



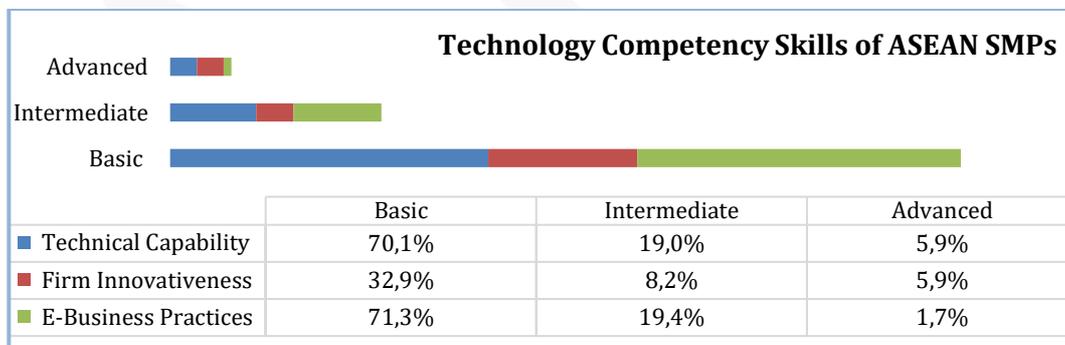
**PRESS RELEASE (December 2020)**

**AFA publishes the AFA Research Report 2020**

**Cost: Key Challenge Faced by ASEAN SMPs in Adopting Technology**

JAKARTA, December 16, 2020 – 71.2% of Small and Medium Practitioners (SMPs) opined that high investment cost is a major setback in their inability to adopt the latest technology, with the second biggest challenge being lack of IT knowledge amongst employees (59%). In terms of investment in IT, majority (41.9%) of the SMPs spent around 1%-5% of their total revenue for technology adoption, while 19.4% of SMPs spent less than 1% of their total revenue for this purpose. These figures are based on findings of the latest AFA Research Report 2020: ASEAN SMPs – A Report on Technological Competency Skills, done in five ASEAN countries (Cambodia, Indonesia, Malaysia, Singapore, and Thailand).

It is vital for SMPs to technologically evolve in its range of services offered to clients that are mainly Small & Medium Enterprises (SMEs). Nevertheless, from the findings, majority of SMPs interviewed possess only basic level of technological competency skills as these firms are more focused on surviving in the industry rather than improving their range of services. This issue will undoubtedly limit types and quality of services rendered by the SMPs.



On the implications of Industry 4.0 on the accounting profession, ASEAN SMPs stated that this phenomenon will increase the firms’ efficiency and productivity as well as creating new employments for IT advisory services. However, the number of SMP firms that provide IT advisory services to their SME clients is relatively low – only 33.3% of the SMPs interviewed employ IT professionals for advisory services while majority of them (66.7%) do not hire IT professionals in their companies.

In view of firm innovativeness, majority of the SMPs agreed that their firms are aware of the positive and negative impacts of IT (55.8%), adopt IT tools and platforms to improve productivity (50.5%), as well as use IT platforms to enhance business process and client engagement (38.2%). However, 36.5% SMPs stated the absence of computer-assisted



audit technique (CAAT) in their firms, which means they rely on specialised or customised audit software (27.5%), audit management software (23.4%) or generalised audit software (22.1%). In Indonesia, a collaboration between the Government and Indonesian Institute of Certified Public Accountant (IAPI) produced the ATLAS audit software in order to improve SMPs technical capabilities and better yet, providing the software to SMPs free of charge.

The SMPs are quite familiar with the current e-business technology environment, where most of them already implement Mobile Technology (80.2%), Cloud Computing (47.7%) and Internet of Things (47.3%) in their daily practice. Most ASEAN SMPs utilize various IT tools and platforms (e.g., company website, email, WhatsApp, and Facebook) to maintain business relationships and communicate with clients.

Interviewees mentioned that mismatch in technology adoption between SMPs and SMEs is another key issue that needs to be resolved. It is found that majority of SME clients still implement traditional physical filing system, and mediation and support of stakeholders are important to improve SMPs and SMEs level of technology adoption. Incentives and discounts should be provided to push these companies to adopt the latest technology and training programs. This proves to be really relevant nowadays, especially to cater for the new norm requirement due to the Covid-19 pandemic which carries significant impact not only on the accounting profession, but on the other line of works too.

“The AFA Research Report 2020 as a product of the AFA Research Grant 2019 is a realisation of our continuous commitment to support and contribute to the regional resource capacity on topics relevant to the accountancy profession. It is clear that AFA, ASEAN PAOs, and stakeholders in the region need to do more to support the ASEAN SMPs in enhancing their technological competencies.” said AFA President, Wan Tin.

## About AFA Research Report 2020

This study was conducted in five selected ASEAN countries namely Cambodia, Indonesia, Malaysia, Singapore, and Thailand. The aim of this research is to gauge ASEAN SMPs' technological competency skills from three perspectives: technical capability, firm innovativeness and e-business practices. The study also recognised two other main factors of ASEAN SMPs technological competency skills namely client orientation and assistance and support from stakeholders.

The study was conducted between November 2019 until June 2020 through interviews, questionnaires and institutional surveys collected from 222 ASEAN SMPs in the selected countries. The report is supported by the Association of Chartered Certified Accountants (ACCA), Chartered Accountants Australia and New Zealand (CA ANZ) and Japanese Institute of Certified Public Accountants (JICPA).

Download the AFA Research Report 2020: <https://bit.ly/AFARESEARCH2020>.



### **About AFA (ASEAN Federation of Accountants)**

AFA was organised in March 1977 to serve as the umbrella organisation for the recognised national Professional Accountancy Organisations of the Association of Southeast Asian Nations (ASEAN) Member States. Through its ten Primary Members, AFA has a regional network of more than 200,000 accountants in the ASEAN region, supported by a global network of Associate Members with more than 2.5 million members worldwide. AFA is an accredited Civil Society Organisation of the ASEAN recognised under the ASEAN Charter and an IFAC Network Partner.

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