



# GLOBAL TRENDS IN PROFESSIONAL ACCOUNTANCY EDUCATION

## REPORT

*Research and insight into the accounting bodies  
that shape the education of accountants across the globe.*

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# INTRODUCTION

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Global organisations require a global financial picture of the business in order to make sound decisions and inform both management and shareholders of progress in the last 12 months. To make sure this financial picture is as reliable and consistent as possible there are both legislative and financial standards to be complied with. These, together with the controls and oversight offered by the internal finance function and the accountancy firm who ultimately signs to say the financial statements show a true and fair view, provide a high degree of confidence that all is well.

But what of the training and development of the individuals who produce these financial statements, how comparable is the education they receive and is it of the same standard all over the world?

This of course is a big question and difficult to answer given the differences that exist in the individual countries' education system, quality of employers and recruitment process. However given that accounting bodies operate in most all major economies and take responsibility for setting the benchmark as to what is considered

the recognised standard, by taking a closer look at their ambitions and objectives, examinations and qualification structure we can get an insight as to the type of education members of these accounting bodies will have received.

In addition, by analysing and comparing the different approaches taken by each body, it will be interesting to discover if this leads to any conclusions as to the current state of accounting education, the direction of travel or any potential improvements.

## METHODOLOGY

With the above objective in mind Kaplan set out to identify the world's most influential professional accounting bodies. This was done firstly by selecting 16 countries, mainly those with the largest economies and identifying the accounting bodies that operated within those countries. Secondly we qualified the list by eliminating those that were not members of the International Federation of Accountants (IFAC).

This revealed 31 potential qualifications. Thirdly, we reduced the list even further to a top 10 by selecting only those accounting bodies that had more than 100,000 members.

These top 10 accounting bodies form the basis for the analysis and observations in this report.

## The report is broken down into four sections:

- ▶ **Global accounting bodies** – Membership, global reach and strategic direction
- ▶ **Member and student profiles** – Demographic, employment and early year career prospects
- ▶ **Academic credentials** – entry requirements, qualification content, number of papers, pass rates
- ▶ **Conclusion** – This report concludes on page 32 with final thoughts and observations

# INTRODUCTION

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## LIMITATION AND AVAILABILITY OF DATA

To the best of our knowledge, this is the first time an exercise of this nature has been undertaken. As such, it may be that some of the information we requested was not readily to hand or, in fact, collected. In addition, we were informed that certain information, although monitored internally, was not made public. And in some instances it was not possible to obtain even basic data, for example, student numbers, something you would imagine is closely monitored.

In these circumstances, where possible, we have made best estimates, because not to do so would leave the overall picture incomplete and potentially misleading. In addition, we have attempted to get confirmation of the validity of our assumptions by asking the accounting body to confirm, or otherwise, the figures we calculated; most did not respond.

The report clearly shows the accounting bodies who have not supplied this information and our assumptions in those instances.

## KAPLAN FINANCIAL

Kaplan Financial, part of Kaplan Inc in the US, is well placed to curate the information disclosed in this report as the UK's leading global provider of professional accountancy and financial training.

I hope you find what follows interesting and informative.

**Stuart Pedley-Smith**  
*Kaplan's Head of Learning*



# REPORT SECTIONS

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## SECTION ONE – GLOBAL ACCOUNTING BODIES

- ▶ Member and student numbers
- ▶ Global reach
- ▶ Strategic direction

## SECTION TWO – MEMBER AND STUDENT PROFILES

- ▶ Gender and age
- ▶ Employment – in what domain do members work?
- ▶ Career and early year salary prospects

## SECTION THREE – ACADEMIC CREDENTIALS

- ▶ Entry requirements
- ▶ Qualification content – what subjects are studied?
- ▶ Number of papers and duration
- ▶ Pass marks and pass rates

## SECTION FOUR – CONCLUSIONS

# GLOBAL ACCOUNTING BODIES

## 1 MEMBERSHIP AND STUDENT NUMBERS

### ACCOUNTING BODIES AROUND THE WORLD

Membership of IFAC is one of the key criteria used in selecting the accountancy bodies in this report. IFAC was formed in 1977, at the 11th World Congress of Accountants. It is comprised of 175 members and associates in 130 countries, representing approximately 2.84 million accountants in public practice, education, government service, industry, and commerce. In itself the figure of 2.84 million gives some indication of the number of qualified accountants across the world. In our research we came across a variety of different types of professional bodies and associations that may warrant further investigation but have been excluded as a result of non membership of IFAC.

In addition, membership alone does not guarantee inclusion, Brazil and Italy being good examples. Both these countries' accounting bodies have been excluded from this report. In Brazil's case this was due to a lack of clarity as to the percentage of members who had passed

a technical exam compared to simply being granted membership. And Italy because the accounting body was not responsible for setting the exam or administering the exam process.

