ON TARGET

e-Mag of the Institute of Certified Management Accountants
July Aug 2021 Vol 25, No.4

STRATEGY » FINANCE » MANAGEMENT

AFTERPAY: THE HYPE AND THE REALITY

CMA AUSTRALIA • NEW ZEALAND

Certified Management Accountants

ICMA COUNCIL

Chairman
Prof Michael Tse
BA, MCom, PhD, FCMA

President
Prof Brendan O'Connell
PhD, CA, CPA, FCMA

Vice President
Mr David Cartney
MA (Hon), CA(Scot), CA(Aust), FCMA, FCPA, FAICD

Hon. Secretary
Mr Hans Ferdinand
BBus(B&F), FCMA

Hon. Membership Committee Chair
Ms Roshani Perera
MBus (Acc), CPA, FCMA

Hon. Education Committee Chairman and CEO
Prof Janek Ratnatunga
MBA, PhD, FCA, CGBA, CMA

Hon. Treasurer and CFO, COO (Int)
Dr Chris D'Souza
BComm, PhD, FCA, FCMA, CPA

Editor and COO (ANZ)
Dr Chintan Bharwada
MBA, PhD, FCMA

Emeritus President
Dr Leon Duval
MBus (Acc), PhD, CA, FCMA

Immediate Past President
Prof Michael Tse
BA, MCom, PhD, FCMA

Web Master
Mr Jehan Ratnatunga
BEng, BCompSc

The Content of this eMagazine has been contributed by members of ICMA for the exclusive use of other ICMA members for their educational and professional development.

The ICMA hosts this magazine as a 'creative marketplace' bringing together content provider members who upload interesting articles they have come across that they believe that other management accounting professionals would like to peruse for their educational and professional development. As a 'creative marketplace' On Target is protected by the Digital Millennium Copyright Act.

Although ICMA constantly monitors the uploads for copyright violations; if an article or image has been uploaded by a member without obtaining the required authority, please contact ICMA on www.cmawebline.org, and the material will be taken down immediately.

Education Advisory Board

The Institute's Education Advisory Board provides expert advice on the Professional Education; Continuing Education and Academic Education for Students and members of the ICMA.

Members of the Education Advisory Board are as follows:

Convenor:	
Prof. Janek Ratnatunga	ICMA
Australian Members:	
Prof Garry Marchant	Charles Sturt University
Prof Stewart Jones	University of Sydney
Prof Vincent Chong	University of Western Australia
Prof Nava Subramanium	RMIT University
Prof Lisa McMannus	University of Tasmania
Prof Carol Tilt	University of South Australia
Prof Chris Patel	Macquarie University
International Members:	
Dr Mohd Nor Ismail	Multimedia University, Malaysia
Prof Allen Wong	Peking University, China
Dr Thaddeus Kambani	Institute of Finance and Management PNG
Dr Paulina Permatasari	Parahyangan Catholic University, Indonesia
Prof Zhijun Lin	Macau University of Science and Technology
Dr Josua Tarigan	Petra University, Indonesia
Mr Kapila Dodamgoda	Academy of Finance, Sri Lanka

Membership Advisory Board

The Institute's Membership Advisory Board provides expert advice on the minimum experience requirements requires for entry to the: (1) MAA, CAT, RCA, RBA, GMA, AMA, CMA, FCMA membership certifications; (2) the CGBA and CIPA professional designations; and (3) the Certificates of Proficiency programs. The Membership Advisory Board also provides expert advice on: (1) membership services; (2) industry and government engagement; and (3) the development of Ethical standards.

Members of the Membership Advisory Board are as follows:

Convenor:	
Ms Roshani Perera	
Australian Members:	
Ms. Anna Stamatelatos	
Mr. Darrel Drieberg	
Mr. John Stanhope	
Associate Professor Prem Yapa	
International Members:	
Dr. Fawaz Hamidi	Lebanon
Mr. Christos Ioannou	Cyprus
Mr. Alireza Najjar Sarraf	Iran
Dr Ana Sopanah	Indonesia
Dr. Dennis Tam	Hong Kong
Professor Bambang Tjahjadi	Indonesia
Dr. Joselito Diga	Philippines
Mr. M. V. Jayafar	UAE
Mr. Asite Talwatte	Sri Lanka
Dr. Ridzwan Bakar	Malaysia
Dr. Simon Mhpeo	Papua New Guinea

CMA AUSTRALIA • NEW ZEALAND Certified Management Accountants

Contents

AFTERPAY: THE HYPE AND THE REALITY

Prof. Janek Ratnatunga
CEO, ICMA Australia

Introduction

In early August 2021, payments fintech *Square* announced its intention to acquire Buy Now, Pay Later (BNPL) firm, *Afterpay,* for A$39 billion (US$29b) in an all-stock transaction. The deal, which is expected to close in the first three months of next year, is the biggest ever merger and acquisition agreement in Australian history.

As part of the deal, Afterpay's two Australian founders will be paid $2.7 billion each in *Square* stocks for their own Afterpay shares, and will be able to offload these in the US or Australia.**[i]**

Well done, Nick Molnar and Anthony Eisen who founded Afterpay, headquartered in Sydney, Australia, in 2014.

But do the numbers stack-up? Let us take a management accountant's numbers view.

The Strategy and Performance

In the 2020-2021 year, Afterpay, which attracted 13.1 million active customers, 80 per cent higher than a year ago, has been built on a simple model that allows customers to reschedule a relatively small purchase to an upfront payment and three fortnightly instalments.

However, this tech company is still to make a profit.

This is not unusual for hyped-up tech-stocks. *Amazon* took 12 years to turn in a profit. As of 2021 *Tesla, Airbnb* and *Uber* are still to be profitable in their core businesses. The key figure that hedge funds and others are interested in is however, not profit, but the potential to scale-up the customer base to sell more products and services. They will figure-out how to monetise the customer-base to make a profit later, as *Facebook* did. Already we have some indication as to how *Square* hopes to monetise *Afterpay.*

Square CEO Jack Dorsey, in announcing the takeover said:**[ii]**

"Together, we can better connect our Cash App and Seller ecosystems to deliver even more compelling products and services for merchants and consumers."

It certainly cannot be the financial numbers or the Afterpay business model itself. After all, the key numbers are that whilst Revenue at A$417.2m was up 89% from year-earlier (A$220.3m); Pre-tax profit was a negative A$76.2m (vs. a negative A$35.8m am year earlier) and Net profit was a negative A$79.2m (vs. a negative A$31.6m), and there was no interim dividend.**[iii]**

So clearly Afterpay is using a market-penetration model, i.e. pricing their service at a loss to capture market share. The theoretical underpinning of this pricing strategy is the *Profit Impact of Market Strategy (PIMS)* that hypothesises that high market share will ultimately lead to high profits.**[iv]**

For Afterpay to generate the market share required to justify its a$39 billion price tag, it must deliver a truly compelling product and service for merchants and consumers, that is significantly different to its competitors. However, whilst there are many copy-cat BNPL platforms in the market, the biggest competition will come not from BNPLs but from Banks and Credit Card companies.

For the consumer, the supposed benefit of the Afterpay business model is that, unlike lay-by, they get the product straight away. This immediate access to the product is of course similar to a credit card purchase, so what's the difference?

This article presents an argument that it is mostly illusionary, i.e., tech-hype.

The BNPL Business Model and the Sales Pitch

Before going into details as why we think its hype, let us consider the BNPL business model. At face value is it no different to a credit card. Consider a standard $100 purchase using either a credit card or a BNPL platform. The merchant receives approximately $96 from either payment method. The difference (given to entice retailers to sign-up) is that a BNPL platform settles the vendor business during the transaction whilst a credit card company settles the business usually on a monthly cycle. As such, most early customers were enticed to use Afterpay by the retailers themselves, who saw an advantage to push this platform over credit cards. Note that merchant settlement terms by credit cards could be settled more frequently than monthly depending on volume — with the discount rate covering the negative float consequences. Anyway, these vendor settlement transactions and timings have no consequence to the customer who buys the end product or service.

It is the *timing of the collection of the money* from the customer that leads to a perceived benefit for BNPL users. But is it that different?

Using the $100 purchase example above, having paid the retailer $96, Afterpay will collect the $100 in four instalments of $25 from the customer (the first instalment is collected upfront on purchase date itself for new customers). It is the $4 difference that is supposedly how Afterpay makes its money, and it is essentially the interest the company charges (around 4.17%).**[v]**

Whilst the customer has an interest free credit free period of a minimum of about 28-days when using a credit card (depending on date of purchase this can be as high as 56 days); Afterpay collects their dues in four equal fortnightly instalments (i.e. the first upfront and the last in 42 days) without any additional charges to the customer. Depending on the level of membership in the Afterpay loyalty program, there could be no payment up front on eligible orders, which can extend the credit period to 56 days. It appears quite straightforward, and there is not a whole lot of differences to buying with a low-interest credit card—*if you make payments in a timely fashion*. This is the key. BNPL's like Afterpay have built this illusion that if you cannot pay on time, it is much cheaper to pay a capped 'Late Fee' to it (maximum of $68) than pay exorbitant credit card interest fees.

In this article we will test this illusion and see if it holds up in reality.

First the big illusion, that its capped 'Late Fees' are cheaper than accumulating credit card interest.

As discussed above, an Afterpay customer has to pay off their purchases in 4 instalments—usually fortnightly—and if they miss a payment, they get charged a $10 overdue fee. This sounds cheaper than paying with credit card interest, but the devil is in the fine print. According Afterpay's *Terms and Conditions*, if the original order value is below A$40 a maximum of one $10 'Late Fee' may be applied on the balance 3 fortnightly instalments totalling $30 (i.e., a 33% surcharge). If the original order value is between $40 and $272 the aggregate sum of the late fees applied in relation to the order will not exceed 25% of the original order value, i.e., a maximum of $68. This maximum late fees of $68 is maintained for original order values above $272. As Afterpay's maximum purchase limit per transaction is A$1,500 (with an outstanding account limit of $2,000), this is a 6% surcharge on the total of the balance 3 instalments.

As the first instalment is required upfront, a $40 purchase will have 3 outstanding payments totalling $30 over 42 days; whilst a $1,500 maximum purchase will have 3 outstanding payments totalling $1,125 over 42 days.

This is where it gets interesting. A percentage surcharge is *not the same* as an annual effective interest rate (EIR) that a credit card company charges. The EIR for a surcharge (i.e., EIR of the Late Fee) is in fact calculated as follows:

EIR of Surcharge p.a. = (C/(1-C)) x (365/N))

Where:

C= Percentage surcharge

N= Number of days in default

For example, let us take a $40 purchase with the first instalment upfront. Assume that the balance 3 instalments totalling $30 are defaulted for the maximum period of 42 days, i.e., the customer does not pay any of the balance 3 equal fortnightly instalments. Then, the customer is expected to pay the $30 plus a maximum $10 late fee (i.e. a 33% surcharge). Using the above equation this works out to an Effective Interest Rate of 435% that you are paying Afterpay as a surcharge for keeping their $30 for 42 days!!! This is outrageously greater than any credit card interest rates which average at approximately 20% per annum.**[vi]**

If one takes the maximum $1,500 with the first instalment upfront, and the balance 3 instalments totalling $1,125 are defaulted for the maximum period of 42 days, then the customer is expected to pay the $1,125 plus a maximum $68 late fee (i.e., a 6% surcharge). Using the above equation this works out to an EIR of 56%. Whilst clearly, the larger the individual transaction is, the lower is the surcharge EIR, even on a maximum purchase it is still higher than any credit card interest rate. In fact, reports from Afterpay state that they make 20% of their income from late fees.

Therefore, the 'free of interest' spruiking by the BNPL platforms like Afterpay is an illusion that has been sold to the consumer using less threatening jargon such as 'late fees', and 'dollar caps' rather than 'interest rates' and 'percentages'.

