and perhaps a quicker turnaround than a Big Four firm. Roundtable discussions indicate the high cost of services from the Big Four firms as the main factor in their preference for SMPs. This could serve as an opportunity for SMPs to provide such services or invest in such capabilities, as businesses prefer SMPs for their affordability relative to the Big Four. Many SMPs may not necessarily provide such services now and smaller service providers may want to consider investing in such capabilities or collaborate with other providers with such capabilities.

FIGURE 8: Top 5 Professional Accountancy Services requested from Big Four, ASEAN-ANZ



FIGURE 9: Top 5 Professional Accountancy Services requested from SMPs, ASEAN-ANZ



Chin Chee Choon, Advisory Leader at Nexia TS Public Accounting Corporation, indicated that:

Many clients prefer interacting with SMPs as they would be “interacting directly with the partners”, as opposed to junior staff, an experience typical of the Big Four and other large firms.

Working with senior members of the SMP lends a more personal and knowledgeable touch to business relationships, he noted. Personalised attention came out as the third most desired criterion of a professional accountancy services provider in this report (see *Section 5: Selection of Professional Accountancy Services Provider*).

3.4 Country Analysis of Top 5 Professional Accountancy Services Demanded

The top 5 professional accountancy services in selected countries in the ASEAN-ANZ region are given below, in descending order of their demand.

3.4.1 Singapore (Table 1)

Singapore’s position as a global financial centre and its robust regulatory framework makes it an accountancy hotspot.

Its business-friendly government, emphasis on digital innovation and use of English in business dealings are just some of its attractive qualities.

The downsides to running a business out of Singapore are its high cost of living and a crunch in the accountancy talent pool.

Unlike other countries considered here, Sustainability & CSR Consulting, as well as IT Forensic services were included in the top 5 services requested from the Big Four in Singapore.

3.4.2 Malaysia (Table 2)

Malaysia is a popular choice among global corporations as a hub for their finance and accountancy operations.

TABLE 1: Top 5 Professional Accountancy Services Demanded – Singapore (n = 148)

SERVICE CATEGORIES (ranked by budget allocation)	SERVICES REQUESTED FROM BIG FOUR*	SERVICES REQUESTED FROM SMPs*
1. Audit and Assurance 2. Corporate Support Services 3. Tax Compliance 4. IT Advisory 5. Risk Management & Governance	1. Technology Consulting, Digitalisation Advisory 2. Technology Risk Advisory 3. Accounting Advisory 4. Sustainability & CSR Consulting 5. IT Forensic	1. Technology Consulting, Digitalisation Advisory 2. Accounting Advisory 3. Technology Risk advisory 4. Business Process Outsourcing 5. Transfer Pricing Advisory

* These are services that are perceived to be in short supply from the relevant professional accountancy services provider.

TABLE 2: Top 5 Professional Accountancy Services Demanded – Malaysia (n = 132)

SERVICE CATEGORIES (ranked by budget allocation)	SERVICES REQUESTED FROM BIG FOUR*	SERVICES REQUESTED FROM SMPs*
1. Audit and Assurance 2. Corporate Support Services 3. Tax Compliance 4. IT Advisory 5. Tax Advisory	1. Technology Consulting, Digitalisation Advisory 2. Accounting Advisory 3. IT Solution Business 4. Business Process Outsourcing 5. International and Cross-Border Tax Advisory	1. Accounting Advisory 2. Technology Consulting, Digitalisation Advisory 3. Tax Incentives Applications, Renewals and Advisory 4. Risk Advisory 5. Business Process Outsourcing

* These are services that are perceived to be in short supply from the relevant professional accountancy services provider.

Its skilled accounting workforce and multi-lingual environment, as well as robust IT infrastructure and lower operating cost, makes it highly regarded among MNCs.

This is in line with corporations expanding their headcount or presence locally, and require expertise in human resource, payroll and manpower regulations.

Malaysia features IT Solution Business as one of the top services requested from the Big Four, on top of its Technology Consulting, Digitalisation Advisory, from both the Big Four and SMPs.

Unlike other countries considered here, Tax Incentives Applications, Renewals and Advisory, features prominently for services requested from both the Big Four and SMPs in Indonesia.

Automating accounting processes is part of a countrywide digitalisation push, which sees it spending US\$11 billion in 2020 on overall IT spending²⁰.

3.4.3 Indonesia (Table 3)

Technology consulting and technology risk advisory are demanded from both the Big Four and SMPs by Indonesian businesses. Business process outsourcing is also high on the agenda, from the Big Four and SMPs.

3.4.4 Vietnam (Table 4)

The Vietnam Accounting Standards, or VAS, is the main accounting framework in Vietnam. As the country continues to develop rapidly through foreign investment and a growing middle class, the country intends to move towards IFRS by 2025²¹. This is a significant move, as it symbolises that Vietnam is readying itself to be in line with international best practices, adhering to global standards of transparency and corporate governance.

TABLE 3: Top 5 Professional Accountancy Services Demanded – Indonesia (n = 111)

SERVICE CATEGORIES (ranked by budget allocation)	SERVICES REQUESTED FROM BIG FOUR*	SERVICES REQUESTED FROM SMPs*
<ol style="list-style-type: none"> 1. Audit and Assurance 2. Corporate Services 3. IT Advisory 4. Tax Compliance 5. Corporate Finance and Deal Advisory 	<ol style="list-style-type: none"> 1. Technology Consulting, Digitalisation Advisory 2. Technology Risk Advisory 3. Accounting Advisory 4. Business Process Outsourcing 5. Tax Incentives Applications, Renewals and Advisory 	<ol style="list-style-type: none"> 1. Accounting Advisory 2. Technology Consulting, Digitalisation Advisory 3. Technology Risk advisory 4. Tax Incentives Applications, Renewals and Advisory 5. Business Process Outsourcing

* These are services that are perceived to be in short supply from the relevant professional accountancy services provider.

TABLE 4: Top 5 Professional Accountancy Services Demanded – Vietnam (n = 107)

SERVICE CATEGORIES (ranked by budget allocation)	SERVICES REQUESTED FROM BIG FOUR*	SERVICES REQUESTED FROM SMPs*
<ol style="list-style-type: none"> 1. Audit and Assurance 2. Corporate Support Services 3. Tax Compliance 4. Restructuring and Insolvency 5. IT Advisory 	<ol style="list-style-type: none"> 1. Accounting Advisory 2. Technology Consulting, Digitalisation Advisory 3. Business Process Outsourcing 4. Technology Risk Advisory 5. Customs duties 	<ol style="list-style-type: none"> 1. Accounting Advisory 2. Technology Consulting, Digitalisation Advisory 3. Business Process Outsourcing 4. Customs Duties 5. Transfer Pricing Advisory

* These are services that are perceived to be in short supply from the relevant professional accountancy services provider.

²⁰ Malaysia's digital transformation progress, Computer Weekly, 16 March 2020.

²¹ Accounting and Bookkeeping in Vietnam: An Overview, Vietnam Briefing, November 2019.

Perhaps, because of this, Accounting Advisory, is the top service in demand from both the Big Four and SMPs.

Unlike other countries considered here, Vietnam corporates requested for services relating to Customs Duties from both the Big Four and SMPs.

3.4.5 Philippines (Table 5)

The use of IFRS for many years, and the widespread use of English makes the Philippines attractive to global corporations²². Perhaps, because of this, Accounting Advisory is the top service demanded from both the Big Four and SMPs in the Philippines. Unlike other countries considered here and the overall ranking in the Asia-Pacific region, Audit and Assurance came in second in the top 5 service categories budgeted for.

Corporate Support Services takes up most of the Philippines respondents' budgets.

