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THE SOCIAL CRM: TAMING THE WILD CHILD OF BIG DATA AND CUSTOMER RELATIONSHIP MANAGEMENT

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Contents

CEO MESSAGE: THE SOCIAL CRM: TAMING THE WILD CHILD OF BIG DATA AND CUSTOMER RELATIONSHIP MANAGEMENT

Prof Janek Ratnatunga

CEO, ICMA Australia

The single biggest difference between leads and prospects is their engagement!

In conventional business practice, data was collected as a recording activity with no formal recognition that this data was an important intangible asset. Transaction recording systems only collected and analysed data for specific purposes; e.g. retailers recorded sales for accounting, the number of visits in the advertising banners for calculating advertisement revenue and so on.

However, an organisation and its people collect and create vast quantities of ad-hoc data every day. An organisation learns something new and potentially valuable each time an employee picks up the phone and talks to a customer or supplier; a salesman goes out to meet a new sales prospect or follows up on a promising lead; a person visits the organisation's website; a customer orders a product or service, etc.

But where does this data go? It is saved into notepads or documents, on laptops perhaps; or even maybe it is just stored in a person's head. If that is the case, then choosing what to focus on can be a matter of guesswork rather than a rigorous exercise based on fact because: (a) details can get lost or forgotten; (b) meetings and phone conversations may not be followed up, and worst of all, if staff members leave, then all their knowledge may walk out of the door with them.

Customer Relationship Management (CRM) systems is the solution to this major issue as it takes this data and turns it into useful, actionable insight that can transform an organisation. CRM is a tool and strategy for managing customers' interaction using technology to automate business processes; and consists of sales, marketing, and customer service activities, with the aim of: (a) finding and attracting new customers, (b) nurturing them, and (c) retaining them for future business.

A CRM system helps organisations to keep their customers' contact details up to date; track every interaction they have with the business, and manage their accounts. These systems are designed to help an organisation to improve its relationships with its customers, and improve each customer's lifetime value. Businesses uses CRM in meeting customers' expectations and aligning with the organisation's mission and objectives in order to bring about a sustainable performance and effective customer relationships. The key way that data is organised in a CRM system is to classify potential customers as *Leads, Prospects and Customers*.

The single biggest difference between leads and prospects is their engagement: i.e. *Leads* are characterised by one-way communication, while *Prospects* are characterised by two-way communication. A Lead has reached out to a company – through a website visit, form or sign-up – and provided their information. Once the company has that information, the lead receives communications from the company with hopes of driving further engagement. More qualified leads may engage with the company, but there is no sustained back and forth.

Prospects, on the other hand, are created after a sales-ready lead is contacted by a representative of the organisation. In order to be elevated to the status of prospect, the lead has to engage in dialog with the representative (which initially may even be a non-human 'chat-bot'). This could take the form of a chain of online responses, email or SMS messages, a phone call, or a meeting. Samples, price quotations, demonstrations, etc. may be required at this stage.

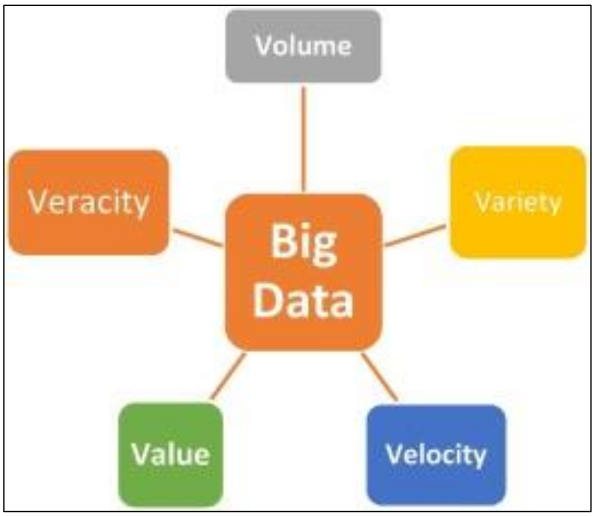
Ideally, a prospect is convinced by this dialog with the company, to buy the product or service, which then elevates the prospect's status to a 'Customer'. The tracking does not stop there. Customer behaviour is further tracked to determine its 'Loyalty' to the company's products and services. Various loyalty programs are devised to have the customer give repeat business, and to prevent becoming a Migrator.

Many organisations have made huge investments in their CRM systems, in order to collect, integrate, analyse data, and use it to run business activities. For example, in marketing activities as part of a traditional CRM system, leads, prospects and even past and potential customers are exposed to a lot of marketing messages on a routine basis. As these messages are not targeted to individual needs, many recipients just ignore those messages as they see no personal value in them. Emails are sent to the general public or to random leads, prospects and customers about an organisation's new product or service, and there is a significant fall-off at each stage of an email recipient: (a) seeing the message, (b) finding it has some information value to them, and (c) deciding to buy.

Email campaigns often have disappointing results because individual leads, prospects and customers feel that they are bombarded with spam; leading to an increased number of 'unsubscribes'. A marketing campaign should be designed with an understanding of an individual recipient's habits and behaviour and his/her perceptions of the product or service attributes, so that the messages received are perceived valuable for the recipient. Unfortunately, many organisations simplify marketing strategies by focusing a short-term relationship with large segments (of geographic, demographic and psychographic groups), assuming they all have similar wants and needs. Such an approach does not provide a company with a path of attracting, retaining, and having a long-term relationship with individual customers. Therefore, there is a need for personalisation and customisation of marketing that fits for each and every potential customer.

Big Data Analytics

The use of Big Data is a quantum leap from data analysis in traditional CRM systems (often by segmental groups), into a digital era where the huge amounts of data that the public generates in multiple sectors and industries, can be analysed by *individual* wants and needs. The amount of data captured, collected, and processed by organisation through digital sensors, communications, computation, and storage is valuable to businesses, sciences, government, and society at large. A large amount of data streaming from smartphones, computers, parking meters, buses, trains, and supermarkets are some of the sources from which data is captured. Search engine companies (such as Google) and social networking companies (such as Facebook) collect enormous amount of data per day and share this data to be analysed as useful information for their customers (e.g. for targeted advertising) as well as their own revenue generation.



Big Data's Components.

The purpose of ***Big Data Analytics*** is to gain value from volumes and a variety of data by allowing velocity of analysis. This is known as ***5 Vs model***: (a) Volume; (b) Velocity; (c) Variety; (d) Veracity and (e) Value.

Volume means processing massive data scale from any data type gathered. Big data is a particularly massive volume with a large data sets. Such data cannot be analysed its content using traditional database tools, management, and processing. *Velocity* means real time data processing, specifically data collection and analysis. Velocity processes very large data in real-time processing. Big data escalates its speed velocity surpassing that of old methods of computing. *Variety* is any types of data from various channels and includes: (a) Structured and unstructured data obtained from audio, video, image and online behaviour; (b) Location data for example from Google Maps, webpages, and text. *Veracity* refers to data authenticity of the data sources: i.e. web log files, social media, enterprise content, transaction, data application. Data need a valid power of information to ensure its authenticity and safety. *Value* comes from analysing and mining the data and statistical and other analytical calculations. This involves a large amount of computing power.

Big Data and CRM Systems

CRM systems, combined with big data, brings a promise of big transformations that can affect organisation in delivering CRM strategies: such as accurate and up-to-date profiling of target customers; predicting customer reactions toward marketing messages on product and service offerings; and creating personalised messages that create emotional attachment to the product or service offering. This enables a company to maximise its value chain strategies and provide accurate assessment measures of how effective its campaigns based on digital marketing are.

The combination of using Big Data in CRM can certainly enhance long term relationships with customers. An example of the successful usage of Big Data in CRM was when Netflix used big data to run their streaming video service. Instead of using traditional methods of data gathering, they were able to find out what their customers wanted in terms of customer selections, mainstream cinema reviews, and video streaming; and made measurable marketing decisions based on these analytics.