This can also be seen in the following table which shows the comparison in dollar amounts, if Afterpay is paid 2-months (60 days) after the due date of the final instalment vs. using a credit card for the purchase with a similar overdue period. This comparison assumes an interest free period of 28 days from the start of the month immediately following a purchase date when using a credit card and a 20% annual credit card interest fee:

Afterpay vs. Credit Cards; Actual Dollar Late Charges

Product/Service Purchase Date	Purchase Price	Settlement Date (2 Months After Last Due Date)	Afterpay Days Late	Credit Card Days Late	Capped Afterpay Late Fee in $	Max Credit Card Charges in $
Start of Month 1	$ 40	Middle of Month 4	102	60	$ 10.00	$ 1.32
Middle of Month 1	$ 40	End of Month 4	102	60	$ 10.00	$ 1.32
End of Month 1	$ 40	Middle of Month 5	102	75	$ 10.00	$ 1.64
Start of Month 1	$ 100	Middle of Month 4	102	60	$ 25.00	$ 3.29
Middle of Month 1	$ 100	End of Month 4	102	60	$ 25.00	$ 3.29
End of Month 1	$ 100	Middle of Month 5	102	75	$ 25.00	$ 4.11
Start of Month 1	$ 1,500	Middle of Month 4	102	60	$ 68.00	$ 49.32
Middle of Month 1	$ 1,500	End of Month 4	102	60	$ 68.00	$ 49.32
End of Month 1	$ 1,500	Middle of Month 5	102	75	$ 68.00	$ 61.64

Thus, even with a 2-month delay in settlement, paying the credit card interest is cheaper.

One must then ask the following question. If Afterpay is significantly more expensive than credit cards, is there any other benefit for consumers in using BNPL payment platforms?

Let us look at the other benefits that are often quoted.

Convenience — No Credit Checks.

There is no doubt that Afterpay is easy to sign onto; and as it does not run a credit check when one signs up, it may appeal to buyers who have had credit issues in the past. This is another clever illusion, as the *only* way to pay the quarterly instalments to Afterpay is via credit and debit cards from Amex, Mastercard, and Visa which were issued in customer's own country of residence. Afterpay does not accept payments by BPAY, Bank Transfer or Pre-Paid cards.

In effect, by linking their payment platform to a credit card, Afterpay is effectively using the credit card company's credit check on the customer!

Capped Late Payments

We have already discussed the Effective Interest rate of the surcharges. However, if a payment (either on time or late) can be made only via a credit card, then effectively the customer's liability is transferred to his/her credit card. This then would incur the high credit card interest rates anyway. So, all Afterpay is offering is a very short window of time before the cost of the purchase hits the customer's credit card!

Take for example the following scenario.

On the first of a month, Bob purchases a sound system for $400. He settles his $100 upfront fee using his credit card. But now, his credit card has a liability of $100, which he must settle in approximately 56 days (end of the next month) or incur credit card interest. The purchase timing is such that he pays his first quarterly payment of $100 in a fortnight using his credit card. This must be settled with the credit card company in 42 days to avoid credit card interest. He pays his second $100 instalment, charging it to his credit card, the next fortnight, i.e., at the end of the month. This must be settled with the credit card company in 28 days. His third and final instalment that is charged to his credit card in the middle of month 2, and he has 42 days to settle at the end of month 3. If he does not pay his full credit-card bill at the end of each month that it is due, he will have a credit card liability on which he must pay interest.

The capping of late payments is, therefore, an illusion.

This small window of time before one's purchase hits one's credit card may provide a small buffer to counter moves by retailers who often "pass-on" the merchant fee of around 2% of purchase price to those using a credit card for their purchases. By using Afterpay, this charge may be avoided. The credit card companies have been banned from trying to stop this practice by retailers, but the regulators have turned a blind eye to BNPLs like Afterpay stopping retailers from doing the same. It will not be long however, before credit card companies wake-up to this and charge a 'merchant fee' from Afterpay for using their services!

There is a small 'delayed payment' opportunity if the settlement is made using a debit card. But then the question arises as to if this small advantage of time is worth the hassles of dealing with settling 3 quarterly payments within 42 days on time on one's debit card, or be subjected to bank overdraft fees.

Note also that despite the company saying there are no credit checks upon sign-up—which is true—the small print on Afterpay's terms and conditions clarifies that they may pass along your details to a third party who will put your account through an identity and payment-verification process.

Better than Lay-by

This has been another great illusion. Afterpay has been spruiked as a bigger and better version of Lay-by by vendors and the media, and a lot of Australian consumers have bought into the narrative. The sales pitch is that unlike lay-by, the customer gets the product straight away rather than having to pay it off before returning to the store to collect it. This is a great illusionist trick of *misdirection*. The comparison should not be between Lay-by and BNPL, but between Credit Cards and BNPL. In both of the latter payment methods, the customer takes away the product immediately after buying it.

Anyway, we have shown that ultimately, one's debt ends-up as a credit card liability.

Lifestyle Choice for Millennials

For years, millennials have associated credit cards with baby boomers and Generation X, so it could simply be that rebellious nature to forge their own path with a different purchasing model.

Millennials are also a digital-savvy bunch who are unafraid of trying new things, and they are often the first to use new technologies and apps — so long as they make their lives easier.

It is, therefore, no surprise then that Afterpay has seen rapid uptake in its services from the millennial market — it all comes down to embracing something new. In fact, co-founder and CEO Nick Molnar does not shy away from the fact that his company is trying to penetrate the Gen Y demographic.**[vii]**

He even reveals the app was purposely built for millennials, saying, *"It's a customer-centric service for millennials that can help them spend responsibly and also help retailers sell more stuff."*

Unfortunately, being digital-savvy does not often equate to being financially savvy, as we have demonstrated above.

The Benefits of using Credit Cards

Convenience

Many Afterpay members complain that for every transaction, no matter, how small or big, they get a minimum of 6 messages on their phones, one saying a fortnightly payment is due, and one confirming receipt of the payment. So, if one has 10 transactions per month, that is 60 messages! With a credit card, it is all recorded on one statement.

Rewards

The most significant distinction between BNPL platforms and Credit cards — especially for budget-savvy customers who will pay their Afterpay fees on time — was in the past, the lack of rewards on offer.

Whereas consumers can shop around for credit cards that offer them rewards points, free flights, gift vouchers and so much more, Afterpay has only recently started a rewards system called 'Pulse' that rewards Afterpay users for spending responsibly. However, points are not given for every dollar spent, instead, on-time payments earn points, which in turn unlock tiers and corresponding benefits, such as not paying the first instalment upfront.

If you are a consumer who always stays on top of your repayments, we have already shown that the financial outcome of using Afterpay instead of a credit card is the same. However, the flexibility of points for dollars offered by credit card companies are significantly more rewarding!

Add to that the benefits of finding the perfect credit card with minimal or no annual fees plus rewards and free flights, and it becomes clear that Afterpay, while seen as useful by a tech-savvy but financially illiterate demographic, does not stand up against what the best credit cards on offer can give. Young folks use their rewards unlike older credit card holders.

Lifetime Relationship

The value of the credit card, such as Amex is that it is not merely a transactional relationship. Cardmembers are a part of a lifetime relationship. As such, if something goes wrong the credit company operates as an advocate for the card member; e.g. returned goods, billing disputes, travel cancellations etc. Card member benefits such as buyers' assurance and purchase protection combined with rewards as a currency are tough to match.

The Banking Royal Commission and the Growth of BNPL

Whilst the Banking Royal Commission in Australia**[viii]**, has put the brakes on a lot of corrupt practices of Banks, the inadvertent result is that traditional banks have grown risk-averse, whilst tech-savvy non-banks, often called 'shadow banks', are stepping up with a new wave of innovation in capital markets.**[ix]**

The term 'shadow banking' applies to a range of financial institutions and activities; including long-established institutions like pension, insurance, private-equity and hedge funds, as well as newer ones, like exchange-traded fixed-income funds.

Today applying for a credit card from a traditional bank is fraught with red tape in Australia. There are many stories of retired individuals having a spotless credit history, and a million dollars in savings, not being able to get a second credit card as they do not have a job. Self-employed individuals have also had their applications rejected. This has enabled BNPL platforms to grow by targeting this market and offering the illusion of easy credit.

Other Illusionary Financial Products

From Junk Bonds to Securitisation to Sub-prime mortgages, the finance industry regularly comes up with news ways to market the compound interest equations (one example shown earlier) in innovative ways. The BNPL platform is one of the latest of these, but certainly not the only one.

Greensill Capital, a large finance firm recently went into administration. Greensill bought invoices from companies' suppliers at a discount to their face value, and then made a profit when the invoice was eventually paid by companies in full. This was called *'Debtor-factoring'* in the 1980s but was re-branded as a more sexier *'supply-chain financing'* by the 2000s. The company bought receivables at discounted rates using a similar equation to the one given earlier. Effectively, it was a form of *securitised factoring*.

The company's business model was based on buying and selling invoices, mainly from risky companies that required insurance. It insured those receivables that were considered "higher risk (and higher return)". Receivables from investment grade obligors (which are less risky but have a lower return) were not usually sold with insurance. Some 90 per cent of Greensill Capital's annual revenues, which were $US420 million ($540 million) in 2019, came from insured receivables.**[x]**

Buying receivables – or invoices – from high-risk companies, which included junk-rated entities from within Indian entrepreneur Sanjeev Gupta's GFG Alliance steel and aluminium empire, was seen more profitable for Greensill than buying invoices from investment-grade companies with better credit ratings.

Tokio Marine, whose subsidiary *Bond & Credit Company (BCC)* had insured some $US10.2 billion of Greensill securities over 11 policy documents, asked for $US2.5 billion in collateral to keep guaranteeing the securities and take on risk previously assumed by BCC's previous part-owner, the *Insurance Australia Group (IAG)*. However, the supply chain finance firm was unable to raise the cash.

With so much of Greensill's business linked to risky entities that needed insurance, the expiry of its insurance policies was fatal.

Conclusion

To fight the downturn in spending during the Covid-19 pandemic, central banks slashed interest rates and launched quantitative easing (QE) (or printing money to buy bonds). Unfortunately, this money has not tricked down to those who need it. Instead, the money has gone into share markets which have surged globally, resulting the company valuations that have no semblance to reality. It has also gone into real estate as evidenced by the rapidly rising price of housing in many countries in the past 18 months. Tesla is now worth more than VW, Ford, GM and Hyundai combined, although their car manufacturing output is just quarter of just VW alone. Similarly, the Afterpay valuation of A$39 billion, has no bearing on financial reality.

One must concede that Afterpay did an excellent job in getting to scale ahead of the pack. However, the whole BNPL area is one where there is zero loyalty from either vendors or customers and in the end, it was going to be a game of which BNPL player offered the lowest cost to the vendor wins. The end-user customers are, as this article has demonstrated, often worse-off than if they used a credit card.

Therefore, the purchase of Afterpay only makes sense from a perspective of *Square* obtaining a data base of customer and seller ecosystems to deliver even more compelling (and often illusionary) products and services for merchants and consumers — with a new twist to the traditional compound interest equations.

Clearly today's valuations are based not on financial performance but on expected off-balance sheet potential, i.e. scaling and creating an eco-system. This requires connecting both the buyer and the seller to have enough hooks to influence behaviour and a lifestyle. Credit card companies recognise this. The history of cardmembers and merchant interactions when combined with other demographics provide a wealth of monetizable information. Soon credit card companies will convert this to currency which cardmembers could own.

Prof Janek Ratnatunga

The opinions in this article reflect those of the author and not necessarily that of the organisation or its executive.

[i] Denham Sadler (2021), "Afterpay's big acquisition a win for local tech sector", Innovations, 2 August. https://www.innovationaus.com/afterpays-big-acquisition-a-win-for-local-tech-sector/

[ii] Ron Shevlin (2021), "Why Square Acquired Afterpay For $29 Billion: Merchant and CashApp User Acquisition", Forbes, August 2. https://www.forbes.com/sites/ronshevlin/2021/08/02/why-square-acquired-afterpay-for-29-billion-merchant-and-cashapp-user-acquisition/?sh=60df7095281d

[iii] James Eyers (2021), "Afterpay takes on the big banks", Australian Financial Review, Feb 25. https://www.afr.com/companies/financial-services/afterpay-sales-up-as-it-raises-1-25b-to-buy-out-matrix-20210225-p575mj

[iv] Buzzell, R. and Gale, B. (1987) The PIMS Principles: Linking Strategy to Performance, Free Press, New York.