3.4.6 Australia (Table 6)

Australia counts China, Japan and the United States as some of its top trading partners. Coupled with a strong and transparent financial system, Australia has plenty of opportunities for professional accountancy services providers, whose expertise in International and Cross-Border Tax Advisory is in great demand.

Australia's global trade drives demand for International and Cross-Border Tax Advisory, which is in the top 5 preferred services from both the Big Four and SMPs.

TABLE 5: Top 5 Professional Accountancy Services Demanded – Philippines (n = 100)

SERVICE CATEGORIES (ranked by budget allocation)	SERVICES REQUESTED FROM BIG FOUR*	SERVICES REQUESTED FROM SMPs*
1. Corporate Support Services 2. Audit and Assurance 3. Tax Compliance 4. Corporate Finance and Deal Advisory 5. IT Advisory	1. Accounting Advisory 2. Technology Consulting, Digitalisation Advisory 3. Technology Risk advisory 4. Business Process Outsourcing 5. Fund Administration	1. Accounting Advisory 2. Fund Administration 3. Business Process Outsourcing 4. Custom Duties 5. Corporate Restructuring (operational restructuring)

* These are services that are perceived to be in short supply from the relevant professional accountancy services provider.

TABLE 6: Top 5 Professional Accountancy Services Demanded – Australia (n = 68)

SERVICE CATEGORIES (ranked by budget allocation)	SERVICES REQUESTED FROM BIG FOUR*	SERVICES REQUESTED FROM SMPs*
1. Audit and Assurance 2. Corporate Support Services 3. Tax Compliance 4. IT Advisory 5. Corporate Finance and Deal Advisory	1. Accounting Advisory 2. Technology Consulting, Digitalisation Advisory 3. Tax Incentives Applications, Renewals and Advisory 4. International and Cross-Border Tax Advisory 5. Corporate Restructuring (operational restructuring)	1. Technology Consulting, Digitalisation Advisor 2. Accounting Advisory 3. Business Process Outsourcing 4. IT Forensic 5. International and Cross-Border Tax Advisory

* These are services that are perceived to be in short supply from the relevant professional accountancy services provider.

²² How the Philippines is planning for a brighter future, EY, November 2019.

It is also the only country where IT forensic is one of the preferred services from SMPs.

Conclusion

Countries in the ASEAN-ANZ region are amid a digital race, which places their technology-related demands on top of their priorities from both the Big Four and SMPs. This explains why Technology Consulting and

Digitalisation Advisory features quite prominently in all countries. Accounting Advisory remains one of the key demands from businesses due to regulatory requirements, but what is noteworthy is that it is in high demand even from SMPs. This is prevalent in developing economies such as Indonesia, the Philippines and Vietnam, where SMPs can provide lower-cost and personalised professional accountancy services.



4. China

Market Commentary

The Chinese economy is firmly on a path to recovery, with the government's continued stimulus efforts and successful containment of the COVID-19 outbreak.

It is likely to further consolidate and achieve high-quality growth in 2021 and beyond, given favourable economic conditions such as a massive domestic market and rising urbanisation rate²³. According to the World Bank's estimate, growth in China is projected to rise to 7.9% in 2021²⁴. Given these conditions, we can expect the demand for professional services to remain strong.

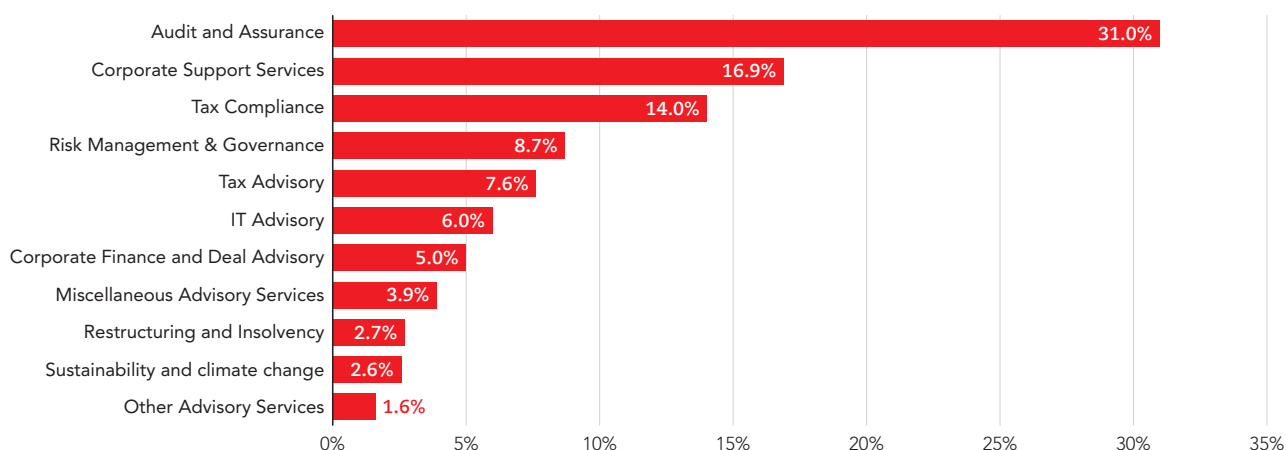
4.1 Annual Budgets for Professional Accountancy Service Categories

The respondents from China place the utmost importance on Audit and Assurance, with this category of professional accountancy services taking up 31% of annual expenditures for the next three financial years. This is more than double of ASEAN-ANZ's 14.8%, a trend consistent with China's growth trajectory and recent tax reforms.

According to roundtable discussions from China, demand for Accounting Advisory services (included in the Audit and Assurance category, as it tends to be compliance related) is set to grow in China. Accounting standards have become more complex. IFRS 17 Insurance Contracts, for instance, is just one of the new accounting standards insurers must meet. It was described by one roundtable participant as the most complex IFRS.

Finance professionals need to remain up to date on the latest IFRS, which are constantly being revised, said a China roundtable participant. Familiarity with IFRS is also needed if Chinese companies intend to expand overseas. Cai Congguang, CFO of Jixiang Life Insurance, explained: "Such changes will result in remodeling and reengineering of the relevant systems, which could be very complicated.

FIGURE 10: Annual Budget for Professional Accountancy Service Categories, FY 2021-2024, China



²³ China economy outlook for 2021, The Star, January 2021.

²⁴ Global Economic Prospects, East Asia and Pacific regional overview, World Bank, January 2021.

As required, all listed companies will need to implement the new standards from 2023 and non-listed companies in 2025-2026."

Continuing mergers and acquisitions, diversification of revenue streams, as well as initial public offerings will drive the need for Corporate Finance and Deal Advisory, Tax Compliance and Risk Management & Governance. Noticeably, the budget for services relating to the Sustainability and Climate category is quite low at only 2.6%. However, some roundtable participants were optimistic that they will grow. Hu Lielei, CEO of LSS Leasing noted: "Sustainable development and environment protection have been given one of the most important positions in our new national [China's] five-year Plan. I believe that the demand for sustainability services will increase soon in China."

It was suggested that IT Advisory services are considerably more cost competitive than those offered in ASEAN-ANZ, resulting in only 6.0% of the budget (compared to the 31.0% for Audit and Assurance). However, it is also noticed that the high percentage for Audit and Assurance service category budget would also have the effect of pushing the relative percentage of IT Advisory services down, from a mathematical relationship perspective. Another reason for the low percentage for IT Advisory services that roundtable participants noted was that IT matters are typically left to a company's IT department. Finance professionals made up the bulk of respondents in China, which could have led to their budgets being skewed towards the Audit and Assurance service category.

4.2 Top 5 Professional Accountancy Services that China wants from the Big Four

The top 5 services respondents believe are not widely offered today and would like the Big Four and other large firms to provide more in future are shown in Figure 11.