CRM coupled with big data features enables more aggression in term of 'push' marketing strategies (such as notifications through smartphones) to the potential target audiences. Web/Apps users who make comments, such as 'liking' a page, or returns to the Web or Apps are potential customers who are targeted for push notifications. Technically, there are many third parties for Apps or Web sites that can help business to set up push notifications to targeted users. Notifications can be set up to be auto generated, or manual, whenever new content is available; and to be directed at a potential customer's convenience in the form of text messages, link sharing, or smartphone notifications.

Customer Profiling

Organisations derive business value from leveraging personalisation. Customer profiling can gain invaluable insight from the big data analytics and create a competitive advantage. Some example for customers' profiling of services include: Amazon.com, which developed a system of product recommendation based on their analysis of customers' previous purchases data and UPS, the package delivery company, which created an application to redesign their drivers' daily routes to achieve fleet optimisation by looking at the purchasing behaviour coupled with the location of the individuals who used their delivery service.

Customers' profiling is possible through big data analytics because the organisations have access to more accurate data and can discover the value of the hidden data connections and patterns. CRM team generates customers' knowledge profiling to enhance businesses and understand precisely target audience, personalise message for each potential customer, and tailor the message to fit with the individual customer's interest and preferences. CRM with big data analytics can also develop comprehensive knowledge of customers product usage for service-related decision making. For example, Roll Royce applies big data analytics in the aircraft engine-manufacturing and service sector, and uses the results to predict when and where breakdown of aircraft engine might occur by installing sensors to collect data directly from the engines Hence, RR does not only just sell engines, but it also sells packages of both engines and monitoring services that generates profits by charging customers based on usage, repairs and replacements. This service currently accounts for more than 70% of RR's annual revenue in its aircraft engine division, and is a good example of leveraging big data to create a competitive advantage.

Customer profiling is also possible because Big Data with geolocation analytic capabilities promotes quick and appropriate marketing strategies. Companies can be quicker than their competitors in marketing a product or service at an acceptable price, by understanding the purchasing power of potential buyers from data of their financial strength. Netflix detects traffic details of customers' views to spot problems in an area, and adds systems that can help the company to predict targeted future demand.

Big data also reduces the maintenance costs of CRM systems. The emergence of cloud computing has enabled big data analytics to be cost efficient, easily accessed, and reliable. Whenever data analytics go down, it impacts on marketing activities and causes customers to mistrust the system. As such, reliability is a competitive advantage of cloud computing in big data applications.

Social Networks

The concept of a 'Social Network' defines an organisation as a system which contains objects such as people, groups, and other organisations that are linked together by a range of relationships. Big Data Scientists recognise that the Web today is a ***social network*** having many *Collaboration Platforms* like wikis, blogs, and social media; all aiming to facilitate creativity, collaboration, and sharing among users for tasks (other than just emailing and retrieving information).

While in-person social networking - such as gathering in a village market to talk about events - has existed since the earliest development of tribal groups, the Web enables people to connect with others who live in different locations, ranging from across a city to across the world. The success of social networking services can be seen in their dominance in society today, with Facebook having a massive 2.41 billion active monthly users. LinkedIn, a career-oriented social-networking service has 600 million users, with about half being monthly active users.

Such social networks have empowered customers to make 'global conversation'; and for customers to easily express their opinions and expectations about product or services to a very wide circle. Film, restaurant, hotel, and tradesmen reviews sites are a plenty, and even doctors and university lecturers are being reviewed in these ad-hoc social ratings networks (Rottentomatos; Zomato; Trip Advisor and Airtasker are well known review sites).

The Social CRM

Whilst business organisation may utilise the increasing amount of big data found in people conversations for company's benefit, social networks can also hurt a company as they allow customers to express their complaints and negative opinions. As such, companies are realising that they cannot manage their customer relationship by only using traditional (in-house) CRM techniques, even if these are coupled with Big Data. This is because with external social networks, a company has very little control over a medium that can be used to communicate a political agenda to the public (such as negative reviews about the company's products and services) placed not only by disgruntled customers and employees; but also, by competitors.

In the context of customer relationships therefore, whilst social networks provide a means of strengthening relationships between customers and service providers; these may also be utilised to create long-term relationships between business organisations and their customers and public in general.

Adopting social networks into a company's CRM is known as ***Social CRM***; and developing one has become a 'must' strategy for any organisation today to understand their customers better. Social CRM has an impact towards multi channels relationships in all types of organisations – in both the public and private sectors. By playing a significant role in the management of relationships, Social CRM stimulates fundamental changes in a company's strategies based on an individual customer's behaviour gleaned from conversations in the social network combined with the company's CRM system. Some of the applications of SCRM are:

Social Engagement: SCRM tools allow businesses to better engage with their prospects and customers by listening to sentiments about their products and services.

Social Customer Service: Rather than companies delivering only outbound integrated marketing communications (e.g. media advertising), analysing inbound individual customer queries better allows for meaningful points of engagement for brand advocacy.

Personalized Marketing Strategy: The ability to create custom content is now increasingly dependent on access to reliable, qualitative social network user data to facilitate precise and individualised audience segmentation.

For example, Target, a department store was able to develop a sales predictive model by combining Big Data with the web browsing habits of individuals who visited its website. Red Bubble, an E-Commerce company is able to predict sales (by item for the coming month, by country) with a 95% accuracy, by tracking how much time an individual took in looking at an online item for sale on their website. YouTube uses the recommended systems to keep the user switching to content within YouTube (called 'down the YouTube Hole') without going to another streaming service. Also, an individual's Google search can result in a viewing suggestion on YouTube; and vice-versa.

IBM and Twitter are involved in a partnership on data analytics for the purpose of selling analytical information to corporate clients in order to provide businesses with Social CRMs of real-time conversations; in order for their clients to make smarter decisions. With IBM's analytical skills and Twitter's massive data sources, the partnership has created an interesting strategic partnership as both partners leverage on their respective strength and expertise.

But there are Privacy issues with Social CRMs.

Human beings value their privacy and the protection of their personal sphere of life. They value some control over *'who knows what'* about them. They certainly do not want their personal information to be accessible to just anyone at any time. But recent advances in information technology along with Big Data Analytics and Social CRMs have threatened privacy by: (a) reducing the amount of control over personal data, and (b) opening up the possibility of a range of negative consequences as a result of access to personal data.

As Big Data and Advanced Information Technology allows for the storage and processing of exabytes of data, organisations now have the technical capabilities to collect, store and search large quantities of data, including private telephone conversations, internet searches and electronic payments.

Unlike in a traditional CRM system, much of this information is collected without the knowledge of the individual provider of the information. Information is routinely collected on individuals who have never interacted with the company in any way; but may be a friend of a person who had inquired about a company's product or service. These data links are enough for such a third-party individual's data to be collected and mined.

For business firms, personal data about customers and potential customers is now a key asset. At the same time, the meaning and value of privacy remains the subject of considerable controversy. The combination of increasing power of new technology and the declining clarity and agreement on privacy give rise to problems concerning law, policy and ethics.

Data collection, information technology and the internet are highly unregulated, and there are no easy answers about the ethics in IT, nor who should be the arbiter (controller) of whether those ethics are employed. Ultimately, the problem is that technology moves too fast and governments move too slow.

Management Accounting Implications

Public or private organisations see the potential of big data and mining to be turned into big value by combining its CRM system with Big Data analytics. A sophisticated CRM system requires extensive support from accurate data analytics to ensure that potential customers are engaged and find value in their relationship with the company. Since customers make buying decisions every day - and every decision depends on a consideration of cost, benefits, and value - management accountants need to be very aware of the value-creation potential of marrying traditional CRM systems with Big Data analytics. Big data analytics aims to support customer relationship strategies so that organisation can quantify sales transactions, evaluate promotional campaigns, develop product awareness at an individual level, and build long term relationship and brand loyalty.

However, management accountants must also be very aware that the 'wild-child' that has emerged in the union of Big Data and CRM, called Social CRM, is very difficult to control, and can seriously affect corporate value if negative publicity about the company goes viral in social networks.

