

Keynote Address by Ms Indraneel Rajah, Senior Minister of State for Law and Finance, at the Association of Chartered Certified Accountants (ACCA) ASEAN Conference on 17 June 2016

Datuk Alexandra Chin, President of ACCA

Global Council Members of ACCA

The officers and representatives of the members of the ASEAN Federation of Accountants (AFA)

Distinguished guests

Ladies and gentlemen

Transforming the accountancy sector for the future: Thinking ahead, thinking digital, thinking regional

Introduction

1. Good morning. I am delighted to join you at ACCA's first ASEAN Conference.

2. The theme for this year's conference – Transforming the Face of Accounting and Finance Talent – is timely as the **accounting sector is facing a wave of disruptive technological innovations which is expected to transform the sector in a very fundamental way**. This comes against the backdrop of the establishment of the ASEAN Economic Community (AEC) at the end of 2015, a move that is expected to usher in a **freer flow of talent and professional services across ASEAN**. This conference provides a much needed forum to discuss how these developments will transform accounting and finance in Singapore, as well as in other ASEAN countries.

Advancing technologies will revolutionise the business environment

3. Technology is advancing at an unprecedented pace. In 2015, Dell Services announced a Robotic Process Automation or RPA solution, which involve software agents or "robots" that are programmed to perform repeatable, rules-based tasks in business processes. Unlike standard IT automation, these robots can be taught to do specific tasks faster and more accurately, on a piecemeal and flexible basis.

4. RPA is being heralded as the next big technological revolution that will extract cost out of businesses and free up employees to do higher-value work. Over half of shared service leaders, who were surveyed for a Deloitte report on the use of robotics in finance in 2015, anticipate an increase in the use of financial robotics by 2017. We may see ourselves 'outsourcing' more and more of our work to these 'software' robots.

5. Many accountants in this room are already aware of robotic process automation in various forms and other advances in technology that have the potential to commoditise accountants' skills and take over many aspects of your roles. The disruption in business processes and models that technological change brings about is not a new phenomenon. What we consistently observe is that each time a disruption occurs, **those that embrace new technologies and acquire new skillsets thrive in the new environment.**

6. The evolutionary challenge is therefore to transform ourselves to be relevant to the constantly changing environment. Digital Darwinism occurs when technology and society evolve faster than an organisation can adapt. This can threaten the survival of not only businesses and organisations, but also professions.

7. Some of these innovative disruptions can be painful and even bewildering in the short-run. Jobs may be lost or destroyed with advancing technologies. **Despite these challenges, new opportunities are also emerging - in Singapore as well as in the region.**

Regional opportunities brought by the ASEAN Economic Community and the economic climate

8. The establishment of the AEC this year will generate demand for thousands of skilled finance professionals and accountants who can work across borders. **The rapid growth of mobile, analytics and cloud technologies will bring about a greater interconnectedness among accountants in ASEAN.** This increased connectivity will enable accountants to think and work beyond their own shores.

9. In addition to the AEC, there is also **likely to be more work involving regional cross-border debt restructuring given the present economic climate. For the accounting profession, this is a growth opportunity.** Cross-border restructurings are often complex projects which require support from the various accountancy services including financial analysis, business valuation and tax advisory.

10. Singapore is well-placed to serve as a leading centre to manage these restructurings. Recognising the potential in this area, the Committee to Strengthen Singapore as an International Centre for Debt Restructuring (Restructuring Committee) submitted its report in April this year to the Ministry of Law. The Restructuring Committee's recommendations will enhance Singapore's debt restructurings framework, so that we can effectively meet the region's needs.

11. In order to harness opportunities in the region, the first step will be to understand how to upgrade the **skill sets of accountants to meet the needs of this dynamic business environment.** We are standing at the crossroads and we need to leapfrog, not walk, into the new era.

Strengthening the accountancy sector for the future

12. As businesses move increasingly into the digital space, accountants must be able to anticipate and **embrace emerging business models generated by advancing technologies.** Services can now be provided through online platforms. Taking advantage of the improving infocomm technology infrastructure in Singapore

and the region, accounting entities and professional services firms can develop new business models and export professional services across the region through digital platforms.