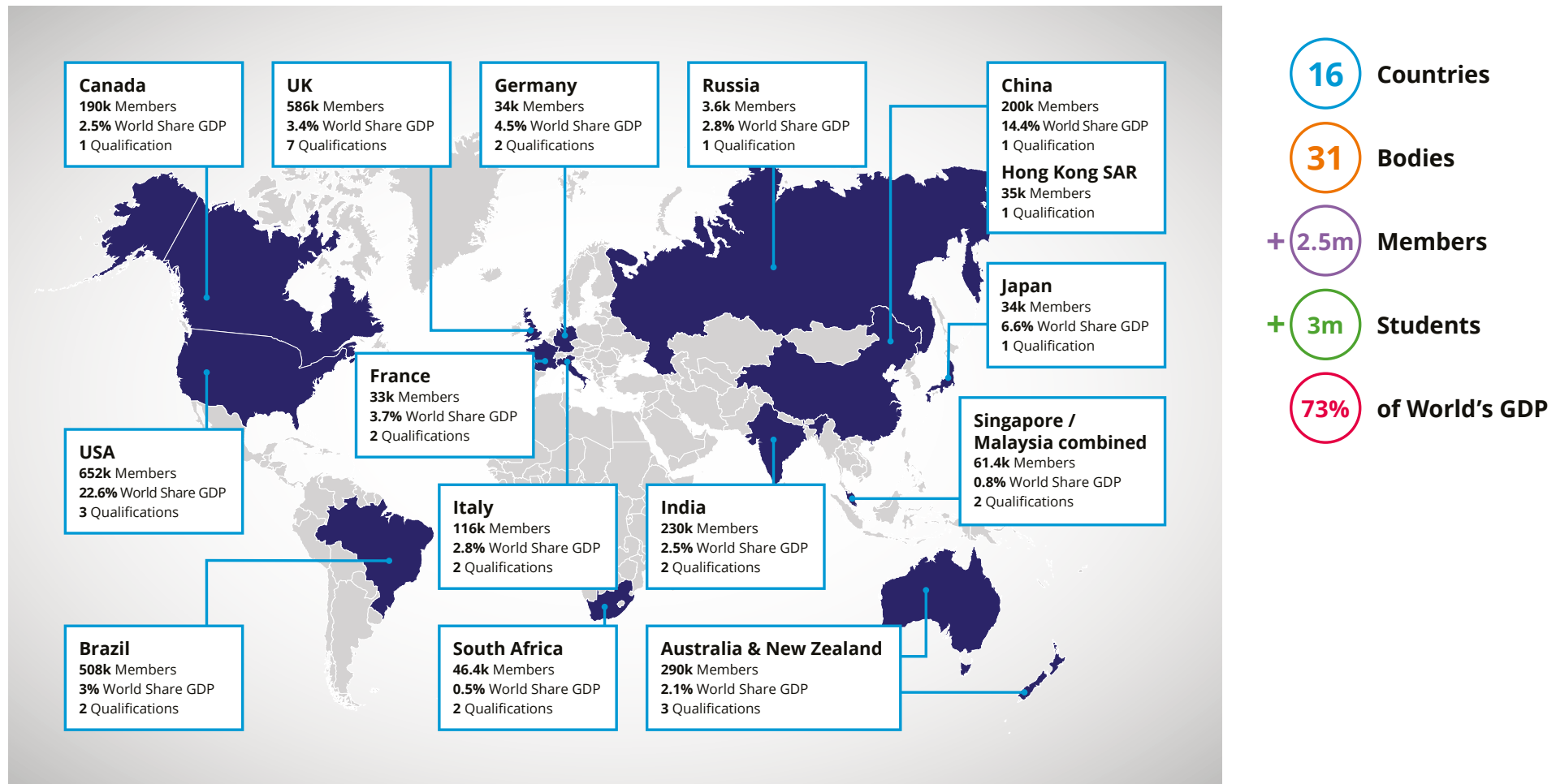
The global accountancy map, (Diagram 1 – page 6) shows the initial 16 countries, with a total membership of 2.5 million members (88% of IFAC membership) and an estimated 3.0 million plus students. The detail behind this map and some of the assumptions made can be found in section 1 and 2 of the appendix.

In order to further refine our research to a more manageable number we excluded those accounting bodies that had less than 100,000 members. This left us with the 6 countries and 10 accounting bodies shown in Diagram 2 (page 7).



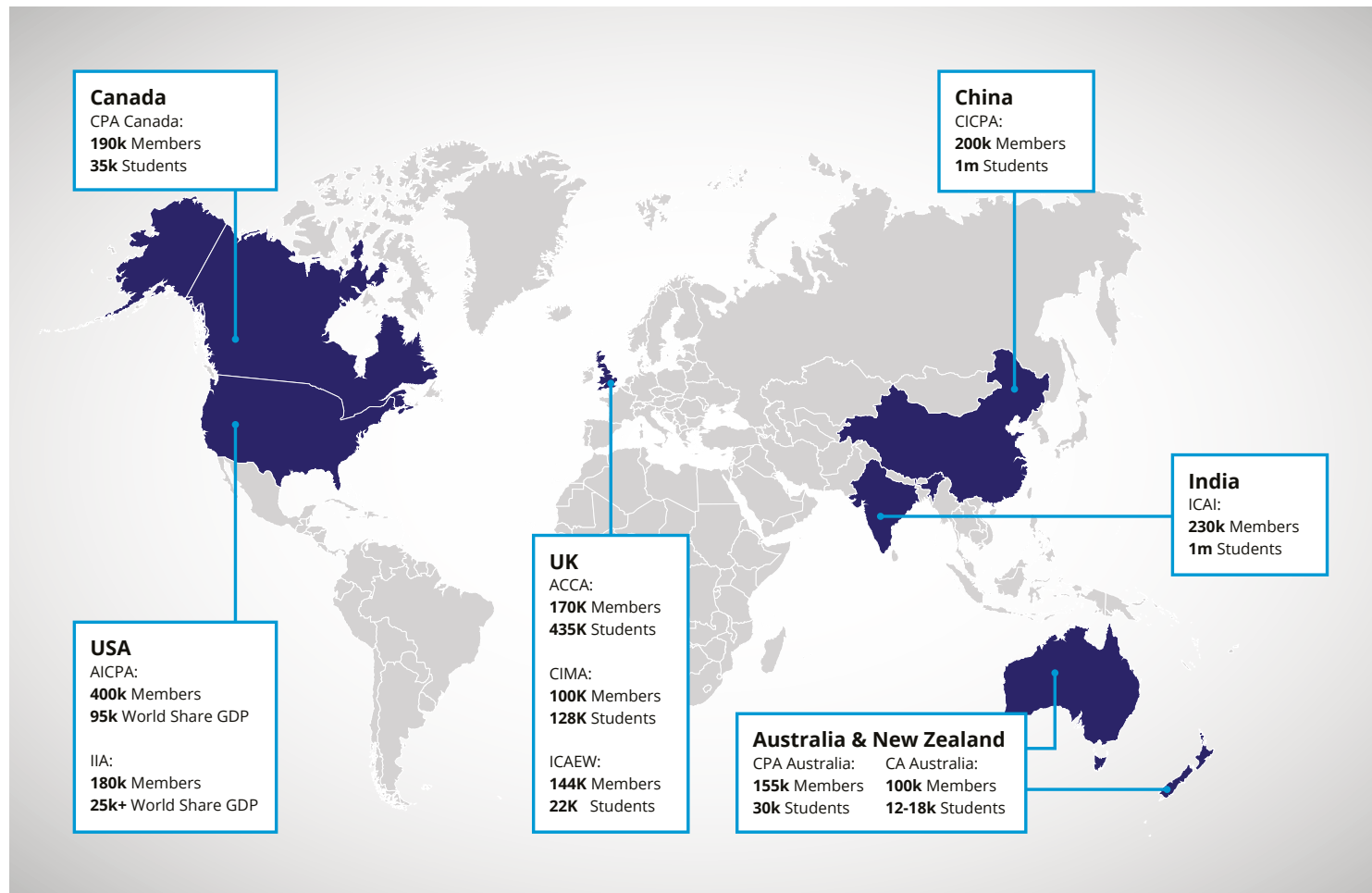
# GLOBAL ACCOUNTING BODIES

Diagram 1 – Global Accountancy Map



# GLOBAL ACCOUNTING BODIES

Diagram 2 – Global Accountancy Map



- 6** Countries
- 10** Bodies & qualifications
- Approx. **1.9m** Members
- Approx. **2.8m** Students

Together these bodies have an estimated 1.9 million members and 2.8 million plus students worldwide, representing 67% of IFAC membership.