[v] Saurav Dutta (2017) "Explainer: How lending start-ups like Afterpay make their money", The Conversation, December 7. https://theconversation.com/explainer-how-lending-startups-like-afterpay-make-their-money-86477

[vi] According to the Reserve Bank of Australia, the average standard credit card rate is 19.94%. https://www.finder.com.au/credit-cards/credit-card-statistics

[vii] James Eyers (2021), "How Afterpay's Nick Molnar taps into Millennials' spending habits and wallets", Australian Financial Review, Apr 12. https://www.afr.com/work-and-careers/management/how-afterpays-nick-molnar-tapped-millennials-aversion-to-credit-20180213-h0w1dz

[viii] Janek Ratnatunga (2018), "The Key Findings of Australian Banking Royal Commission Interim Report: A Summary and Critique", On Target, Oct. 1. https://cmaaustralia.edu.au/ontarget/the-key-findings-of-australian-banking-royal-commission-interim-report-a-summary-and-critique/

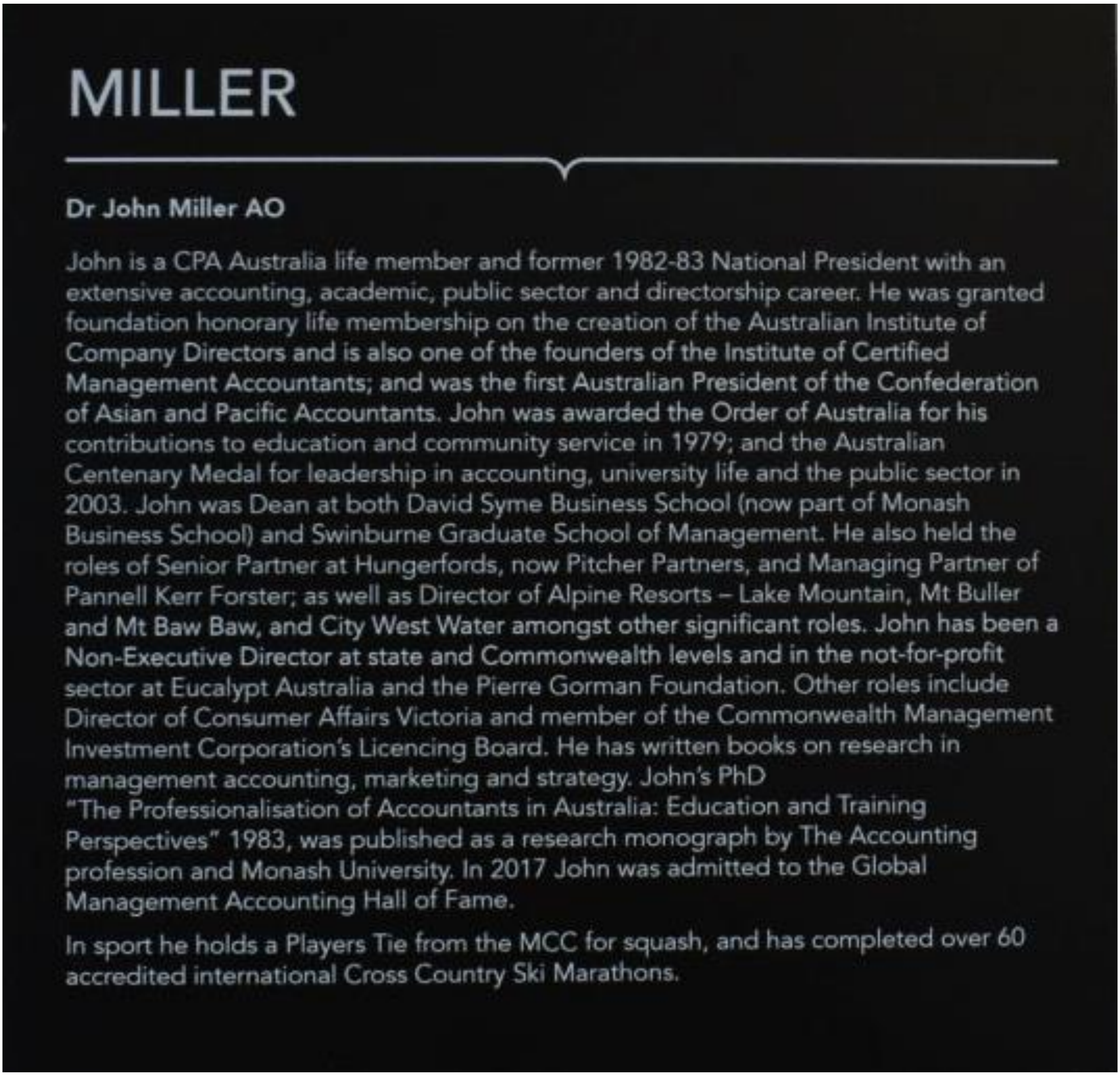
[ix] Janek Ratnatunga (2020), "50 Shades of 'New Normal' (Part 2): The emergence of 'CRAZYNOMICS'", On Target, Aug 11. https://cmaaustralia.edu.au/ontarget/50-shades-of-new-normal-the-emergence-of-crazynomics-part-2/

[x] Jenny Wiggins, et.al., (2021), "Greensill income built on high risk", Australian Financial Review, March 17. https://www.afr.com/companies/financial-services/greensill-income-built-on-high-risk-20210317-p57bf4

DR JOHN MILLER, AO, HONOURED BY CPA AUSTRALIA

ICMA co-founder Dr John Miller, AO, has been honoured by CPA Australia by naming its Executive Meeting Room the 'Miller Room' at its headquarters in Melbourne, Australia. The Miller Room is located on Level 19. The room is close to CPA Australia's CEO's and President's offices.

The following plaque is positioned outside the room, and mentions that he was a founder of *ICMA Australia*, and an inductee of the *Management Accounting Hall of Fame*.



COUNTERING VACCINE HESITANCY: GIVE MEGABUCKS NOT JUST BEER MONEY

To date, 14.2 percent of the total Australian population, or 3.7 million people, have been fully vaccinated and 31.7 per cent (8.1 million) have received a first dose.**[1]**

This is an abysmal take-up of what was, just over a year ago, the *silver-bullet* everyone was waiting for. The reason is that an unexpectedly large number of the population is either hesitant, or downright resistant, to taking a COVID-19 vaccine, especially the AstraZeneca vaccine.

Many academic studies have been conducted to understand the reasons behind this phenomenon. Taken together, the existing literature indicates that there are likely to be several psychological dispositions that traverse personality, cognitive styles, emotion, beliefs, trust, and socio-political attitudes that distinguish those who are hesitant or resistant to a COVID-19 vaccine from those who are accepting.**[2]**

A study undertaken at the *Australian National University (ANU)* measured vaccine intention by asking: *"If a safe and effective vaccine for COVID-19 is developed, would you…"* with four response categories. The answers alongside the weighted percentage of respondents were: (a) Definitely not (5.5 per cent); (b) Probably not (7.2 per cent); (c) Probably (28.7 per cent), and (d) Definitely (58.5 per cent).

Consistent with previous literature on vaccine acceptability, the ANU study defined those who are definitely not going to get the vaccine as 'vaccine resistant'. High levels of hesitancy was defined as those who would probably not get vaccinated, while low levels of hesitancy to be vaccinated was mainly because of the uncertainty if the vaccine would be safe and effective.**[3]**

Clearly, safety was a major concern of those who were hesitant.

Prof. Janek Ratnatunga
CEO, ICMA Australia

Numerous proposals to improve voluntary uptake of COVID-19 vaccines have been advanced. These proposals are often focused on fostering public trust in the vaccine approval process, removing practical barriers to vaccination, and promoting vaccine acceptance through community engagement, identification of trusted leaders, and public health messaging.

Marketing and advertising experts believe that public health officials could use advertising theory to achieve herd immunity to COVID-19. Whilst efforts to date have been focused on vaccine distribution, marketers believe that addressing how people think and feel about getting the vaccine could convince sceptics to vaccinate. Another perspective is that community leaders and local health workers can also play a key role in tackling vaccine-related fear and misinformation; and that incentives from states, cities and employers could help get sceptics through the door of local vaccination centres.**[4]** Some countries, and employers such as Google and Facebook, have also considered mandating vaccinations.**[5]**

Recently, however, several individuals from across the political spectrum have proposed paying cash incentives for COVID-19 vaccination.

The *Grattan Institute*, an Australian public policy think tank, suggests ways the federal government could encourage immunisation as more COVID-19 doses arrive in Australia. One suggestion for the country to begin to shift away from lockdowns and economically damaging restrictions on travel and business - and move towards COVID-normal in 2022 – is to have a weekly, *million-dollar lottery* and proof of vaccination for travel and to attend sport or music festivals.**[6]**

John Delaney, a former congressman from Maryland, USA, and a 2020 Democratic presidential candidate, has suggested paying every individual in the US who provides proof of vaccination $1500 via check or direct deposit. If every adult took advantage of this program, the estimated cost would be approximately $383 billion. Delaney contends that his plan is "worth the cost" because it would save lives, provide "relief to struggling Americans [and]…accelerate the reopening of the economy." And just this week, President Joe Biden proposed that all states in the USA should offer US$100 to each person as an incentive to get vaccinated.

Paying people to get vaccinated against COVID-19 might be a reasonable policy if it were necessary to achieve herd immunity. Yet payment-for-vaccination proposals are not only unnecessary, but come with significant moral and ethical issues.

Some have argued that people have a moral duty to be vaccinated, including a duty to promote their own health, a duty to others to promote the community benefit of vaccination, and a duty to society for individuals to do their fair share in putting a stop to the pandemic. Being vaccinated in order to receive a $1000 or $1500 incentive robs the act of moral significance. However, it is morally appropriate to offer payment to people who are vaccinated to reimburse reasonable vaccine-related expenses or as a form of compensation for the time and effort expended to become vaccinated, analogous to the modest payment offered to citizens summoned for jury duty. Such payments may even be morally imperative if they are necessary to overcome barriers to vaccination.**[7]**

Whilst money is a motivator, how much is enough to counter vaccine hesitancy? The incentives already given by many countries indicates that just giving the equivalent of "Beer Money" is not enough to cut through the noise around vaccine hesitancy.

In this article it is proposed that there is a much more effective way of overcoming vaccine hesitancy, and at a much cheaper cost. This is by providing megabucks of money targeted at the one issue that is most prevalent in people's minds, i.e., *can the vaccine kill them?*

In economics, there is a valuation method called *'Contingent Valuation'*; which is a method of estimating the value that a person places on a good. The approach asks people to directly report their 'willingness to pay' to obtain a specified good, or 'willingness to accept' to give up a good, rather than a third-party inferring them from observed behaviours in regular marketplaces.

Monetary incentives or influences within health decisions are not new concepts. Examples of monetary drivers include withholding of medical services due to lack of health insurance, as in the USA; or conversely excessive testing and treatments for futile or unnecessary conditions in those who can simply afford to pay for it. In the extreme circumstances we find ourselves in, Governments may need to consider extreme measures, including the contingent valuation approach on human lives (Ratnatunga, 2020).

Clearly, all the research indicates that the number one reason for vaccine hesitancy, especially of the AstraZeneca vaccine, is that the vaccination will result in developing a blood-clot which will

eventually kill them. The question is, *"How much would they be willing to accept to take this risk?"*

Would a '*Million Dollars'* that goes to their next of kin should they die as a direct result of the vaccination be sufficient compensation?

Whilst a layperson can ask someone directly what monetary compensation he or she is 'willing' to accept to give up their life, they cannot legally be part of any action that implements that offer – should it be accepted. However, these values are being regularly indirectly inferred from their willingness to pay for a life insurance policy. Here the policyholder is giving a value as to how much they need to be compensated if they lost it, involuntarily. One could argue that death due to complications from the COVID-19 vaccination could be classified as 'involuntary'.

Though there are a plethora of legal, ethical and moral implications that would need to be addressed in estimating the actual amount of the monetary compensation, the management accounting numbers are extremely simple to calculate.

As of 20 May 2021, Australia had recorded 21 confirmed cases of blood clots following administration of 2.1 million doses (10 cases per million). As Australia's population is approx. 26 million, this is approximately 260 cases of possible blood clots. In the UK, of 21.2 million doses of AstraZeneca given by April 14th, 2021, there were 168 cases of blood clots. That is approximately 8 cases per million, or 0.0008%. Most of the cases were of clots in the brain. Of these 168 cases in the UK, there were 32 resultant deaths (19%). These statistics are not indicative of every country. For example, by April 9th, 2021, Germany had a higher ratio of clots to dosage: there, 31 people developed blood clots out of 2.7 million doses (11 per million).**[8]**

Taking the UK statistics and doubling it, even if 40% of Australia's possible 260 confirmed cases of blood clots result in deaths, that is about 104 deaths. The Federal government could give affected families $1 million each, for a total cost of $104 million.

