

## **Keynote address by Dr Godwin Nwabunka**

**At**

**The 74<sup>th</sup> Induction Ceremony of New Members**

**Held At the ICAN Centre, Plot 12, Kofo Kasumu Street, Lakeview Estate, Phase 1,  
Amuwo Odofin, Lagos.**

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### **Protocols**

Let me start by thanking ICAN for this great honour done to me and Grooming Centre, the organization that I head, by asking me to give this lecture.

Furthermore, I am grateful for the liberty given to speak on any subject of my choice. This freedom is invaluable, as I am certain that if you had chosen a topic for me, it would be one of those esoteric areas of accountancy that a lower mortal like me knows nothing of. The thought of me giving such a lecture and the risk of ridicule would have ensured that I stayed at home today.

Therefore, I am leveraging the liberty given to me to speak on a variety of challenges that I see facing your noble profession in our developing economy, especially in the face of a wave of digitalisation as well as continuing challenges in the areas of governance and accountability.

First, we will discuss accountancy and national development and in doing so, take a sober look at the role of accountants in a developing economy dogged by ever-growing governance challenges. Thereafter, we will explore the role of accountants and accountancy in our exciting digital age, and the benefits and challenges digitalisation brings to your distinguished profession. I will also take brief look at how your profession impacts the bottom of the pyramid, which is my domain. We will then conclude by making one or two broad recommendations in the areas discussed, for your consideration.

Before diving into the address, distinguished ICAN members, I must congratulate the inductees who we are gathered to celebrate. The road you have trodden to get to this induction ceremony must have been full of hurdles and challenges. I know that you have burnt the traditional midnight oil, an expression that is particularly apt for our nation and its epileptic power supply and constant collapses of the national grid. That you have triumphed is a sign of your resilience and adaptability, and I rejoice with you and your families and all your loved ones on this occasion. It is your day. Go ahead and enjoy yourselves and may today mark the commencement of a successful career in this noble profession. I hope that this lecture will be of some use to you as you settle in to distinguish yourselves in this field.

### **Accountancy and national development**

National Development results from the symbiotic interactions of resources – human, material, physical, social, political and cultural factors in a country. These interactions have been

summarised into three important measures by the Centre for International Development at Harvard University – a productive economy, capable administration and responsive state. Growth for development is then measured by making empirical associations in these measures, and this is where the value of accountancy cannot be overestimated. We live in a data driven world and without accurate data, nations flounder. Accountancy provides financial information needed to measure economic growth, both in the public and private sectors. Guided by the key tenets of transparency and accountability, such information is needed by governments, businesses and individuals to make evidence-based decisions, and enthrone and sustaining a culture of good governance. Since there are clear links between good governance and national development in all its ramifications, it follows that accountancy, when properly practiced, leads to poverty reduction, effective development planning, proper marshalling of resources for development and ultimately to improvements in the human development index of any country. A clear example is Argentina, whose recent intricate economic reforms have depended on the accuracy of data and the balancing of its books. This enabled cuts to government spending thus reducing the inflation by about 20% between April to May of this year. I hope that you and your colleagues will influence the emulation of such actions in our nation, given current inflationary trends and proposed tax reforms that have impact on private sector contributions to development. Beyond these broad contributions, accountancy also impacts development by:

- Conducting auditing and quality assurance to check processes for accuracy, validity and reliability;
- Providing taxation services that help businesses and individuals comply with tax laws and regulations.;
- Reducing poverty and inequality by providing financial services and advice to marginalized communities and small businesses.
- Supporting good governance and anti-corruption initiatives by ensuring transparency and accountability in financial transactions and reporting and by ensuring that financial reports are complete, accurate and reliable.
- Supporting sustainable development by providing financial analysis and advice that promotes environmentally and socially responsible business practices, these are quite important in our commitments to green and blue economies.

Indeed, these seem straightforward but challenges to the fulfilment of these tasks exist, especially in societies with known governance deficits, the most notable and lethal of which are corruption and lack of transparency. These challenges can undermine the integrity of the accountancy profession and thus hinder the unfolding of the full capacity of accountancy to contribute to national development. We must remind ourselves, and this message is especially for the inductees in whose honour we are gathered here today that morality, ethics, integrity are key qualities we expect from persons in your noble profession. Yes, technical capacity is important, but technical capacity not disciplined by integrity is dangerous. Need I remind you that we live in a country that is experiencing a constant erosion of the core values of decency, truth, honesty, empathy, responsibility, accountability and where sometimes, truth now belongs to the highest bidder. Many public figures and some professional bodies are losing their standing in the public eye due to a lack of integrity in their dealings. Forgive this analogy but

we must remember that integrity is like virginity and chastity – once lost, it cannot be regained. Therefore, by your induction into this globally relevant and nationally important profession, you bear a crucial mandate to restore and maintain the integrity of your profession.

### **Accountancy in the digital age**

In considering the challenges faced by accountancy in contributing to national development, it must be noted that inertia and slowness in adopting new practices in any profession is a death knell in the 21<sup>st</sup> century. The digital age has brought about significant changes and challenges in all fields, and accountancy is not exempted. As you know, artificial intelligence is rapidly transforming national economies and the world we live in. Research shows that 45% of total economic gains by 2030 will come from product enhancements, driven by AI, with increased personalization, attractiveness, and affordability over time.