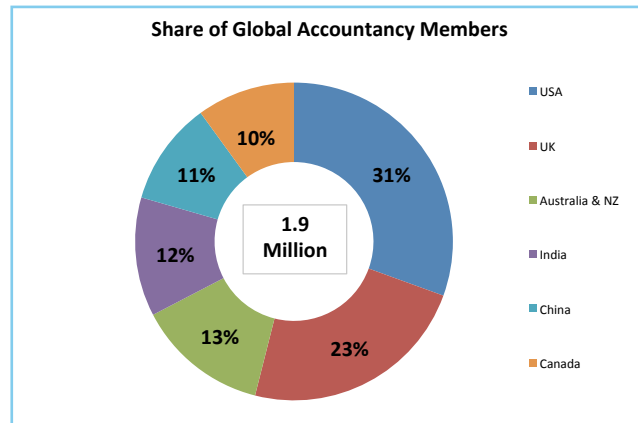
The US based AICPA and IIA have a combined membership 580,000, which accounts for 31% of the top 10.

The UK is the second largest with 444,100 (23%) members jointly from the ACCA, CIMA and ICAEW

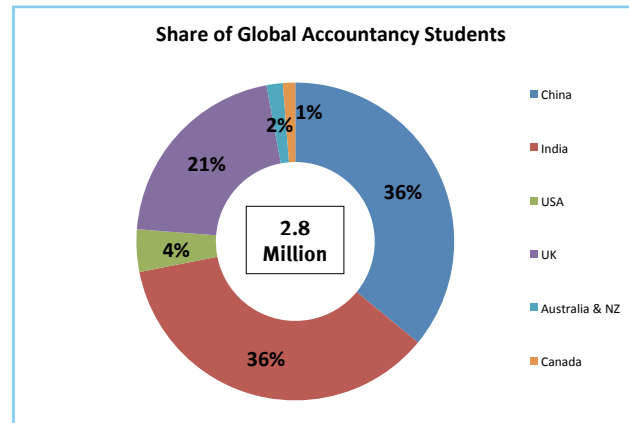
Australia and New Zealand are third with a membership of 255,000 (13%).

# GLOBAL ACCOUNTING BODIES

*USA has the largest membership*



*China and India have the most accountancy students*



**Note:** This study combines Australia and New Zealand into one economy to reflect Australia's and New Zealand's merger of their national bodies into the Chartered Accountants Australia and New Zealand.

The difference between the number of members and students is revealing.

Having more students than members could be seen as a positive in that it suggests membership will grow in the future. Alternatively, it may be indicative of a particularly difficult examination or a badly prepared student population.

If the latter were the case it may give a clue to the basic levels of education, cultural attitudes to examinations and quality of tuition provision in that country.

In China and India where students see accountancy as a respectable well paid profession that offers a way into the middle classes, results speak for themselves. From our research it is estimated that of the 60% to 70% of students who register for the examination, half physically attempt it and of those only 10% actually pass.



# GLOBAL ACCOUNTING BODIES

## ACCOUNTING QUALIFICATIONS

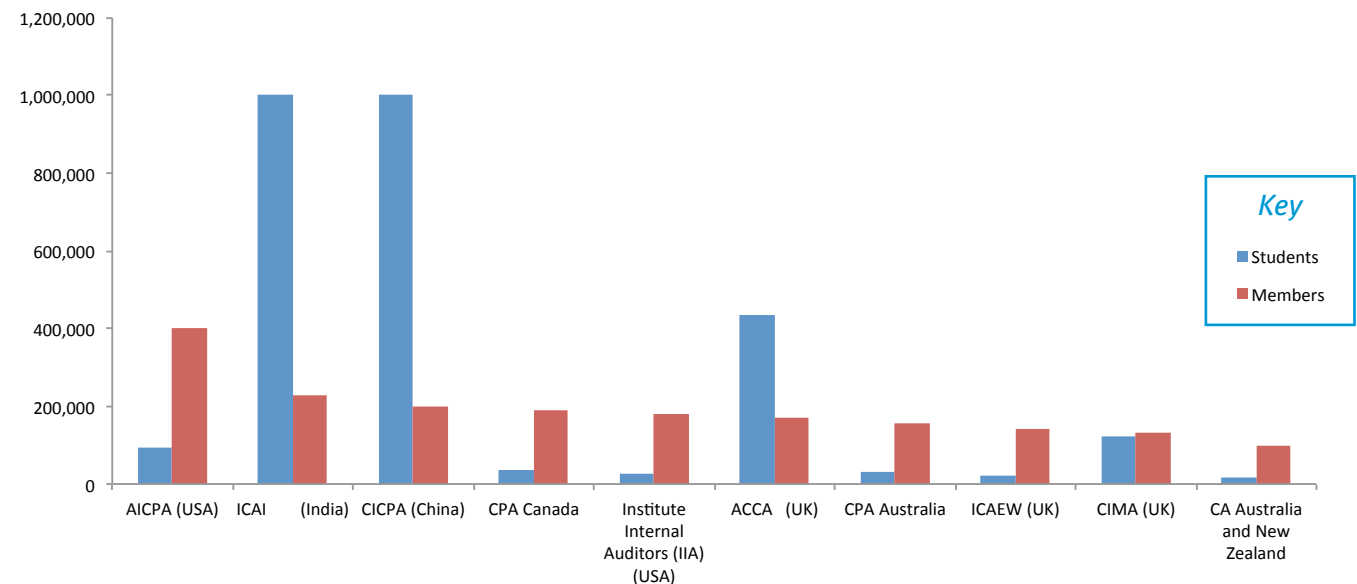
Diagram 3 shows the 10 largest accounting bodies in the world including their country of origin. Most countries have between one and two large accounting bodies, the exception being the UK which has three.

*The US based AICPA is the largest accounting body in the world.*

**Note:** Student numbers have been estimated for AICPA, IIA, CPA Canada, CA Australia & New Zealand, CICPA and ICAI. Appendix section 2 includes details as to the basis of the assumptions made.

The ACCA stands out from the other UK qualifications as having significantly more students than members, a pattern we observed earlier with China and India. This is probably a reflection of the body's strong international presence, especially in the emerging economies of Asia, Middle East and Eastern Europe where market dynamics can be quite similar.

*Diagram 3 – Accounting bodies' members and students.*



## BUT WHAT OF THE ACCOUNTING BODIES WITH MORE MEMBERS THAN STUDENTS?

Earlier we discussed what might be the cause of an accounting body having more students than members, but what if members far exceed its students? Once again there are possibly two explanations: one, it's an indication of an ageing membership not able to attract new students or two, it's a typical profile of a mature body with a strong, robust and achievable exam structure.