Victoria's recent lockdown cost about $100 million a day in lost economic activity, according to the Victorian Treasury. NSW's current lockdown will cost about $140 million a day, according to AMP. The total cost of current lockdowns affecting Sydney, Darwin, Brisbane and Perth will therefore be in the billions.**[9]**

Whilst it is correct that the causal links between AstraZeneca and the blood clotting side effects are still under investigation, and there currently are no hard statistics about which demographics are most likely to be affected, the numbers tell the story, i.e., death due to vaccination is a very rare event. In contrast, death due to no vaccination is extremely common. In recent weeks, one piece of data has gotten a lot of attention: 99.5% of all the people dying from COVID-19 in the U.S. are unvaccinated.**[10]**

The Australian Federal Government could even give families of those who die of the vaccine $10 million each and come out well in front. It is megabucks, not lotteries or beers that will overcome vaccine hesitancy.

It is surprising that such a solution has not been proposed before. Am I missing something?

Prof. Janek Ratnatunga

The opinions in this article reflect those of the author and not necessarily that of the organisation or its executive.

[1] Rachel Clun and David Crowe (2021), "Leaders seek fine balance of economy, jab targets", The Age, July 29, pp. 1-4.

[2] Jamie Murphy, et.al. (2021), "Psychological characteristics associated with COVID-19 vaccine hesitancy and resistance in Ireland and the United Kingdom", Nature Communications, 12 (29). https://www.nature.com/articles/s41467-020-20226-9.

[3] Ben Edwards, Nicholas Biddle, Matthew Gray & Kate Sollis (2021), "COVID-19 vaccine hesitancy and resistance: Correlates in a nationally representative longitudinal survey of the Australian population", Pone, March 24, https://doi.org/10.1371/journal.pone.0248892.

[4] Ofer Mintz, Rohit Deshpandé & Imran S. Currim (2021), "3 tactics to overcome COVID-19 vaccine hesitancy', World Economic Forum, June 28. https://www.weforum.org/agenda/2021/06/3-tactics-to-overcome-covid-19-vaccine-hesitancy/.

[5] Cara Walters (2021), "Google staff vaccination mandate hits roadblock", The Age, p.5.

[6] Rachel Clun (2021), "$ 1m lottery urging to vaccinate", The Age, July 29, pp. 4.

[7] Emily A. Largent & Franklin G. Miller (2021), "Problems with Paying People to Be Vaccinated Against COVID-19", JAMA, January 6. https://jamanetwork.com/journals/jama/fullarticle/2775005

[8] Deborah Devis (2021), "AstraZeneca and blood clots: by the numbers", Cosmos, 28 April. https://cosmosmagazine.com/health/medicine/astrazeneca-vaccine-blood-clots-statistics-percentage/.

[9] Patrick Abraham, Laxman Bablani, Natalie Carvalho & Tony Blakely (2021), Yes, lockdowns are costly. But the alternatives are worse, The Conversation, July 1. https://theconversation.com/yes-lockdowns-are-costly-but-the-alternatives-are-worse-163572.

[10] Rodney E. Rohde & Ryan McNamara (2021), "US is split between the vaccinated and unvaccinated – and deaths and hospitalizations reflect this divide", The Conversation, July 22.

THE DEAL IN FOCUS: M&A TODAY, AND A POST-COVID BOUNCE

Australian corporates' appetite for deal making has bounced back from a COVID-induced hibernation, as they look to revive spending plans and fill gaps in their portfolios and capabilities with good quality assets.

Releasing the fourth edition of Deloitte's annual survey of Australian corporate heads of M&A – ***The deal in focus*** – the firm's **National M&A Leader, Ian Turner**, said: "What a difference a year makes. This fourth instalment in our annual survey of Australian corporate heads of M&A paints a completely different picture to last year's survey.

"Most businesses navigated 2020's turmoil by deploying defensive strategies and cutting down on spending and investment. That helped company balance sheets emerge stronger over the last 12 months. Aided by greater certainty of the economic outlook, companies are now looking to revive spending plans."

Key survey report points include:

- 95% of respondents expect the number of deals they pursue to increase or remain stable in 2021
- 100% are confident that credit will be available at favourable rates
- 98% are confident that balance sheets will be strong with adequate cash reserves in 2021
- 58% do not see border closures as a barrier to cross-border M&A
- 30% are willing to pay a premium if the target has positive environmental, social and governance (ESG) attributes.

The report also looks at a range of key M&A issues – from the growing importance of environmental, social and governance issues (ESG), to the outlook for the private and IPO markets.

The here and now

Deloitte M&A program leader, Jamie Irving, said: "Australian businesses battened down the hatches last year, and into 2021, but they're now dusting off plans they had paused, or even creating new ones. They have a greater degree of certainty about the economic outlook, company balance sheets have emerged stronger over the last 12 months, and credit is readily and cheaply available.

"Last year, around 60% of our survey respondents expected M&A activity to be negatively affected by COVID-19. This year, not a single respondent expects deal activity to decrease.

"Many are seeking to expand in their existing markets or move into new markets, others are looking at mergers or acquisitions to accelerate post-pandemic growth. On the sell-side, others again are considering hiving off non-core assets in order to focus on the growth of their core operations.

"Private equity firms, in particular, are emerging as key players, fuelled by unprecedented levels of dry powder, and are leading aggressive bids for well-managed Australian businesses.

"The supply of high-quality assets is now the best it has been in recent years, but it's also still not enough to match ballooning demand."

ESG's importance continues to grow

"Environmental, social and governance issues continue to gain prominence as shareholders, institutional investors and private equity holders demand that companies put ESG at the forefront of their investment decision-making processes," Irving said.

"Accordingly, those companies are reflecting on where to invest in a post-pandemic world. More than half of our deal-maker respondents are already incorporating ESG impacts into their regular M&A due diligence and decision making, and 30% would be willing to pay a premium if a target had positive ESG attributes.

"Conversely, if a target had negative ESG attributes, more than 40% of respondents would apply a discount, and 40% wouldn't even bid."

COVID a catalyst for private and IPO markets

"High asset prices, combined with the pandemic has directly contributed to the rising momentum in Australia's private and IPO markets," Irving said.

"The stars have aligned for the private market in Australia. The COVID-19 induced stimulus and strong recovery of the Australian economy have buoyed the private M&A market and IPO capital markets."

And the outlook?

"The sharp recovery in the Australian and global economies is very clearly transforming the backdrop for M&A activity in FY22," Irving said.

"COVID put the brakes on, but things are now ready to accelerate. That doesn't mean, however, that there are no risks to the outlook.

"The COVID shadow remains, and issues like potential mutations of the virus, issues with vaccine rollouts and the timing of the re-opening of international borders could all have an impact."

WHAT ARE THE KEYS TO SUCCESSFUL CRISIS COMMUNICATION?

As crises such as the COVID-19 pandemic evolve, research shows leaders should communicate critical information in a distinct, consistent and consensual way.

The economic impact of COVID-19 has devastated many sectors, and the shift to working from home has presented leaders with a range of communication challenges.

In times of crisis, employees turn to their organisation's leaders for guidance and support. It is vital for senior leaders to understand how they should communicate critical information with their employees. What is the purpose of crisis communication, and when is it most effective?

To investigate how senior leaders share information with their employees, UNSW Business School Professors Karin Sanders and Gavin Schwarz started a global research project alongside PhD student Phong Thanh Nguyen, Griffith Business School's Associate Professor Alannah Rafferty, and Brock University's Associate Professor Dave Bouckenooghe.

The researchers examined a range of managerial responses to COVID-19, the combined effects of crisis severity, the reliability of an organisation, and the impact of a country's uncertainty, on the overall strength of messages shared between management and staff.

Although the study focused on the higher education sector (universities), the results provide unique insights into how organisations can more effectively communicate with staff during crises.

The when, why and how of crisis communication

The project started in 2020 with a paper that outlined the researchers' intentions: ***Unraveling the What and How of Organizational Communication to Employees During COVID-19 Pandemic: Adopting an Attributional Lens***. A second paper, *Adopting an Attributional Perspective of HR Strength in Times of Crisis: A Cross-Cultural Study*, which explores the findings in detail, has been submitted to a journal for publication.

In the study, the researchers collected and coded data from emails sent by the vice-chancellors (VCs) or deans of 35 universities across 16 countries. Then, the researchers analysed the data according to an attribution theory of Human Resources (HR) – the theory explains how individuals perceive the causes of everyday experiences, as either external or internal, according to three distinct characteristics: distinctiveness, consistency, and consensus.

They found that some universities regularly updated their staff with daily and weekly messages about COVID-19. One university even sent out 78 separate emails in 14

days. In other cases, staff were less informed by their management and had to rely on news from their governments. But the volume of emails didn't produce better outcomes. Rather the quality of that messaging, and the university's geographical location, did.

The results showed that when messages were distinct, consistent, and consensual it helped people understand and receive critical information better, and the universities with the best messaging scored high in these three characteristics. The universities with the highest scores were the ones whose leaders shared information that assured employees they were being looked after.

Mr Nguyen, whose dissertation focused on how employees' perceptions of organisational change influence their change attitudes and behaviours, explained that in practical terms, 'consensus' basically means receiving the same information from different people (e.g. the senior leaders and middle managers). Being 'distinct' involves, for example, a VC (or CEO) sending out an email directly to everyone in the organisation to capture their audience's attention, something that wouldn't generally happen too often. Finally, 'consistent' information retains the same message, direction, and tone over time. So, for example, a university that adopted a caring tone instead of switching back and forth between a caring and procedural tone.

The impact of geographical uncertainty

A geographical uncertainty, and the perceived reliability of an organisation, also played a role in the overall effectiveness of the university's crisis communication.

The study examined and coded each university's geographical locations and reliability, whether they were in a country generally comfortable with uncertainty and the unknown or a country that generally avoided it. Countries that displayed a strong uncertainty avoidance index (UAI) were Greece, Japan, France, Israel, and Germany, while Singapore, Denmark, United Kingdom and the United States were low on the uncertainty avoidance index. Australia, in general, does not like uncertainty and prefers stability, explained Prof. Sanders.

The universities in the countries with the highest level of uncertainty avoidance were overall better at communicating with their employees. A university in a country like Japan, for example, would generally be better at communicating with employees than one in the UK, which is more 'comfortable' with uncertainty.

While crisis severity encouraged information sharing that contained distinctive, consistent, and consensual features, the effect was strongest in high-reliability organisations, primarily in the countries with high uncertainty avoidance, the researchers said.

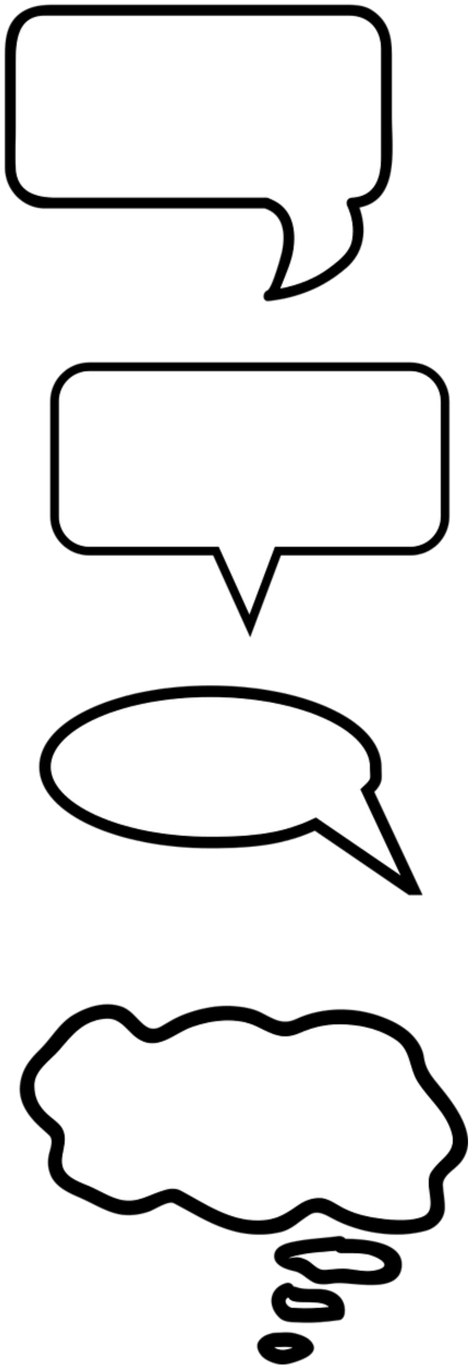
Practical implications for organisations

Overall, the universities with the highest scores were those whose leaders shared information that assured employees that they were being looked after in a distinct, consistent and consensual way.