Professor Janek Ratnatunga, CMA, CGBA

CEO, ICMA Australia

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

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Registration Fee: (Early Bird)
A$ 29.00 (ICMA Members) & **A$ 490.00** (Non-Members)
(includes: Morning & Afternoon Coffee/Tea;
Lunch and Symposium Handbook)
Registrations Close on: 1 November 2019

Who Should Attend?
Professional Accountants (CMA, AMAs, CAs, CPAs, CIMA, ACCA), Academic Researchers, Financial Analysts & Controllers, Corporate Auditors, Accounting Standard Setters, Those interested in Sustainability and Governance

SPEAKERS

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RMIT UNIVERSITY

Prof Paul Mather
LA TROBE UNIVERSITY

Prof Carol Tilt
UNIVERSITY OF SOUTH AUSTRALIA

Prof Paul De Lange
UNIVERSITY OF TASMANIA

Prof Nava Subramanium
RMIT UNIVERSITY

Prof Damminda Alahakoon
LA TROBE UNIVERSITY

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2019 THE FRONTIERS OF ACCOUNTING SYMPOSIUM

AGENDA

8:45 am - Welcome Address
Prof John Miller, AO, Patron, ICMA

9:00 am - Overview of big data and data analytics
Prof Damminda Alahakoon, La Trobe University

9:45am - Potential analytics applications in Accounting
Prof Paul Mather, La Trobe University

10:30 am - Networking Opportunity
(Morning Tea/Coffee Break)

11:00 am - GRI sustainability reporting standards, and their applicability to developing countries
Prof Carol Tilt, University of South Australia

11:40 am - Future of the finance profession
Andrew Brushfield / Clinton Marks, Robert Half

12:20 pm - Accounting skills required for employment
Prof Paul De Lange, University of Tasmania

1:00 pm - Lunch Break

2:00 pm Announcement of 2019 Inductees to the ICMA Accounting Hall of Fame® and Management Accounting Hall of Fame®

2:10 pm - Mergers, restructures and Not-for-profit Sector: Potential roles of management accounting controls
Prof Nava Subramanium, RMIT University

2:50 pm Future of accounting work and the changing skills needed to succeed
Prof Brendan O'Connell, RMIT University, President, ICMA

3:15 pm - Networking Opportunity
(Afternoon Tea/Coffee Break)

3:50 pm The Service Revolution - Why finance leaders must push for innovation
Mr Stewart Marshall, Marshall Floyd

4:30 pm - Closing Remarks
Prof Brendan O'Connell, RMIT University, President, ICMA

4:40 pm - End of Symposium

REGISTRATION: 2019 THE FRONTIERS OF ACCOUNTING SYMPOSIUM

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FINANCIAL DISCRIMINATION AND FREE SPEECH: A DOUBLE-EDGED SWORD FOR SPONSORS LIKE QANTAS

By Janek Ratnatunga

I did not think I will be writing an article about the implications for finance professionals about the Australian Federal Government's draft 'Religious Discrimination Bill' which was released for comment on August 29, 2019. But write I must, as the implications for management accountants are significant enough to warrant comment.

I have two full disclosures to make in writing this opinion piece. First, I am one of the 30% of Australians that identified with 'No Religion' when the Census data was last collected in Australia. Second, I have not read the draft bill, and have formed my views based solely on media interpretations of the draft Bill.

The Bill protects against discrimination on the grounds of religious belief or activity in the multiple key areas of public life. This includes: employment, education, access to premises, goods, services and facilities, sport and clubs.

The bill covers both direct and indirect discrimination. According to media reports, the draft bill *"outlaws discrimination on the basis of religious belief or lack thereof"*.[i] Therefore, those with 'no religion' are also covered. For example, it would be *direct discrimination* for a company to refuse to hire atheists because of their faith "or lack thereof". It might be *indirect discrimination* for a company to require employees to come to a meeting on a Friday afternoon, which could disadvantage Jewish people who leave early on Fridays to observe the Sabbath.

However, the draft bill says "religious bodies" are not discriminating against a person by engaging, in good faith, in conduct that would be regarded as in accordance with its doctrines or beliefs. As such, religious schools would have discretion to employ staff of their own faith, and refuse employment to someone of another faith or one who has no faith at all.

Health practitioners would also be able to conscientiously object to providing a health service –such as abortion – on the basis of their religious belief. The bill is silent about finance professionals of the Muslim faith who conscientiously object to charging interest, as Islamic Sharia Law prohibits riba, or usury, defined as interest paid on all loans of money.

Of particular interest to finance professionals is that the draft bill would impose additional requirements on businesses with a revenue of at least $50 million a year when it comes to standards of dress, appearance or behaviour that limit religious expression. If a business imposes a restriction, it must prove this is necessary to "avoid unjustifiable financial hardship on the business".[ii]

This particular clause is being referred to as the *"Folau Clause".*

Mr. Israel Folau is a world-class player in the sport of Rugby Union, and was under contract by Rugby Australia. His contract was terminated after he said on his private social media in April 2019, that *hell awaited "drunks, homosexuals, adulterers, liars, fornicators, thieves, atheists and idolaters" if they failed to repent.*

Rugby Australia claimed that Mr. Folau had breached its code of conduct; whilst Mr. Folau launched legal action seeking an apology, $10 million in damages and for his rugby contracts to be reinstated. The case will go for trial in February, to the Federal Circuit Court in Melbourne.

The application of the 'Folau Clause' would mean that organisations would have to prove that their social media rules on religious expression – and subsequent actions taken – were in order to protect its brand. However, the impact on brand reputation is not an easy to quantify as it has both tangible and intangible elements. A favourable brand reputation means consumers trust your company, and feel good about purchasing your goods or services; and vice-versa for a negative brand reputation.

As such, the draft bill defines 'the impact on brand' in financial terms; i.e. as causing "unjustifiable financial hardship on the business". Such a calculation must be done by management accountants.

In terms of finance, Rugby Australia obtains its main revenue from ticket sales at matches, broadcast rights, government grants, and sponsorships. During the calendar years 2017 and 2018 Rugby Australia's total income was $267 million. Of that, sponsorship totalled $59 million (22%) and government grants totalled $29 million (10%).[iii]

As it is impossible to find a nexus between Mr. Folau's social media posts and fall in ticket sales[iv], the other two revenue sources' i.e. sponsorship and government grants would need to be examined for potentially unjustifiable financial impact. The revenue source that has garnered the most attention in the media is the actions of Rugby Australia's major sponsor, Qantas.

Qantas, Australia's premier airline, is a large corporate with a very outspoken Chief Executive, Mr. Alan Joyce; who has been vocal in his support of LGBTI rights. He was a high-profile corporate figure in the fight for marriage equality and Qantas is a sponsor of the Sydney Gay and Lesbian Mardi Gras.[v]

Mr. Joyce, said on June 16, 2019 in Brisbane that Folau's comment was "clearly inappropriate" and it was up to the Rugby Australia to fix it". However, on June 19 he said that "the insinuation the airline was involved in Folau's dumping was "outrageous", and that the firm had only asked RA what it was doing about the saga".[vi]

Qantas clearly has to distance itself from the Folau case, as it may be considered an accessory to any breach, and itself a target for legal action if Rugby Australia are found guilty of wrongful dismissal by the Federal Circuit Court.

This brings up an interesting conundrum for sponsors like Qantas in the light of the draft 'Religious Discrimination Bill'. Taking a hypothetical situation that the Folau case came up *after* the draft bill is passed in its current form, then Rugby Australia will have to prove that Qantas was going to pull-out its sponsorship to prove 'financial hardship'. On the other hand, Qantas would have to reject any such claim, or face the consequences of Mr. Folau winning his case and citing it as an be accessory to any breach.

Clearly, corporates will need to be very careful as to whom they sponsor, and who is sponsoring them. This is also true of large organisations like universities who have been the subject of much debate regarding external sponsors and their influence on 'free speech' at their institutions.

Take the case of sponsorship money obtained from the China based *Confucius Institute* network. This network has been created to spearhead the teaching of Chinese language and culture worldwide, as well as acting as a vehicle through which to strengthen economic and business ties. Confucius Institutes are in place across the USA, Europe, Asia and Oceania; with 14 in operation across Australia, including *The University of Melbourne*.

