STRENGTHENING THE PROFESSION FOR A SUSTAINABLE FUTURE

MIA CONFERENCE 2016
15 & 16 November,
KUALA LUMPUR CONVENTION CENTRE, KUALA LUMPUR, MALAYSIA

CONFERENCE PROCEEDINGS REPORT
Key Highlights

> Officiated by Minister of Finance II, Malaysia.
> 2,930 conference delegates from over 15 countries.
> 67 top notch and international speakers.
> 48 sponsors including 4 exclusive sponsors.
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The MIA International Accountants Conference 2016

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The Malaysian business landscape is poised for radical transformation, with numerous regulatory reforms and multilateral initiatives such as the AEC and TPPA. While these macro developments will surely affect accountants, the profession specifically will be rebooted by The Committee to Strengthen the Accountancy Profession (CSAP) reforms. These aim to enhance good governance and audit quality in line with global benchmarks while differentiating Malaysia as a leading hub for premium accountancy services.

As the profession embraces change, accountants face immense pressure to adapt and become more adept in their diverse roles as financial advisors and captains of industry, tasked with innovating business models which seek sustainable growth. The MIA International Accountants Conference is, our flagship conference reaching over 2,900 decision-makers and executives annually, is the ideal learning vehicle which will equip you with the tools to become more competent and competitive on an international scale. By engaging and learning together, we can strengthen the accountancy profession to ensure a sustainable future, and play our part in building a resilient nation.

ABOUT MIA CONFERENCE 2016

The MIA International Accountants Conference is a flagship event designed for and dedicated to accountants and corporate leaders from around the world. Known as MIA Conference, the Conference showcased 67 top-notch local and international speakers and industry captains who discussed and shared insights on today’s most pressing issues, challenges and opportunities in the accounting and business world.

MIA Conference 2016 drew over 2,900 delegates from commerce and industry, public sector, public practice and academia. It is one of the largest gatherings of accountants in the world.

WHO ATTENDED

- Accountants in Business
- Accountants in Public Sector
- Accountants in Public Practice
- Accounting Educators
- Management and Finance Professionals
- Business Leaders
- Government and Regulatory Officers

ABOUT MIA

Established under the Accountants Act 1967, MIA is the national accountancy body that regulates, develops, supports and enhances the credibility, status and interests of the profession in Malaysia. MIA accords the Chartered Accountant Malaysia or “C.A.(M)” designation.

Presently, there are more than 33,000 MIA members making strides in businesses across all industries, public practice, the public sector and academia in Malaysia and around the world. MIA’s international presence and connections are reflected in its membership of regional and international professional organisations such as the ASEAN Federation of Accountants (AFA), and the International Federation of Accountants (IFAC).

MIA is a leading provider of continuing professional education for the accounting fraternity. MIA won the Human Resource Minister Award under the Training Providers category for its exceptional contribution and role in the human resources development sector of Malaysia. The MIA Conference has been organised successfully for three decades and attended by participants from Malaysia as well as the Asia-Pacific region. The MIA Conference won the “National Conference for Excellence” in the Business Events category at the Recognising Award Winning Results (rAWr) Awards 2013.
As the regulator of the accountancy profession in Malaysia and Malaysia’s representative professional accountancy organisation (PAO) on the world stage, MIA has taken key steps to transform and strengthen itself and the profession for the greater good in line with the recommendations laid out by the Committee to Strengthen the Accountancy Profession (CSAP) in Malaysia. We are very grateful to the Ministry of Finance, which has oversight over CSAP, for their support of MIA as we continue to craft and implement the important reforms which will impact us, the operational and regulatory environment, and the profession.

In June 2016, the CSAP Implementation Committee was formed and was given the mandate to implement in full, the fifteen recommendations of CSAP. We are currently seeking views and feedback on how to operationalise the recommendations. We propose to issue the Operational Model to the relevant authorities by the end of the year and hopefully, amend the Accountants Act in 2017 to pave the way forward.

While we finalise the CSAP details, we have kicked off key CSAP-compliant initiatives which are in line with MIA’s 3R strategy of Repositioning, Rebranding and Recruiting. As part of repositioning and rebranding, MIA moved to our new headquarters in Bangsar South in September. The new office is not just modern and spacious to cater to the needs of our 33,000 members, but it is also an MSC Malaysia Cybercentre which targets IT investment and is fit for the Digital Age.

The new environment supports the profession’s new direction that focuses on the digital economy. We hope to encourage our members to embrace and not resist changes to how and what we do, in the interest of providing our clients and customers with better value-added services. To lead the way, MIA has launched its own app and is taking steps to better harness technology as a way of delivering superior member services and training.

Under MIA’s 3R strategy of Recruiting, MIA aims to build capacity to deliver the required number of 60,000 accountants that the country is projected to need by 2020, and to build quality or competency in order for accountants to be more relevant to stakeholders, to reassert public trust in accountants, support nation-building and sharpen competitiveness.

SUSTAINABILITY is becoming more prominent because the world is stepping up its focus on sustainability. On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development – adopted by world leaders in September 2015 at an historic UN Summit – officially came into force. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. The International Federation of Accountants (IFAC), of which MIA is a member, is a key supporter of these goals.

To be relevant in a sustainable world, accountants need to be familiar with the key SDG-linked issues and how these impact business and economies. We need to be aware of the challenges faced by business in Asia, especially the ASEAN Economic Community (AEC) in which we operate.

Investors, businesspeople and markets do not just want historical information but they want predictive information and analyses that can help them in decision-making. While sustainability is on many companies’ agendas, accountants are typically very bad at explaining how companies’ achievements can be linked back to the business strategy.

To address this, MIA is spearheading sustainability in Malaysia by promoting integrated thinking and integrated reporting, which helps organisations report how strategy, governance, performance, and prospects lead to the creation of value over the short, medium, and long term. Through our dedicated Integrated Reporting Steering Committee (IRSC), we work closely with the International Integrated Reporting Council (IIRC) and the Malaysian regulators such as the Securities Commission and Bursa Malaysia to spearhead Integrated Reporting in Malaysian markets.

A discussion on sustainability and surmounting challenges would not be complete without focusing on inclusiveness and diversity, which are drivers for prosperity and peace. We live in a world that is very diverse today, and it would be too chaotic and unproductive if we fail to take into account the interests of different stakeholders. While we can never have a solution that satisfies all parties, we can at least strive to achieve a win-win situation.

Inclusiveness means that all voices and viewpoints matter, and we accountants must engage with all stakeholders to hear their views and learn from outside the profession. This year, accountants got to learn about UNITY, PASSION and DEDICATION at the Conference’s climax, featuring Malaysian football greats Datuk Soh Chin Aun, Datuk Santokh Singh, Datuk James Wong and Datuk Hassan Sani in a session moderated by the equally brilliant commentator Datuk Rahim Razali.

They were possibly Malaysia’s greatest ever football team, combining talent with strategy. In their heyday, they did their best for the country and they left a legacy of excellence. Sportsmen and sportswomen sacrifice themselves - their energy and talents - to bring glory to the nation. They unite regardless of personal differences to achieve a common goal.

So, as we plan for a sustainable future, let us strive to emulate their spirit – their dedication, resilience, brilliance and determination – and unite behind our common goal of becoming world-class accountants who will be instrumental in building this nation’s economy in a sustainable way and to leave a better place for our future generations.

Thank you.
YB Datuk Johari Abdul Ghani
Minister of Finance II, Malaysia
The world is undergoing profound transformation driven by global political, economic and technological shifts, which are radically changing the expectations of accountants and the roles they play. How can the profession strengthen itself to prepare for uncertainty in the future and sustain its competitive advantage in this scenario of dynamism and volatility? The answer would be to embrace innovation.

Innovation is the key to achieving a long-lasting competitive edge. If we do not want to be left behind, we need to immerse ourselves with innovation in a manner that is holistic and sustainable.

Importantly, in an age of digital disruption and the dominance of the digital economy, factors such as automation, the rise of the “sharing economy” embodied in the success of companies like Uber and AirBnB, and fintech have significantly changed how we do business. Innovation-driven entrepreneurship is a new reality, and as professional accountants we have to stay ahead of the curve at all times. It is important for us to equip ourselves with multidisciplinary skills to better anticipate and adapt to emerging trends, and to embrace the digital revolution as an opportunity to propel the industry and ultimately, the nation to greater heights.

Innovation is the route to creating sustainable value. While accounting, auditing and financial reporting remains the core business of the profession, we need to look beyond these to embed sustainability into our strategy and decision-making processes, in order to mitigate future regulatory, resource and price risks and provide a vision of how businesses can create more value.

Although many organisations have sustainability policies, relatively few have robust systems and procedures to embed these policies consistently and efficiently into the DNA of their businesses. This is where integrated thinking plays a vital role. Integrated thinking provides organisations with a strategic and operational framework which enables them to look towards a broader, holistic, long-term vision of value creation. An integrated approach also enables an organisation to better analyse the full range of capitals, including financial, manufactured, social and natural capitals that are likely to impact its performance across several dimensions.