More procedural messaging surrounding what employees could and could not do, scored lower, suggesting that mutual trust between management and employees is an important factor in crisis communication.

"How we communicate, and how people who have managed or manage our organisations communicate with us, is just as important as what we do at work and where we work," concluded Prof. Schwarz.

So leaders should share information in a way that catches people's attention and builds trust. But leaders also need to be aware of the severity of the crisis and how this impacts their particular organisation.



AUSTRALIAN CFO OPTIMISM HAS PREVAILED AGAIN IN THE FIRST HALF OF 2021

Australian CFO optimism has prevailed again in the first half of 2021, having already bounced back earlier this year from the severe COVID-induced shocks of 2020.

According to the latest edition of Deloitte's biannual ***CFO Sentiment*** survey, confidence is up nine percentage points, to 84%, compared to six months ago, but the nation's finance leaders clearly still have one eye very firmly on the country's latest COVID challenges.

Key report points (the survey was conducted during the July Sydney and Melbourne lockdowns) include:

- 84% of CFOs are feeling optimistic about the financial prospects of their company
- 66% think now is a good time to be talking on increased balance sheet risk
- 72% report the Australian economy as having a positive impact on their optimism levels
- Net optimism compared to six months ago has fallen slightly, at positive 43% – down from positive 62%, but still close to the highest levels in the survey's 12-year history
- 77% rate the current COVID environment as driving above normal, high or very high levels of uncertainty
- 47% think Australian businesses are optimally geared. 41% think they are under-geared, and 68% are expecting interest rates to remain at their record low levels 12 months from now
- 78% list securing and retaining key talent as a top three risk – an issue well outside the top risks six months ago
- 72% see ESG, including climate change, as an important consideration across different parts of their business, and when it comes to investor engagement.

Deloitte partner, and CFO Program leader, Stephen Gustafson, said: "These findings are particularly encouraging, with strong business confidence such an important driver of Australia's COVID recovery. That our survey was conducted in July, in the midst of Delta-induced lockdowns, is testament to CFOs' resilience and positivity.

"Not so long ago, the global economic downturn of 2020 caused by COVID hit Australia, and CFO optimism, hard. But when we surveyed CFOs early this year, and we were looking at a strong V-shaped recovery, we were pleased to be able to report that they had their mojo back.

"Now in the second half of 2021, and with COVID posing more challenges than most of us hoped for, the strong economic momentum from earlier this year is hanging on. It may take a shutdown-induced hit, but it's the remarkable ability of the Australian economy to bounce back six months ago that appears to be driving CFO confidence.

"They still remain optimistic despite reasons to perhaps feel otherwise. Experience from operating in a pandemic-stricken world in 2020, and the knowledge that Australia can recover from COVID impacts, has translated into greater confidence in the face of our latest challenges.

"They have acclimatised to tumultuous times, and with more confidence comes a greater appetite for risk. 41% of CFOs think they are under-geared, and 66% agree that now is a good time to be taking greater risk onto their balance sheets, up from 53% six months ago."

Workplace change

In addition to thinking on the prevailing business environment, the report looks at a number other issues on CFO radars, including new ways of working and environmental, social and corporate governance (ESG).

"The future of work has changed dramatically since COVID disrupted where, when and how businesses work," Gustafson said. "84% of CFOs said their business had changed ways of working as a result of COVID.

"Nearly 40% have already launched new or refreshed policies on ways of working, with another 15% working towards this. Effectively managing hybrid work is a concern to 41% of CFOs, and they have also identified a range of risks in transitioning to new ways of work. 69% think erosion of culture is a top risk, followed by risks to employee mental health caused by isolation working from home, and reduced productivity."

ESG increasingly on the (risk and opportunity) radar

"There is a clear sentiment among CFOs that ESG and climate action present both long-term risks and opportunities, and that the issues are important considerations when it comes to Investor engagement and achieving strategic business objectives," Gustafson said.

"Just under 90% believe ESG to be a long-term financial risk, and 90% that it presents a long-term value creation opportunity. Both the risks and rewards will impact what action they might take and, importantly, when they might take it, and decision-making is most influenced by directors and broader market sentiment."

And looking ahead…

“Looking ahead, the reality is that all things COVID remain key risks for Australia and our business and investment environment,” Gustafson said.

“But the country and its business leaders learnt many lessons over the last 18 months, and CFOs are using these to help them face the future with greater confidence.

“More than two-thirds are expecting interest rates to remain at their record low levels 12 months from now, in line with RBA guidance, although a third are also expecting rates to be higher this time next year. Expectations are more split on the value of the Australian dollar, but the majority still expect it to remain about the same as its current value by mid-2022.

“Overall, the outlook is peppered with challenges, but our CFOs are comfortable navigating in this environment, positive about the future, and still focused on pursuing opportunities and growth.”

MANY INTERNAL CONTROLS 'RUDIMENTARY' AND NONAUTOMATED, KPMG SURVEY FINDS

Automation of controls, a key driver to improvement, has not yet started in nearly half of organisations surveyed.

Many Australian companies' internal controls are patchy, undocumented, not automated and lacking clear ownership, a survey by KPMG has found.

The poll of nearly 300 respondents from 100 organisations in the listed, private and public sectors found that while many businesses are undergoing major change or structural transformation, their internal controls – the policies, procedures, systems and processes designed to support effective business outcomes, and ensure operational efficiency and compliance with laws and regulations – have not kept up.

Automation of controls, a key driver to improvement, has not yet started in nearly half of organisations surveyed. The poll was of financial risk managers, accountants, internal auditors and compliance managers across a range of industries and sectors, who participated in a recent KPMG controls transformation webinar.

The poll found:

- More than a third described their internal controls as either 'basic' or 'rudimentary.
- More than two-thirds said it was not clear, or only partly clear, who was responsible for overall controls standards.
- 85 percent said controls were not, or only partly, documented.
- In terms of controls automation, 47% said the process had not yet started, and 53% said semi-automated but more needed to be done.

Rowena Craze, KPMG Partner in charge of Governance, Risk & Controls Advisory services , said: "Over the last two to three years, there has been a lot of discussion about controls transformation, standardisation, and digitisation, but in many cases this has not yet led to practical action.

"This needs to change because if organisations are, for example, embarking on major ERP implementations or undergoing structural transformation then internal controls need to develop in line with that business change. The Covid era has also put more pressure on operating models and controls – some processes are harder to carry out virtually."

"While some companies have already advanced to a system of Artificial Intelligence-enabled controls, many others urgently need to start the automation process. We would advise these organisations to start by identifying where the current pain points are experienced by the business, especially those that are manually labour intensive – such as collating data from multiple sources, and manual reconciliations – or known control points of failure. These are potential target areas where businesses can start to assess the feasibility of automating controls."

KPMG found that while cost is often behind organisations' reluctance to transform their internal controls systems, the risk is one of false economy. When assessing the costs of control, traditionally the focus has been on direct costs such as costs of execution or annual testing. But recent benchmarking by KPMG estimates those costs to be between $2,000-$3,000 per control each time it is performed.

There are also 'hidden costs' such as management review costs, correction of errors or remediation of control failures, and fraud risk. With some organisations operating hundreds of controls, costs can quickly add up to millions of dollars. KPMG believes this creates a clear case for control standardisation, digitisation and automation, as long-term efficiency benefits by far outweigh transformation costs.

Rowena Craze added: "One of the recommendations from the recent report by the Parliamentary Joint Committee on Corporations and Financial Services inquiry into auditing was that companies should be required to establish and maintain an internal controls framework for financial reporting. Under this proposal – which some have described as a 'Sarbanes-Oxley-lite' system for corporate Australia – management would have to evaluate and report annually on the effectiveness of that framework, and external auditors would report on management's assessment.

"Whether or not this is taken forward, it seems clear there will be more focus on controls and our survey suggests there is much to be done in this area."

WHY GAMESTOP DIDN'T SURPRISE ECONOMISTS

A new study finds 18 to 24-year-olds took riskier financial decisions when being observed, lending weight to this theory that can potentially influence public policy.

Earlier this year, Reddit users in the 'WallStreetBets' community engineered a short squeeze on GameStop stocks. Their actions inflated the stock's price to the extent that several major hedge funds – who were betting against it – almost went insolvent.

A new study sheds light on this extreme behaviour, finding young adults indulge in riskier financial activities when they're being observed. It was risky for the Redditors, who were mostly younger men, to bet on a low-rated stock.

"Perhaps they were motivated to take greater risks in each other's (online) company," said study lead author Professor Agnieszka Tymula from the University of Sydney School of Economics.

The study allowed individuals in two age groups – 12 to 17-year-olds and 18 to 24-year-olds – to choose a fixed amount of money received with certainty or a risky lottery, which could result in a higher or lower payoff with known chances, either in private or in the presence of an adolescent observer. The researchers found that, when being observed, the 18 to 24-year-olds tended to choose the riskier, lottery option.

We know that young adults generally have a greater appetite for risk

Professor Tymula, an expert in teens and risk research, said: "We know that young adults generally have a greater appetite for risk. Our study lends further credence to the notion that this appetite grows when in the company of peers."

"Risky behaviour can have severe consequences. Higher rates of dangerous driving leading to car accidents and higher rates of sexually transmitted infections are just two examples of this. Knowing what exacerbates young adults' risk-taking behaviour can help inform public policies that address its consequences."

Young teens unfazed by observers

By contrast, 12 to17-year-olds' risk appetites were not affected by peer observation in the study. "We cannot definitively conclude whether it is chronological age, graduating from high school to university, the recruitment method, or something else not captured by our study that accounts for the difference between older and younger adolescents," study co-author, PhD candidate Ms Xueting Wang, said.

Published in the ***Journal of Economic Behavior & Organization***, the study also found that, when being observed, the young adults (18 to 24-year-olds) tended to perceive losses more acutely than gains – a phenomenon known as 'loss aversion'.

Ms Xueting Wang said: "This is good news for policy, since it suggests that appealing to loss aversion should be especially effective at reducing young adults' harmful behaviours, committed in the presence of peers. Yet this study remains preliminary: its findings need to be replicated on a broader scale before they can be applied to the population."

HOW AI CAN HELP CHOOSE YOUR NEXT CAREER AND STAY AHEAD OF AUTOMATION

The typical Australian will change careers **five to seven times** during their professional lifetime, by some estimates. And this is likely to increase as new technologies automate labour, production is moved abroad, and economic crises unfold.

Jobs disappearing is not a new phenomenon – have you seen an elevator operator recently? – but the pace of change is picking up, threatening to leave large numbers of workers unemployed and unemployable.

New technologies also create new jobs, but the skills they require do not always match the old jobs. Successfully moving between jobs requires making the most of your current skills and acquiring new ones, but these transitions can falter if the gap between old and new skills is too large.

We have built a system to recommend career transitions, using machine learning to analyse more than 8 million online job ads to see what moves are likely to be successful. The details are published in PLOS ONE.

Our system starts by measuring similarities between the skills required by each occupation. For example, an accountant could become a financial analyst because the required skills are similar, but a speech therapist might find it harder to become a financial analyst as the skill sets are quite different.

Next, we looked at a large set of real-world career transitions to see which way around these transitions usually go: accountants are more likely to become financial analysts than vice versa.

Finally, our system can recommend a career change that's likely to succeed – and tell you what skills you may need to make it work.