# GLOBAL ACCOUNTING BODIES

## 2 GLOBAL REACH

### LARGE DOES NOT ALWAYS MEAN “GLOBAL”

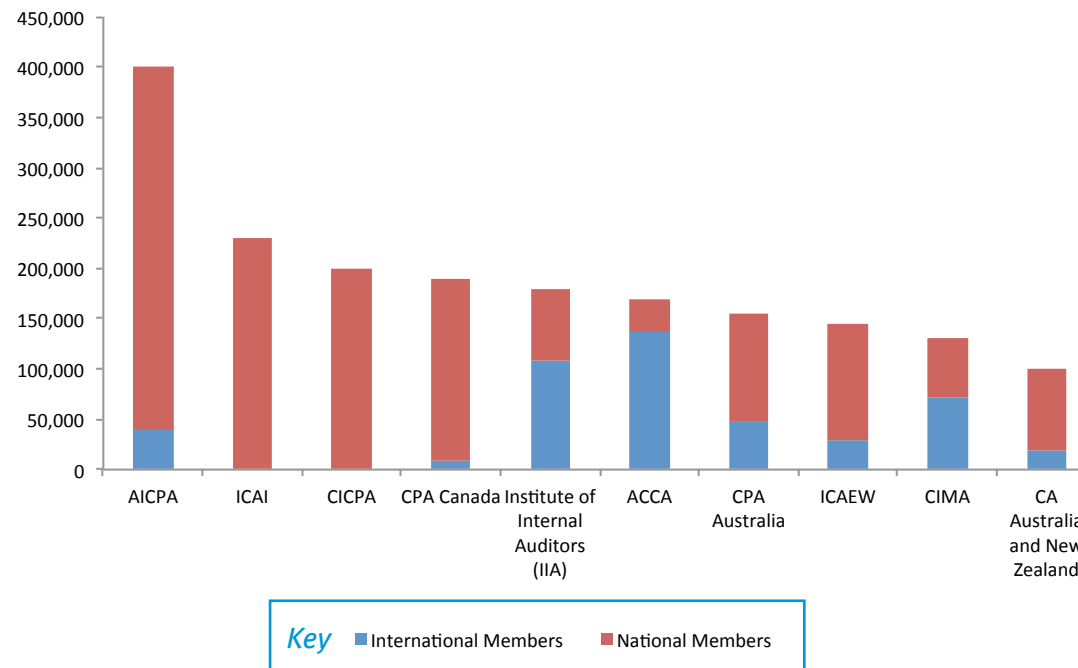
Many accounting bodies position themselves as global. This could be reference to their compliance with International Financial Reporting Standards (IFRS) or their ambition for a more widespread and geographically dispersed membership. If we consider adoption of IFRS an indication of being global then the AICPA, IIA (US), ICAI (India) and CICPA (China) would be excluded. Diagram B in section 3 of the appendix provides more detail. And although there is a suggestion of working towards a convergence of standards, something that would result in a more global exam framework, some doubt it will ever happen or at best believe the process could take at least another 10 years.

*The vast majority of AICPA students and members are based in the US*

As for a more geographically dispersed membership (see Diagram 4) once again we find that three of the four accounting bodies included in our review, AICPA, (US) ICAI (India) and CICPA (China) may be big but to a large extent focus on domestic members and on serving local markets.

By way of an example it's estimated that no more than **10%** of AICPA's student and members are outside the US.

Diagram 4 – Accounting bodies' international membership



*Note: International member split for AICPA, CPA Canada and CA Australia & New Zealand is estimated.*

# GLOBAL ACCOUNTING BODIES

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It is important to point out that the other major US qualification IIA has a significant international membership.

## EXPANSION BY JOINT VENTURE

Global reach can, however, be achieved in other ways. In 2011 AICPA entered into a joint venture with CIMA to launch the Chartered Global Management Accountants (CGMA) designation. The CGMA mission is to promote management accounting on the global stage, championing the value management accountants add to organisations worldwide. It may be that this type of strategic alliance is seen as an alternative to developing a global brand without the need to grow student numbers organically.

*Breaking news – AICPA and CIMA form joint association*

ICAI is also exploring alternative ways to expand and achieve its ambition to become the world's leading accounting body. It operates via a system of chapters (member contacts) in about 20 countries mostly in the Middle East and Asia. ICAI also has an office in Dubai. Yet international demand for the ICAI qualification is limited with the few choosing to study from overseas being Indians located abroad who, for one reason or the other want to continue their studies with ICAI. Thus, the body may be the second largest but its international presence is negligible.

The relationship between AICPA and CIMA has grown even stronger with the announcement that on qualification AICPA and CIMA members will automatically become members of a new association and that both bodies will be integrating strategy, management and operations. This will significantly change the global map in so much that the new membership would be around 600,000 making it by far the largest accounting body in the world. It is, however, too early to begin to talk about this as one body; currently, the views of the members are being sought.

CICPA is a relatively young body, established in 1988 when China started its transformation into a market economy. The CICPA qualification only has a presence in China. Complexity, language and non-international application remain barriers to international students. Yet the government and CICPA's objective is to build up the Chinese accountancy profession and have local accounting firms take a bigger international role within the next 10 years.