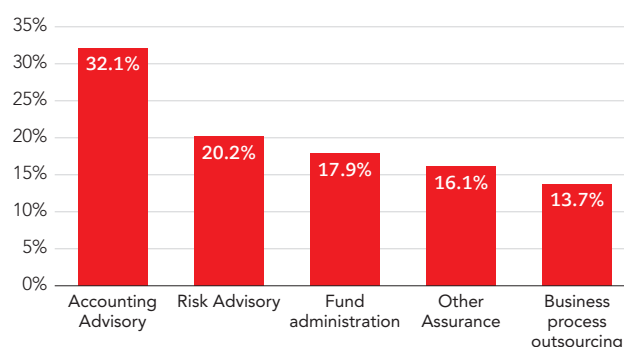
An overwhelming 32.1% of respondents noted that they would like to see more Accounting Advisory services from the Big Four and other large accounting firms. Risk Advisory took second place and Fund administration third, at 20.2% and 17.9%.

Corporations are seeking professional accountancy services due to recent tax reforms in China.

The high demand on Accounting Advisory, followed by Risk Advisory, is due to China's ongoing growth trajectory as an emerging market, where business ventures can be considered "high risk", as one roundtable participant puts it. Multiple tax reforms, with significant changes to China's "Golden Tax System", which facilitates greater automation in China over enterprises' tax preparation processes,²⁵ have been implemented. This is driving demand for these professional accountancy services.

Other roundtable participants foresaw a change in priorities in a few years' time, with Accounting Advisory and other compliance-based services taking a backseat. One roundtable participant noted that some large accounting firms in Hong Kong are turning away audit and assurance clients due to their business pursuits in higher risk growth areas. The findings underpin Hong Kong's position as a key International Financial Centre. "Fund Administration, and Corporate Support Services in general, will be on the rise, as the Chinese economy gets more asset management-based," he said, as China switches gears from a manufacturing-based economy to a more sustainable, services-based model."

FIGURE 11: Top 5 Professional Accountancy Services Requested from Big Four, China

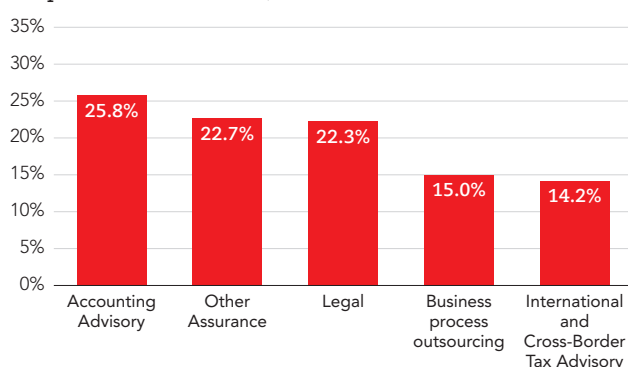


25 CHINA – Various further tax reductions in China and related implementation issues, BDO, May 2019.

4.3 Top 5 Professional Accountancy Services that China wants from SMPs

Similar to the demand for the Big Four, corporates required Accounting Advisory from SMPs. However, Other Assurance is second place, whereas for the Big Four, this was in fourth place. Interestingly, International and Cross-Border Tax Advisory was required from SMPs but not the Big Four. Furthermore, Legal services were required from SMPs but not the Big Four. The high cost of engaging Big Four firms was cited as a key reason as to why respondents looked to SMPs.

FIGURE 12: Top 5 Professional Accountancy Services Requested from SMPs, China



Roundtable participants noted that they hire both the Big Four and SMPs depending on the nature of their projects, as well as to spread out the costs.

SMPs are better suited to smaller, micro-sized projects, when compared with the Big Four, said Lv Guangwei, Finance Lead, Corning Life Sciences Division, a China roundtable participant. "Such small service-providers specialised in IT consulting and financial knowledge have their inherent strengths: more agile and customisable offerings to satisfy client's special requirements. This is the difference I have spotted between big and small service-providers," he added. Companies may turn to SMPs for their more targeted, on-the-ground approach, in the event they are unable to be on-site due to COVID-19 travel restrictions. Cross-border transactions are still taking place, driving demand for Fund Administration services from SMPs.

"I acknowledge the benefits of the Big Four in terms of reputation, professionalism and resources, while local firms also have an edge as they handle matters in a timely manner and understand local policies better," said Cao Yuan with the LvYue Group, a China roundtable participant in the tourism and hospitality business. "My suggestion is that if you need broad-based service, especially services such as audit or corporate strategy, you can engage with the Big Four. However, if you want targeted or customized service, or one-stop service for an enterprise, it is better to find local firms who know the local policies and realities best," he added.



5. Selection of Professional Accountancy Services Provider

Most important criteria considered

In an ongoing transformational trend, professional accountancy services providers have been breaking out from their traditional roles of audit and tax to cater to the digitalisation and globalisation agendas of their clients.

In this dynamic environment, the survey asked respondents, mainly corporates who were typically the clients of these providers, what were the most important criteria they considered when selecting a professional accountancy services provider. See Figure 13 below for these criteria in 2021 and Figure 14 for the criteria considered important in 2018 vs 2021.

5.1 Most Important Criteria Considered when Selecting a Professional Accountancy Services Provider

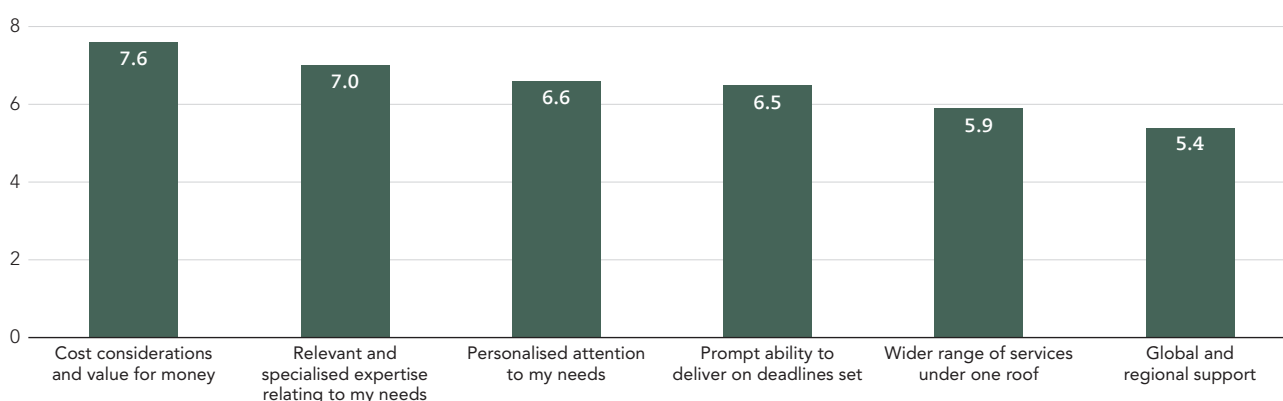
Cost considerations and value for money

Cost considerations and value for money was considered the most important criterion and a leading factor when it came to working with a professional accountancy services

provider. This has moved up 3 positions in the ranking over the past 3 years. In 2018, this criterion was in fourth place. Hence, cost considerations have become more important recently during this pandemic.

Roundtable participants stressed that businesses want to get as much value as they can when it comes to engaging a professional accountancy services provider. Perhaps survey respondents have drawn on past experiences with SMPs and Big Four firms alike, that they begin to reflect on how professional accountancy services providers can cater to their evolving needs and changing budget constraints. What makes a service value-for-money is highly debatable, they argued, and is largely dependent on the client's working relationship or the agreed service levels with his professional service partner.