Measure the similarity of occupations

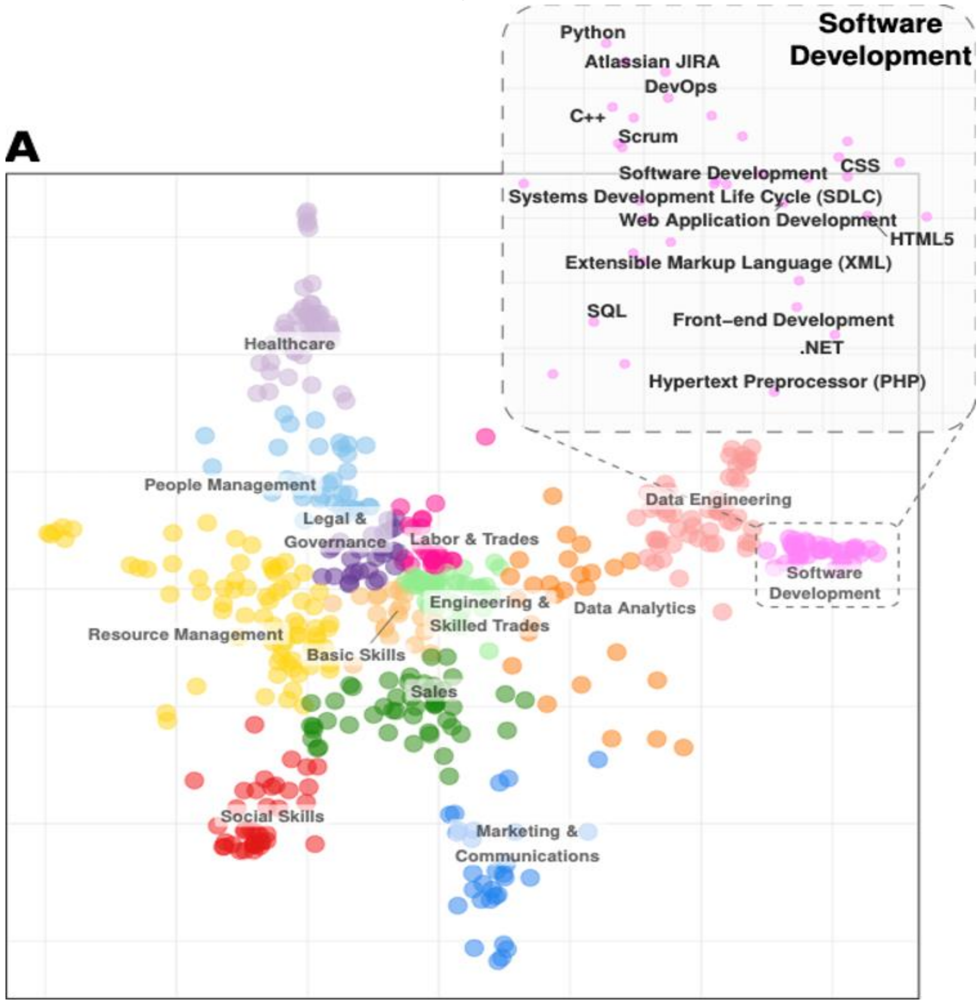
Our system uses a measure economists call "revealed comparative advantage" (RCA) to identify how important an individual skill is to a job, using online job ads from 2018. The map below visualises the similarity of the top 500 skills. Each marker represents an individual skill, coloured according to one of 13 clusters of highly similar skills.

Once we know how similar different skills are, we can estimate how similar different professions are based on the skills required. The figure below visualises the similarity between Australian occupations in 2018.

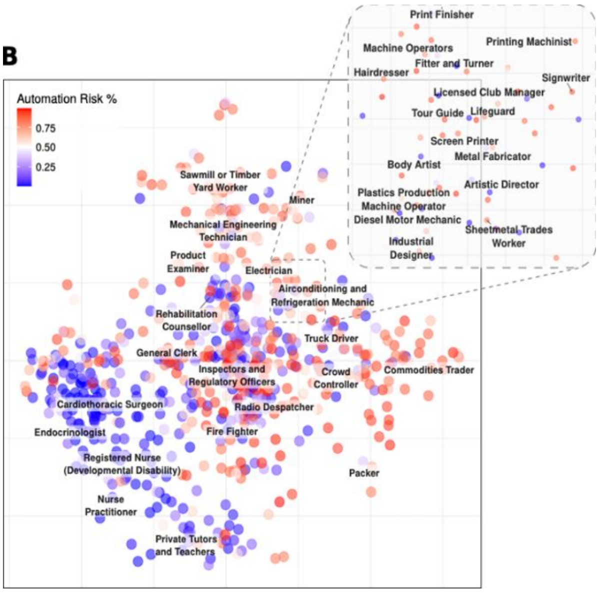
Each marker shows an individual occupation, and the colours depict the risk each occupation faces from automation over the next two decades (blue shows low risk and red shows high risk). Visibly similar occupations are grouped closely together, with medical and highly skilled occupations facing the lowest automation risk.

Mapping transitions

We then took our measure of similarity between occupations and combined it with a range of other labour market variables, such as



The similarity between the top 500 skills in Australian job ads in 2018. Highly similar skills cluster together.



The similarity between occupations, coloured by technological automation risk

employment levels and education requirements, to build our job transition recommender system.

Our system uses machine learning techniques to "learn" from real job transitions in the past and predict job movements in the future. Not only does it achieve high levels of accuracy (76%), but it also accounts for asymmetries between job transitions. Performance is measured by how accurately the system predicts whether a transition occurred, when applied to historic job transitions.

The full transitions map is big and complicated, but you can see how it works below in a small version that only includes transitions between 20 occupations. In the map, the "source" occupation is shown on the horizontal axis and the "target" occupation on the vertical axis.

If you look at a given occupation at the bottom of the map, the column of squares shows the probability of moving from that occupation to the one listed at the right-hand side. The darker the square, the higher the probability of making the transition.

Artificial intelligence-powered job recommendations

Sometimes a new career requires developing new skills, but which skills? Our system can help identify those. Let's take a look at how it works for "domestic cleaners", an occupation where employment has shrunk severely during COVID-19 in Australia.

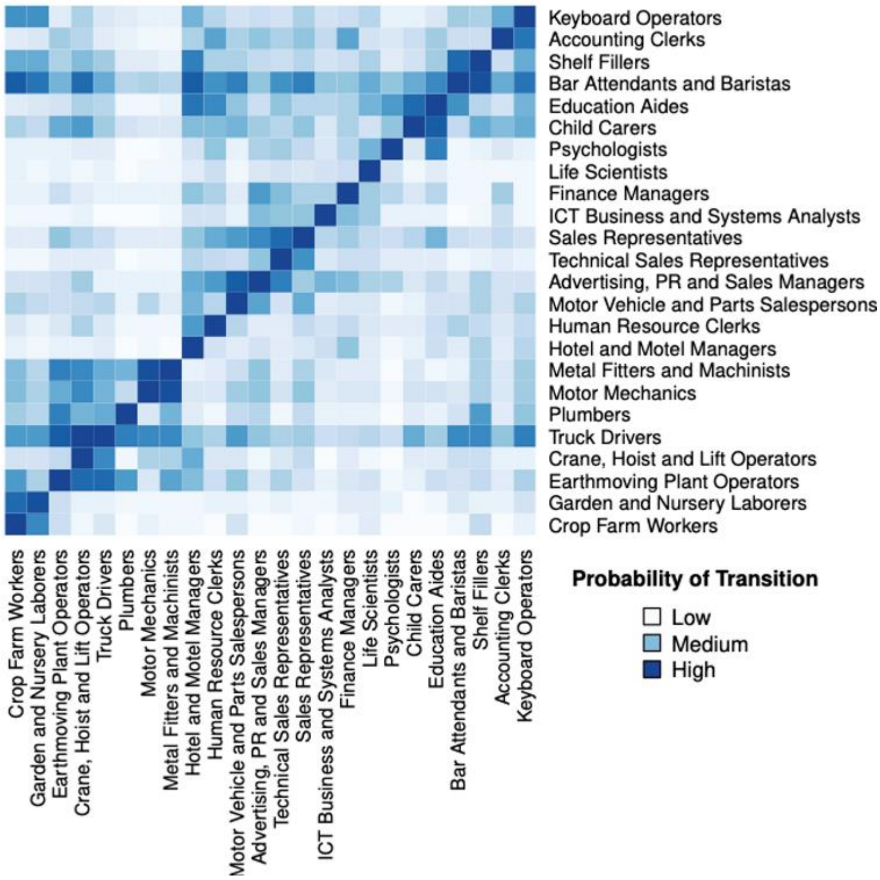
New occupations and skills recommendations made by the Job Transitions Recommender System for 'Domestic Cleaners' – a 'non-essential' occupation that has experienced significant declines during the COVID-19 outbreak in Australia.

First, we use the transitions map to see which occupations it is easiest for a domestic cleaner to transition to. The colours split occupations by their status during the COVID-19 crisis – blue occupations are "essential" jobs that can continue to operate during lockdown, and red are "non-essential".

We identify top recommended occupations, as seen on the right side of the flow diagram (bottom half of the image), sorted in descending order by transition probability. The width of each band in the diagram shows the number of openings available for each occupation. The segment colours represent whether the demand has increased or decreased compared with the same period of 2019 (pre-COVID).

The first six transition recommendations for are all "non-essential" services, which have unsurprisingly experienced decreased demand. However, the seventh is "aged and disabled carers", which is classified as "essential" and grew significantly in demand during the beginning of the COVID-19 period.

Since your prospects of finding work are better if you transition to an occupation



A small piece of the transitions map, with 20 occupations. Transitions occur from columns to rows, and darker blue shades depict high transition probabilities.

in high demand, we select "aged and disabled carers" as the target occupation for this example.

What skills to develop for new occupations

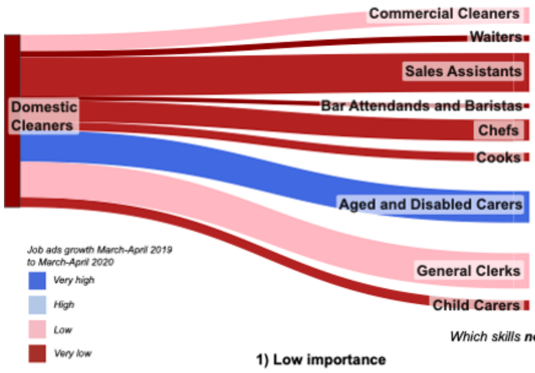
Our system can also recommend skills that workers need to develop to increase their chances of a successful transition. We argue that a worker should invest in developing the skills most important to their new profession and which are most different from the skills they currently have.

For a "domestic cleaner", the top-recommended skills needed to transition to "aged and disabled carer" are specialised patient care skills, such as "patient hygiene assistance".

On the other hand, there's less need to develop unimportant skills or ones that are highly similar to skills from your current occupation. Skills such as "business analysis" and "finance" are of low importance for an "aged and disabled carer", so they should not be prioritised. Similarly, skills such as "ironing" and "laundry" are required for the new job but it is likely that a "domestic cleaner" already possesses these skills (or can easily acquire them).

The benefit of smoother job transitions

While the future of work remains unclear, change is inevitable. New technologies, economic crises and other factors will continue to shift labour demands, causing workers to move between jobs.



Aged and Disabled Carers

Which skills should a Domestic Cleaner develop?

High importance & High distance

Skill	Importance %	Distance %	Acquisition Composite Score
Senior Care	0.989	0.965	0.954
Aromatherapy	0.971	0.980	0.952
Working Condition: Stoma	0.982	0.944	0.927
Patient Hygiene Assistance	1.000	0.909	0.909
Cerebral Palsy Treatment	0.985	0.892	0.879

*Which skills **not** to develop?*

1) Low importance

Skill	Importance %	Distance %	Acquisition Composite Score
Finance	0.056	0.096	0.005
Business Analysis	0.036	0.259	0.009
Accounting	0.102	0.098	0.010
Marketing	0.066	0.160	0.011
Social Media	0.086	0.276	0.024

2) Low distance

Skill	Importance %	Distance %	Acquisition Composite Score
Ironing	0.939	0.003	0.002
Laundry	0.925	0.004	0.003
Bed Making	0.926	0.005	0.005
Toileting	0.955	0.006	0.006
Meal Preparation	0.976	0.009	0.009

If labour transitions occur efficiently, there are significant productivity and equity benefits for everyone. If transitions are slow, or fail, it will have significant costs for both individuals and the state and the individual. The methods and systems we put forward here could significantly improve the achievement of these goals.

We thank Bledi Taska and Davor Miskulin from Burning Glass Technologies for generously providing the job advertisements data for this research and for their valuable feedback. We also thank Stijn Broecke and other colleagues from the OECD for their ongoing input and guidance in the development of this work.