In a hypothetical example, what if a University of Melbourne academic placed on his or her private social media a post "very supportive of the Dalai Lama returning to Tibet and rejuvenating Buddhism there"; and as a consequence, there was a possibility of sponsorship from the *Confucius Institute* being pulled out? Would the university be justified in terminating that academic's contract under the *'Folau Clause'*?

Another example of sponsorship at universities is the setting up of the *Ramsay Centre for Western Civilisation*, with its objective of advancing studies and discussion of western civilisation; and establishing scholarship funds and educational courses in partnership with universities. What if an academic in a university to which the Centre has provided a scholarship funding, says that "the only thing that western civilisation has done is to spread Christianity with the gun". Would the university be justified in terminating that academic's contract under the *'Folau Clause'*?

Whilst both these sponsoring organisations have objectives that appear unrelated to religion, neither did Qantas and Rugby Australia. It is the social media posts of those who are contracted by them that got these organisations mired in controversy.

This brings up a final question. Should corporates give their views on social issues unrelated to their core business? Corporates are justified in pulling out sponsorship deals with individuals and other organisations for bad behaviour, sexual discrimination and the like, both publicly and privately. But commenting and threatening to pull out sponsorship on private post by employees or other contractors on religious issues that have little or no nexus with their core business is another matter.

Qantas Chief Executive, Mr. Alan Joyce's high-profile corporate backing in 2017 in the fight for marriage equality and Qantas' sponsorship of the Sydney Gay and Lesbian Mardi Gras are examples corporate views that have no bearing on core business. And, given that Qantas is a public company and has shareholders and other stakeholders having very diverse views on social issues that have a religious undertone, one cannot automatically assume that the CEO's views are same as the corporation's views. A proper stakeholder audit needs to be done to ascertain this.

The social commentary made from his position of CEO made Mr. Alan Joyce a target for some on the right of politics, including then Home Affairs Minister Peter Dutton, who notably said in 2017 that, "CEOs should stick to their knitting".[vii]

This will be good advice should the draft 'Religious Discrimination Bill' be passed in Parliament.

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

[1] Julie Szego (2019), "A Righteous Anger: Discrimination bill saves the religious lobby from themselves, Sunday Age, Opinion, Sept 1, p.32.

[2] Judith Ireland (2019), "What are the new religious discrimination laws about?" The Age, News, August 30, p.9

[3] "Rugby Union 2018 Annual Report". Rugby Australia. 7 April 2019. p. 50.

[4] One could even argue that Rugby Australia brought about its own financial demise, as not having its world-class player in the team would have diminished ticket sales.

[5] Benedict Brook (2019), "Sponsors in line of fire over Folau sacking', news.com.au. July 2.

[6] Chris Merritt (2019), "Sponsors may be liable for compo if Folau wins case", The Australian, Business Review, July 2, p.3.

[7] Benedict Brook (2019),

ALL THE SIGNS WERE THERE: LESSONS FROM THE COLLAPSE OF WHITE RIBBON AUSTRALIA

by Michelle Cull, Western Sydney University; Nicole Ibbett, Western Sydney University, and Ushi Ghoorah, Western Sydney University

Few Australian charities have been as high-profile as the **White Ribbon** organisation. In its stated mission to prevent men's violence against women, it garnered the support of politicians, sporting champions, celebrities and the general public.

But now White Ribbon Australia has collapsed under the weight of its debts, after **losing A$840,000** last financial year. Clearly something went very wrong. Understanding how this could happen is important. We have a collective interest in ensuring charities are run well. Australians donate more than **A$12 billion a year** to charities and not-for-profit organisations. Donors want their contributions to make a positive difference. It's important for society that they do.

But too few of us know anything about the inner workings of the organisations to which we donate. We trust regulation to ensure they are well run and spend donations efficiently and effectively.

Accounting experience

Charities are regulated by the **Australian Charities and Not-for-profit Commission**. It has **governance standards** that state organisations should be run by "**responsible persons**" in an "accountable and responsible way". A clear problem with White Ribbon Australia is with how it ensured this at board level. Its directors had relevant skills and qualifications, particularly in social work. But was only a few months ago that it added someone with a strong accounting background – KPMG partner and qualified auditor **Julian McPherson**.

By comparison, more than **a third of directors** on the boards of the Australian Securities Exchange's top 200 companies have accounting and finance backgrounds.

Directors of large listed companies are, of course, usually well paid compared to not-for-profit board members (who may not be paid at all), but White Ribbon Australia still should have recognised the need for certain skills on the board. It might have ticked the box on some **diversity criteria** but it appeared to have failed on others.

Shuffling deckchairs

It's important in any organisation to get the balance right between stability and renewal. Changes at the top of White Ribbon Australia could well have contributed to its troubles.

Libby Davies retired **in July 2018** after eight years as chief executive. Her replacement, Tracy McLeod Howe, **lasted just three months**.

McLeod Howe's replacement, Delia Donovan, took over in an **acting capacity** in November 2018, before being formally appointed in March.

Chairman Nicholas Cowdery meanwhile resigned in October 2018 due to criticism of **comments he made** about convicted baby killer Keli Lane.

Another director, Dan Gregory, left the board in April 2018, with three new board members – Trish Egan, Sean O'Brien and Vanessa Swan – appointed since December 2017.

While some **board refreshment** can help provide a new perspective to an organisation, high turnover of board members can signal underlying issues and instability, with a higher risk of poor financial performance and poor management oversight.

Flash over substance

White Ribbon Australia's annual report was full of pretty pictures and charts but otherwise superficial. There was limited financial disclosure and minimal information within the notes to the financial reports, which were not included in the annual report.

Given this was a relatively large registered charity, with an annual revenue more than A$1 million, the lack of detail was a clear warning sign.

This is confirmed by the audited financial statements the charity was required to lodge with the Australian Charities and Not-for-profits Commission, which can be accessed **via the commission's website**. A quick analysis of the income statements reveals:

- revenue from sales of merchandise (such as white ribbons and wristbands) declined from A$1,197,445 in 2017 to A$723,729 in 2018
- employee costs jumped from about A$2 million in 2016 to nearly A$4 million in 2018
- "other expenses" were A$750,000 in 2015, almost A$850,000 in 2017 and more than A$1 million in 2018
- "other admin expenses" of nearly A$2 million in 2017 and 2018 for which no additional information was available within the notes to the financial statements.

The annual report's commentary focuses on income and expenditure while neglecting cash flow. But it is cash flow on which an entity usually depends to continue trading. White Ribbon Australia had negative cash flow; it spent more money than what was coming in. Last financial year it borrowed almost A$300,000 to keep operating. This was unsustainable.

Regulatory responsibilities

So all the warning signs were there, for those with the management and accounting knowledge. Leadership was in flux. Some traditional sources of revenue were declining. Expenses were increasing. Reports were light on detail and heavy on pretty graphs and "highlights". Income and expenditure information was summarised in the form of pie charts, making year-to-year comparisons difficult.

Perhaps the regulator should do more than simply require large charities to lodge financial statements. It could be more prescriptive with the financial disclosures it requires organisations to publish. One suggestion is that organisations produce a one-page "**snapshot**" document facilitating comparison with other organisations.

Without enough accountability and transparency, we will end up with similar situations.

Michelle Cull, Senior Lecturer in Accounting and Financial Planning, ***Western Sydney University***; **Nicole Ibbett**, Lecturer – School of Business (Accounting), ***Western Sydney University***, and **Ushi Ghoorah**, Associate lecturer, ***Western Sydney University***

2019 GLOBAL HALL OF FAME INDUCTION DINNER

MANAGEMENT ACCOUNTING HALL OF FAME®

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The Council of the
Institute of Certified Management Accountants cordially invites you and your partner to the Global Accounting Hall of Fame Induction Dinner.

Mr. John Stanhope (Chairman of Australia Post and Chancellor, Deakin University) will be the Guest of Honour.

