## 24 July 2017

## Nick Parker

# GDICPA event

Ladies and Gentlemen,

I’m Nick Parker, President of ICAEW, and I’m delighted to be in Guangzhou and to be able to join you this evening. Thank you for inviting me.

For those of you who aren’t familiar with ICAEW, we are an international body for chartered accountants, headquartered in London. We have over 147,000 members working in 154 countries. About half of our members work in business around the world, and 97% of the world’s leading brands employ at least one of our members.

We were established in the UK by Royal Charter in 1880. It requires us to act in the public interest, and that’s something we take very seriously. One of the objectives in our charter is to advance the accountancy and finance profession which is why, at an international level, we work with professional bodies, regulators and governments around the world.

The accountancy profession is one of the cornerstones of any nation’s sustainable economic development and ensures honest, transparent trade. For a nation’s accountancy profession to be strong, its national professional accountancy body needs to be strong. We work with many of those bodies around the world to share expertise in professional standards and learning. Over the past ten years, we have been involved in 40 projects in more than 20 countries working in partnership with local bodies doing just this.

We have over 3,300 members in Greater China, including Hong Kong. You can now start studying towards our ACA qualification at 19 universities and last year we saw our first university students graduate, having completed 6-12 out of the 15 modules needed to complete the full qualification. Many received offers to continue their training with leading firms and we follow their progress with great interest.

We also have a joint programme with CICPA, which we launched 11 years ago and which provides a fast-track for all CPAs to become an ICAEW Chartered Accountant. This partnership is hugely important to us and we’re very pleased with the way in which it has promoted co-operation between the accounting professions in our two countries. We’re most grateful to CICPA and we look forward to the programme developing further in future years.

Earlier this year, we unveiled ICAEW’s new vision: to achieve a world of strong economies. This vision is relevant to all our members – regardless of what field they work in or where they are in the world, they all work to strengthen their local economies. It’s also a reminder that we’re part of a wide, universal profession that can achieve great things.

At the very heart of our vision are the UN Sustainable Development Goals – the 17 goals and 169 targets that 190 governments from around the world have decided are the most important areas for our world to focus on.

ICAEW has done plenty of work around the SDGs since they were adopted by the UN in September 2015. As I mentioned earlier, our Royal Charter requires us to act in the public interest and the SDGs offer a definition of what ‘the public interest’ means on a global scale.

I believe that the accountancy profession has a key role to play in delivering the Goals. At the heart of our profession is measurement and the provision of timely information together with insight and interpretation. This means that we’re able to provide a picture of how we’re doing, so that informed business decisions can be made and so that governments, organisations and individuals can be held to account. The closer we get to 2030, the more valuable this contribution will be.

However we must remember that we have more to offer than skills and measurement and reporting. For example we’re able to contribute by improving access to education and training, and by driving economic growth. We must also bear in mind the Goals’ interconnectivity and be careful not to disregard those that may not seem immediately relevant to our profession. After all, the SDGs exist because we’ve realised that we can’t go on as we are and that we need to start thinking differently.

A strong accountancy profession is clearly vital not only to boost any nation’s economic development but also in delivering on the SDGs. However in order to develop a strong accountancy profession, we must start to think about how our profession is changing, not least as a result of advances in technology.

One of our strategic objectives to achieve a world of strong economies revolves around the future professional. We’re thinking about what skills future chartered accountants will need to keep up with technological developments and how these will change the role of the accountant.

Advances in technology will affect almost everything that accountants currently do. For example:

* Audit – as software producers build more and more assurance into their products, or if blockchain develops to its fullest potential, how much checking will there be left to be done?
* Advisory – the internet makes information readily available and the development of artificial intelligence may mean that current expert services become readily accessible and automated.
* Financial reporting – how long will it be before we see expert systems that ensure IFRS compliance?
* Tax – many tax authorities are moving to tax administration online to ease administration and speed payment. Who will need an accountant to do their tax return in the future?
* Finance functions – will the trend for packaged and bureaux solutions, with greater capability for self-service, eliminate the accountant’s most basic function – keeping the books?