FIGURE 13: Most important criteria considered when selecting a Professional Accountancy Services Provider, Asia-Pacific*



*The higher the score, the more important the criterion.

FIGURE 14: Most important criteria considered when selecting a Professional Accountancy Services Provider, 2021 vs 2018 rankings, Asia-Pacific

2021 RANKING		2018 EQUIVALENT ²⁶ , RANKING		CHANGE IN RANKING
1	Cost considerations and value for money	4	Cost of advice	+3
2	Relevant and specialised expertise relating to my needs	2	Relevance of advice	0
3	Personalised attention to my needs	2	Relevance of advice	-1
4	Prompt ability to deliver on deadlines set	3	Timeliness of advice	-1
5	Wider range of services under one roof	6	A wide range of services	+1
6	Global and regional support	5	Regional and/or global support	-1

*The higher the ranking, the more important the criterion. In 2018, "Quality [of service]" was ranked first place. This was not assessed directly in 2021.

The roundtable participants noted that there have been many occasions where their vendors have fallen short of their deliverables. "There remains a gap between delivery and expectation, which I think is true of either the strategic consulting projects or other consulting projects," said Cai Congguang, CFO of Jixiang Life Insurance. "The blueprint drawn when negotiating on the project is splendid, while the actual report submitted seems to suggest that the service could have been better, and there's a gap in our expectation," he shared.

Roundtable participants spoke of the need for metrics to gauge the quality of deliverables from vendors as one way to determine value, amid rising fees and higher quotations for services.

Companies and professional services providers alike could decide on their own metrics to determine deliverables, such as return-on-investment, or technological advancement within their own organisations.

Whether it is consulting for the Belt and Road Initiative, or using blockchain in accounting processes, businesses first need to consider the capabilities of the professional services provider and whether they are up to the task. James Lee, Director of Finance at Singapore-based hospitality group Sofitel and roundtable participant, raised a few pertinent questions: "As a client, do you approach an SMP or a Big Four? And if you have chosen

either in the past, would they be worth retaining for future projects? Do they have the competency or a deep understanding of your industrial domain, or the complexities of executing a project?"

This is perhaps an opportune time for SMPs, which are known for their lower fees and personalised touch, to shine. To capture long-term demand, SMPs will need to diversify away from their core offerings of compliance-based and largely regulated services, which currently account for a significant proportion of their revenues. For example, in Singapore, SAC's AE Census Report 2020²⁷ shows that more than 50.0% of the accountancy sector's revenue is being generated from largely regulated, compliance-based services. Similarly, more than 50.0% of its accountancy workforce work in such services. SMPs that specialise in other areas of professional accountancy services, including tech-related services, could take advantage of the rising demand for these services to generate sustainable revenue streams. To do this, SMPs will need to invest in staff training and upskilling.

Relevant and specialised expertise relating to my needs; Personalised attention to my needs

"Relevant and specialised expertise relating to my needs" and the related criterion "personalised attention to my needs" were considered the second and third most important criterion, respectively, when it came to working with a professional accountancy services provider. This is generally in the same position since 2018, when it was in second place.

26 Market Demand for Professional (Business and Advisory) Services, page 24 fig.4, ACCA (Supporting partner: SAC), 2018.

27 AE Census Report 2020, Fig 7, 16, SAC, 2020.

Professional accountants are expected to do more than just auditing these days. They act as an advisor and strategist, and act as a bridge between a client's business goals and the humdrum, less glamorous process of compliance and audit. ACCA's 2016 study entitled *Drivers of Change and Future Skills*²⁸ noted that all professional accountants of the future need to be more involved in the decision-making process, to "interpret and explain the numbers", and "help organisations to achieve short-term as well as longer-term goals".

While skills and deep knowledge play a part, communication, including active listening, is perhaps the most vital when it comes to exceeding client expectations. This could be the moment where professional accountancy services providers could invest in their staff's communication and interpersonal skills. "By 2025, being multilingual, understanding different countries and cultures and how people interact with their colleagues, will be as important as technical skills. Some senior financial managers are already building teams where strong communications skills and diversified cultural and working backgrounds are seen as the essential foundation on which to build technical finance skills,"²⁹ added the report.

Prompt ability to deliver on deadlines

Prompt ability to deliver on deadlines was the fourth most important criterion. This criterion has moved down 1 position since 2018, when it was in third place. Professional accountancy services providers often contend with tight deadlines. With this criterion coming in fourth on the list of desired criteria of professional accountancy services providers, there could be some justifiable suggestions that clients may have had to deal with late submissions and cancelled deadlines from their providers. A pertinent question to ask is whether professional accountancy services providers are struggling with productivity. It could be the lack of knowledge surrounding the use of emerging technologies, a trend which is echoed in ACCA's report *Drivers of Change and Future Skills*³⁰.

It noted that "professional accountants need to become accomplished exploiters and users of business intelligence and data analytics technologies," in order to "identify, manage and mitigate risks in the business, supply chain and economies". "Also considered vital for the next decade, but currently lacking, is the appreciation and application of tools to enable and support virtual

collaboration, disclosure and presentation," added the report. Perhaps the use of these innovative digital solutions could be the key to improving productivity, so manpower could focus on more urgent tasks at hand.

Wider range of services under one roof

Having a wider range of services under one roof was considered an important criterion to have for a successful professional accountancy services provider. This came in currently at fifth place, moving up one position in the ranking, from 2018 when it was in sixth place. Perhaps equally important as having a wider range of services is the integration of these services, instead of having them operate in silos.

Liulei Hu, CEO of LSS Leasing and one of the participants in the China roundtable discussion, agreed that one-stop service providers are highly expected. "In addition, cross-departmental integration is growing. Nowadays, it rarely happens that a service-providing project involves just one department, instead several departments are mobilised," she said. "At the same time, this also poses a big challenge to the provider's service quality and capacity," she explained.

Cao Yuan, Finance Director of LvYue Group, shared a similar opinion: "Now that many overseas operations are halted due to the epidemic, and Chinese employees may lose access to those countries, we have to find eligible agencies to handle business for us. Therefore, we need such professional firms to provide us with one-stop service, including consulting on fiscal and taxation laws and corporate strategy, so that we can generate feasible solutions based on local realities."

Global and regional support

It came as a surprise that "Global and regional support" came in sixth in terms of what desired criterion professional accountancy services provider should have. This has moved down 1 position since 2018 when it was in fifth place. Businesses will always prefer agile solutions and international support, especially in post COVID-19 times where overseas operations are disrupted.

But roundtable participants wondered if its lower priority among enterprises was also a sign that companies may be delaying their overseas expansion plans. It was noted during the roundtable discussions that the rating of these

28 *Drivers of change and future skills*, page 10, ACCA, June 2016.

29 *Drivers of change and future skills*, page 41, ACCA, June 2016.

30 *Drivers of change and future skills*, page 41, ACCA, June 2016.

desired criteria depended on the dynamic economic backdrop and the needs of business development, that will vary from country to country. “They may be looking for business transformation, and who is able to offer them that, based on value for money. Business transformation is related more to the business itself, rather than global and regional support,” the participant explained.