At the event, ICMA will be inducting

Ms. Adele Ferguson, the multi-award-winning business writer, columnist and author for leading newspapers, and a regular guest reporter on ABC television

Mr. Ronald Pitcher the founder of Pitcher Partners, a National and International Firm – which is now Australia's largest "middle market" Accounting Advisory Firm to the Global Accounting Hall of Fame; and

Dr. Samer (Sam) Shahin the Executive Director of Peregrine Corporation, Australia's 11th largest private company to the Global Management Accounting Hall of Fame.

When: 6.30pm on Wednesday, 20th November 2019,
Where: *Bayview Room 4*, RACV Club, 501 Bourke St, Melbourne

Event Registration: https://www.cmawebline.org/ontarget/events/hall-of-fame-awards-night-melbourne-australia/
There are only 60 seats in the venue, so please Register ASAP

CMA AUSTRALIA | Certified Management Accountants

A WARM TO WELCOME NEW MEMBERS (JULY TO SEPT 2019)

Abadiano, Sherwin Rose
Adnan, Nurlaila
Afa, Syarifarudin
Ahammad, Kamal
Al-Bayati, Mohammed
Alcones, Berly Joy
Al-Duais, Shaker
Alenton, Jun Brian
Ali, Muladi
Alvero, Jian Carla Angela
Alvero, Jian Carla Angela
Ambalangadan, Mohammed
Andri Santosa, Yagi
Antoro, Syah
Ardiansyah, Dony
Asiyah, Siti
Azim, Mohammad Nurul
BaÃ±ares, Stephanie
Baccay, Nicole Grace
Baloaloa, Christine Joy
Bandiyono, Agus
Baroto, Widiantoro
Bayu Putra, Cokorda Gde
Bayu Rini, Rr. Siti Maesaroh
Bernardo, Reigna
Bhuiyan, MD Borhan
Budiyantoro, Cosmas
Cahya, Jordan
Calderon, Jocelyn
Cardenas, Sheila Marie
Castillo, Liezl
Catherine, Melissa
Chan, Kam Fai
Chan, Kin Yuen Claudius
Chio, Chon Hong
Chowdhury, Sree Anupam
Chua, ThriÃ±a Joy
Cortez, Adrian
Daguplo, Christine Joie
Darmawan, Jaka
Dayego, Clarisse
Desierto, Analyn
Diandra, Jefferson
Dominguez, Clea
Domio, Winnie Anne
Dsa, Josline
Eliezer, Mikhael
Eulogio, Geormil Jehn
Ezhuthachan veedu, Sujesh
Fadjarenie, Agustin
Francisco, Ruby
Franco, Nelricia
Fung, Ming Yan Tammy
Garg, Amit
Gavilan, Mary Grace
Glodoviza, Nolan
Guntoro, Anthony
Halim, Christine
Handari, Dita
Hariyanto, Alvin
Hartanto, Dea
Hartono, Trie Rundi
Hassan, MD Sayed
Hau, Kin Chong Stephen
Hossain, Mohammad
Hui, Tang Wan Miranda
Huy, Sokuntheary
Ibrahim, Fatima
Im, Kai Chuen
Ip, Tsz Hin Max
Islam, Md.
Jabbar, Rafi
Jacomina Hehanussa, Salomi
Junaid Alam, Mohmed Masroor
Kallingal, Ahsan
Kam, I Teng
Kamil, Ihsan
Karyani, Etikah
Khan, Imtiaz
Kibria, Ahmed
Kizhakkethalakkal, Sayeed Ali
KM, Damichan
Komalasari, Agrianti
Kristianto, David
Kwistianus, Hendri
Kwong, Chun Yiu
Lam, Sau Chu
Lee, Suen Luk
Lee, Yin Ling
Leung, Kwok Tung Fredric
Leung, Siu Hong
Lieanto, Hemawidya
Limantara, Nikita
Liu, Kam Hon
Liu, Yin Wa
Ludy, Michael
Luk, Pok Yin
Macanas, Edralin
Maksum, Azhar
Martanti Endah Lestari, Retno
Menrige, Evelyn
Mills, Elliot
Mohibbullah, S. M.
Mohiyudeen, Thaha
Montenegro, Martin Reimbert
Muslihah, Siti
Mutto, Louisa
Nair, Arun
Narvaez, Jean
Nasution, Fahmi Natigor
Ng, Siu Fung
Ng, Wai Cheong
Nichani, Kailash
Nuon, Sreyneang
Nusraningrum, Dewi
Oktyawati, Dianila
Orprecio, Geoffrey
Pagaling, Jayrald
Panhathodiyil, Mohamed
Paramboor, Abdul Saleem
Parvathinilayam, Nishanth
Payakun, Rumiyati
PeÃ±a, Mershelle
Po, Promena Giselle
Policarpio, Desiree
Prajugo, Johannes
Punzalan, Janette Mae
Purwadi, Dadi
Quiddadoen, Gianni Isaiah
Ratnaraja, David
Rayo, Erika Joy
Rayos, Liberty
Riwayatun, Endah
Ruz, Lydee Rose
Sabig, Imee Jane
Saguid, Janice
Saguid, Janice
Salcedo, Maria Patricia
Sanijon, Rechel Mae
Santos, Arla Vianca
Shenjaya, Silviana
Shum, Ching Hei
Sia, Harpreet Singh
Silva, Duminda
Singh, Sheryl
Soliman, Georgie Mae
Sugiri, Slamet
Suliyanto, Cahyo
Supangat, Stellania
Sytico, Tanica
Tacherpadikkal Thazhath, Ajmal Ahammed
Tanzil, Samuel
Tarriela, Ronyka Marie
Thennakoon, Sujeewa
Tholiyil, Jidesh
Tiamsim, Nicholson Borj
Tiangha, Francis Ian
Tin, Shirley
Tjondro, Aldo
Triana, Shelly
Tse, Kai Hung
Uy, Menchie
Valdez, Rafael
Vania
Very Wealthy, Gusti
Villanueva, Abbyghail
Villanueva, Elton John
Vivekanandan, Arun
Vivian
Wibisono, William
Wie, Kok
Wijaya, Halim
Wong, Mei mei, Agape
Wong, Nga Man Arwinna
Wong, Yan Wai George
Yenawan, Swenjiadi
Yugono, Agustine
Zamzami, Faiz
Zantye, Rahul
Zhang, Yan

AUSSIE DIRECTORS FACE GROWING EXPECTATION GAP

Seven out of 10 Company Directors believe there is a gap emerging between the role and purpose of the board and what the community expects of them according to PwC Australia's inaugural ASX 300 Many Hats non-executive directors survey.

The survey, which was completed by 112 Directors from ASX 300 companies, also shows that more than one third of respondents believe recent governance developments, such as the Financial Services Royal Commission and APRA's report into the CBA have been a catalyst for significant change, with many others commenting on the need for moderate refinements.

Chairman of PwC Australia's Board of Partners Peter van Dongen said, "While Australia's top Directors have had their ears finely tuned to governance changes, one of the frustrations we're hearing from Directors is what they perceive to be an unrealistic expectation around what the board is responsible for.

"Directors are concerned that there is confusion around the purpose, role and obligations of Directors, versus the role of the management team."

Nearly half of those surveyed said there had been either a significant (6%) or minor (38%) extension of the boundary of responsibilities between Board and management in response to recent governance developments. Many highlighted they are also doing much more in their roles – including more 'deep dives' (80%) and devoting greater time to 'connecting the dots' and contemplating emerging issues.

"As one Director commented, the boundary remains the same but what is expected of Boards to satisfy their duties on their side of the boundary has expanded," Mr van Dongen said.

"Many also said they felt a greater need to verify, validate and probe management's representations and actions to the Board."

Mr van Dongen said that while you would expect Boards to be considering their role in light of recent governance developments, it was vital that the boundary between Boards and management remains crystal clear.

"Non-executive Directors are not executives and if they are expected to operate as executives, their independence of thinking, challenge to management and advice will be lost, significantly reducing the value delivered by a Board of Directors."