# GLOBAL ACCOUNTING BODIES

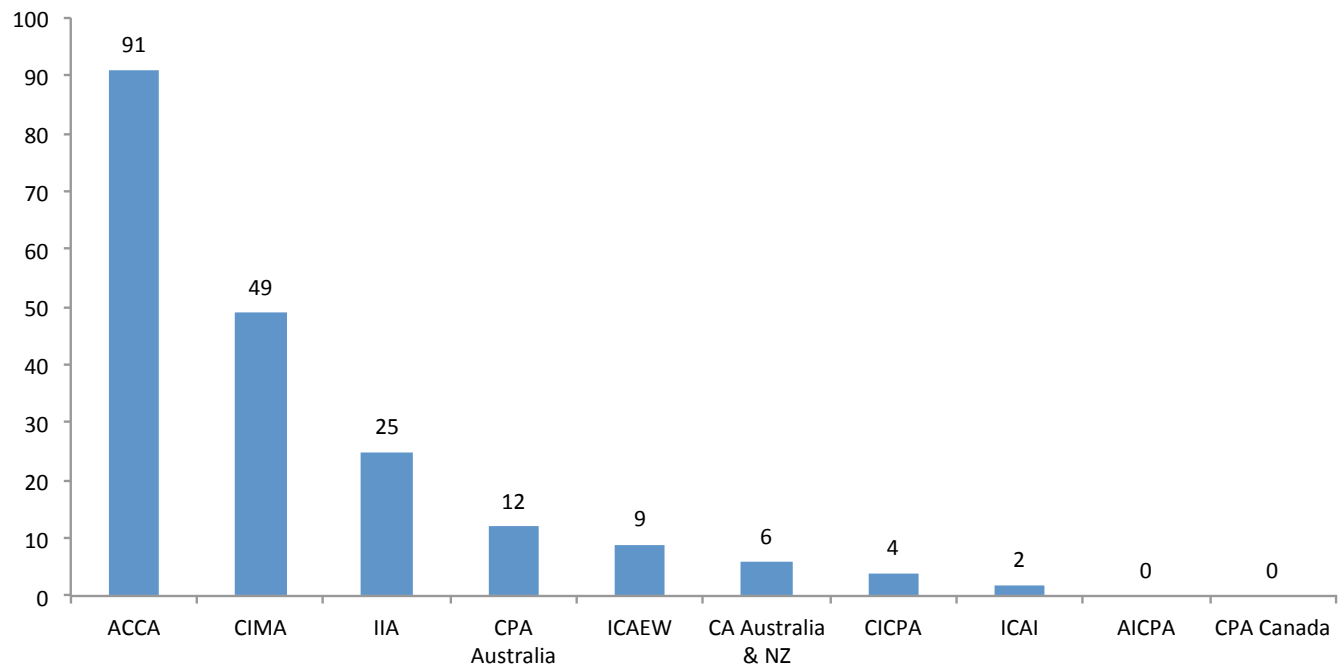
## GLOBAL – IS IT JUST IN THE NAME?

An interesting question, is the global success of IIA, ACCA and CIMA partly the result of their brands' non-affiliation to a specific geography? These brands are not tied to a nation and can resonate with any international student seeking a qualification. It highlights the importance of branding in supporting a global strategy and may well be one of the reasons AICPA have joined forces with CIMA under the banner of the Chartered Global Management Accountants (CMGA) designation.

A global brand must also be supported by a global network of offices. Diagram 5 shows the number of offices each body has worldwide. ACCA, CIMA and IIA clearly believe that having a physical presence in country is important. It has been assumed that a large number of offices indicate a high level of investment and strategic commitment to the region.

The first AICPA exam centre outside USA opened in 2012 (in Dubai). Since then international exam centres have opened in Bahrain, Brazil, Japan, Kuwait and Lebanon. However, AICPA still has no offices outside the USA.

*Diagram 5 – Accounting bodies – number of worldwide offices*



# GLOBAL ACCOUNTING BODIES

## THE GLOBAL TOP THREE

Given the criteria of size, global reach and IFRS compliance used in this report, ACCA would be considered one of the most global accounting bodies. ACCA has over 170,000 members, out of which over **80%** are located outside the UK. It is supported by a network of 91 international offices and exam centres worldwide. Moreover, the body has partnerships with over 50 national and international accounting bodies across the world.

IIA also has a significant global impact with around **60%** of its 180,000 member base outside North America and English speaking Caribbean. The body has offices in 25 countries and unlike any other qualification students can sit examinations in multiple languages including: Arabic, Chinese, German, Hebrew, Indonesian, Italian, Japanese, Korean, Polish, Portuguese, Russian, Spanish, Turkish, and Thai.

*ACCA – one of the most global accounting bodies*

And finally, CIMA is worthy of mention with around **55%** of its 100,000 member base outside the UK, 5 key regional offices and 49 country offices worldwide. In addition, CIMA work in partnership with local accounting bodies in a number of countries.

However, as mentioned above, this will all change if the proposed joint association between AICPA and CIMA gains acceptance from members in 2016.



# GLOBAL ACCOUNTING BODIES

## 3 STRATEGIC DIRECTION

### INTERNATIONAL EXPANSION IS ESSENTIAL FOR GROWTH

So far it is evident that international expansion is an essential component in delivering growth for many of the world's accounting bodies, with most implementing direct strategies to expand their international student base. Growing the number of global students (directly or via partnerships) means growing the number of members, its global presence and profitability.

But as mentioned earlier, international expansion is not simply recruiting more students. There is a trend for accounting bodies to enter into partnerships to help national bodies develop their own accounting standards and qualifications. This is evident with ACCA and ICAEW who are involved in the Middle East, Africa and Asia. Developing and internationalising the accounting profession are top priorities for China and of key importance to China is CICPA's partnership with the ICAEW. As part of the cooperation, ICAEW provides strategic support on the development of the profession and on the convergence to IFRS.

*ACCA and ICAEW are selling expertise to developing countries*

ACCA's partnership with United Arab Accountants and Auditors Association (AAA), which was signed in October 2014 but became effective for all examination from December 2014, aims to develop a new global qualification for the UAE, the UAECA (United Arab Emirates Chartered Accountant). The qualification will be based on the ACCA model.

### CONSOLIDATION IS HIGH ON THE AGENDA

Driven by the obvious economies there is a pressure to consider merging or aligning exams structures so as to be better equipped to compete globally. CIMA and AICPA's joint venture and recently announced new association is an example of developing a global brand relatively easily with a view to ultimately delivering a single globally recognised qualification.

The Canadian CPA is perhaps a better example of where three independent accounting bodies, Canadian CA, CGA and CMA, merged in 2014 and are now recognised under the CPA Canada banner. As a result CPA Canada is now the sole accounting body in Canada with over 190,000 members, hence its inclusion in this report.

Likewise the Chartered Accountants in Australia merged with Chartered Accountants in New Zealand in 2014 to form a leading Trans-Tasman body. The new body claims that it now has a "stronger voice in the profession, the market with regulators and in the community". Moreover, the scale and cost savings associated with the merger are significant, estimated between £3 million and £6 million per annum, allowing the new body to improve its educational services, policy formulation and global influence.

# GLOBAL ACCOUNTING BODIES

## *Why does the UK have so many accounting bodies?*

The elephant in the room, however, remains the proliferation of accounting bodies in the UK. In this report alone we have three. Those not qualifying because they have less than 100,000 members include the Institute of Chartered Accountants of Scotland (ICAS), The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Chartered Accountants Ireland (ICAI). Given the trend for consolidation globally and the benefits this brings members in terms of greater international mobility, to the body with cost savings resulting from economies of scale, and to the accounting profession, uniting opinions and improving the chances of compliance with globally recognised standards, change in the UK is well overdue.

## ONGOING INVESTMENT IN MEMBER SUPPORT AND LIFELONG LEARNING

It would be easy to focus on growth yet forget the other responsibilities and services an accounting body has to provide. The mission of many bodies includes reference to academic rigour, education, supporting business and ethical/professional behaviour.