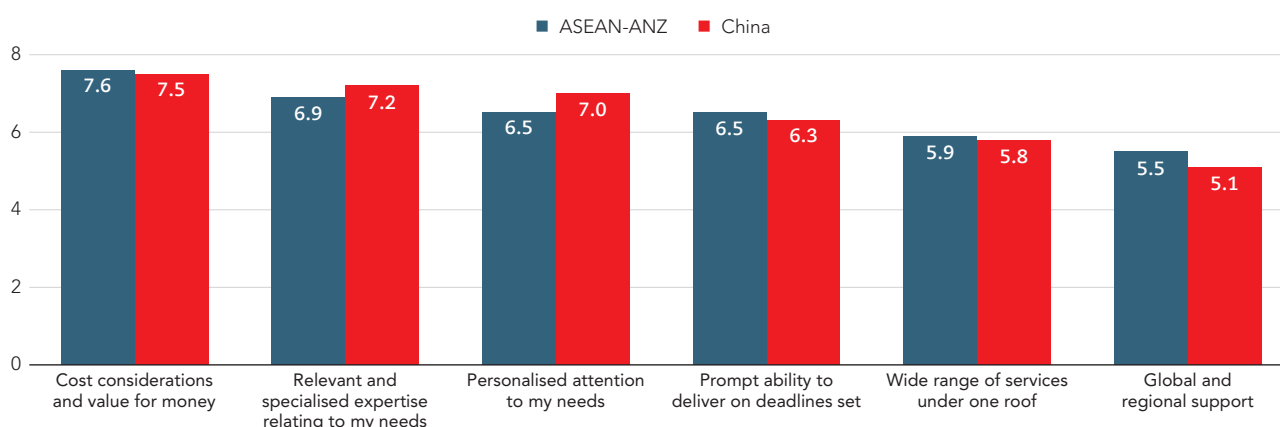
5.2 Most important criteria considered – ASEAN-ANZ vs China

ASEAN-ANZ and China ranked the criteria similarly, with both regions ranking cost considerations and value for money as the top criterion. The main difference was a reversal between “personalised attention to my needs” and “prompt ability to deliver on deadlines set”, with the latter ranked more highly by ASEAN-ANZ. See Figure 15 below.

Conclusion

While the above analysis gives a comprehensive picture of what constitutes the key criteria that professional accountancy services providers should possess to attract clients, some roundtable participants held the view that perhaps another important criterion should be added to the mix above – and this was “trust”. They noted that trust influences decisions down the line, more so than the cost factor. Trust drives some clients to remain loyal to their long-term professional accountancy services partners, even if it means paying top dollar to engage them. Ivan Mitringa, Global S&P Finance Director of Dell Technologies and a Singapore-based roundtable participant, reasoned: “If you already have an established relationship with somebody, you could trade off potential savings with another company, just because you have good trust.”

FIGURE 15: Most important criteria considered when selecting a Professional Accountancy Service Provider – ASEAN-ANZ vs China*



* The higher the score, the more important the criterion.



6. Growing Professional Accountancy Services Globally

Role of Global Accountancy Hubs

For professional accountancy services to thrive locally, we must think globally. In an economy where there is proper infrastructure to support and promote these services globally, the local accountancy sector will evolve and flourish.

In Singapore, the concept of a 'global accountancy hub', with the necessary infrastructure and talent pool, to support and drive the growth of professional accountancy services, has been promoted and discussed for many years, since the publication of the government-appointed CDAS-committee report³¹. The concept is an interesting one although currently embryonic.

Hence, the opportunity was taken to understand from respondents in the survey, the majority of whom were finance and accounting professionals, with more than 14.0% occupying global positions (see Appendix 1 – Survey Demographics), on what they thought were the most important criteria that should be fulfilled for a global accountancy hub.

Furthermore, we asked respondents to identify the top 5 global accountancy hubs from a list of 28 cities (see Appendix 3 – Cities), based on the criteria they selected, to gauge current perceptions in the Asia-Pacific region.

This list of the top global accountancy hubs may provide persuasive evidence for policymakers as well as the accountancy community, on how their accountancy sectors are being perceived by others, and consequently, enable them to review any improvements that may be required to enhance this perception, by analysing the criteria used.

6.1 Top 5 Criteria that a Global Accountancy Hub should fulfill

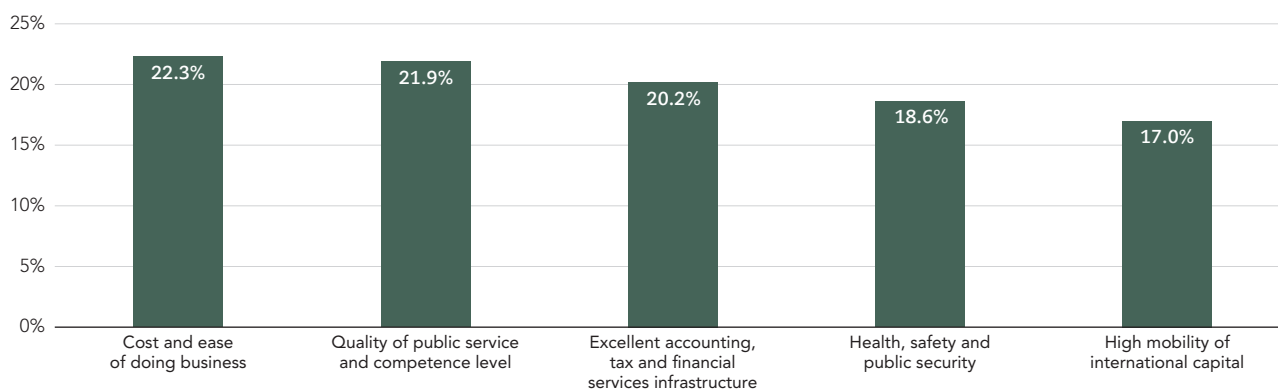
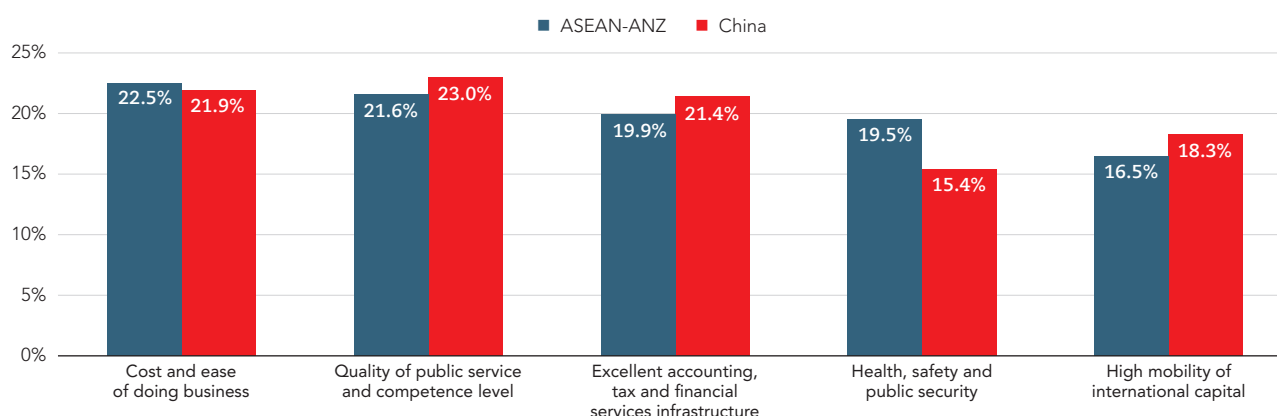
Overall, for the Asia-Pacific region, the top 5 criteria (with '1' being the most important) are as follows:

1. Cost and ease of doing business.
2. Quality of public service and competence level.
3. Excellent accounting, tax, and financial services infrastructure.
4. Health, safety, and public security.
5. High mobility of international capital.

Overall, the criteria selected were similar between ASEAN-ANZ and China respondents. However, there were small differences in the rank given. 23.0% of China respondents ranked "Quality of public service and competence level" as the top criterion a global accountancy hub should fulfill. However, 22.5% of ASEAN-ANZ respondents ranked "Cost and ease of doing business" as the most important.