Directors are also concerned that if the expectation gap is not closed, it may lead to an exit of talent from the Director pool and a flight to private company boards where the glare of the public company spotlight and regulatory overlay is not as strong.

"More than a third of Directors believe increased expectations on Directors of listed companies could become a deterrent to potential candidates for board positions," Mr van Dongen said.

"The talent trap is particularly bad in financial services with only 62% of Non-executive Directors confident their Boards will find the talent they need, compared to 83% across other industries.

"A number of leading recruiters have shared with me that five years ago candidates were knocking at their doors for board positions on financial services companies. Today, there are a lot less knocking because people are not willing to take on the time impost and personal risk now associated with these Board positions.

"A seat at the Board of one of Australia's top listed companies was once a coveted position for a high performing executive. Today, this talent is increasingly considering directorships with innovative private companies as a more attractive destination post their executive career."

Culture number one priority

The number one step Boards are taking in response to the royal commission is to invest more time in corporate culture (77%), and more than two thirds are investing in more sophisticated ways to monitor culture in their organisations.

"With Commissioner Hayne reiterating that boards are on the hook for culture and an increasing acknowledgment that many of the recent shortcomings have a direct link to culture, it's not surprising that Directors are investing more of their time in understanding these issues. And there has been a ripple effect beyond financial services," Mr van Dongen said.

"96% of the Directors we surveyed said they are clear on what they want their desired culture to be, with slightly less (87%) feeling like they are across the current day to day reality, including sub-cultures and negative traits that need to change.

"While corporate culture has for a long time been considered important for strategy execution, never before have we seen the level of urgency to remediate the liabilities it might create. We are seeing an uptick in focus on culture, particularly by regulated institutions, which recognise that while changing culture can be challenging, shifting critical behaviours is achievable within reasonably short timeframes and has considerable rewards.

"Boards are getting involved by setting the tone from the top and pushing for better insights to monitor whether the desired culture is being lived and breathed right throughout the organisation and whether breaks in culture are being adequately echoed back up to the Board."

The rise of the customer voice and non-financial risk management

When asked what changes to management reporting would be most useful, the top two responses from Directors were more detailed reporting on non-financial risks (57%) and customer insights (55%).

"Better oversight of non-financial risks and customer outcomes were strong themes throughout the survey," said Mr van Dongen.

"Unsurprisingly, Directors in the financial services sector were most passionate on this topic, with 72% indicating richer reporting on customer outcomes would be most helpful to the Board, compared to 48% across other sectors.

"Many B2C companies are already responding to this challenge by lifting the voice of the customer across the organisation and ensuring customer interests are consistently at the forefront of decision making."

Boards also recognise the need to carefully balance the interests of shareholders, customers, employees and the community in the Boardroom, however, they are also acutely aware of how difficult this is to achieve in the face of the relentless market demands.

"Many of the Directors surveyed commented on the misalignment between the time horizons of institutional investors with those of the company, with little patience for longer term strategies that could impact short term performance," Mr van Dongen said.

"The solution Directors pointed to was a need for improved transparency and communication with investors and taking the time to explain the benefits of longer-term plans and how, sometimes, short term growth may not be in the best interests of the company in the long term.

"As one Director commented, we need to get better at explaining to shareholders why we take measures that have long term payoffs; what we know is that taking short term decisions is costly in the long run."

Remuneration reform starting to strike

Following the release of APRA's draft prudential standard on remuneration in late July, PwC asked ASX 300 Directors in a separate survey about its likely impacts.

Of the 130 Directors that responded, 41% said it will result in more change than they were anticipating making around remuneration (35% slightly more and 6% significantly more) and 38% believe it will result in a substantial (an extra 5-10 hours) or major change (an additional 10+ hours) to their roles and workloads.

"While APRA's draft prudential standard on remuneration directly impacts regulated entities, it will have a knock-on effect across industries as it starts to become the gold standard that all boards work towards," said Mr van Dongen.

"PwC's FY18 executive remuneration trends report shows there has already been an increase in the prevalence of non-financial metrics in remuneration outcomes, reflecting a push by boards to assess performance more holistically and beyond financial measures.

"With more prescriptive requirements, including for financial metrics to be capped at a weighting of 50 per cent, and for more substantive deferrals to apply for longer periods, APRA's standard helps provide boards with the clarity they need to go forward with remuneration.

"However, its impact cannot be underestimated, and the challenge ahead for Directors is to work out how to execute on APRA's full package of remuneration measures practically, without adding additional complexity to an already complex process."

SHORT-TERM ASSIGNMENTS ATTRACT THE SENIOR END OF TOWN

More than one in five organisations (22%) have employed temporary or contract staff at the senior level over the past year, with another 6% utilising executive or c-suite candidates for short-term needs, according to recruiting experts Hays.

Of the more than 3,400 organisations surveyed as part of the annual **Hays Salary Guide**, 58% also utilise temporary and contract staff at the entry-level and 59% do so at the mid-level.

"Temporary candidates at the senior and executive levels are typically called upon to run a project, manage transformations or provide non-core skills that are only required for a short period of time," says Nick Deligiannis, Managing Director of Hays in Australia & New Zealand.

"The lengthy nature of senior and executive recruitment processes also leads many employers to call in a candidate who can ensure business as usual until a new permanent employee can commence," he said.

Data from the recruiter shows that 48% of employers look for temporary candidates who can bring problem solving skills to a team. This is followed by communication skills (43%), technology and digital and trade-specific skills (both 40%), critical thinking skills (33%), project management skills (28%) and stakeholder engagement skills (21%).

"Short-term assignments call for highly-skilled professionals who can add value from day one with little or no training and deliver specific goals over a short period of time," said Nick.

"Such jobs are not for everyone, but the constant variety, exposure to new systems and flexibility to select which assignments they'll accept do attract many. Temporary candidates also receive higher hourly rates compared to their permanent colleagues, which is another factor attracting people to this style of working."

"At the executive level, people looking to advance their career find that the exposure and real-life experience gained in temporary assignments helps them transition up into their first c-suite role. Those executives who are looking to transition down into retirement value the opportunity to work on a few select assignments each year."

ASIC PROPOSES BAN ON THE SALE OF BINARY OPTIONS TO RETAIL CLIENTS, AND RESTRICTIONS ON THE SALE OF CFDS

ASIC has released a consultation paper *Product intervention: OTC binary options and CFDs* (**CP 322**) on proposals to use its product intervention power to address significant detriment to retail clients resulting from over-the-counter (OTC) binary options and CFDs.

A binary option is an 'all or nothing' bet on the outcome of an event. A CFD is a contract on the difference between the opening and closing price of an asset.

Accompanying CP 322 is *Consumer harm from OTC binary options and CFDs* (**REP 626**), which provides a snapshot of the binary options and CFD market, describes the harm to consumers ASIC has observed and outlines ASIC's proposed product intervention orders.

The Australian market for binary options and CFDs is growing rapidly, with the number of clients more than doubling in the past two years to one million clients (99% are retail clients and the majority are based offshore). Licensed issuers of these products conducted 675 million trades with clients last year and earlier this year held $2.9 billion of client money for trading.

ASIC is concerned that retail investors have suffered, and are likely in future to suffer, significant detriment from binary options and CFDs.

During 2018:

- licensed issuers received gross trading revenue of $490 million from binary options and $1.5 billion from CFDs—which can largely be attributed to a combination of net client losses and fees and costs charged to clients
- CFD issuers automatically closed out 9.3 million client CFD positions in margin call, and
- over 41,000 clients' CFD trading accounts went into negative balance, totalling -$33 million (that is, clients owed money to the CFD issuer).

A review (**REP 579**) conducted by ASIC in 2017 found that:

- 80% of clients who trade binary options lose money
- 72% of clients who trade CFDs lose money, and
- 63% of clients who trade CFD over currency pairs lose money.

Complex product features, such as the high leverage offered in CFDs—as high as 500-to-1 for foreign exchange CFDs—or the high likelihood of cumulative losses inherent in binary options, have contributed to retail clients' financial losses and can often be misaligned with their needs, expectations and understanding.