13. As you may know, a dedicated Working Group has been set up under the Committee on the Future Economy (CFE) to develop strategies to position Singapore's Legal and Accounting Services sectors well for the future. Thus far, there have been several focus groups on topics such as technology and business model innovation.

14. One takeaway I have from the focus group sessions was the **importance for accounting entities to have acute industry and market knowledge, in order to be effective service providers to their clients**. The feedback I received was that while professionals have the technical expertise, clients want more than that. They want you to understand the business and be able to come up with solutions that are geared around their businesses' work. They want the professionals to be able to help them sieve out and anticipate potential issues, and provide appropriate solutions to address them. Hence, professionals like accountants need to develop the skills, talent and knowledge to be able to do so. There are many accounting entities in the region and the level of industry and market knowledge can differentiate one from another. I thus urge the accounting entities **to form partnerships to build up such knowledge and to also gain foothold in other markets**. Some accounting entities like the Big-4s already offer secondment opportunities for their staff to their overseas offices and I urge more accounting entities to do so.

15. There is more that can be done. In addition to building industry and market knowledge in the accountancy sphere, accountants **can significantly value add by acquiring knowledge and skills in other relevant disciplines**. An example is in debt restructuring. To ensure our professionals are equipped to handle this complex work, professionals should be exposed to multi-disciplinary training. In this regard, I have been having discussions with the deans of our accounting, law, and business schools to explore holistic and multi-disciplinary learning opportunities.

16. For the accountants working in businesses, technology is not only **automating many functions, but also providing high value insights through the use of data analytics**. The world is moving and we cannot stand still. What will the future of work be? What skills are needed for the future? What can we do about it?

17. Accountants should anticipate the future, constantly reinvent themselves and find new niches in the evolving ecosystems.

18. In April this year, the Institute of Valuers and Appraisers of Singapore launched the Chartered Valuer and Appraiser programme which is developed and administered by Nanyang Technological University. **This programme is the first business valuation programme in Asia that provides a structured and formalised professional development pathway** that raises the standards of ethics and professionalism amongst professionals who are involved in transactions, litigation and arbitration, and financial reporting. This programme is also open to non-Singaporeans so for our friends from other parts of the world, we welcome you to sign up for this programme too.

ACCA's Professional Insights on the Accounting Services Sector

19. Big firms may have the resources to make decisive moves to prepare for the future, but smaller firms sometimes grapple with resource challenges and are unable to do so. Some firms are also resistant to change. **But take small steps, and you will see results eventually. Most importantly, be open to technology, be open to innovation, be open to change.** Membership bodies like ACCA provide such resources and platforms. Members can leverage them and move forward together.

20. ACCA has charted the impact of the major drivers of change on the accounting services sector for many years and has generated a library of insightful reports. For example, in 2013, the report Digital Darwinism explored the top 10 technology trends that would have the potential to significantly reshape the business and accountancy landscape.

21. In its latest report, “Professional accountants – the future”, ACCA launched a major initiative, looking at how the main drivers of change will shape the practice of accounting over the next decade and beyond. This is the culmination of two years of extensive global research, including workshops, interviews and a major survey of members in the C-suite. The findings from this report, which was launched earlier this month, will be presented publicly for the first time, later in this Conference by ACCA’s Professional Insights. A glimpse of the future is here today, for you. I hope you find the insights useful.

Conclusion

22. To summarise, rapid advances in technology and regional initiatives are reshaping the business environment. Accountants should seize the opportunity to reinvent themselves, acquire new skillsets and develop mindsets that will enable them to thrive in the future economy. This will ensure the advancement of the accountancy profession and promote accountancy excellence in Singapore and the region.

23. Ladies and Gentlemen, let me conclude by congratulating ACCA on your 80th anniversary in Singapore and Malaysia and your achievements in developing accountants that the region needs to innovate and grow its accounting services sector.

24. I wish you rich, insightful and productive discussions and interactions today at ACCA’s ASEAN conference. Thank you.

National Archives of Singapore