As with education generally, learning does not end with the qualification. A vibrant and successful accounting body requires its members to continue to learn and remain up to date. Although employers may judge accountancy students on their ability to pass the exam, the company or organisation as a whole is more interested in the value added contribution the member makes during their employment. As a result investment in lifelong learning, continual professional development and supporting relationship building is an area considered essential by most all accounting bodies.

Members are continually offered technical updates/seminars and supplied with magazines packed with the latest news and business stories. In addition, they are encouraged to join online forums that aim to link like minded individuals and promote specialisms.

And in the background is continuous investment in customer service and IT to become more responsive, speedy and efficient with market-facing operations. The aim is to strengthen national and international operations around the world to build on the global brand. Overall, there is a general desire by bodies to be seen as easy and efficient to deal with.

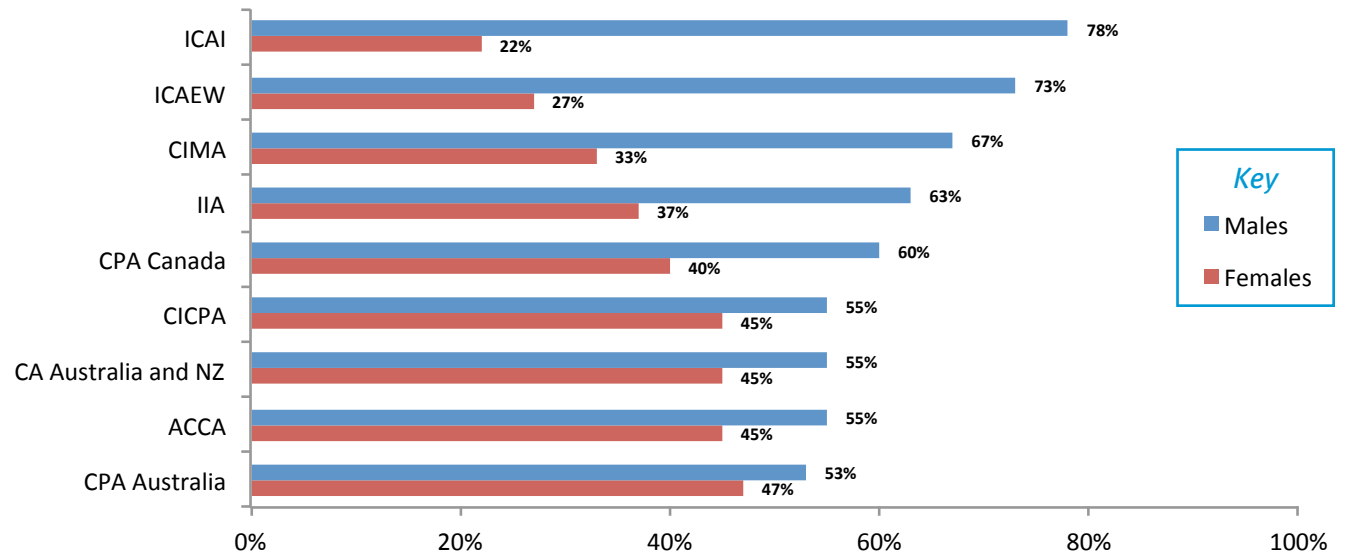
# MEMBER AND STUDENT PROFILES

## 1 GENDER AND AGE

A MALE DOMINATED PROFESSION, BUT IT IS CHANGING... SLOWLY

Although the number of female accountants is on the rise, the membership and student base continue to be dominated by men. The ICAI and ICAEW have the largest percentage of male members with 73% and 78% respectively. CPA Australia has the least gender discrepancy with 53% male and 47% female members.