Some roundtable participants considered political and economic stability as a key fundamental of any global accountancy hub. However, other participants noted that cost and ease of doing business should be more important. Others noted that cost may not be much of a factor if the global accountancy hub offers high professional standards and a premium quality of service.

31 Transforming Singapore into a Leading Global Accountancy Hub for Asia-Pacific, CDAS, 2010.

FIGURE 16: Top 5 Criteria for assessing a Global Accountancy Hub – Asia-Pacific**FIGURE 17:** Top 5 Criteria for assessing a Global Accountancy Hub – ASEAN-ANZ vs. China

The second most important criterion of a global accountancy hub is the “Cost and ease of doing business” for China respondents, while ASEAN-ANZ respondents chose “Quality of public service and competence level”. Vincent Lim, Group CFO, Asia-Pacific, of Datalogic, has spent many years working in China. The Singapore-based roundtable participant noted that Chinese enterprises might move to more competitively priced cities with equally capable talent, if cost remained an important criterion.

“My personal view is that there are many potential global accounting hubs in China. For instance, Nantou, Suzhou and Chengdu. These places have exceptionally good universities, and we see some trends [of businesses] moving into that area,” he said. “We see a lot of accounting activities moving towards the supply chain, he noted. “Virtualisation of [manufacturing processes], digitalisation and working-from-home post COVID-19 will speed up the reroute to cheaper cities,” he continued.

Both China and ASEAN-ANZ chose “Excellent accounting, tax and financial services infrastructure” as the third most important criterion a global accountancy hub should fulfill. This makes sense, as the success of accountancy sectors are largely dependent on the strength of its accounting, tax and financial environments.

ASEAN-ANZ chose “Health, safety and public security” as the fourth most important criterion and “High mobility of international capital” as the fifth most important criterion of a global accountancy hub. The options were reversed for China. China, respondents opted for “High mobility of international capital” as the fourth criterion and “Health, safety and public safety” as the fifth criterion. “Health, safety and public security” is a basic requirement for any city to flourish into an economic or financial hub, so it seems appropriate that it is one of the top five criteria chosen by survey respondents.

It goes without saying, the growth of the accounting talent pool is key to the growth of any global accountancy hub. The availability of skills and training is essential in developing this talent to supplement acquisitions from other global accountancy hubs. As Donald Tsang, Executive Director, Head of Corporate Services, Greater China, FCCA, from Intertrust Group observed, "Our talented colleagues are integral to our ongoing success in the professional services sector. In addition to their technical knowledge and work ethic, our talent appreciates the diversity of cultural values in different markets as well as the power of digital transformation." Mark Gold, senior partner at Silver Levene LLP, Chartered Certified Accountants, noted that "London is a world-famous hub for financial services and business with an unrivalled pool of professional accountancy talent. As new opportunities emerge in the digital economy and accountants become more focussed on strategic advisory services, London is ideally placed as a globally-connected centre for skills and training."

6.2 Top 5 Global Accountancy Hubs as perceived by Survey Respondents

The respondents to this survey selected the Top 5 global accountancy hubs from a list of 28 cities (Please refer to Appendix 3 for the full list), using the criteria discussed above. As they constitute perceptions of the respondents in the Asia-Pacific and not rigorous evaluations by independent panels, they have not been ranked.

Not surprisingly, these global accountancy hubs are also considered global financial centres, as both sectors are closely related. For this reason, we also provide the population data³² for these cities, as well as the GFCI 2021³³ ranking. The sequence below is based on the GFCI 2021 ranking. (The ranking in the GFCI is an aggregate of indices from five key areas: "business environment", "financial sector development", "infrastructure factors", "human capital", "reputation and general factors" – some of which overlap with the criteria used in the survey discussed in this report. Hence, there are close correlations between the GFCI and the list below.)

1. New York City

POPULATION: 19.22 MILLION

GFCI 2021 RANK: 1

"New York City is a global accountancy hub. It is distinctive for its high concentrations of advanced service sector firms in the fields of accountancy, law, communication, and others. It offers a robust and consistent regulatory and legal system and a business environment that fosters innovation. All of these provide opportunities for many accountants to work in the city, who bring with them their unique and diverse experiences."

Sandy Chu, FCCA, ACCA New York Chapter Head, Former Principal & National Leader of a global accounting firm

New York hosts the IFAC (International Federation of Accountants), as well as the IAASB (International Audit and Assurance Standards Board) and IESBA (International Ethics Standards Board for Accountants). It also has a high concentration of large international professional accountancy services providers, including the Big Four. It is not surprising therefore that respondents should perceive it as a global accountancy hub.

2. London

POPULATION: 8.96 MILLION

GFCI 2021 RANK: 2

"London's origins as a global trading hub date back hundreds of years with the river Thames being an important trading point. Now this vibrant city is a fantastic place for business networking and collaboration and is viewed as a global accountancy hub with a lot to offer the professional accountant. It is home to financial regulators, accountancy firms, corporates, financial services, professional bodies and standard setters (both the IASB (International Accounting Standards Board) and IIRC (International Integrated Reporting Council) have London offices)."

Liz Blackburn, EMEA Head of Financial Controls Reporting, BlackRock, ACCA Global Council Member

³² Statista – The Statistics Portal, accessed on 28 February 2021.

³³ GFCI 29 Rank, March 2021.

London draws finance and accountancy workers from all over. It boasts more head offices of the banking and financial industry than anywhere else in the world and is the European headquarters of 40% of the world's top companies³⁴. It also hosts the IASB (International Accounting Standards Board), as well as the IIRC (International Integrated Reporting Council). It has a high concentration of large international professional accountancy services providers, including the Big Four.

Despite Brexit, when the United Kingdom left the European Union, London continues to thrive as a global accountancy hub. Its ranking in the GFCI of second place in March 2021, adds to the belief that London continues to remain resilient despite Brexit and the pandemic. This will be driven, in part, by forthcoming regulatory reform to further open-up London as a global market.

3. Hong Kong

POPULATION: 7.51 MILLION

GFCI 2021 RANK: 4

"Hong Kong is China's first modern and diversified free trade port and international financial centre. Being a significant member in Greater Bay Area, with the comprehensive tax treaties/arrangements with 45 economies and the FTA with ASEAN, Hong Kong has attracted international professionals, including accountants, to provide high quality services to global clients to invest in RCEP markets and the BRI."

Caesar Wong, Managing Director, China Business Services, FCCA, RSM Hong Kong

Hong Kong is a well-regarded financial centre and is home to many of the world's major financial institutions. Its financial markets operate under stringent and transparent regulations that meet international standards. Hong Kong not only ranks highly globally in its overall competitiveness and business environment but has also long played a key role in the Greater Bay Area's development.

Hong Kong's high cost of living may drive businesses to seek alternative locations. The recent social unrest may also pose a threat to it being perceived as a global accountancy hub in the future.

4. Singapore

POPULATION: 5.70 MILLION

GFCI 2021 RANK: 5

"In recent years, Singapore has emerged as a Global Accountancy Hub. This is only natural, given Singapore's open economy, global standing as a Financial and Business Hub, and its pro-business regulatory framework. However, one of the key drivers in Singapore's emergence as a leading Global Accountancy Hub for the Asia Pacific, has also been the development of the talent pool of accounting professionals."

Amos Ng, Group CFO, FCCA, Straco Corporation, ACCA Global Council Member

The Singapore government plans to grow itself as a leading global accountancy hub. In 2018, it announced targets to create 2000 new jobs in the accountancy sector by 2020, with the sector growing by 5.6% annually³⁵.