In CP 322, ASIC proposes to:

- ban the issue and distribution of OTC binary options to retail clients, and
- impose conditions on the issue and distribution of OTC CFDs to retail clients.

ASIC Commissioner Cathie Armour said, 'For many years ASIC has taken strong action to protect consumers of binary options and CFDs, using the range of regulatory tools available to us. However, we are concerned that consumers continue to suffer significant harm from trading these products.

'A complete ban would prevent retail clients from losing money trading binary options. We believe binary options provide no meaningful investment or economic use, and have product characteristics similar to gambling products,' Commissioner Armour said.

ASIC's proposed restrictions on the offer of CFDs to retail clients include:

- imposing leverage limits, which are set out in Section F of CP 322
- implementing a standardised approach to automatic close-outs of client's CFD positions in margin call
- protecting retail clients against the risk of negative CFD trading account balances
- prohibiting certain trading inducements, and
- enhancing transparency of CFD pricing, execution, costs and risks.

ASIC's proposals are broadly consistent with measures implemented in many overseas markets.

ASIC seeks the feedback on its proposed product intervention orders by 1 October 2019.

Public consultation is required under the product intervention power provided to ASIC in April 2019, and any decision to make an order must be published in a public notice on ASIC's website.

Download

- **CP 322 and draft instruments**
- **REP 626**

Background and ASIC's product intervention powers

Under Pt 7.9A of the *Corporations Act 2001* (Corporations Act), ASIC may make a product intervention order when we are satisfied that a financial product available for issue to retail clients has resulted in, or will or is likely to result in, significant detriment to retail clients.

On 4 April 2019 ASIC published a media release welcoming the approval of new laws to protect financial service consumers (refer: **19-079MR**).

ASIC also published a media release on 26 June 2019 confirming that it initiated consultation on the administration of its new product intervention power (refer: **19-157MR**).

ASIC has taken strong action, and applied a range of regulatory tools, to address concerns in relation to binary options and CFDs. These include:

1. enforcement action to address instances of misconduct
2. public warning notices and other statements
3. surveillance projects and thematic reviews
4. stronger regulations, including the ASIC Client Money Reporting Rules 2017 which commenced on 4 April 2018, and
5. extensive retail client education campaigns and guidance for issuers of binary options and CFDs.

However, ASIC considers retail clients continue to suffer significant detriment from these products.

NEW STUDY URGES CEOs TO TAKE THE LEAD IN GOVERNMENT RELATIONSHIPS

CEOs were advised to take responsibility for their organisation's relationship with government and to work more closely with opposition and minor parties, according to a report by Korn Ferry: **Business and Government – a complex dance**. The report examined how business can build a better relationship with government, by seeking advice from those who had worked both sides of the fence: business leaders whose former careers were in politics and the bureaucracy.

The former politicians and public servants interviewed by Korn Ferry said the relationship between business and government needs to be stronger and that it suffers from a mutual lack of understanding.

According to the study, the value to society of a productive, working relationship between business and government is clear; government creates the policy environment – the levers – for the economy to grow and business uses those levers to create jobs and prosperity.

"Yet, despite the interdependent relationship between public policy and prosperity, most respondents to this research felt that in Australia, the relationship with governments should be stronger. While some respondents were slightly more optimistic, all agreed that over the past decade or more, the relationship between business and government could be improved upon," said Tim Nelson, CEO of Korn Ferry Australasia.

Respondents interviewed for the study said there are many factors that are creating tension between government and business; a mutual lack of understanding of how each operates, a 24-hour news cycle that doesn't allow for considered and careful analysis of issues; a lack of interest by government to engage with business and a lack of expertise by business to engage with government.

Study respondents also conveyed that there is a rise of the 'professional politician,' leading to a potential "weakening" in the pool of political candidates who have worked outside the political system and have an understanding of business. Plus, the fragmentation in Australia and New Zealand of the major political parties has broadened the number – and interests – of minor parties and independent politicians.

Respondents agreed that CEOs need to take responsibility for the relationship with government and that chairs can also play an important role. "It is clear that ministers expect to meet with the most senior people in an organisation. Government affairs practitioners and lobbyists play important roles, particularly in relation to intelligence, advice and by paving the way to high level meetings, but CEOs and at times chairs, need to be in the room when ministers are present," said Katie Lahey, Chairman of Korn Ferry in Australasia.

One certainty in politics is that opposition parties become governments at some stage and business is advised to meet regularly with the relevant shadow minister and start relationships when it is easier to form one. Shadow ministers are often more willing – and have more time – to meet with business.

"Business ignores opposition parties at their peril. The opposition – and in certain circumstances – the backbench and crossbench, influence policy and in many cases, can either smooth its path or halt its progress," said Mr Nelson.

REGIONAL OFFICE AND BRANCH NEWS

ICMA INDONESIA BRANCH AGM

The Annual General Meeting (AGM) of the ICMA Indonesian Branch was held at the IPMI Business School, on September 21st. 2019, with the Branch President, Mr. Daniel Godwin Sihotang in the Chair. As per the Constitution, the 2018 branch committee was re-elected unanimously for 2019.

- President: Mr. Daniel Godwin Sihotang, CMA
- Vice President: Mr. Iman Subekti, CMA
- Secretary: Mr. Inu Pinandito, CMA
- Treasurer: Mr. Nursakti Niko Rosandy, CMA

The Surabaya Chapter

- President: Dr. JosuaTarigan, CMA
- Vice President: Ms. Saarce Elsye Hatane, CMA
- Secretary: Ms. Priskila Adiasih, CMA
- Treasurer: Dr AnaSopanah, CMA

In the period 2018-2019, the Committee has been very dynamic and has organised many activities for the members conducting 13 seminar programs around the country and over 30 strategic alliances with universities in Indonesia.

ICMA INDONESIA "TRANSFORMATION FORUM 2019"

Whatever a company has a vision for the future, it must include digital transformation in order to grow. Aligning with this situation, on August 24, 2019, ICMA Indonesia conducted the successful first event in transformation with the topic *Digital Transformation Journey to Industry 4.0*. Continuing from the previous event about innovation, the transformation event focus on the awareness about various aspects in digital transformation. Finance and accounting professionals, especially management accountants should be aware about this challenge and prepare for the future in Industry 4.0.

ICMA Indonesia Branch President, Mr. Daniel Godwin Sihotang, with the group of participants at the Transformation Forum 2019. Also in the picture is Mr. Morlan Silalahi, the presenter; Inu Pinandito as moderator from ICMA Indonesia and Wijaya Karya and Mr. Nursakti Niko Rosandy.

The guest speaker was Mr. Morlan Silalahi, a *Smart Factory Practitioner in FMCG*, who shared the digital transformation journey to industry 4.0 - what happened in an 'internet minute', how the world is changing where 'data is the new oil'. Also covered were future megatrends, world and industry challenges, digital transformation core and enablers.

Mr. Inu Pinandito was the moderator from ICMA Indonesia and Wijaya Karya provided a high-level illustration of Industry 4.0.