By communicating all of the factors that can affect a business over time, an integrated reporting or <IR> approach will help businesses and governments demonstrate how they create value over the short, medium and long term. This can, in turn, ensure that capital—environmental, financial, human, intellectual, and social—is allocated in a manner that is efficient and productive.

MIA must be commended for exerting tireless efforts in the continuous advocacy of <IR> to the business community in Malaysia. It is encouraging to note that 21 listed companies had pledged to embrace <IR> in the near future in addition to the existing four <IR> adopters amongst listed companies, at the nation’s inaugural <IR> conference organised by the MIA recently.

Beyond innovation, there is no question that the accountancy profession has a unique, critical and practical role to play in building stronger and more stable economies around the globe. According to a report by the International Federation of Accountants (IFAC), the accountancy profession is strongly linked to national economic growth and improved living standards, and it contributes USD675 billion annually to the global economy.

As such, the accountancy profession has a significant role to play in strengthening the institutions and architecture of a nation that will improve peoples’ lives. In order to carry out this role fully, you need to continually enhance confidence in the profession and build trust.

Investor confidence and public trust empowers the accountancy profession. In turn, confidence and trust are built on high-quality financial information which is based on ethics and integrity, on high-quality international accounting and auditing standards and on the work and sound judgment of both internal and external accountants. Credible and reliable financial information is fundamental to investments. It builds investor confidence which, in turn, facilitates business development, contributes to job growth and leads to economic prosperity for the nation.

Our journey towards becoming a high-income nation by 2020 envisages strong demand for professional accountants. The Government remains committed to strengthening the standing and capacity of the accountancy profession by adopting internationally accepted standards, and supporting accountants with a well-designed regulatory framework, specifically the upcoming implementation of the CSAP (Committee to Strengthen the Accountancy Profession) report recommendation, which aims to enhance governance and quality.

Yet, all our strategies and plans can only be achieved with competent human capital, especially accountants. Therefore, it is imperative that Malaysia create and maintain a first-class education system for accountancy training in order to produce trained accountancy graduates who are on par with those from other leading countries.

Recognising the need for well-rounded talent for the profession, the Government has also established Malaysia Professional Accountancy Centre (MyPac) to strengthen capacity-building of the Bumiputera through academic and vocational education, in line with Malaysia’s vision to achieve high-income status by 2020.

This process of continual development is our collective responsibility. Accountants need to work closely with everyone, from multinationals to regulators to further develop the profession. Congratulations to MIA for its continued dedication to championing the accounting profession, maintaining high standards among members and nurturing the next generation of accountants, while navigating the future and focusing on continuous improvement for the betterment of the profession and the nation.
“There are correlation between the profession’s growth and economic and social development.”

YM RAJA AZURA RAJA MAHAYUDDIN
Chief Executive, Yayasan Peneraju Bumiputera Malaysia

“Whatever changes made in the profession must go beyond titles and names, and substance will always be more important.”

UANTCHERN LOH
Former Chief Executive, The Singapore Accountancy Commission

“The degree of collaboration between the profession and regulators and businesses here was markedly different to some other countries, and a prime example of good practice.”

CHRISTOPHER FABLING
Senior Financial Management Specialist, World Bank Group

“The CSAP was designed to overcome all these vested interests, by recommending measures that to a certain extent breaks the status quo.”

NIK MOHD HASYUDEEN YUSOFF
Former Executive Chairman, Audit Oversight Board, Securities Commission Malaysia

“We need to have a mechanism that essentially makes MIA accountable to the national interest.”

DATO’ MOHAMMAD FAIZ AZMI
President, Malaysian Institute of Accountants
The Malaysian government recognises the importance of accountants' contributions to the country's economic sustainability, and has taken strategic steps to strengthen the profession. In 2012, Putrajaya first approached the World Bank to produce the Report on the Observance of Standards and Codes (ROSC), which included an assessment on the strengths and weaknesses of the accountancy profession in Malaysia. Christopher Fabling, Senior Financial Management Specialist at the World Bank Group, lauded Malaysia's drive to ensure best practice in issues like governance, market integrity and transparency. “The degree of collaboration between the profession and regulators and businesses here was markedly different to some other countries, and a prime example of good practice,” noted Fabling. “It’s not often that we see a ROSC supporter have a resolve or response in a systematic manner the way Malaysia did.”

Subsequent to the ROSC’s findings, Putrajaya created the Committee to Strengthen the Accounting Profession (CSAP) under the auspices of the Ministry of Finance. Nik Mohd Hasyudeen Yusoff, former executive chairman of the Audit Oversight Board, Securities Commission Malaysia, stressed CSAP’s role in setting the stage for reforms in the profession. “Basically, the CSAP was designed to overcome all these vested interests, by recommending measures that to a certain extent breaks the status quo,” said Nik. “That's the only way forward, because the interest of the country supersedes the interest of any sectorial group in the accounting profession.” The fate of the profession and the country are intertwined, and the former must be capable of truly serving the latter effectively. “For a profession to succeed, you must do two things right. Number one is to ensure that accountants in Malaysia are competent and that this competency grows as the country progresses. Number two is to fulfil its role in protecting public interest.”

One key CSAP recommendation was to enhance the profession's governance structure to create an enabling environment for accountants and improve enforcement, compliance and quality. This entails replacing the current Accountancy Act and establishing a New Regulatory Board (NRB) as a super-regulator which works in the best interests of the public and the nation. Dato’ Mohammad Faiz Azmi, President of MIA said: “There has to be oversight, because we can’t afford to have CSAP reports every five years. So we need to have a mechanism that essentially makes MIA accountable to the national interest.” Though more power would be concentrated in the NRB, Faiz stressed that “there's nothing stopping the regulatory board from delegating or outsourcing its powers and some of those powers could be delegated to MIA.”

CSAP emphasises capacity and competency building to enhance quality, which in turn supports economic development. Faiz touched on MIA's creation of a competency framework to define the characteristics and qualities of Malaysian chartered accountants going forward. Lantchern Loh, former Chief Executive of The Singapore Accountancy Commission, shared how Singapore built capacity and "changed lives" by reclassifying 28,000 CPAs as chartered accountants. However, he stressed the need to ensure their quality and competency. "A rose by any other name would smell just as sweet. Whatever changes made in the profession must go beyond titles and names, and substance will always be more important.”
“Technical skills alone are no longer sufficient.”  
ALAN HATFIELD  
Executive Director,  
Strategy and Development,  
ACCA UK

“You do not succumb to the technology, but you need to harness it and be on top of technological change.”  
DR NURMAZILAH DATO’ MAHZAN  
Chief Executive Officer,  
Malaysian Institute of Accountants

“It’s also about how you add value to a business and making yourself indispensable to the organisation.”  
NIC CHAMBERS  
Director,  
Finance, Legal,  
Financial Services & Technology,  
Michael Page Malaysia

“With the proliferation of data available at our fingertips, there’s a big mindset shift from being hypothesis driven to being data-driven…”  
AZRAN OSMAN RANI  
Chief Executive Officer,  
Iflix Malaysia

“Machine learning and AI are here to help us to be more efficient.”  
CHUAH JIA WEN  
Head,  
Finance & Insurance Sector,  
Google Malaysia

“It’s also about how you add value to a business and making yourself indispensable to the organisation.”  

“You do not succumb to the technology, but you need to harness it and be on top of technological change.”  

“It’s also about how you add value to a business and making yourself indispensable to the organisation.”  

“With the proliferation of data available at our fingertips, there’s a big mindset shift from being hypothesis driven to being data-driven…”  

“Machine learning and AI are here to help us to be more efficient.”
While talent must transform themselves, employers too must realign themselves with this new paradigm of innovation and disruption — especially digital disruption — to attract and retain skilled talent. Dr Nurmazilah Dato’ Mahzan, CEO of the Malaysian Institute of Accountants, expressed her concerns: “Is talent aware of and ready for today’s digital disruption? Are they able to manage those disruptions? How do we retain talent with such skills? How do we prepare the firms and companies in managing such talent?”

In order to successfully move forward, professional accountants must familiarise themselves with technology, and be able to harness digital disruption. Azran Osman Rani, Chief Executive Officer of iflix Malaysia said: “With the proliferation of data available at our fingertips, there’s a big mindset shift from being hypothesis driven to being data-driven… The pace and the rhythm are now a lot faster. One of the big challenges is understanding the technology and applications so that decisions can be made rapidly.” He stressed that with a constant influx of data, information and decisions are now moving to a real-time basis: “You cannot operate on a traditional cycle anymore.”

