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“Relevance of Professional Accountant in Hyper Connected World” [30 mins keynote]

Institute of Indonesia Chartered Accountants (IAI –Ikatan Akuntan Indonesia)

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Acknowledgements:

- Vice Minister of Finance, and EAE President Professor Mardiasmo
- Vice Chairman, Indonesia Supreme Audit, Mr. Sabta Amal
- Ladies and Gentlemen
- Distinguished Guests

- I am delighted to be here this morning, and to celebrate the Institute of Indonesia Chartered Accountants’ (IAI) 58th anniversary. Congratulations!

- I am also honored to share the podium with you, Vice Minister. I thank you for your service on behalf of the people of Indonesia in both the Finance Ministry, and the global profession as Chair of the IAI.

- As the first woman to lead IFAC, it good to see so many women in the audience today. It’s self-evident that our profession is strongest when we capitalize on the entire talent pool available to it. Well done, Indonesia.

- This is my first visit to your beautiful country. I look forward to learning as much as I can about it, and hopefully gain an insider’s perspective. While I’m here, I want to learn from you—about your nation, and the challenges and opportunities faced by professional accountants.

- Before I begin, I thought it might be helpful to tell you a little about IFAC.
 - We are the global organization for the accountancy profession,
 - the IAI is one of more than 175 member organizations and associates from 130 countries who form our global family.
 - Our member organizations represent almost 3M accountants.
- Central to our mission is to serve the public interest in a number of ways, including:

- contributing to the development of strong economies;
 - strengthening our profession through capacity building efforts;
 - advocating for, and supporting, the development of robust international standards to support a globalized world;
 - and speaking out on public interest issues, including government accountability and transparency, good governance, and regulatory consistency.
- The IAI is a founding member of IFAC—
 - you have been with us throughout our journey. And Indonesia’s voice and experience remains influential.
 - It is a pleasure to serve on the IFAC Board with my friend, Mr. Amadi Hadibroto and his technical assistant, Rositta Sinaga;
 - Indonesia is also represented on the International Accounting Education Standards Board.
 - I thank the Indonesian profession for serving the global accountancy profession with distinction.

- According to the *McKinsey Global Institute*, Indonesia is the 16th largest economy in the world. They estimate that by 2030,
 - your country will be the world’s 7th largest economy;
 - you will have over 135 million consumers, and
 - you will need 113M skilled people to service your economy.

Within this exciting context, today I’m speaking about our profession in an age of hyper-connectivity, to meet the needs of a growing economy.

- We talk about ‘The Internet of Things’—some are talking already about the ‘Internet of Everything’.
- The World Economic Forum (WEF) estimates that by 2020 there will be 50 billion networked devices in the world. In a country like Indonesia, with nearly 260 million people, this has exceptional implications.

- According to the WEF: “This level of connectivity will have profound social, political and economic consequences, and increasingly form part of our everyday lives, from the cars we drive and the medicines we take, to the jobs we do and the governance systems we live in.”
- Every minute today:
 - Internet users will send 200 million emails;
 - Google receives over 2.5 million search queries;
 - 550 thousand tweets and
 - almost 7 million Facebook messages will be sent.
 - In Indonesia, the number of Facebook users is estimated to grow from 39 million in 2012 to 98 million in 2018.
- What does this hyper-connectivity mean for the relevance of the accountancy profession?
- How do we remain relevant in a networked economy that increases the availability and speed of information and other valuable resources in today’s world?
- To answer that, we need to first go back to basics—:
 - What is our purpose?
 - Why do we exist?
- One definition of a profession I heard recently is that “A profession exists to solve problems where they have unique knowledge or expertise.”
- On the backdrop of that definition, I believe the accountancy profession will remain relevant and meet the needs and expectations of clients and organizations if:
 1. We power potential
 2. We stay a step ahead
 3. We draw strength from diversity, and

4. We do the right thing

First: We Must Power Potential

- Technology has already enabled incredible advances in global connectivity and integration.
- In the future, the opportunities it presents for our profession and the organizations we serve will be remarkable.
- In a recent survey by an executive search firm, nearly 7 in 10 (69 percent) of CFOs said that accounting and finance staff will need to have international experience and a global perspective.
- And another recent paper— “100 drivers of change for the global accountancy profession”—called on professional accountants to
 - develop a global orientation, and
 - master the technical, language, and cultural challenges of cross-border operations.
- For our part, the accountancy profession must continuously find ways to strategically deploy technology to power potential—its mobility, speed, and personalization—to leverage and advance the cornerstones of our profession: expertise, education and ethics.
- There is no doubt that technology will replace some of our services - but that will also open up huge opportunities - and
 - can be a tremendous competitive advantage in all we do, and
 - add value for everyone we serve.
- Without question, businesses face new challenges in an era of
 - disruption,
 - radical innovation, and
 - a competitive landscape characterized by complexity, uncertainty, and volatility.

- Clients and organizations want—and expect—accountants to be their partners,
 - to help navigate these complexities, and
 - drive their growth and success.
- In this hyper-connected world—and the proliferation of mountain upon mountain of data—our profession must also move from solving puzzles to solving mysteries. This is a concept introduced by the famous author Malcolm Gladwell and is very relevant to our profession.
- In the past, we have focused on putting all the pieces of the puzzle together to produce complete, reliable financial information. This will remain at our core.
- But we must also equip ourselves with new knowledge, new insights, new skills... in order to help our clients, our companies, our governments... look forward and solve mysteries—
- To take this mountain of data that is available in this technology-driven world, analyze it, determine what is relevant, determine what is likely to impact decisions made in the future... and help them make sense of this complex and quickly changing business and economic landscape.
- The world needs us to step up to do this—we have the unique skills and knowledge—and this is where we can assure our relevance and add great value.
- Accountants and firms that master the opportunities and insights afforded by technology will thrive.
- One example of how we have leveraged technology:
 - IFAC has established the “Global Knowledge Gateway” to share professional content, ideas and thought leadership from all over the world.
 - A key Gateway focus area is Islamic Finance, which I know is an area of intense interest to Indonesia.