Diagram 6 – Membership by gender

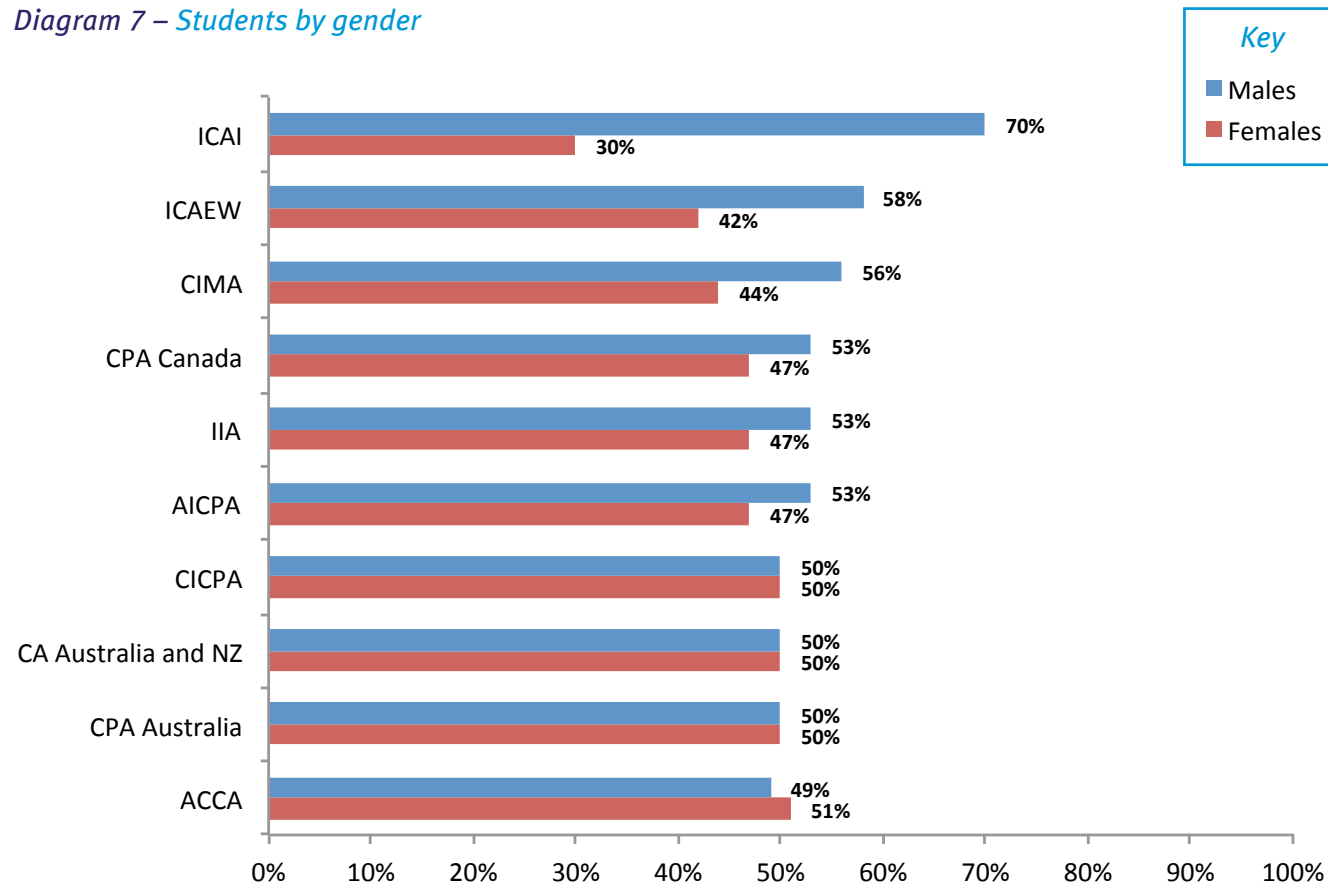


**Note:** CPA Canada is based on a sample from regional CPA Canadian branches. CPA Australia and New Zealand is estimated and assumed to be slightly more conservative than CPA Australia. CICPA is estimated based on CICPA Hong Kong data and country labour demographics data. AICPA data is not available.



# MEMBER AND STUDENT PROFILES

Diagram 7 – Students by gender



**Note:** CPA Canada is based on a sample from regional CPA Canada branches. CA Australia and New Zealand is estimated and assumed to be similar to CPA Australia. CICPA is estimated based on CICPA Hong Kong data. AICPA is based on the USA's total accountancy students (not just CPA's).

*Student numbers are more gender neutral*

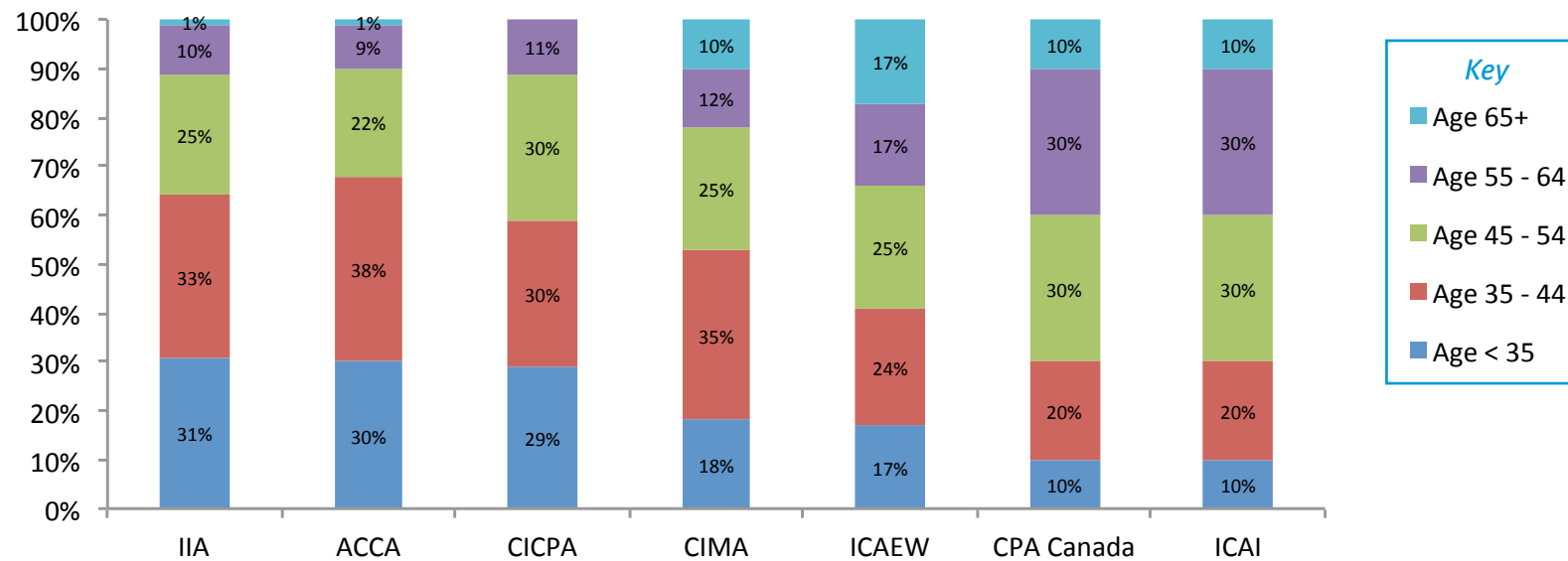
The student split shows a similar pattern to that of the membership; however, there is a definite shift towards a more gender neutral demographic. The ICAI looks set to continue with a largely male membership for some time, whilst ACCA is the first accounting body to have a higher percentage of female over male students.

## A MIX OF AGE GROUPS

With regards to age groups, the vast majority of members fall within the 35 to 44 range. However, there is variation in the age group make up of the individual bodies, with the IIA, ACCA and CICPA having higher levels of younger members, defined as those aged 35 and below and ICAEW, CPA Canada and ICAI having an older membership, with more members over the age of 55.