However, the downside to Singapore is its high cost of living. Mercer³⁵ noted that it is the 5th most expensive city in the world in its 2020 rankings. In a similar pattern with Hong Kong, companies may move to cheaper locales with burgeoning accounting talent, such as Kuala Lumpur and Bangkok.

5. Beijing

POPULATION: 21.54 MILLION

GFCI 2021 RANK: 6

"Beijing has served for so long as the political headquarters and cultural centre in China. The city is still the most flourishing cultural and international exchange centre. This makes it possible for Beijing to outperform its competitors as a promising international accountancy hub."

Wang Jianhui, Head of Finance, FCCA, China Publishing Group Corp.

Respondents chose Beijing as the top global accountancy hub, instead of Shanghai, widely considered the financial and business mecca of China. This could be due to Hong Kong and Shanghai's high cost of living which is forcing enterprises to seek less expensive alternatives, as well as Beijing's position as a political-regulatory centre in China.

³⁴ London crowned business capital of Europe, Deloitte, accessed 1 March 2021.

³⁵ Cost of Living Survey – Worldwide Rankings 2020, Mercer, accessed 2021.

³⁶ The Accountancy Sector Roadmap, SAC, 2018.

(According to Mercer's Cost of Living Ranking³⁷, Hong Kong is the most expensive city in the world as of 2020, with Shanghai ranking 7th.)

As the political centre of China, Beijing boasts headquarters to a large number of financial regulatory authorities. Businesses choose Beijing as their headquarters for ease of communication with regulators as well as to save costs.

Conclusion

Each global accountancy hub has its own selling points and is subject to the preferences and needs of enterprises. Some businesses are more mindful of cost and may prefer cheaper alternatives, while other enterprises may not be deterred from paying extra for skilled talent, better transparency and fewer bureaucratic procedures. Some companies may choose London if they are setting up a presence in Europe. Others may choose Hong Kong or Shanghai if they intend to expand into China. Hence, the criteria discussed above should be considered generic and indicative, rather than conclusive.

While these accountancy hubs may vary in location and offer a diversity of services, one thing is for certain – they are typically also global financial centres, whose accountancy and financial services sectors are closely intertwined. It is revealing to note that the all the top 5 global accountancy hubs selected by respondents were in the top 6 of the GFCI 2021 ranking. This indicates that there is a symbiotic relationship between a global financial centre and a global accountancy hub. More research is required to establish the precise relationship, but the current survey shows that the criteria for both overlaps. Any city that aspires to be a leading global accountancy hub, as part of its development plans (for example, Singapore), must ensure that it also maintains and grows as a global financial centre. Conversely, reflecting the symbiosis, any global financial centre that aspires to grow faster will need to be supported by a vibrant and highly competent accountancy sector, situated in the global accountancy hub.

37 Cost of Living Survey – Worldwide Rankings 2020, Mercer, accessed 2021.



7. Conclusion

COVID-19 may have upended many businesses and exposed them to prolonged uncertainty, more than a year after it was discovered. The pandemic has disrupted the livelihoods and the workflows of entire sectors, but business must go on even in precarious and unusual circumstances.

Professional accountancy services providers are doing their part in the recovery from the pandemic, by guiding their clients through their evolution into a new reality. As workplace arrangements become fully or semi-remote, and as business models are restructured due to supply chain disruptions, the onus is on professional accountancy services providers to go beyond their client's initial expectations - not just as auditors and tax advisors but trusted advisers and strategists, too.

While Audit & Assurance and other regulated services are the cornerstone of every accounting practice, demand for non-regulated services continues to grow. Technological advancements and globalisation, evolving competition and changing consumer behaviours, among other factors, stoke this demand. SMPs and Big Four firms can cater to such needs and are doing so at varying price points.

This report provides visibility of services that are most demanded by corporates that are most probable of generating sustainable revenue streams due to their high demand. SMPs, as well as the Big Four and larger firms, can use this information to innovate their business models and develop roadmaps to expand and diversify their service offerings.

Professional accountancy services providers may have experienced a drop in revenue as clients cut their expenditures on non-essential or non-regulated services due to COVID-19 initially, or looked for more specialised, customisable services. Roundtable participants who are

professional accountancy services providers themselves, spoke of a sharp recovery in demand of late, but face continuing cost pressures and talent shortages.

SMPs, many of which continue to rely on audit and tax services as their main sources of revenue, may face challenges in innovating their business models, due to a lack of financial resources or talent. They will need to build brand recognition to differentiate themselves from competition by carving out for themselves a niche business through innovative service offerings. Government aid from ongoing upskilling and innovation initiatives, as well as COVID-19 support packages, could lend a hand in these challenging times. Nevertheless, SMPs, particularly the larger firms, continue to attract clients due to their lower fees and targeted approach. This is consistent with what clients want, as reflected in survey respondents' preferred criteria of a professional accountancy services provider.

Above all, organisations place their faith in professional accountancy services providers to support them through growth as well as in challenging times. As such, SMPs and large firms, such as the Big Four, need to remain relevant to clients' needs. They will need to constantly innovate their business models, develop their talent, and improve their product and service offerings. In this way, professional accountancy service providers will not only be able to elevate the accountancy sector in their respective countries to higher levels, but also enable economies to thrive and prosper in a post-COVID world.

Appendix 1

Survey Demographics

FIGURE 18: Country in which the respondent works

Singapore	148
Malaysia	132
Indonesia	111
Vietnam	107
Philippines	100
Australia	68
Other countries	2
Total – ASEAN-ANZ	668
Total – China	173
Total – Asia-Pacific	841



FIGURE 19: Role of respondent in the organisation

More than 14% of respondents occupy global positions. Approximately 43% of respondents were ACCA members.