Asked to list desirable qualities, Azran said that accountants should possess “the willingness to innovate rapidly and to move away from old methods, tenacity and attention to detail, and an experimental mindset.” He singled out the current generation of middle managers as being a “real challenge” for business because they lack sufficient exposure to strategy at the top, but they also missed out on exposure to new technology and tools allowing for rapid data extraction. “The younger guys can do this because they don’t have preconceived ideas but those in the middle are really stuck because they are ingrained in a certain way.” Nic Chambers, Director of Finance, Legal, Financial Services and Technology of Michael Page Malaysia, explained candidates who go beyond just the job function will thrive. In addition to having soft skills like proactivity and thinking on your feet, “it’s also about how you add value to a business and making yourself indispensable to the organisation.” Chambers advised business to “embed accounting staff into business functions” such as sales and marketing, and to expose them to less transactional work. This will build more strategic mindsets and enable them to aid business leaders in making informed business decisions.

Job obsolescence due to automation remains a persistent concern. However, Chuah Jia Wen, Head of Finance and Insurance Sector at Google Malaysia, noted that above all, technology is an enabler. Machines will not replace humans in high-value activities, but will improve productivity and efficiency by replacing repetitive activities, simplifying work and saving time. “Machine learning,” she said, “and AI are here to help us to be more efficient.” Dr Nurmazilah added that technology is an opportunity if harnessed and embraced quickly, but poses a risk to any laggards. She suggests for accountants to plot themselves along the famous Roger Bell Curve “Organisations need to plot where they are [on the bell curve] in terms of policy, using, or manipulating the technology. You do not succumb to the technology,” she noted, “but you need to harness it and be on top of technological change.”

Initiatives such as the ASEAN Economic Community (AEC) will open up more opportunities for accountants who are mobile. Expounding on the progress of AEC mutual recognition agreements (MRAs) for services, Dr Nurmazilah is optimistic that MIA members will be able to register as ASEAN CPAs and capitalise on AEC growth. “The ASEAN CPA is the passport for you to work in other ASEAN countries.”

The takeaway message, concurred the speakers, is that professional accountants of the future will have increasing opportunities to prosper but only if they embrace change, and equip themselves with relevant skills to add value to business.
“It’s a pragmatic, people-centred Budget. Its pro-business strategies are good news for SMEs in particular.”

“The decline in oil royalties has been recouped through other revenues but ultimately, the government will want to ensure that the budget deficit remains at 3%.”

“The definition of royalty had been wider as a matter of expediency and for clarity.”

“Not all countries have the necessary relief for this at the moment, it is a complicated and very technical matter.”

“The information collected in this manner can be used for analysis, to raise public awareness and to ensure proper collection of GST.”

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DR VEERINDERJEET SINGH
Executive Chairman, Axcelasia Inc

MA SIVANESAN
Deputy UnderSecretary (Indirect Tax & GST Policy Sector), Tax Division, Ministry of Finance Malaysia

DATO’ NOOR AZIAN ABDUL HAMID
Deputy Director General (Policy), Inland Revenue Board of Malaysia

S.SARAVANA KUMAR
Partner, Lee Hishammuddin Allen & Gledhill

DATO’ PADDY ABD HALIM
Assistant Director General of Customs (Enforcement), Royal Malaysian Customs Department
Although revenue had declined from RM219.1 billion in 2015 to RM212.6 billion in 2016, it is expected to increase to RM219.7 billion in 2017. Income tax revenue for 2015 was RM103.985 billion, RM102.438 billion in 2016, and is expected to reach RM112.373 billion in 2017. GST revenues were significant: RM27.012 billion in 2015, RM38.5 billion in 2016, and is expected to reach RM40 billion in 2017. Petroleum revenues, however, fell from RM11.6 billion in 2015 to RM8.5 billion in 2016, but is expected to rebound slightly in 2017 to RM10.6 billion.

GDP growth is projected at 4%-5, and Singh said that domestic demand and private investment will be the key drivers for 2017. “It’s a pragmatic, people-centred Budget. Its pro-business strategies are good news for SMEs in particular. There will also be better transparency, with amendments to the Income Tax Act, and the tightening of transfer pricing rules.”

However, the cost of business was likely to increase. “The compliance burden will increase for all businesses, with more tax audits,” he said. Singh urged that the present tax regime be reviewed in favour of one that is simpler, more certain and transparent “to prepare ourselves for high-income/developed nation status.”

The government has signalled its intention of reducing the budget deficit and achieving a balanced budget by 2020, but this was more optimistic than realistic given the current constraints, said panelists. “The government will have no choice but to raise rates,” said M A Sivanesan, Deputy Under-Secretary (Indirect Tax & GST Policy Sector), Tax Division, Ministry of Finance. “The decline in oil royalties has been recouped through other revenues but ultimately, the government will want to ensure that the budget deficit remains at 3%.”

Concerns were raised that these devices could compromise business confidentiality or affect data integrity, but Singh reassured the audience that “information remains confidential as it is seen only by Customs officers.” Concluding, Singh projected that GST could possibly be set at 10% by 2020, but would be offset by reduced corporate and personal income tax rates at about 20% and 20-24% respectively.
“In 1980, we qualified but we didn’t play, and that was the closest we ever came to an Olympic appearance, where football was concerned.”

“We may have been tough on each other in training – even to the extent of beating each other up, but when we faced our opponents, we were a team.”

“We didn’t have facilities but we had the passion for it – and then later, when we realised we could achieve something – we became dedicated and determined.”

“We knew our strengths and weaknesses, what each of us could do, how the others would behave. We worked together.”

“When we were on the field, every one of us was equal.”

DATUK RAHIM RAZALI
Ex-sports Commentator/Celebrity

DATUK SANTOKH SINGH
Soccer Veteran

DATUK SOH CHIN AUN
Soccer Veteran

DATUK JAMES WONG
Soccer Veteran

DATUK HASSAN SANI
Soccer Veteran
Plenary Session 4 was the highlight of the Conference, chiefly because the speakers are dear to the hearts of millions of patriotic Malaysians who are fans of the “Beautiful Game.” Veteran footballers Datuk Soh Chin Aun, Datuk Santokh Singh, Datuk James Wong and Datuk Hassan Sani, together with session moderator Datuk Rahim Razali, ex-sports commentator/celebrity received a standing ovation from the full house as they took their seats on stage. The four footballers have the distinction of being members of the only Malaysian football team that has ever qualified for the Olympics, in the heyday of Malaysian sport.

“The reason for this last session was to provide a different perspective of teambuilding and unity,” explained MIA President Dato’ Mohammad Faiz Azmi in his prelude to the session. “In their heyday, these people inspired us.” With practised ease, Malaysian sports’ inimitable commentator Datuk Rahim Razali then effortlessly took control of the discussion, with the ice-breaking comment, “Wah – there are a lot of accountants in this country!” as he observed the conference delegates hanging onto his every word.

Rahim first set the stage by taking a trip down memory lane. “For us – the fans, the spectators – Malaysian football culminated in the qualifier for the 1980 Moscow Olympics. But many do not know that Malaysia also qualified for the 1972 Games in Munich – that was the very first time. In 1980, we qualified but we didn’t play, and that was the closest we ever came to an Olympic appearance, where football was concerned.”

Malaysia did not take part in the 1980 Olympics which were held in Moscow, in protest against the USSR’s invasion of Afghanistan – and thus Malaysia’s best football team ever was denied the chance of Olympic glory. Introducing the Fab Four, Rahim quipped, “This is Soh Chin Aun. Everybody calls him Towkay. If this was the Cabinet, he’d be the Prime Minister!” then went on to urge Soh to recount what led him to football. “Growing up, we didn’t have much, so we just played outside in the open space, with whatever we had. We didn’t have facilities but we had the passion for it – and then later, when we realised we could achieve something – we became dedicated and determined,” related Soh.

The other three told similar stories, with Singh adding he came from a humble, cow-rearing family in Setapak! Thirty years on, the disappointment of 1980 is far behind them and their passion, dedication and determination have led them down different paths. Soh started a football training academy in Malacca. Singh runs a successful restaurant in a Petaling Jaya suburb, and Wong and Hassan have been recently appointed as coaches to the Sabah state football team.

As they spoke, what really made them successful became very clear. The easy camaraderie; the unaffected but affectionate way they spoke about each other; their honesty in recounting trials and tribulations – these are what made them Malaysia’s greatest football team ever, united in their diversity.

Above all, team spirit drove them. They lived, ate, slept, worked and trained as a team as they set their sights on Moscow. “We may have been tough on each other in training – even to the extent of beating each other up, but when we faced our opponents, we were a team,” emphasised Singh. “We knew our strengths and weaknesses, what each of us could do, how the others would behave. We worked together.” They were all for one, and one for all. “When we were on the field, every one of us was equal,” said Hassan. “People still ask me, don’t you wish it was you who scored the goal, instead of passing it to James? But I always tell them, it doesn’t matter. We were playing as a team. It didn’t matter who scored the goal. When the ball went into the net – we ALL won!”
LUNCH & ENTERTAINMENT
“Accountants must know how the contract is being structured and drafted because that may result in whether there is an identified asset... If there is no identified asset, there is no lease.”