With a fast-paced consumer-driven global economy, services such as accountancy dealing with the collection and interpretation of data will immensely accelerate the speed by which countries strive towards their economic goals. Similarly, developments in cloud computing and data analytics provide enormous benefits and challenges for your profession, so that by understanding the new trends and staying conscious of the associated risk of cyberthreats and data breaches, you will be globally competent in your profession.

One does not require a crystal ball to see how digitalization and artificial intelligence can become transformative in this profession. Some key areas come to mind:

- **Increased Automation:** Automation will continue to transform the accounting profession, freeing up accountants from doing debit and credit entries and reconciliation to focus on higher-value tasks. Indeed, this also poses emerging risk as AI may start making incursions into areas and services reserved in the past for accountants. We have seen this in the automation of CPA and tax services in OECD countries. What will your response be? Accountants will need to develop their advisory skills to provide more value-added services to clients, as mundane and routine tasks will be taken care of. Such areas of advisory will include financial strategy, investment and market information, understanding of ever evolving government regulation etc.
- **Data Analytics:** Data analytics will become an essential skill for accountants, enabling you to provide more insightful advice to clients by leveraging millions of data points.
- **More Collaboration with Other Professionals:** Accountants will need to work more closely with other professionals, such as data scientists and IT specialists. This will be an important choice for your profession and will be vital in determining how you will survive and thrive in this digital age.

To keep up with the times, remain relevant and ensure an exciting future, the accounting profession must scale up commitment to the following challenges:

#### **Increased Use of Technology:**

- Leveraging technology to improve the efficiency and effectiveness of financial management and reporting;

- Keeping up with technological advancements, such as cloud accounting and artificial intelligence, due to limited resources and lack of expertise;
- Electronic payments that improve the efficiency and transparency of financial management.

**Capacity Building and Training:** Continuous learning and capacity-building programs to build the skills and expertise of practitioners and professional development to stay up to date with emerging trends and technologies;

**Monitoring and Evaluation skills:** Improving Monitoring and Evaluation skills, essential for improving effectiveness and impact;

**Promoting Financial Literacy:** Raising financial literacy among the general public and small business owners due to limited resources and expertise.

### **Accountancy and the Bottom of the Pyramid**

Ladies and Gentlemen, this keynote address will not be complete if I do not find a way to discuss my area of primary engagement – the bottom of the pyramid (BOP), I crave your indulgence as I do this – after all, it is also an expression of the liberty of choice which you generously extended to me. My involvement at the BOP started as an academic interest, then turned into an area of professional interest, then grew into a hobby and has now metamorphosed into a full time engagement, building a national and Global Tier One institution and provider of employment for close to 4,000 Nigerians from all parts of the federation, becoming major player in the financial inclusion subsector and extending over 13 million credits since its inception in 2006. From a modest beginning as a one branch enterprise in obscure Ejigbo, Isolo, the institution has expanded its services from financial intermediation to an integrated ecosystem offering a range of financial services, micro insurance, health management, consultancy, research and advisory services, mentoring and education, the latest addition being Amadeus University, Amizi which welcomed its pioneer students last month.

I am of course talking about Grooming Centre, which I founded. A major driver of the growth of the Centre has been transparency in financial management, building and imbibing a discipline of adherence to both internal controls, external auditing and international rating from inception using the services of qualified accounting firms and financial managers. The tenets of the discipline are even being extended to our members and clients - from imparting simple bookkeeping and inventory management skills to them, to providing a simple digitized accounting application called SMARTBIZ to help them manage their businesses and gain a better understanding of their financial bottom lines. Clearly the accounting profession plays a core role in understating the work in this field of finance which is dedicated to contributing to the attainment of SDG 1 (eliminating poverty) in particular and, indeed, to most of the other SDGs. My own experience on this journey has shown the relevance of accountancy to this important area of work that opens the doors of financial inclusion to millions of Nigerians who are totally underserved by our banks and our other conventional financial institutions. One major lever of the profession in this field is improving the efficiency and effectiveness of

services offered by actors and stakeholders – ranging from microfinance institutions and microfinance banks to payment services, audit and advisory firms, as well as tax and regulatory agencies. The other major area of relevance, and this is largely ignored by your profession, is building the capacity and empowerment of microentrepreneurs and small businesses, by contributing to increasing the financial literacy and capabilities of these important actors. This alone will unlock trillions of Naira in value! Imagine the ripple effect of having clear and accurate financial insights into the small and microbusinesses that make up the informal economy, which is responsible for 93% of employment and 58% of GDP in our nation – investment, market opportunities, growth and scale, as well as revenue opportunities for the government due to a widened tax net to fulfill the social contract. Just imagine. The opportunities are immense, and you must see the responsibility of your cohort in realizing this potential.

**Conclusion:**

The world is in constant change and flux and professions must remain alive and responsive to the challenges these pose. Responding to such challenges in innovative and strategic ways is the surest route to survival and I have tried to sketch some of the required responses in the preceding paragraph. But over and above these suggestions, the most viable response for survival is a commitment to continuous learning and professional development, which is one of the core foundations of the Institute of Chartered Accountants of Nigeria which you are being inducted into today.

To paraphrase Jacques Delors, we live in a learning world and imbibing a culture of openness to learning is the surest way to continued relevance. As the bird ENEKE said in Chinua Achebe's "Things Fall Apart" – since hunters have learnt to shoot without missing, a bird must also learn new tricks to survive. In the case of ENEKE, it was learning to fly without perching. In your case, it must be learning without ceasing.

Thank you for your attention.

*Godwin Nwabunika, PhD, MIOD*  
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