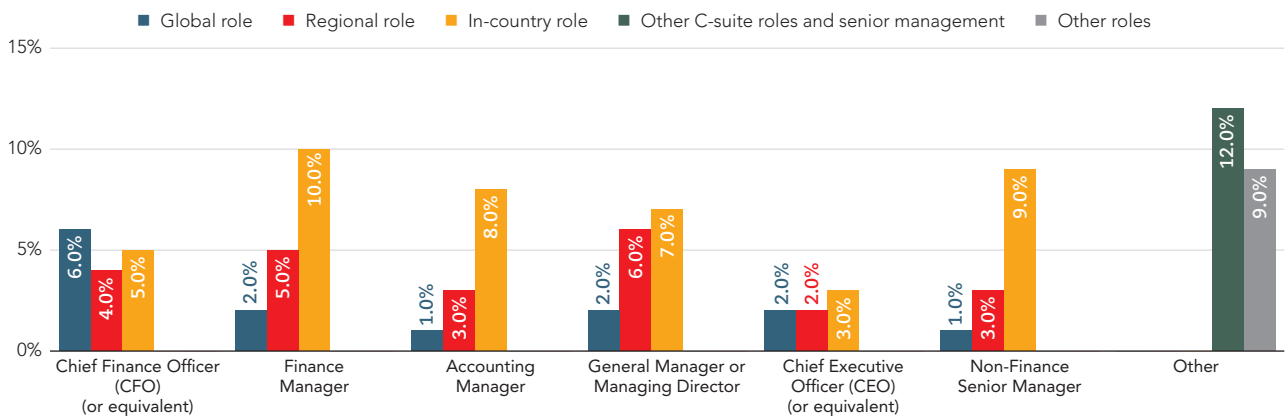
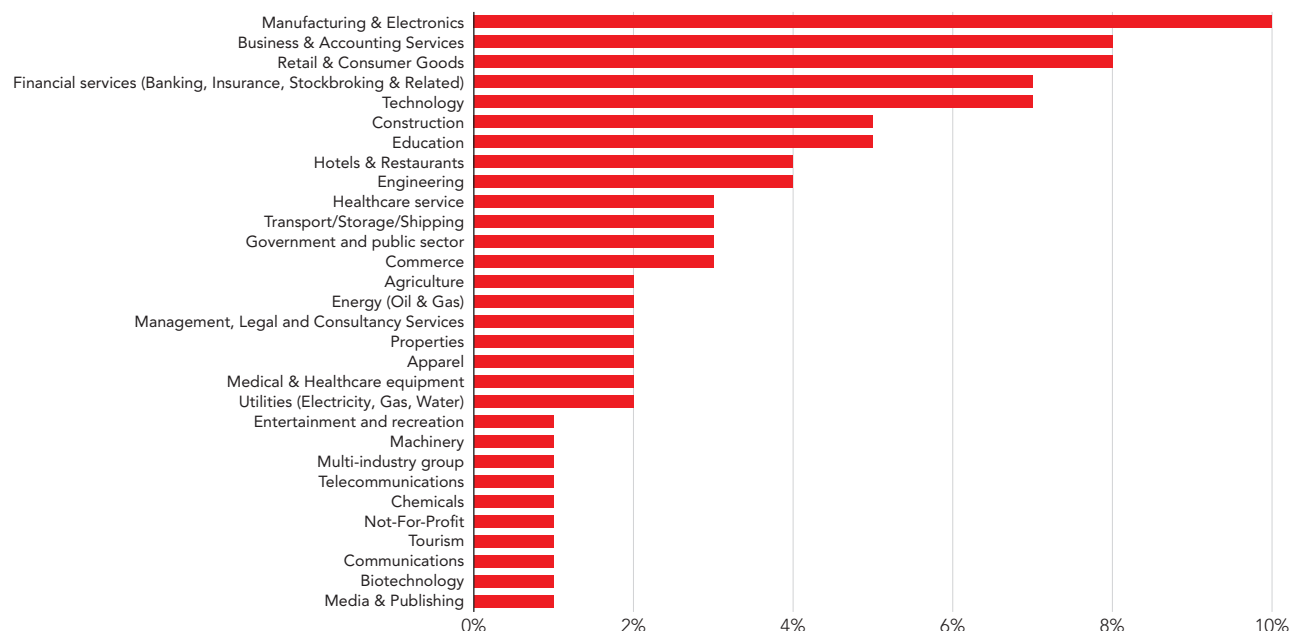
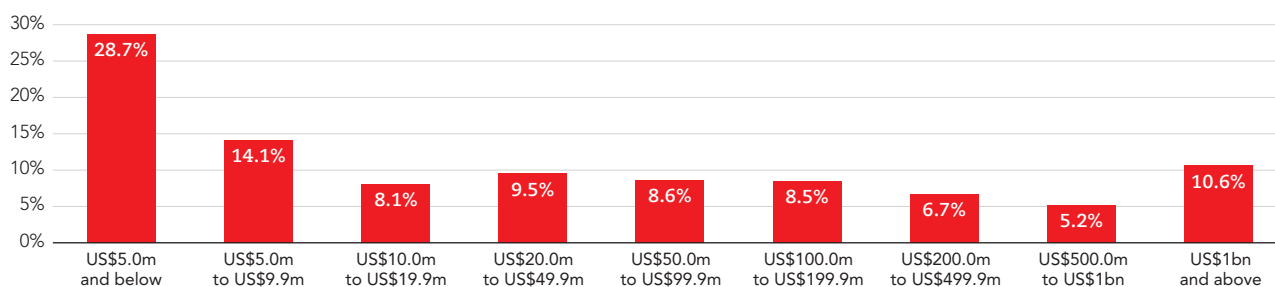


FIGURE 20: Industry in which the organisation operates**FIGURE 21:** Annual revenue of organisation

Almost a third (31.0%) of respondents were from organisations that had annual revenues of US\$100 million and above (with 10.6% having US\$1 billion and above). At the other end of the spectrum, 28.7% had annual revenues of US\$5 million and below.

TABLE 7: Type of organisation

Non-Listed/Privatey owned corporation	39.3%	331
Listed corporate	28.5%	240
Public sector	13.1%	110
Non-Listed/Privatey owned POE	4.8%	40
Charities	3.0%	25
Non-Listed/Privatey owned SOE	2.7%	23
Listed SOE	2.4%	20
Non-Listed/Privatey owned individual enterprise	1.8%	15
Non-Listed/Privatey owned foreign company	1.4%	12
Other	1.1%	9
Listed POE	1.1%	9
Listed foreign company	0.8%	7
	100%	841

Almost a third of the respondents were from listed entities.

Appendix 2

Service Categories and Service Lines/Services

See below for 44 services, grouped into 9 service categories, covered in the survey for this report.

SERVICE CATEGORIES

1. Audit and Assurance

- 1.1 Statutory Audit
- 1.2 Accounting Advisory
- 1.3 Other Assurance

2. Corporate Support Services

- 2.1 Bookkeeping
- 2.2 Corporate Secretariat & Legal services
- 2.3 Outsourcing of Accounting/Finance Personnel
- 2.4 Payroll
- 2.5 Statutory Financial Reporting/Compilation
- 2.6 Fund Administration

3. Tax Compliance

- 3.1 Corporate Tax
- 3.2 Personal Income Tax
- 3.3 GST/VAT (Good and Services tax/Value Added tax/Sales and Service tax)
- 3.4 Customs Duties

4. Tax Advisory

- 4.1 Transfer Pricing Advisory
- 4.2 International and Cross-Border Tax Advisory
- 4.3 Tax incentive applications, renewals and advisory
- 4.4 GST/VAT (Good and Services Tax/Value Added Tax/Sales and Service tax)
- 4.5 Tax Advisory - Others

5. Risk Management & Governance

- 5.1 Risk Advisory
- 5.2 Corporate Governance Advisory
- 5.3 Fraud and Forensic Services
- 5.4 Internal Audit

6. IT Advisory

- 6.1 IT Solution Business
- 6.2 Technology Risk Advisory
- 6.3 Technology Consulting, Digitalisation Advisory
- 6.4 IT Forensic

7. Restructuring and Insolvency

- 7.1 Corporate Restructuring (operational restructuring)
- 7.2 Insolvency Services (liquidation and receiverships)
- 7.3 Litigation Support & Expert Witness Services
- 7.4 Debt Restructuring (capital advisory, judicial management, scheme of arrangement)

8. Sustainability and climate change

- 8.1 Sustainability & CSR reporting
- 8.2 Sustainability & CSR consulting

9. Miscellaneous Advisory Services

- 9.1 HR Compliance
- 9.2 Islamic Banking Advisory and Compliance
- 9.3 Process Improvement
- 9.4 Business Process Outsourcing
- 9.5 Succession Planning/Business Transfer
- 9.6 Business Strategy Formulation & Implementation
- 9.7 Regionalisation Advisory
- 9.8 Business Model Innovation
- 9.9 Business Strategy and Plans
- 9.10 People and Organisation
- 9.11 Entrepreneurial, Family Business and Private Company Services
- 9.12 Legal

Appendix 3

Cities

Survey respondents selected the top global accountancy hubs from a randomised list of 28 cities, as shown below.

1	Hong Kong	11	Frankfurt	21	San Francisco
2	London	12	Los Angeles	22	Edinburgh
3	New York	13	Kuala Lumpur	23	Hangzhou
4	Singapore	14	Geneva	24	Shenzhen
5	Beijing	15	Melbourne	25	Zurich
6	Dubai	16	Sydney	26	Luxembourg
7	Tokyo	17	Washington, D.C.	27	Vancouver
8	Shanghai	18	Guangzhou	28	Toronto
9	Chicago	19	Paris		
10	Boston	20	Brussels		

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