CHONG CHEN KIAN
Audit Partner,
KPMG Malaysia

“MFRS 9 allows a “simplified approach” for trade receivables in measuring loss allowance, which exempts preparers from the “general” three-stage/three-bucket approach.”

RASMIMI RAMLI
Head of Financial Reporting and Assurance,
Malaysian Institute of Accountants

“The minute you have it on the balance sheet, the future lease payment has to be present valued. You’re talking about a complex calculation and unwinding all of the interest for many contracts.”

AZLINA NORDIN TORJI
General Manager,
Financial Controls and Accounts,
Telekom Malaysia
IFRS 9 introduces a new impairment model, the expected loss model versus the incurred loss model under IAS 39. Under IAS 39, the loss event must happen before impairment is recognised, whereas IFRS 9 does not wait for a trigger or loss event.

Key to the expected loss model will be determining significant increases in credit risk. Chong Chen Kian, Audit Partner, KPMG Malaysia advised companies to apply “relative comparison” in assessing significant increases in credit risk. Assess the credit risk of the financial instrument as it is first originated or recorded, and then again at year end to see how the credit risk has changed over time.

Since there would be non-financial institutions that would also have high volumes of trade receivables but with a typical collection horizon that is less than 12 months, these came under a lot of scrutiny. Moderator Rasmimi Ramli, Head of Financial Reporting and Assurance MIA, explained that MFRS 9 allows a “simplified approach” for trade receivables in measuring loss allowance, which exempts preparers from the “general” three-stage/three-bucket approach. Nevertheless, Azlina Nordin Torji, General Manager, Financial Controls and Accounts Telekom Malaysia, warned preparers that “they still need to assess and understand the profile of the customers.”

“The difference between IAS 39 and IFRS 9 is that now, I cannot afford to wait until the loss event happens. I’ve got to know what affects the customer’s payment behaviour and the general elements that affect recoverability,” she said. In B2C (business-to-consumer), Azlina advises grouping customers into clusters that reflect similar payment behaviour to help manage credit risks. In building customer credit profiles, it’s imperative that the finance department understands how various products offered may have distinct credit collection patterns or behaviour which could be due to the unique demography or profile of customers subscribing to those products. Equally crucial is to work with the credit management team who would have such understanding and profiling expertise to put in place or change credit policies in order to facilitate the changes required by IFRS 9.

Meanwhile, IFRS 16 is a new standard which was issued in April 2016 and will be effective on 1 January 2019. The standard no longer differentiates between finance leases and operating leases for lessees, but recognises all leases on the balance sheet and has switched from a dual ‘risk and reward’ model to a single ‘right-of-use’ model.

Asset identification is necessary to determine if a contract contains a lease, and accountants will have to get involved much earlier in the contract process. Chong said that “accountants must know how the contract is being structured and drafted because that may result in whether there is an identified asset... If there is no identified asset, there is no lease”. “Another key question to ask is whether the contract is specific to a particular asset,” said Azlina, who gave the example of service level agreements (SLA) and service level guarantees, which appear to contain leases but don’t fall under the scope of IFRS 16.

Other challenges include volume, because companies typically have voluminous leases, and calculating the front-loaded total lease expense, in particular, the interest. “The minute you have it on the balance sheet, the future lease payment has to be present valued. You’re talking about a complex calculation and unwinding all of the interest for many contracts,” said Azlina.

Asked for their key takeaways, Chong and Azlina urged preparers to get started early and to assess the impacts and implementation of these standards holistically. Preparers were also warned not to fall into the trap of thinking that the standards only affect the finance department. “This is an accounting trigger change, so accountants need to be in the driver’s seat,” said Chong. It will have major impacts on systems, work processes, business, KPIs and stakeholder expectations. Hence, it is vital that accountants engage with all stakeholders such as the Board, investor relation officers, IT and operations, to drive the implications across and to get everybody to embrace the changes.
“Is the fintech the great leap forward?”

DAUD VICARY ABDULLAH
President & Chief Executive Officer, INCEIF

“Banks have always been open to financial technology which facilitate financial transactions, such as ATMs thirty years ago, and then online banking, and now fintech.”

MOHAMED RAFE
Chief Executive Officer, CIMB Islamic Bank Berhad

“This is an area where we as a regulator need to balance between being very cautious at the same time making sure that we are not stifling innovation and creativity in the systems.”

MOHD ZABIDI MD NOR
Director, Islamic Banking and Takaful, Bank Negara Malaysia

“What we need for Islamic finance is to be able to give the same experience to a customer irrespective of whether it's Islamic finance or not.”

DATO’ MOHAMMAD FAIZ AZMI
President, Malaysian Institute of Accountants
One major disruptor is fintech (financial technology), to which moderator Daud Vicary Abdullah, President and Chief Executive Officer, INCEIF asked whether it really was “the great leap forward?” Dato’ Mohammad Faiz Azmi, President, Malaysian Institute of Accountants and Chair, Islamic Finance Consultative Group, International Accounting Standards Board (IASB) said that to him, these are tools. “To me, fintech is just another way of delivering value to the customer, who could be Muslim or non-Muslim asking for Islamic products. To that individual, the means are not the key thing. The key thing is the product itself and what is the need it is supposed to satisfy... What we need for Islamic finance is to be able to give the same experience to a customer irrespective of whether it’s Islamic finance or not.”

Mohamed Rafe Mohamed Haneef, Chief Executive Officer, CIMB Islamic Bank Berhad responded that banks have always been open to financial technology which facilitate financial transactions, such as ATMs thirty years ago, and then online banking, and now fintech. “What worries the financial industry is non-banks actually providing financial solutions using technology... Embracing financial technology is not an issue. It is about non-banks which are non-regulated, competing with banks using financial technology.”

Asked about fintech regulations, Mohd Zabidi Md Nor, Director, Islamic Banking and Takaful, Bank Negara Malaysia said that “This is an area where we as a regulator need to balance between being very cautious in our response to protect the stability and trust of the fundamental core financial system, at the same time making sure that we are not stifling innovation and creativity in the systems.” Many regulators across the world have a common way of dealing with technology and innovation. Like its peers, BNM has issued the regulatory sandbox framework, whereby fintechs can propose solutions to the central bank which can be deployed in a localised environment in order to identify transactional and regulatory issues.

Since this was an accounting forum, Faiz was requested to provide updates on Islamic finance accounting standards and what he sees as the main issues. “We have actually had a few years of relative calm in the accounting world but now it’s going to ramp up again. Looking at the next two to three years, IFRS 9 is coming up to replace IAS39, and that has already started to raise issues whether the interpretations used to account for many Islamic products are still valid under IFRS 9.”

“We’ve been trying to anticipate problems, and where we find problems, using the AOSSG (Asian-Oceanian Standard-Setters Group) to write in to IASB and occasionally looking up Malaysia to figure out where the problem is to see how to tweak the standards accordingly. So, I think most of the issues have been anticipated but now the fun one is leasing.” Under the upcoming IFRS 16 Leases, how should Al Ijarah Thumma Al Bai (AITAB) or Islamic hire-purchase be accounted for? Should AITAB be classified as a lease or financing or something else, because Islamic banks use a concept where there’s already a sale built into the contract. One view holds that AITAB is not financing but a sale, so it should be treated as a sale and not a lease. The problem is determining whether the bank ever controlled that hire-purchase asset or not.

“Other than that, looking at the products that we do, we don’t anticipate many problems. But it’s worth highlighting that whenever you change the standards there are always unintended consequences.”
“Malaysia must keep improving across holistic dimensions in order to inspire investor confidence.”

“Malaysia is one of the most open economies in the world, with a trade to GDP ratio of 148% (from 2010 to 2014) compared to 58% in developing countries in East Asia and Pacific.”

“There are various regional or global rankings focusing on different factors and it is inevitable that there would be fluctuations – both up and down over the course of time.”

“Look at how SPAD handled the Uber or ride-sharing clash with the taxi drivers and contrast that with the responses of other countries like Taiwan and Denmark.”

DATO’ RICHARD AZLAN ABAS
Chief Executive Officer, MINDA

FARIS HADAD-ZERVOS
Representative to Malaysia, Country Manager, The World Bank

WAN SURAYA WAN MOHD RADZI
Deputy Secretary General (Strategy & Monitoring) /Chief Information Officer, Ministry of International Trade and Industry

DATUK ZAINAL AMANSHAH
Chief Executive Officer, InvestKL
Malaysia must keep improving across holistic dimensions in order to inspire investor confidence. One key to long-term growth in a country is the corporate governance ecosystem, as better governance leads to better fundamentals. However, noted moderator Dato’ Richard Azlan Abas, CEO, MINDA, “Malaysia has fallen from number four to sixth out of the 11 Asian markets ranked by the Asian Corporate Governance Association (ACGA) in its bi-annual report ‘CG Watch 2016 – Ecosystems Matter’.”