- Technology poses exciting opportunities to power potential and ensure our profession remains innovative and relevant.

Second: We must stay a step ahead

- Standards, governance and risk management will grow even more critical in this hyper-connected world.
- High-quality, internationally accepted accounting standards are already a central component of the global financial and information infrastructure.
- In a hyper-connected world, it's even more important that these standards are robust, keep pace with change in business models and innovation, and are driven by the public interest.
- I am passionate about standard-setting and the need for regulatory convergence and greater understanding of its benefits.
- As professional accountants, you understand that high-quality standards are critical to the production of transparent financial information. They lead to enhanced comparability, credibility, consistency, and stability—the hallmarks of the public interest.
- The public sector is an important economic driver. Businesses require a strong and stable economic climate in which to grow. Citizens desire jobs and services, and a future that offers their children—and grandchildren—a world with strong infrastructure and reliable services... and does not involve huge amounts of national debt.
- We know adoption of accrual accounting in the public sector is high on your agenda, and I congratulate the IAI for its work in promoting the adoption of International Public Sector Accounting Standards.

- Implementing IPSAS is a worthwhile journey, and Indonesia's experience will help further inform the global profession, and assist other countries who are similarly seeking to follow the same path.
- I know that the IAI is also working to converge Indonesian Financial Accounting Standards with International Financial Reporting Standards to minimize differences between the two. This will be of great benefit to Indonesia's businesses seeking closer global integration and investment.
- Of course, there is always more work to do.
- The world will continue to change—and hyper-connectivity means that pace of change will continue to increase.
- To maintain our relevance, we must redouble our efforts to meet the needs of government, businesses and organizations – and this includes not only advocating for good governance and strong risk management practices, but sharing best practices and outlining the steps necessary to put these in place.

Third: We draw strength from diversity of thought

- Indeed, we are fortunate that a great strength of our profession is our desire to learn from each other. This diversity of thought and sharing what works best will certainly be a key to success in a hyper-connected world.
- In that regard, I was delighted to note last year that the IAI signed a Memorandum of Understanding with the Institute of Chartered Accountants of England and Wales to share experiences and support the nation's development of the Chartered Accountant (CA) qualification in Indonesia.
- IAI and ICAEW have agreed to share views on the accountancy profession both nationally and internationally with an emphasis on

possible partnerships in training, education and certification examinations.

- IAI will also update ICAEW on issues such as professional development, as well as human resources, training and regulatory issues in Indonesia.
- In the past year, I have travelled to every global region except your near neighbor Australasia (which I'll visit in January!) as I represent the global profession. From North to South East Asia, Africa, Europe, Latin America and the Middle East—I have learned first-hand how cross-border support in an international world is vital to our profession, and our continued growth.
- It's important to understand and leverage connections in ways that help grow and develop our profession.
- Indonesia can learn from global accountancy profession—and we certainly have much to learn from you.
- And we must also focus on diversity of talent.
- Talent is what powers our profession. It's crucial that we attract our share of the best and brightest. As Indonesia advances toward 2030 and increased national hyper-connectivity—this topic is 'mission critical' for the accountancy profession.
- Diversity and inclusion in the profession is not just the right thing to do; it is an imperative business strategy.
- Teams comprised of both men and women of all races and socio-economic backgrounds can think more creatively and implement strategic solutions to benefit their clients, their business, and the economy.
- A recent study notes that companies with diverse leadership are 70 percent more likely to capture a new market and 45 percent more likely to

improve market share because they foster an open environment that welcomes innovation.¹

- Additionally, an international study by McKinsey found that companies with the most diverse leadership enjoyed a 53 percent higher return on equity than companies with the least diverse leadership.²
- As Sheryl Sandberg, Chief Operating Officer at Facebook, once said,
*“We cannot change what we are not aware of,
and once we are aware, we cannot help but change.”*

And finally—4)—We must do right thing

- Going back to: what is our purpose and why we exist?
- Technology is our conduit to hyper-connectivity and powering potential, but our culture is what will sustain us.
- Our professional culture is based on built on a reputation of **trust and credibility**, and underpinned by **ethics**.
- We must protect this core by **always** doing the right thing—to stand up for what is true and honorable—and to be as a stable force for good.

In closing, I would submit that the accounting profession will be incredibly relevant in a hyper-connected world.

1) We will power potential.

By enabling ways to work and collaborate across borders, using technology's to be more strategic by analyzing data in new ways, assessing risk, and providing organizations and communities with and more insightful information for decision-making.

¹ <http://www.inc.com/lauren-leader-chiv%25C3%25A9e/diversity-helps-maximize-your-innovation-potential-.html>

² <http://www.mckinsey.com/insights/organization/is-there-a-payoff-from-top-team-diversity>

2) We will stay a step ahead.

By constantly refreshing our knowledge and skills, to match the needs for insights and information in a rapidly changing world

3) We will draw strength from diversity.

By being committed to diversity and inclusion to have the highest performing teams and offering strong personal developmental plans, enabling people to have exciting and expanding opportunities.

4) And we will do right thing.

With these foundations, professional accountants in Indonesia and around the world will thrive in a hyper-connected world.

Thank you.