Nik Dawson, Honorary Scholar, University of Technology Sydney; Marian-Andrei Rizoiu, Lecturer in Computer Science, University of Technology Sydney, and Mary-Anne Williams, Michael J Crouch Chair in Innovation, UNSW

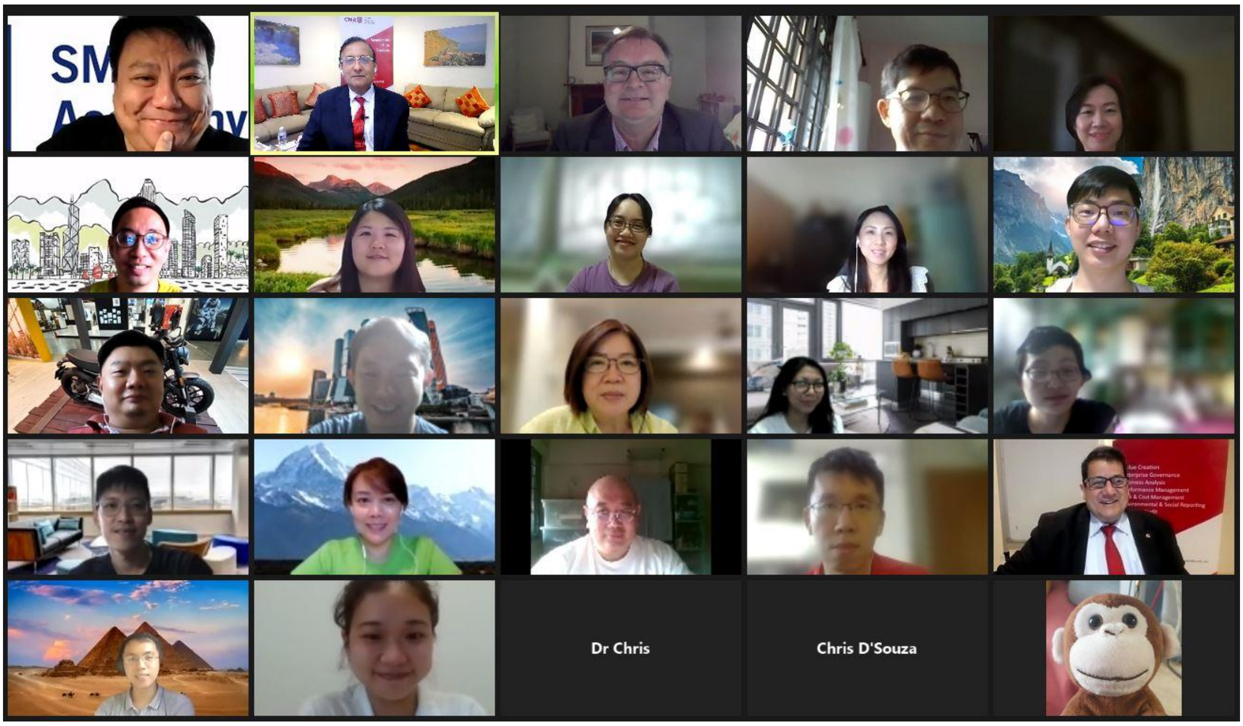
This article is republished from The Conversation under a Creative Commons license.

REGIONAL OFFICE AND BRANCH NEWS

SINGAPORE

In March 2020, SMU Academy and ICMA successfully moved the delivery of the *CMA Program* online using the Zoom platform. In July 2021, the third full Zoom program was completed with Professor Janek Ratnatunga, Professor Brendan O'Connell and Dr. Chris D'Souza successfully delivering the course from their homes in Melbourne. If the lockdown continues, it is envisaged that the next CMA program will be delivered online as well in January 2022.

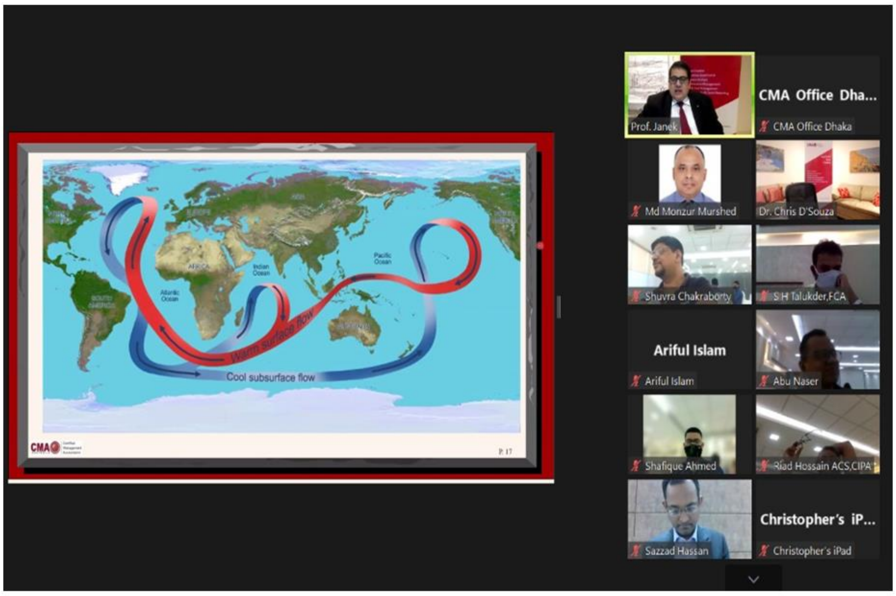
In the screen shots below, the three presenters, and well as the program coordinator Mr. Robert Sim from SMU (first screen shot), as well as many of the participants are captured.



BANGLADESH

On August 5-7, 2021 the Bangladesh Regional provider, *Hassan Associates* and ICMA successfully moved the delivery of the *Strategic Cost Management Program* online using the Zoom platform, with Professor Janek Ratnatunga and Dr. Chris D'Souza successfully delivering the course from their homes in Melbourne. The *Strategic Business Analysis* program is scheduled to be delivered over Zoom in Oct 1-2 and 8-9.

The screen shot below shows Prof Janek Ratnatunga delivering the *Environmental and Social Management Accounting (ESMA)* topic which includes a section of Global Warming. Also in the screen shot is Mr. Sazzad Hassan, CMA, the Regional Director for Bangladesh.



ZOOM ACADEMIC WEBINAR IN MALAYSIA

On August 19, 2021, Prof Janek Ratnatunga presented an academic webinar titled *"Costing Life: Air Water and Food"*, to the *Asia Metropolitan University* in Johor, Malaysia. There was a robust discussion on various aspects of the talk after the presentation.

INDONESIA ZOOM WEBINARS

Throughout the Covid-19 pandemic, ICMA Australia Indonesia Branch continued its commitment to facilitate the capability development for CMA Members, professionals and academics in the fields of accounting and finance. In the July-August period 3 more webinars were held. ICMA facilitated the events, which were moderated by ICMA Australia's Indonesia President, Mr. Daniel Godwin Sihotang, Dr Ana Sophana, Mr. Nursakti Niko Rosandy, the Branch Treasurer.

A WARM WELCOME TO NEW MEMBERS (June & July 2021)

Abat, Bernard
Achrafi, Sal
Adebayo, Oluwaseun
Adelakun, Ayodeji
Adetola, Oduola
Agbor, Ebai
Agustina, Lidya
Ahmad, Furqan
Aidoo, Desmond
Akubori, Lawrence
Al Anati, Mohammad
Al hameedy, Mohammed
Al-Absy, Mujeeb
Alamrawy, Mahmoud
Alcanse, Cherrilyn
Ali, Ahammad
Aliorde, Odessa
Ambatt, Subhash
Ambayakunnummal, Muhummed
Ambolario, Ria
Amin, Al
Amparo, Nelflor
Amr, Ahmed
Anakhu, Obi
Anjarita, Yola
Ansah, Michael
Ansah, Richard
Anyetei, Daniel
Apriyanti, Eka
Aquino, Paula Shella
Arachchi, Niroshini
Arambulo, Ronald Roque
Arciaga, Mylene
Arunakeerthi, Gayan
Au Yeung, Kin Nam
Ayi, Jonas
Aziz, Abdul Aziz
Azmi, Hafiz
Banda, Bernard
Banda, Yona
Baqer, Abdulla
Batu, Albert
Baui, Katrina May
Bayona, William
Baziga, Aloys
Benitez, Rachael Leigh
Bertrand, Nkoth libam
Bessama Ewaka, Olivier
Bhuiyan, Ashraful
Biere, Randhy Octavianus Simon
Bisnar, Mailene
Biswas, Shib
Blake, Atanga
Blancia, Mary Joy
Boac, Evangeline
Bonares, Vanessa
Busack, Macmillar Barmoore
Bushu, Amadeus
Cagorong Jr., Emmanuel
Cale, Vanessa
Carmelo, Abigail
Chaney, Rajesh
Charles, Alphonsus
Chau, Ka Yin
Cheng, Ka Wai
Chin, Corrine
Chinyanta, Nalishebo
Chivaphongse, Suthee
Cho, Marvin James
Chondon, Mahtab
Choudhury, Ishrat
Chow, Mei Yi
Chow, Miu Lam
Chowdhury, Hayat
Chowdhury, Md. Masum
Chowdhury, Mohin
Claire, Kantengwa
Cobbett, Laura
Constantino, Marje Louise
Corpuz, Elizabeth
Damodaran, Satish
Damodaran, Sreejith
Daniels, Patrick
Daoh, Abubakarr
Darji, Chandreshbhai
Das, Sohadeb
Dawat, May
De Leon, Edward
Dela Cruz, Loriglen
Devitayanti, Rini
Do Thi, Hoa
Domantay, Abegail
Dorowu, George
Du Toit, Louis
Duffour, Kwadwo
Ebai, Linda
El-Shahat, Ahmed
Elsherbini, Akram
Eltawil, Wael
Emelogu, Charles
Ernie, Ernie
Espeleta, Audrey Erna
Estrella, Gleen Jarold
Ettol Kalathil, Shanavas
Ewusie, Daniel
Fadhilah, Rivani Noer
Fadjrini, Dianita
Farhan, Ahmad
Feliciano, Jenelyn
Felipe, Gerald
Firdyanto, Dicky
Fu, Can
Gajanayake, Chandana
Gajaweera, Hiran
Galarde, Maria Rowena
Gallemaso, Marinil
Godi, Fredrick
Golimlim, Celabel
Gonzales, Gracee Mae
Guerra, Gilbert
Guha, Chiranjib
Gunarwan, G
Guzman, Karen Elaine
Hai, Abraham
Handari, Putri
Hasan, SM Kamrul
Ho, Choo Soo
Ho, Im Chong
Ho, Tsan Kei
Hoang Thi, Loan
Hon, Mei Po
Hoque, Mohammad
Hossain, Mohammad
Hossen, Md.
Huda, Md. kamrul
Hung, Wai Lai
Hussein, Fabriano
Hussein, Waleed
Huy An, Tran
Huynh Quoc, Hanh
Ibrahim, Mohamed
Ige, Olakunle
Ignacio, Emmanuel
Ikmal, Muhammad
Irondo, Felix
Iskander, Marcos
Jagullice, Eric
Jairam, Raghu
James, JJuuko
Jasin Bhasthiyan Arachchige Jayarathna, Ashani
Jayaneththi, Chandrika
Joseph, David
Joseph, Subha
Jozine, Ivo
Justin, Mudakikwa
K., N. Angga
Kah, Ka-Asah
Kamande, Olive
Kapoor, Sagar
Karuthedath, Sreenath
Kazim, Mahmood
Kemuning, Ni Luh Dea
Khuan, Hendri
Kibondwe, George
Kim Lan, Wong
Kochelani, Dickson
Kule, Ludwig
Kung, Jim Ericson
Kusumajaya, Firly
Lango, Michael
Lauron, Evelyn
Leong YH, Raymond
Leung, Sze Mun
Leung, Tsz Shun
Li, Sheila
Lim, Cher Maine
Lindawati
Lino, Taban
Lopez, Ira Marielle