Countering this, Wan Suraya Wan Mohd Radzi, Deputy Secretary General, (Strategy & Monitoring)/Chief Information Officer, Ministry Of International Trade and Industry (MITI) shared Malaysia’s notable achievements: an increase in Gross National Income by nearly 50% in the past six years, capital markets up by 150% since 2009 with the equity market expanding by 69.6% and the bond and sukuk markets up by 6.7%. Malaysia ranks as the 24th largest trading nation based on the 2015 global trade rankings.

“There are various regional or global rankings focusing on different factors and it is inevitable that there would be fluctuations – both up and down over the course of time. The current situation is not dire. However, the key is to continually improve,” she emphasised. Towards this end, various actions are being taken, including investing in world-class infrastructure (High Speed Rail, LRT extensions, MRT construction), providing incentives such as income tax exemptions and pioneer status, and negotiating Free Trade Agreements (FTAs) beyond the extant ASEAN Free Trade Area (AFTA) and other regional and bilateral FTAs.

Asked about the impact to Malaysia's future as a result of recent global upheavals such as Brexit and US President-elect Donald Trump’s recent win, Faris Hadad-Zervos, Representative to Malaysia, Country Manager at The World Bank said, “You’ve got to think of the country as a set of company ledgers. As long as a country is an open economy as Malaysia is, it is inevitable that you’re going to be impacted. One factor is risk management by way of diversification. Malaysia today has a diversified economy and has become a leading exporter of electrical appliances, electronic parts and components, palm oil, and natural gas. Malaysia is one of the most open economies in the world, with a trade to GDP ratio of 148% (from 2010 to 2014) compared to 58% in developing countries in East Asia and Pacific. The other levers are the implementation of the regional trade agreements, which can further facilitate key economic reforms and accelerate the transition to a high-income country. Furthermore, tools such as fiscal and monetary policies are in place to support making any necessary adaptations on the way forward, as and when there are external triggers that may force you to veer off the chartered course.”

Faris acknowledged that there are still areas for improvement in terms of talent. “Further work is still required to address brain drain and the education system which does not nurture entrepreneurial spirit. However, the potential is great and there is definitely a tremendous untapped talent pool in Malaysia.”

Datuk Zainal Amanshah, CEO, InvestKL praised regulators for their forward-looking attitude in supporting innovation, which is a key differentiator. “Look at how SPAD handled the Uber or ride-sharing clash with the taxi drivers and contrast that with the responses of other countries like Taiwan and Denmark. Look also at the Fintech Regulatory Sandbox Framework that Bank Negara Malaysia has issued in October which allows regulatory flexibilities to be granted to financial institutions and fintech companies to experiment with fintech solutions in a live controlled environment which is accompanied by the appropriate safeguards, for a limited period.”

But innovation and competence must be aligned with robust governance to reassure investors. “According to the independent ACGA survey, the strategic priorities to strengthen the Malaysian ecosystems are public governance and corporate governance culture,” reiterated Dato’ Richard in closing.
“CFOs need to know how to turn data into information, a role which should be embraced by the entire C-Suite.”

CFOs need to know how to turn data into information, a role which should be embraced by the entire C-Suite. The CFO will have to be an integrator and negotiator, and be able to communicate with the entire C-Suite while simultaneously supporting and policing the firm.

“The CFO will have to be an integrator and negotiator, and be able to communicate with the entire C-Suite while simultaneously supporting and policing the firm.”

IBRAHIM SANI
Presenter/Producer, BFM Radio

HUGO WALKINSHAW
Advisory Partner, Ernst & Young Advisory Pte. Ltd.

RAJU VENKATARAMAN
Former CFO & Head of Strategy and Business Development, The Walt Disney Company, South East Asia

ABDUL RAHIM ABDUL HAMID
Chairman, Malaysian Venture Capital Management Berhad

“In the Digital Age, CFOs will have no choice but to embrace new technology if they want to remain in the job.”
CFOs of the Future will do well to take note of what keeps CFOs of the Present awake at night. “It’s a long list,” said Hugo Walkinshaw, Advisory Partner, Ernst & Young Advisory Pte Ltd. “Managing risk, keeping the company out of the headlines, searching for and retaining talent, developing people, becoming digitally savvy, big data, historical/predictive analytics – these are just some of them. It’s not about the ‘day job’ anymore; it’s about the future.”

CFOs need to know how to turn data into information, a role which should be embraced by the entire C-Suite, pointed out moderator Ibrahim Sani, Presenter/Producer, BFM Radio. CFOs have a pivotal role in their firms because they “help to discover the value of the data, and derive actionable insights which can be valuable to their firm,” Raju Venkataraman, former CFO and Head of Strategy & Business Development, The Walt Disney Company, South East Asia added.

Commenting on CFOs’ need to be digitally savvy, Abdul Rahim Abdul Hamid, Chairman, Malaysia Venture Capital Management Bhd (MAVCAP) said, “It will be necessary for CFOs to be involved in the various aspects of the business, and because we are in the Digital Age, CFOs will have no choice but to embrace new technology if they want to remain in the job.” But Rahim emphasised that despite the technology available today, clarity of thought will be paramount for anybody in that position.

Responding to a question on how firms could quickly and effectively increase their use of data, Venkataraman said, “The CFO needs to be reasonably familiar with data and digital platforms but you can also employ digital natives or digital scientists to examine/analyse markets using digital programmes to produce actionable insights.”

Asked to give an opinion on what CFO characteristics will work today and what will not, Walkinshaw stressed, “We are looking for people who are good communicators, who can be the face of their organisation, collaborate with the CEO, and manage stakeholders. He/she will have to be an integrator and negotiator, and be able to communicate with the entire C-Suite while simultaneously supporting and policing the firm. The CFO used to be an end position but today, it can be regarded as a stepping stone to becoming CEO.”

The role of the CFO has certainly evolved; even the nature of professional qualifications is changing, Walkinshaw said. “It’s about practical experience now, and having an open mind. EY has even gone so far as to announce that a university degree is no longer necessary to join the company. You have to find people that are qualified but not particularly in the traditional talent pool,” he stressed. The speakers generally agreed that the CFO’s job cannot be considered independently of other C-Suite roles. Polled on what they thought were the top three requirements of a good CFO, all speakers emphasised the need for good communication skills, besides the prerequisite familiarity with accounting knowledge and procedures.

So what will the CFO of tomorrow be like? He/she is likely to be fairly tech-savvy, and have business acumen as well as people and stakeholder management skills. “It’s a difficult role,” conceded Walkinshaw. “CFOs have to be bold and balanced, as well as the check and balance of the Executive Team.” While Venkataraman stressed that integrity is absolutely critical, Walkinshaw concluded, “We are the moral compass of the organisation – and we want to be in the position where we can say that the buck stops with us,” he said. “Being a CFO in the future will be a tall order.”
“There is potential for a better, faster, and more efficient audit process with 100% validation and reconciliation of all auditable transactions.”

SANJAY GORDHAN PANJABI
Audit Analytics Leader, Deloitte Southeast Asia Assurance and Advisory Partner, Deloitte Southeast Asia

“Artificial intelligence can be easily replicated in areas which are highly repetitive, precise and voluminous.”

WONG CHIUN CHIEK
Chief Financial Officer, IBM Malaysia

“Unless you do it, somebody else will do it for you and that will be more painful.”

ROHIT KUMAR
Director of Forensic Practice, PricewaterhouseCoopers

“Artificial intelligence still requires a level of interpretation.”

GERALDINE MAGAREY
Leader, Policy & Thought Leadership, CAANZ
Automation and technology present a tremendous opportunity for accountants to move up the value chain and deliver more value to businesses and the nation. However, accountants will have to take the initiative to reskill themselves and move beyond pure number-crunching and repetitive tasks which can be substituted by machines and artificial intelligence (AI).

Moderator Sanjay Gordhan Panjabi, Audit Analytics Leader, Deloitte Southeast Asia laid out several scenarios in which AI and cognitive computing are poised to disrupt the profession, especially in the field of audit and assurance. Costs and timeliness of audits and likelihood of errors would diminish, and new opportunities could unfold. There is potential for a better, faster, and more efficient audit process with 100% validation and reconciliation of all auditable transactions. Continuous audit monitoring may become a reality through machine-enabled auditing, which would shift the traditional year-end audit to real-time and overturn the seasonal audit norm. New services may become a possibility, for example, providing forward-looking assurance or providing assurance on automated processes and systems.

Employers and audit firms will also need to rethink their talent management processes and business models in the digital economy. Cognitive computing decreases the need for junior resource headcount and necessitates increase in auditors with technological expertise. Changes in the pricing model will arise as cognitive computing increases automation, reducing the long-run cost of auditing and changing the way we deliver services, and necessitating a change in pricing models.

To remain relevant, accountants should assess the automation potential of their roles. It is estimated that about 86% of an auditor and accountant’s job can be disrupted by automation and technology.

Kumar recommended leaving low-value recurring tasks to technology in favour of adding a premium through higher-level work. For example, where an accountant’s job scope might have required him to look out for fraud previously, now the programme finds fraud and the accountant verifies it.