CMA CERTIFIED Management Accountant
LEAN ACCOUNTING INDONESIA
UNIVERSITAS KRISTEN PETRA
IMAC 2019
2 December
International Management Accountant Conference
Lifetime Achievement Award
THE FRONTIERS OF MANAGEMENT ACCOUNTING
PETRA CHRISTIAN UNIVERSITY
AUDITORIUM Q
08.00 - 16.30
Prof. Slamet Sugiri
Gadjah Mada University Lecture
Prof. Brendan O'Connell
President
ICMA Australia
Dr. Chris D'Souza
COO & CFO
ICMA Australia
Prof. Janek Ratnatunga
CEO
ICMA Australia
Daniel Goldwin S.
President
ICMA Indonesia
Dr. Ricky Wang
Dean of Business & Economics
Petra Christian University
Ervina Waty
CFO Ismaya Group
Dr. Lenggogeni
Former CFO
PT. Industri Nuklir Indonesia
Dr. (Cand) Leonardus W.W.
CFO PT. Telekom
Indonesia International
Iman Subekti
Vice President
ICMA Indonesia
Josua Tarigan
President ICMA Indonesia
Surabaya Chapter
Saarce Elsye Hatane
Hon Secretary ICMA Indonesia
Surabaya Chapter
Dra. Jeanne Asteria W.
Lecturer UKDC
Dra. Choils Hidayati
Chief Economic Journal
Universitas 17 Agustus 1945
Surabaya
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Lecturer & Chief Editor
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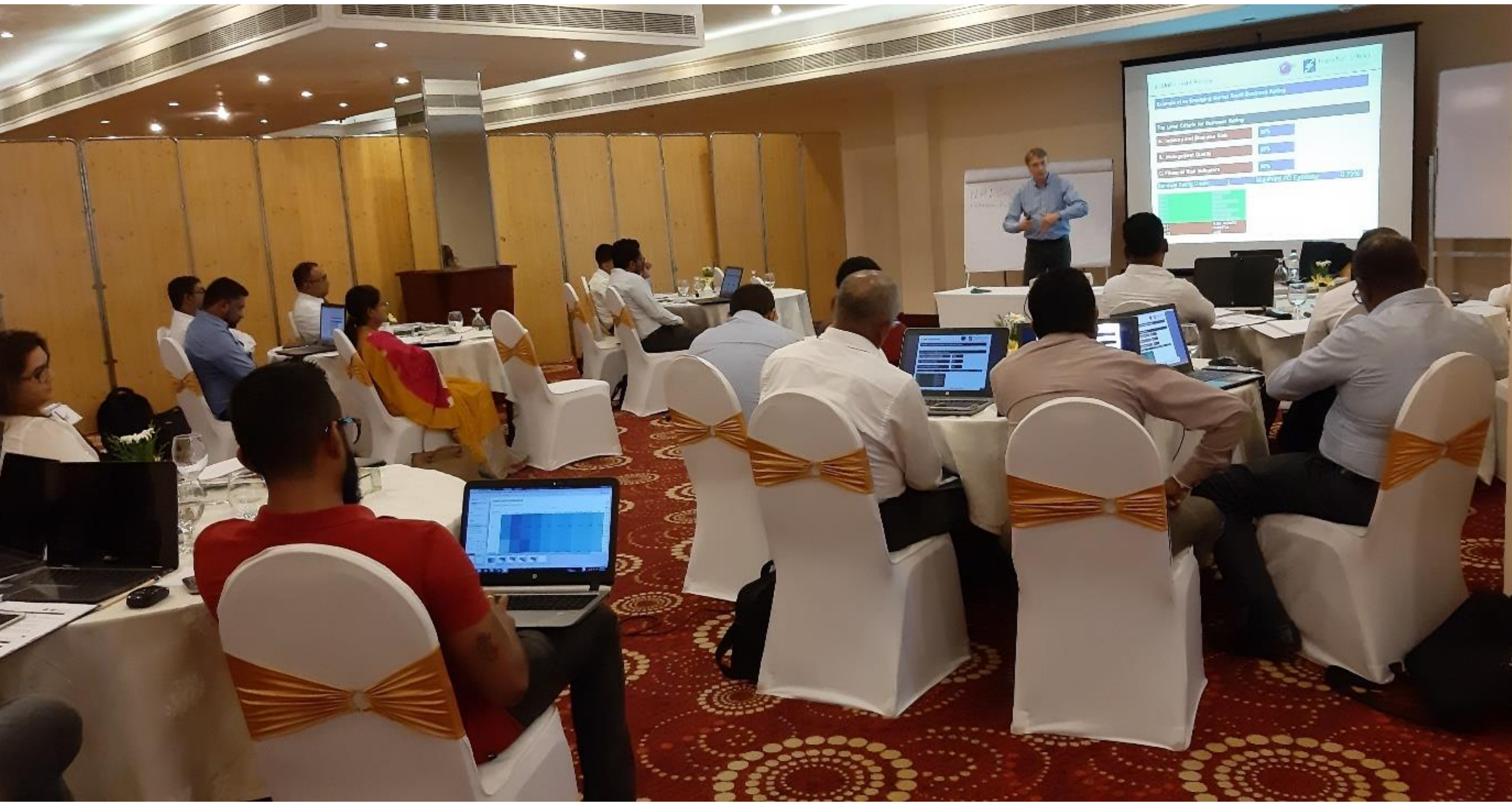
8 CPD

SRI LANKA CMA INTENSIVE PROGRAM

During the period Sept 27 to Oct 6, 2019, the 31st CMA Intensive program was conducted by Professor Janek Ratnatunga at the Galadari Hotel in Colombo Sri Lanka. The program is offered exclusively by the *Academy of Finance*, in Sri Lanka. Over 60 senior managers including CEOs and CFOs from all sectors of the Sri Lankan economy attended this program held over 7-days.

Students concentrating on the knowledge being imparted by Professor Janek Ratnatunga, the CMA Workshop facilitator



WORKSHOP ON CREDIT RISK ANALYTICS IN CONSUMER AND SME FINANCE

Another initiative of the ICMA (Australia) Sri Lanka Branch was a two-day workshop on *Credit Risk Analytics in Consumer and SME Finance* was held in Sri Lanka facilitated by ICMA (Sri Lanka) and the Frankfurt School of Finance and Management.

The objective of the workshop was to provide a practitioner's perspective on data-driven risk management in retail credit. The course delivered actionable tools and analytical insights for banks, leasing and finance companies active in consumer credit, housing finance, microenterprise and small business lending.

The facilitator was Dr Joachim Bald, who is Frankfurt School's most senior international advisor and a recognized expert in Treasury, Risk and Asset Liability Management.

The audience was risk managers, credit experts, internal auditors, management accountants, system developers and other professionals who wanted to sharpen their analytical perspective on credit risk. The methodology used was an interactive presentation with many numbered examples, extensive demo tools and case studies in Excel.

CMA EVENTS CALENDAR

- Certificate of Proficiency in Driving Business Value (SBA part 2), SMU Academy, Singapore 2 September 2019
- 1st CMA Train-the-Trainer Program, conducted by Academy of Management Accountancy, Kathmandu, Nepal 18 October 2019
- Environmental Social & Governance for Sustainability Colloquium 23 October 2019
- Certificate of Proficiency in Strategic Cost Management, SMU Academy, Singapore 24 October 2019
- Certificate of Proficiency in Marketing & Pricing Analysis (SBA part 1), SMU Academy, Singapore (2nd Intake). 1 November 2019
- Certificate of Proficiency in Driving Business Value (SBA part 2), SMU Academy, Singapore (2nd Intake). 3 November 2019
- 26th CMA Preparatory Program, SMART Education Group, Dubai, UAE 9 November 2019
- Hall of Fame Awards Dinner, Melbourne, Australia 20 November 2019
- Frontiers of Accounting Symposium 2019, Melbourne, Australia 21 November 2019
- ICMA Annual General Meeting 2019, Melbourne, Australia 21 November 2019
- Inaugural Singapore Global Hall of Fame Induction Dinner 29 November 2019
- International Management Accountant (IMAC) 2019 and Hall of Fame Awards in UK Petra Surabaya 2 December 2019
- Hall of Fame Awards, Philippines, 7 December 2019
- Hall of Fame Awards, Hong Kong, 11 December 2019
- Hall of Fame Awards, Hanoi 14 December 2019
- Hall of Fame Awards, India 18 December 2019
- 6th CMA Intensive Program at Mercu Buana 9 February 2020
- Certificate of Proficiency in Strategic Cost Management, SMU Academy, Singapore (3rd Intake) 6 June 2020
- CMA Preparatory Program (intensive), IPMI Business School, Jakarta, Indonesia 4 July 2020
- 2020 Certificate of Proficiency in Strategic Business Analysis, SMU Academy, Singapore (3rd Intake) 10 July 2020

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

Workplace Skills Development Academy (WSDA), Bangladesh

Ra-Kahng Associates Ltd, Thailand

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