Lopez, John Carlo
L'Souza, Boniface
Lumanta, Rogelio
Ly Thuy Kha, Tram
Ly, Ferguson
Magcalas, Grace
Makau, Ashington
Mallari, Nessa
Mangochi, Paul
Manurung, Adler
Maranan, Gilbert Roland
Marfo, Emmanuel
Maritintshi, Sadimme
Marquez, Kimberly
Marsya, Teuku
Mathews, Prem
Matira, Jeffrey
Mbassana, Marvin
Mbugua, Joseph
Meah, Mohammad Khasru
Melembe, Olívio Manuel
Melosantos, Bevy Darlene
Meneses, Reynaldo
Mhagama, Emmanuel
Miranda, Richard
Mittawa, Ishmael
Mkandawire, Vitumbiko
Montealto, Daisy
Moosari kandi, Shareef
Moshoeshoe, Ramojapoho
Moussa, Hesham
Muhammed, Shameer
Mukumbwa, Anthony
Munywoki, Geoffrey
Murira, Zahidah
Mwesigye, Evarist
Naik, Gurudas
Nanji, Abdussamad
Natividad, Reggie Lorraine
Ng, Ka Kin
Ngo Tu Dong, Khanh
Nguyen Duc Anh, Vu
Nguyen Duc, Nhat
Nguyen Huu, Duc
Nguyen Manh, Tu
Nguyen Nghia, Trong
Nguyen Thanh, Cong
Nguyen Thanh, Thuan
Nguyen Thi Nha, Phuong
Nguyen Trong, Nhan
Nkuranga, Aimable
Nugroho, Agung
Nugroho, Yulianto
Nzioka, Benjamin
Oduro, Peter
Ogwang, Robinson
Okanda, Daniel
Okoh, Onche
Omidele, Olufemi
Opoku-Gyamfi, Mary
Osei-Bonsu, John
Otoo, Abraham
Otoo, Kobina Nkwefi
Otto, Jacqueline
Ouma, Hezekiah Adwar
Owolabi, Israel
Oyier, Simon
Pacayra, Giovanna
Padulip, Joanne
Paledi, Jonathan
Palete, Siprianus
Pamungkas, Yoga Hardianto
Paray, Michelle
Paruli, Marciano
Paryanto, Philipus
Patwary, Mohammad
Peñalosa, Michelle
Pham Dinh, Ninh
Piguing, Jelene
Poloko-Nthake, Nametsegang
Pratama, Ganda
Prawibowo, Teguh
Pun, Navtej
Putri, Telisiah
Quillo, Rhea
Rachmat, Budi
Radhakrishnan, Anand
Ragsac, Mary Aileen Ailema
Rahayu, Mugi
Rahman, Mohammad
Raja, Praveen
Ramadhani, Reynaldi
Ramonyatsi, Teboho
Rashed, A.k.m.
Ravi, Prem
Rioveros, Ma. Elsa
Rodriguez, Carl Vincent Francis
Roikhah, Elfiatur
Ronda, Benni Baso
Rubel, Mohammad Tariqul
Rukwantara, Indra
Rundi, Paul
Rusmanto, Toto
Ruzigana, Eugene
Salahuddin, Muhammad
Samnani, Anil
Santiago, Mary Anne
Santos, Jannah Angelica
Santos, Jannah Angelica
Saputra, Fx. Chandra
Saputra, Levi
Sari, Jati
Sarmiento, Mara Fara
Sayson, Jevy Mae
Senbanjo, Temitope
Setiahardi, Subandi
Setiawan, Hengki
Setiawan, Yogi
Setiyono, Iwan
Sevene, Dário
Sheriff, David
Shetty, Raghawendrau
Shetty, Sushank
Siahaan, Bonar H.
Siddique, Md.
Siddique, Moddassar
Silva, Manjula
Silvano, Jeanine
Sindanum, Richelle
Singla, Nikhil
Sitanggang, Monica
Soita, Martin
Soliman, Georgie Mae
Songoro, Nassib
Sowunmi, Olalekan
Srinivasavarathan, Krishnaswamy
Sukamto, Willy
sultan, Mustafa
Sumaryono, Sumaryono
Sumertini, Ni Made Ani
Suwito, Ferry
Tan, Wing Xian
Tendero, Keziah Grace
Thamrin, Juliana
Theogene, Ruhumuriza
Thomas, Bibichen
Thomas, Iknasus
Thomas, Mark
Tjahjana, David
Tokoli, Noah
Toor, Sherjeel
Tran Khanh, Du
Tran Quang, Duy
Tran Thanh, Duy
Tran Thi Thu, Tam
Tran Trung, Thanh
Uwizeye, Aline
Varanasi, Venugopala
Vatta Kandi, Athif Noor
Villanueva, Christian Mark
Villasis, Venus
Welagedera, Sharmila
Widiatri, Retno Ajeng
Wijaya, Irphan
William, Bernadus
Williams, Timi
Witoko, Danang
Yares, Charlemagne Keith
Yew, Hin
Yong, Christine
Yuen, Annie
Zakaria, Norza
Zhang, Sisca
Zhou, Dora

Certified Management Accountant

CMA EVENTS CALENDAR

- **Aug 19, 2021:** Prof Janek Ratnatubga – "Costing Life: Air Water and Food", academic webinar zoomed to Asia Metropolitan University in Johor, Malaysia.
- **August 5-7, 2021:** Webinar in Strategic Cost Management, Workplace Skills Development Academy (WSDA). (Online).
- **Sept 4-6 & 11-12 & 18-19, 2021:** Third CMA Global Zoom Program in Strategic Business Analysis, Syme Business School, Australia. (Online).
- **Sept 9, 2021:** Webinar by Chris Baker "Is Personality Profiling useful in People and Culture (HR) management"
- **October 1-2, 2021:** Webinar in Strategic Business Analysis (Part 1), Workplace Skills Development Academy (WSDA). (Online).
- **October 8-9, 2021:** Webinar in Strategic Business Analysis (Part 2), Workplace Skills Development Academy (WSDA). (Online).
- **October 23-24 & 28-31, 2021:** First Sri Lanka Zoom CMA Program organised by Academy of Finance, Sri Lanka. (Online).
- **October 29, 2021:** "Environmental Social Governance (ESG) for-Sustainability-Colloquium", Victoria University.
- **November 11, 2021:** Asia-Pacific Management Accounting Association 2021 Annual Conference (APMAA 2021) "Green Swans-based Management Accounting System towards Future-Fit Society" (Online).
- **November 13-15 & 18-21, 2021:** Second Sri Lanka Zoom CMA Program organised by Academy of Finance, Sri Lanka. (Online).
- **January 8-10, 2022:** Certificate of Proficiency in Strategic Cost Management, SMU Academy, Singapore (7th Intake). (Online).
- **January 21-24, 2022:** Certificate of Proficiency in Strategic Business Analysis, SMU Academy, Singapore (7th Intake). (Online).
- **July 16-18, 2022:** Certificate of Proficiency in Strategic Cost Management, SMU Academy, Singapore (8th Intake).
- **July 29-31 & Aug 1, 2022:** Certificate of Proficiency in Strategic Business Analysis, SMU Academy, Singapore (8th Intake).

Private Providers

Wharton Institute of Technology and Science (WITS), Australia

Syme Business School, Australia

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Singapore Management University Academy (SMU Academy)

Business Sense, Inc. , Philippines

HBS for Certification and Training, Lebanon

SMART Education Group, UAE

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

Segal Training Institute, Iran

PT Angka Bisnis Indonesia (Business Number Consulting), Indonesia

Inspire Consulting, Indonesia

ManAcc Consulting, New Zealand

STRACC Learning LLP, India

Hassan Associates, Bangladesh

Ra-Kahng Associates Ltd, Thailand

Academy of Management Accountancy, Nepal

Blue Globe Inc, Japan

New Zealand Institute of Business, Fiji

ICMA Australia

Global Head Office
CMA House
Monash Corporate Centre
Unit 5, 20 Duerdin Street
Clayton North, Victoria 3168
Australia
Tel: 61 3 85550358
Fax: 61 3 85550387
Email: info@cmaaustralia.edu.au
Web: www.cmaaustralia.edu.au

OTHER CENTRES

New South Wales
Professor Chris Patel, PhD, CMA
Branch President
Macquarie University

Tasmania
Professor Lisa McManus, PhD, CMA
Branch President
University of Tasmania

South Australia
Prof Carol Tilt, PhD, CMA
Branch President
University of South Australia

Western Australia
Dr. Vincent Ken Keang Chong
Branch President
UWA Business School

Queensland
Dr. Gregory Laing, PhD CMA
Branch President
University of the Sunshine Coast

OVERSEAS REGIONAL OFFICES

BANGLADESH
Mr. Sazzad Hassan, CMA
Regional Director – Bangladesh
Email: sazzad.hassan@gmail.com
Website: http://www.cmaaustralia-bd.org

CHINA (including Hong Kong and Macau)
Prof. Allen Wong, FCMA
Regional Director and CE - Greater China
Email: info@cmaaustralia.org
allen.wong@cmaaustralia.org

CYPRUS
Mr. Christos Ioannou BA (Hons), MBA , CMA
Regional Director-Cyprus
Email: chioanou@cytanet.com.cy

EUROPEAN UNION
Mr. Rajesh Raheja CMA, Branch President
9, Taylor Close, Hounslow, Middlesex TW3 4BZ, United Kingdom
Tel: +44 208 582 0025
membersservice@cmaaustralia.edu.au
http://www.cmaeurope.net

FIJI
Dr. Chris D'Souza, CMA
Country Head – Fiji (Pro-Temp)
New Zealand Institute of Business
Website: http://www.cmafiji.org

INDIA
Mr N Muralidharan, CMA
Country Head – India
Email: muralidharan@unnayan.co.in
Website: http://unnayan.co.in/portal/

INDONESIA
Special Capital Region (Jakarta) Regional Office
Ms. Arum Indriasari – Jakarta Centre
IPMI Business School
E-mail : arum.indriasari@ipmi.ac.id

West Java Regional Office
Ms. Paulina Permatasari, FCMA
Regional Director - West Java
Email: paulinapssj@gmail.com

East and Central Java Regional Office
Dr. Ana Sopanah, CMA
Regional Director - East Java
Email: anasopanah@gmail.com

IRAN
Mr. Alireza Sarraf, CMA
Regional Director- Iran
Email: sarraf@experform.com

JAPAN
Mrs. Hiroe Ogihara
Country Head – Japan
Email: y.al.ogi999@gmail.com
Website: http://www.cmajapan.org

LEBANON
Dr. Fawaz Hamidi, CMA
Regional Director - Lebanon
Email: hbs@cmamena.com
www.cmamena.com

MALAYSIA
Mr. Jensen Tan, CMA
Country Head – Malaysia
Email: j.tanjensen@gmail.com
Website: http://www.cmamalaysia.com

West Malaysia Regional Office
Dr. Ridzwan Bakar, FCMA
Deputy Regional Director - **West Malaysia**
Email: ridzwan.bakar@mmu.edu.my

CAMBODIA
[To be Appointed]

NEPAL
Mr. Kumar Khatiwada, CMA
Regional Director – Nepal
Email: kumar_kha@hotmail.com
Website: http://www.cmanepal.org

NEW ZEALAND
Dr. Louw Bezuidenhout, CMA
Regional Director – New Zealand
Email: loubez@bizss.co.nz
Website: www.cmanewzealnad.org

PAPUA NEW GUINEA
Dr Thaddeus Kambanei, CMA
Regional Director - PNG
Email: Thaddeus.Kambanei@yahoo.com
http://www.cmapng.com

PHILIPPINES
Mr. Henry Ong, FCMA
Regional Director - Philippines
Email: hong@businesssense.com.ph
http://www.cmaphilippines.com

SINGAPORE
Dr Charles Phua, CMA
Country Head – Singapore
Email: charles_phua@solarisstrategies.com
Website: http://www.cmasingapore.com

SRI LANKA
Mr Kapila Dodamgoda, CMA
Regional Director - Sri Lanka
Email: kapiladodamgoda@yahoo.com
http://www.cmasrilanka.com

THAILAND
Mr. David Bell, CMA
Regional Director – Thailand
Email: david.bell@rakahng.com
Website: http://www.cmathailand.org

UNITED ARAB EMIRATES
Mr. Shakeeb Ahmed, CMA
Regional Director - U.A.E. & GCC Countries
Email: shakeeb@smarteducationgroup.org
Mobile: +971-55-1062083
Website: www.cmadubai.org

VIETNAM
Mr. Long Phan MBus (Acc), CPA, CMA
Regional Director- Vietnam
Email: longplt@afa.edu.vn

CMA AUSTRALIA
Certified Management Accountants