“Artificial intelligence still requires a level of interpretation. That’s where we add value as accountants,” concurred Geraldine Magarey, Leader, Policy and Thought Leadership, CAANZ.

She cautioned that there are two tremendous challenges hindering the profession’s adoption of technology and AI. One, the audit profession is subject to heavy regulations, and the regulators are treading with caution when it comes to digital disruption. Two, the intense focus on big data and analytics raises cybersecurity concerns.

Magarey projected that other stakeholders in the accounting ecosystem, such as standard-setters and academia will also be tremendously disrupted by technology. While it’s very early, standard-setters have an enormous opportunity to embrace data analytics to enhance regulation and enforcement. Providers of accountancy education too will have to adjust their curriculum to narrow digital gaps.

Meanwhile, the increasing use of robotics and automation still cannot replace ethics and integrity which are the mainstay of the professional accountant in inspiring public trust. Wong Chiuin Chieh, Chief Financial Officer, IBM Malaysia said, “Artificial intelligence can be easily replicated in areas which are highly repetitive, precise and voluminous. But artificial intelligence is not capable of moral judgements, instinct and creativity.”

“If we take technology as our friend we all can succeed in the future as long as we keep a very open mind,” enthused Kumar. The session wrapped up with the consensus that “there has never been a more exciting time to be an accountant” and for accountants to “embrace change.”
“The blueprint is designed to create a vibrant ecosystem for entrepreneurs and SMEs to flourish and drive Cyberjaya’s economic growth.”

“Malaysia has been home to some notable start-ups that started in Malaysia and then used Malaysia as the launch pad to go regional or global and have grown to become brand names in their own right – Air Asia, Jobstreet.com, Grab Taxi.”

“Collaboration is the new competition! Each hub has its unique advantage that it needs to leverage.”

“Cyberjaya is the first LoRA (Long Range)-powered smart city in South-East Asia to support the smart traffic lights application using the IoT (Internet of Things) technology.”

PROF DR AININ SULAIMAN
Department of Operation and Management Information System, Faculty of Business and Accountancy, University of Malaya

LEE CHING WEI
Co-founder/Chief Executive Officer, iMoney Group

IR DR KARL NG
Director, Innovation Capital, Malaysia Digital Economy Corporation (MDeC) Sdn Bhd

IZATUL ARINI MOHD ARIFF ALBAKRI
Head, Finance Division, Cyberview Sdn Bhd
Technology is the cornerstone of today’s business world, and as part of Malaysia’s transformation to embrace a digital-based economy, the Malaysian government’s Global Technology Hub (GTH) Blueprint was born. “The blueprint is designed to create a vibrant ecosystem for entrepreneurs and SMEs to flourish and drive Cyberjaya’s economic growth.

The original aspirations for Cyberjaya were focused on ICT and on infrastructure specifically; however, the current goal is to become a global technology hub with a shifting focus to value-added activities such as content and application development as well as the necessary ecosystem to spur entrepreneurship, creativity and innovation,” explained session moderator Prof Dr Ainin Sulaiman, Department of Operation and Management Information System, Faculty of Business and Accountancy, University of Malaya.

There are nine key technology focus areas of the GTH:

- **ICT focus** in the sub-areas of Information Security, Creative Content Technologies, Mobile Internet, Cloud Computing and Big Data Analytics
- **Non-ICT** focus on green tech, biotechnology, wearable and smart grid technology.

Taking charge to spearhead this transformation for Cyberjaya into a Global Technology Hub is Cyberview Sdn Bhd, a tech hub enabler. “Cyberview has two key pillars to transform Cyberjaya into a GTH, namely Smart City and Living Lab,” shared Izatul Arini Mohd Ariff Albakri, Head of Finance Division, Cyberview Sdn Bhd.

Smart City aims to improve urban living and lifestyle, promote greater sustainability for the city and encourage overall growth of economic activities through the mass adoption of intelligent technologies. “Cyberjaya is the first LoRA (Long Range)-powered smart city in South-East Asia to support the smart traffic lights application using the IoT (Internet of Things) technology. The waiting time for the traffic lights has been reduced by 65%. LoRA is low-power, long-range wide area network technology,” Izatul commented.

The Living Lab initiative turns Cyberjaya into an innovation platform for talents, start-ups, pilots and enterprises to test and validate their offerings in Cyberjaya before launching into the real world. This encompasses providing collaborative spaces for inter-venture collaborations and facilitating introductions to angel investors and accelerators via government agencies such as Cradle Fund, and Malaysian Global Innovation and Creativity Centre (MaGiC). Furthermore, a comprehensive range of incentives such as tax exemptions, no restrictions on repatriation of profits or funds to home country and accelerated capital allowance is available in Cyberjaya.

With globalisation creating a borderless world, how does Malaysia compete with other technology hubs and other nations aspiring to also leapfrog into the digital economy? “Collaboration is the new competition! Each hub has its unique advantage that it needs to leverage. Malaysia’s advantage is the multi-cultural talent pool. This has supported successful regional operations for multinational corporations with regional or global business reach,” said Ir Dr Karl Ng, Director, Innovation Capital, Malaysia Digital Economy Corporation (MDeC) Sdn Bhd.

“To nurture the talent pool, there are initiatives to encourage school-going youth to participate as makers of technology instead of just being users of technology. For example, coding will be taught in national schools next year starting from Standard Three onwards,” added Ng.

While development needs to accelerate, Malaysian companies are capable of competing on the world stage. Lee Ching Wei, Co-founder/Chief Executive Officer of iMoney Group said: “Malaysia has been home to some notable start-ups that started in Malaysia and then used Malaysia as the launch pad to go regional or global and have grown to become brand names in their own right – Air Asia, Jobstreet.com, Grab Taxi. Although some of these businesses may go across the pond to secure additional funding for growth, Malaysia continues to be their operations headquarters."

“In order to continue remaining relevant, accountants and finance professionals would need to embrace technology changes going forward by continuing to upskill in new technology domains such as data analytics and security.” advised Ng.
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“If a company has no Constitution, Section 31, subsection 3 of the Companies Act 2016 imposes an obligation on directors and shareholders that are set out in this Act.”

ANDREW CHIEW
Partner, Lee Hishammuddin Allen & Gledhill

“Company secretaries, auditors and lawyers will need to reskill to prepare for the Act’s imminent reforms.”

LEE SHIH
Partner, SKRINE

“The intention of this Act is to provide a regulatory framework to facilitate starting a business and reduce the cost of running a business in Malaysia.”

DATO’ HAJI MUHAMMAD REDZUAN ABDULLAH
Executive Director, Surveillance & Enforcement, Malaysian Institute of Accountants

“There is a lack of action as criminal sanctions carry more reputational damage than administrative sanctions.”

PROFESSOR DR Aiman Nariman Mohd Sulaiman
Professor of Law, International Islamic University Malaysia

“The implementation of this legislation is targeted for Q1 2017.”

NOR AZIMAH ABDUL AZIZ
Deputy Chief Executive Officer (Regulatory & Enforcement), Companies Commission of Malaysia
In terms of the ease of doing business globally, Malaysia has been ranked 23 out of 190 countries by the World Bank in its Doing Business Report 2017 (DB 2017). “The benefits anticipated from the implementation of the Companies Act 2016 should support Malaysia in moving up the ranking in upcoming reviews,” he predicted.

The notable changes are:
- easier incorporation of companies
- lower cost of running companies – abolish requirement of AGM for private companies
- Constitution replaces Memorandum of Association (MOA) and Articles of Association (AOA)
- no par value regime
- introduction of corporate rescue mechanism through judicial management and corporate voluntary arrangement
- new solvency test requirements
- remuneration of directors
- abolish maximum age for directorship
- power of Registrar for audit exemption
- increased sanctions on directors and company secretaries.

“The implementation of this legislation is targeted for Q1 2017. The first phase will comprise of implementation of all the provisions under the Companies Act except the Corporate Rescue Mechanism, which sets out mechanisms to assist financially distressed firms in restructuring their debts and help them stay afloat and continue as a going concern. Since the latter involves court proceedings and the judicial management and further work is still required in this area, it is envisaged that this implementation is slated for end 2017,” said Nor Azimah Abdul Aziz, Deputy Chief Executive Officer, Regulatory & Enforcement, Companies Commission of Malaysia. She added that there are some general and specific allowances for transition provisioned in the Act to give businesses time to adapt.

Without the MOA and AOA, markets were concerned about potential abuse or lack of transparency in the management of a company’s affairs. “If a company has no Constitution, Section 31, subsection 3 of the Companies Act 2016 imposes an obligation on directors and shareholders that are set out in this Act,” said Andrew Chiew Ean Vooi, Partner, Lee Hishammuddin Allen & Gledhill. Infringements will attract increased penalties under the new Act. “Minor offences that may have previously received a slap on the wrist, will now attract rather severe punishments in fines or imprisonment or both,” he added.