Our profession clearly faces many challenges, but we must remember that technology also presents many opportunities for us to do things better and deliver more value to clients and businesses. We need to be prepared to make the most of these.

One area that we’re currently doing a lot of work around is big data and analytics.

Organisations are drowning in data and desperately need more insight. Investors want to use new sources of data but don’t necessarily trust them. Then there are major projects such as the UN Global Goals that require measurement and tracking.

Technology can do a lot of this but there is an ongoing need to ensure trust in data and extract meaningful insight. This presents an opportunity for chartered accountants to bring their rigour, business knowledge and numerical discipline into non-financial areas and help organisations derive greater insight from data. This is reflected in new service opportunities in areas such as assurance and different ways of partnering in business, through for example acting as a translator between data specialists and business functions.

We’re also doing a lot of work around artificial intelligence.

All evidence suggests that the best results come from machines and humans working together. So the challenge here is to define how chartered accountants can work with emerging intelligent technologies to offer greater insight.

We must draw on the strengths of AI systems, which allow us to analyse more data, provide better access to unstructured data, and result in more accurate predictions and consistent decisions. However, we must retain our uniquely human features to exercise judgement in difficult cases, and provide ethical frameworks, empathy, questioning and problem solving. We must face the challenges that ever more intelligent systems bring – by being open to major change, not simply defending the status quo, and focusing on the value, purpose and unique contribution of the accountancy profession.

Another important area for us is blockchain – a distributed database that maintains a continuously growing list of ordered records. A blockchain can be inspected to see how all records came about and who made them – but there is still a need to reconcile the record with reality.

Although it’s at an early stage, blockchain has the potential to revolutionise how records are kept and how the dynamics of trust will look in the future. It has the potential to provide many benefits – transparency, trust, lower cost, greater inclusion, less fraud and corruption. However to make this idea a reality, accountants and others will need to help create the legal and regulatory framework that supports this truly revolutionary idea. We have an important role to play in making sure that this environment develops to its full potential – from clever technology into a valuable ecosystem.

Blockchain is the subject of a lot of hype right now, but it’s wrong to write it off as just hype – there is real potential for disruption here.

Finally, we’re doing a lot of work around cyber security.

As we’ve seen in recent weeks, cyber risk is becoming increasingly important as organisations become more reliant on data and systems. They need to be able to protect assets, commercial data and IP, to protect customer data and reputation, to build trust, as well as ensure compliance with a variety of laws. Cyber security therefore has to be central to the DNA of every organisation, not just a technology issue.

The accountancy profession is well placed to help clients and businesses get to grips with cyber risks, working with technical specialists, regulators and other professionals.

Building resilience against cyber-attacks means improving security within organisations – with boards taking ownership. They must build stronger prevention, detection and response capabilities, change staff behaviour and embed cyber meaningfully into risk management processes.

Cooperation with others is also vital. We must share intelligence and information between ourselves, manage risk across supply chains, and work with governments and regulators to ensure system-wide resilience. Businesses must be able to discuss their experiences so that we can learn from each other and thereby strengthen our immune system.

Technology clearly presents both challenges and opportunities for our profession. In order to embrace these innovations, we need to think of new ways of adding value.

If more functions are automated in the digital era, we must become the experts in assuring that the data is secure and that the software is operating properly. If there is more data available, we must improve what we do by bringing fresh insights to customers, operations or strategy from that data. If historical record keeps becoming more and more reliable, we must be the profession that business turns to for help with planning for the future with the risks clearly identified and understood. As climate change and resource scarcity become more serious, we should apply our skills in managing and controlling financial data to that information.

The key is to be adaptable and flexible. Adaptable because we can’t hope to defend our traditional ways of working, and flexible because we can’t be sure what new business models will look like. Our profession is grounded in business and the needs of management, investors and others, and it’s shown remarkable adaptability and flexibility over many years to stay abreast of those needs.

Over the coming months and years, ICAEW will be investing heavily in the training of current and future generations of accountants, to ensure that they have the knowledge, skills and expertise to respond to these changes. We look forward to continuing our work with international bodies, including CICPA, to nurture communities of professionals – accountants and others – bringing individuals and organisations together to help tackle some of the challenges that we face.

Thank you. (1,849)