However, enforcers must judiciously weigh the pros and cons of applying administrative versus criminal sanctions. Professor Dr Aiman Nariman Mohd Sulaiman, Professor of Law, International Islamic University Malaysia said: “To enforce criminal offences, the burden of proof on regulators is higher and in the absence of evidence, it may be harder for regulators to take action. As such, there may be a need to rely more on administrative sanctions for enforcement.”

However, Malaysia runs the risk of damaging public perception if “there is a lack of action as criminal sanctions carry more reputational damage than administrative sanctions. Based on Malaysia’s ranking in the recent Corporate Governance (CG) Watch 2016, one of Malaysia’s challenges is to show that there is meaningful enforcement action being taken,” continued Dr. Aiman.

Looking ahead to 2017, company secretaries, auditors and lawyers will need to reskill to prepare for the Act’s imminent reforms. For example, the new Act imposes solvency tests couched in fairly detailed financial language requiring companies to assess overall balance sheets, cash flow solvency or certain net assets. “Is there now a need for a solvency team alongside the insolvency team to support the directors and management?” joked Lee Shih, Partner, Skrine.
“Malaysia’s work culture is not known to be the most flexible.”

JOHAN MAHMOOD MERICAN
Deputy Director General (Human Capital), Economic Planning Unit, Prime Minister’s Department

“Voicing out their needs and communicating to their employers the challenges they face at the workplace.”

DR ELIZABETH LEE
Senior Executive Director, Sunway Education Group

“The same support system available to women at home that allows them to balance work and family, should also be available to them at the workplace.”

DATO’ HAMIDAH NAZIADIN
Group Chief People Officer, CIMB Bank Berhad

“If a person can work effectively from home instead of being required to be present in the office, then this is what we need to look at to make more women in the accounting profession stay.”

WAN YON SHAHIMA WAN OTHMAN
Chief Operating Officer, Human Resources Development Fund
Women account for 65% of undergraduates in public universities, with more than 75% in accounting programmes. More than 60% of fresh graduate hires into the Big Four accounting firms are women. Women also account for 52% of MIA members and represent between 30 to 40% at partner/director levels," he said.

But these impressive numbers will diminish over time because retaining women talent in the accounting profession remains a challenge. In Malaysia, leakages of women talent can be attributed to two reasons, explained Johan. “First, there is a general lower level of female participation in the workforce. Second, when women leave the workforce – unlike in other countries – they do not come back.”

Respondents in an ACCA survey cited their commitments to the family and need for a better work-life balance as key reasons for quitting. Johan concurred that Malaysia’s work culture is not known to be the most flexible. “A job can say its nine-to-five, but in reality, it’s likely to be nine-to-nine.”

Meanwhile, re-entry is difficult for women considering a career comeback because employers are not willing to take risks with re-entries who might not be up to date with the job or possess the required skills.

Other barriers cited in the study were lack of employer support, where only 7% of those surveyed provided childcare facilities and only 30% offered flexible work arrangements. While employers need to proactively implement work-life balance policies, Dr Elizabeth Lee, Senior Executive Director of the Sunway Education Group, urged women to take the initiative in “voicing out their needs and communicating to their employers the challenges they face at the workplace.”

It is equally important for influential women to facilitate the necessary changes in the workplace in support of their peers and successors, noted Dato’ Hamidah Naziadin, Group Chief People Officer of CIMB Bank Berhad. “The same support system available to women at home that allows them to balance work and family, should also be available to them at the workplace,” she said. CIMB, for example, has a Staff Rejuvenation Programme that allows its employees to take time off between one to six months to rejuvenate without worrying about impacts on their promotion or career advancement opportunities or their jobs and positions. This programme is offered to everyone, though 70% of it is taken up by women staff. Elsewhere, additions like the provision of nursing rooms for mothers and a crèche at CIMB are targeted to help women employees balance their work-life commitments.

Employers should be open to the idea of creating an empowered workplace by granting more independence and freedoms to competent employees. Wan Yon Shahima Wan Othman, Chief Operating Officer, Human Resources Development Fund urged employers to look into solutions that make more effective use of women’s time and talents. Possible strategies include providing flexible working hours and reassessing key performance indicators that value quality over quantity. Rather than rigidly adhering to strict working hours, “if a person can work effectively from home instead of being required to be present in the office, then this is what we need to look at to make more women in the accounting profession stay,” she said.

More importantly, she says, is to “make the workplace a happy place to be in. Embracing flexibility is not just doing right by women, but also makes good business sense.”
“The ASEAN Economic Community (AEC) intends to create one single market and one production base worth trillions.”

“Following the recent US presidential elections, the fate of the Trans-Pacific Partnership Agreement (TPPA) was now uncertain as the US President-elect has not expressed support for it.”

“Regardless of what emerges from AEC, there will be opportunities appearing in parallel.”

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“Corporate and personal tax rates will remain according to the respective countries.”
The region will be more competitive, innovative and dynamic, be increasingly productive and have enhanced connectivity, which will underpin equitable economic development for all member countries and iron out income level disparities.

Paul Drum, Head of Policy, CPA Australia, said that following the recent US presidential elections, the fate of the Trans-Pacific Partnership Agreement (TPPA) was now uncertain as the US President-elect has not expressed support for it. “The Obama administration will not take it to Congress,” Drum said. “The way the document is written, countries of a certain GDP level can sign up, but these are interesting times and things are fluid. It will not be plain sailing for the TPPA.”

In the tax space, Base Erosion Profit Shifting (BEPS) issues are under scrutiny as MNCs like Starbucks, Apple and Google come under fire for tax arbitrage by finding loopholes in the tax structures of different countries. “The G20 looked into it and came up with a 15-point initiative to ensure that companies pay the necessary taxes,” said Bernice Tan, Executive Director, BDO Tax Services. “To do that, they had to look at the local laws of the countries which presently allow this.”

Queried on tax implications for Malaysia vis-à-vis the AEC, Dr Veerinderjeet Singh, Executive Chairman, Axcelasia Inc said that there will be general reductions across the board but not all goods will have preferential tax rates. “Corporate and personal tax rates will remain according to the respective countries,” he said. “But the mobility of labour may be an issue. This will be connected to the recognition of qualifications across the region which will not happen right away; again, each country will have its own requirements before according recognition.”

Singh added that IT will be applied even more widely to accounting procedures in the near future, and that databases on transfer pricing were already available, enabling more work to be done online. But higher levels of IT use will mean more integration of information, so it will be necessary to ensure increasingly careful data capture. Importantly, the integrity of data will be an operational imperative, to serve both businesses and the regulating authorities, pointed out Tan.

In conclusion, all speakers agreed that regardless of what emerges from AEC, there will be opportunities appearing in parallel. “Accountants will find many challenges in these developments in the years to come, but it can be a positive thing,” Drum said. Commenting on the now-lukewarm attitude of the US towards the TPPA and the subsequent impact on Malaysia, the speakers were of the general opinion that countries and markets were opening up, so access will not be an issue. “TPPA is dead and gone as far as I am concerned,” Singh concluded. “It will be business as usual.”

The Changing International Tax Landscape —AEC, TPPA and BEPS

As business advisors, accountants must be familiar with shifts in trade and globalisation, and be cognisant of developments in the AEC, TPPA and BEPS. “The ASEAN Economic Community (AEC) intends to create one single market and one production base worth trillions,” said Datuk D P Naban, Senior Partner, Lee Hishammuddin Allen & Gledhill. “It will be a highly integrated, cohesive economy which will unify trade and markets, and be financially inclusive and stable.”

The region will be more competitive, innovative and dynamic, be increasingly productive and have enhanced connectivity, which will underpin equitable economic development for all member countries and iron out income level disparities.

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“There were still concerns over the current state of affairs, and that public trust in institutions had eroded in recent years.”

PROF DR ARFAH SALLEH
Vice-Chancellor, Elect of UNITAR International University

“With regard to public financial management and how to move forward, there is a strong case for improvement.”

TAN SRI DATO’ SETIA HAJI AMBRIN BUANG
Auditor General, National Audit Department Malaysia

“If governments manage their finances well, they will perform better and gain more trust.”

DR IAN BALL
Chairman, CIPFA International

“The information is there, but we do not have access to it.”

TING CHOO WAI
Executive Director, Public Sector Finance, PricewaterhouseCoopers Malaysia
“With regard to public financial management and how to move forward, there is a strong case for improvement,” responded Tan Sri Dato’ Setia Hj Ambrin Buang, Auditor-General, National Audit Department Malaysia. “The country is experiencing strong headwinds. The budget is in deficit and public debt needs to be managed. The amount spent to service this debt is increasing and cannot be ignored in the interest of the public.”

Noting that audits have surfaced considerable waste, he urged government departments to put in more determined and coherent efforts to tackle leakages. “The government has to monitor projects and programmes more stringently, including supervising outside contractors to ensure they get value for money. Staff needs to be trained for better efficiency and effectiveness; procurement systems have to be improved. Adequate guidelines already exist, so why are they not followed? For instance, tenders are not called in the appropriate manner, to the detriment of the government. There is high incidence of fraud and corruption, indicating the lack of internal control. Internal control is imperative. Better commitment by supervisors and government agencies is critical.”

Concurring that conditions were challenging, Dr Ian Ball, Chairman, CIPFA International said, “If governments manage their finances well, they will perform better and gain more trust.” He added that over the past 15 years, a number of governments had adopted accrual reporting for enhanced transparency, better management and more accountability – but most of them still had no clear methods for handling or using the accrual information that is generated, although this required considerable resources and was costly to produce.

“Malaysia’s way forward perhaps lies in making this accrual information useful,” Ball said. “Governments often make their projections based on this information.” Ting Choo Wai, Executive Director, Public Sector Finance, PricewaterhouseCoopers Malaysia, agreed, pointing out that there was a general lack of understanding in the private sector of public sector financial management. “The information is there, but we do not have access to it,” he said.

Arfah attributed the deficit in comprehension to a general trust deficit. “The taxpayers’ base is increasing,” she said, “but what measures are the Auditor-General’s Offices taking to regain public trust?” In response, Tan Sri Ambrin stressed that it was not just a matter of compliance; outcomes were just as important, and performance was growing more difficult as government departments faced more budget cuts. Stakeholders should not malign the bearer of bad news. “The Auditor-General’s Office is in fact the messenger to the Government, to warn them about what will happen if things deteriorate,” he clarified.

Queried on the role of big data and analytics in public sector financial management, Ting said that no system could interpret information, and that the onus was on people to exercise their judgement and critical thinking skills. “Malaysia’s government systems are generally integrated but the central government is still not at the stage where it can pull out all information on every citizen yet,” he stated.

Summing up, the Auditor-General advised stakeholders on how to achieve good governance for public sector finance. “Go back to basics. Don’t rush to implement projects without first making sure that there are appropriate monitoring mechanisms in place.” Importantly, projects must always be placed in the right context, which is to support development and nation-building. “Don’t view projects as Ministry projects – see them as national projects,” he urged.
“32% of accountants reported feeling stress from their daily life in a 2015 study by the Chartered Accountant Benevolent Association (CABA)”

PAUL JAMBUNATHAN
Consultant Clinical Psychologist/Senior Lecturer, School of Medicine and Health Sciences, Monash University Malaysia

“Stress normally is a result from meeting the demands of time.”

NIK FAZILA NIK MOHAMED SHIHABUDIN
Group Chief Operating Officer/Chief Financial Officer, Chemical Company of Malaysia

“Today, patients succumbing to massive heart attacks are as young as 20 and 35.”

MARY EASAW
Senior Manager (Chief Dietician), National Heart Institute

“If you lack fitness, the first key to overcoming that stress is to be true to who you are and become a better you.”

KEVIN ZAHRI
Fitness Celebrity
Stress in the workplace caused 42% of respondents in the survey to consider resigning, while 40% began looking for alternative employment elsewhere. The survey also found that nearly one in seven (14%) respondents had tendered their resignation due to stress at the workplace. Meanwhile, World Health Organisation (WHO) research had found that mental ill-health will be the biggest disease burdening developed countries by 2030.

Mary Easaw, Senior Manager (Chief Dietician) at the National Heart Institute, agreed that stress is taking its toll on society. “In my 24 years working with Institut Jantung Negara, I have seen a radical shift in the kinds of patients that suffer from heart problems. It was once common to have 75- and 80-year olds come for a bypass. Today, patients succumbing to massive heart attacks are as young as 20 and 35.”

Stress manifests itself in many ways, said Jambunathan. “It affects our cognitive processes causing psychological issues. It affects our emotions causing physiological reactions. And, when your body starts getting affected from stress, it causes behavioural reactions.”

The best way to deal with stress is to apply common sense, he said. Agreeing, Nik Fazila, Group Chief Operating Officer/Chief Financial Officer, Chemical Company of Malaysia, said stress normally is a result from meeting the demands of time. Understanding what you can and cannot do can limit the stress. “When it comes to work, deal with what’s important to be completed for that day. Know that there is a limit and you simply can’t finish everything (in a day) – that’s when we all get stressed out.” She also encouraged everyone to “Live at present; meaning don’t do something and then think about the work that you have left. This normally causes us to have more stress.” This, she says, has proven to be one of her most effective destressors.

It is also important to manage stress by understanding the source. Fitness celebrity Kevin Zahri says, “If you lack fitness, the first key to overcoming that stress is to be true to who you are and become a better you.” If exercise can help you destress, then do it. The key is to pick an exercise or an activity that you enjoy, without overdoing it.

Eating right also helps in countering the effects of stress. Says Kevin, “You can eat what you like. There are many diets out there but I do not tell others to follow what I do. If you deny a person the pleasures of food, then he becomes stressed. Ultimately, it is about finding balance – make good food choices.”

Being smart about your diet means eliminating unhealthy snacks. Easaw said, “Emotional eating is due to stress, and usually, it’s snacking. Snacks become addictive because they are high in salt and flavouring. They get the taste buds alive and crazy. Remove all this. It will restrain you from emotional hunger.” At the other end of the spectrum is physical hunger. “This is normal hunger. You eat to survive. So take all the carbs and proteins you want, but be sensible and mindful about your intake,” added Easaw.

Finally, mindfulness is a key element to fighting stress, said Jambunathan. It helps the body recuperate. “When you learn this skill – to be aware of your emotions and what affects you – then you are able to overcome stress and function more effectively.”
“ASEAN is currently the sixth largest economy in 2015 and is projected to be the fourth largest within the next decade.”

DATO’ RAMESH KODAMMAL
Council Member, ASEAN-BAC Malaysia

“As the costs in China rise, companies outside ASEAN are looking for new destinations to produce their goods.”

MEGAN MULIA
Director, Research & Information, Asialink Business

“The reality is that it is hard to keep up to date with what’s going on in the region since it moves so fast.”

RICK PAYNE
Head of ICAEW Finance Directions Programme

“Cultural sensitivity is more similar within the region and this supports intra-regional trade despite the language barriers.”

STEPHEN DARLEY
Chief Executive officer, BDO Asia Pacific
The potential for business opportunities within ASEAN is substantial, although its population of 600 million lives in a relatively small area. The relatively low GDP volatility of 5%-6% and comparatively low government debt ratio within the region provides stability for businesses looking to operate in ASEAN. High mobile and Internet penetration rates at 110% and 25% respectively have also resulted in a highly mobile, connected and digital population.

Commenting on the opportunities within ASEAN, Megan Mulia, Director, Research & Information, Asialink Business noted, “As the costs in China rise, companies outside ASEAN are looking for new destinations to produce their goods. The average wage for a factory worker in China is USD 28/day vs USD 9/day in Indonesia and UDS7/day in Vietnam. This lower cost structure provides a real benefit to companies looking to doing business within ASEAN region.”

However, such a move would not be without its own set of challenges - infrastructure, logistical challenges, possible undersupply of labour in some countries such as Indonesia and Myanmar, liberalisation and non-tariff barriers - that will take time to address. “Each business will need to build a strategy to capitalise on the strengths of the ASEAN region. Would it mean relocating closer to the consumers? Would it mean that they would need to consider markets such as Myanmar? Or maximize utilisation of disruptive technology to leapfrog the traditional business models?” asked Mulia.

Language is often touted as being a challenge of doing business within ASEAN. “This is not as significant an issue as it is played out to be. Japan and Korea have been successful without being proficient in the global language of business. Japan has been successful in expanding in Myanmar despite the language challenges. Cultural sensitivity is more similar within the region and this supports intra-regional trade despite the language barriers,” surmised Stephen Darley, CEO, BDO Asia Pacific.

Another noteworthy challenge is that of obtaining SME financing within ASEAN. SMEs make up approximately 97% of businesses in ASEAN and generate between 51% - 97% of employment in many ASEAN member states. “The CFO of an organisation needs to be able to obtain and negotiate funding to support international expansion strategies. The finance team needs to be alert to opportunities for grants, subsidies and other investments by working closely with financial institutions, shareholders and other stakeholders to ensure that all possible avenues are being explored. The reality is that it is hard to keep up to date with what’s going on in the region since it moves so fast,” noted Rick Payne, Head of ICAEW’s Finance Directions Programme.

Moving ahead, China and India are anticipated to play pivotal roles in ASEAN as US influence diminishes. “Given the outcome of the recent elections in the US and the likelihood that the US will turn away from Asia, it is likely that China will stand in its place. It is absolutely imperative that ASEAN needs to move faster in its integration and be in a position to take advantage of opportunities that China and India put in front of it. Taking 10 years as part of the AEC Blueprint 2025 to integrate to make a highly integrated and cohesive ASEAN economy is too long,” cautioned Darley.
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