# MEMBER AND STUDENT PROFILES

Diagram 8 – Membership by age



**Note:** Data not available for AICPA, CPA Australia, CA Australia and New Zealand.

# MEMBER AND STUDENT PROFILES

## 2 EMPLOYMENT – IN WHAT DOMAIN DO MEMBERS WORK?

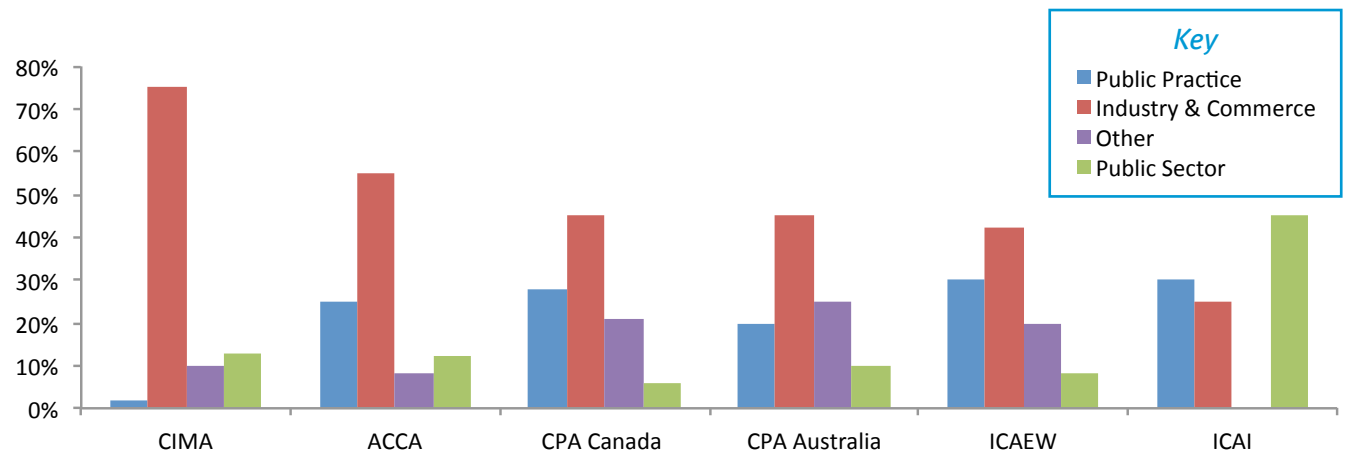
### MOST ACCOUNTANTS WORK IN INDUSTRY AND COMMERCE

The vast majority of members work in industry and commerce. The trend is strikingly similar across all bodies with the exception of ICAI where most members work in the public sector. CIMA have the largest proportion of members working in industry and commerce, at about **75%**. Not surprising as the qualification has a strong emphasis on management and strategy.

Public practice is another key employment sector most notable amongst members from ACCA, CPA Canada, CPA Australia, ICAEW and ICAI, where at least **25%** work in public practice.

Overall ICAEW, CPA Australia and CPA Canada have a more balanced split in terms of sector employment. This may be the result of individuals beginning their careers in professional practice but then moving into industry and commerce post qualification.

Diagram 9 – Membership by employment sector



**Note:** Data not available for AICPA, IIA, CICPA, CA Australia and New Zealand. "Other" includes members working in Charity, Non-for-profit sectors. It may also include those who are retired, unemployed, taking any kind of career bank, or those members not classified.

# MEMBER AND STUDENT PROFILES

## 3 CAREER AND EARLY YEAR SALARY PROSPECTS

### ACCOUNTING QUALIFICATIONS OPEN THE DOOR TO A VARIETY OF ROLES

An accounting qualification opens up a wide range of opportunities around the world in the public, private, government and non-government sectors. Typical fields in which qualified staff work include: Audit and assurance, Business recovery/insolvency, Corporate finance, Financial accounting, Forensic accounting, Financial management, Tax, Business Recovery & Insolvency, Credit Control, Treasury, Fund and Trust Accounting, Business Planning and Management Consulting.

IIA holders will pursue more specific careers in auditing, and can potentially work in Internal Audit, IT, Finance and Operations, Compliance, or Risk Management.

### SALARY LEVELS VARY CONSIDERABLY

Comparing salary across the qualifications in some ways has little meaning largely due to the variety of economic and cultural diversity you will find in the countries included in this report. However, not to measure the value derived from achieving the qualification would leave a simple question unanswered, was it worth it?

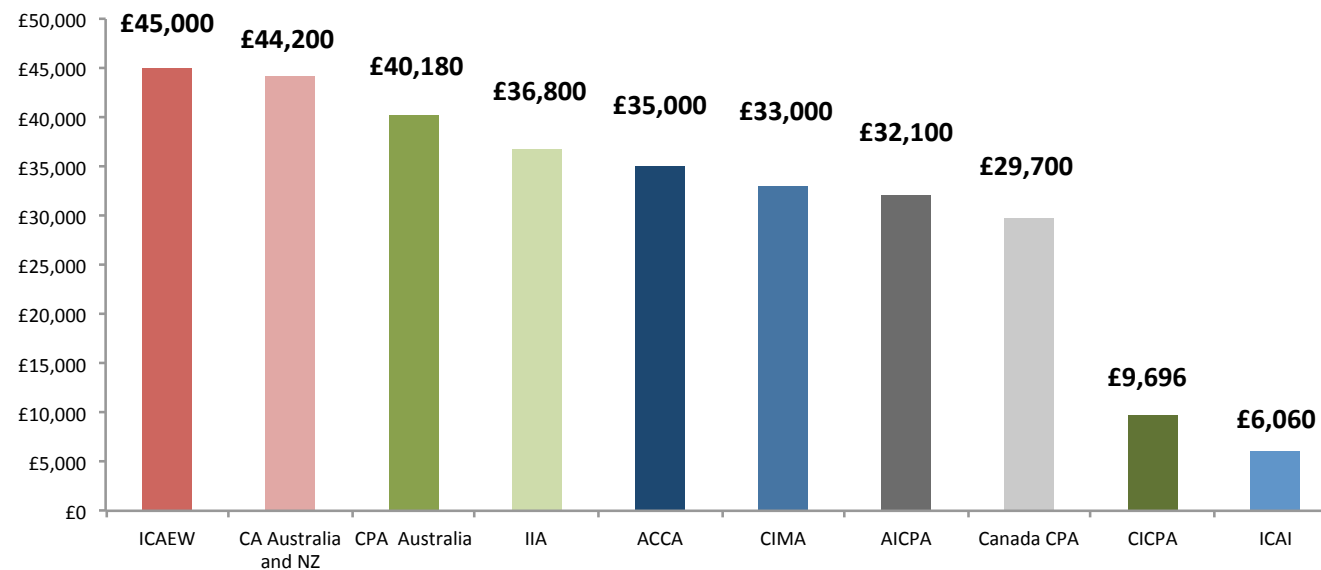
*On average a global starting salary is around £33,000*

We can further segment and group the countries into those qualifications that have starting salaries between £30,000 (including Canada), and £40,000 and those over £40,000. This would give us three distinct groups:

- ▶ **Below the norm** – ICAI and CICPA with an average starting salary of £8,000
- ▶ **Norm** – Canada CPA, AICPA, CIMA, ACCA and IIA with an average starting salary of £33,000
- ▶ **Above the norm** – ICAEW, CPA Australia, CA Australia and New Zealand with an average salary of £43,000

# MEMBER AND STUDENT PROFILES

Diagram 10 – Average starting salaries for newly qualified accountants



**Note:** Starting average salaries are based on national salary surveys, as opposed to international salary surveys. For example, the average starting salary for ACCA is based on UK market salaries. The salaries are based on newly qualified with 1 years work experience. Average starting salary for CICPA is not available, research indicates that salaries in China are about 50-60% higher than India.

As you might expect, diagram 10 shows a very clear split between China and India (who both have average starting salaries less than £10,000), and the rest of the world. This scale of difference, however, is in line with what you might expect to see on any global salary survey.

The reasons that newly qualified ICAEW, CA Australia and New Zealand, and CPA Australia members command the highest salaries is not entirely clear. There are some similarities, however. None have a particularly large global presence with few overseas offices, and a relatively small membership. Total membership is also on the low side at 150,000. However, many newly qualified from those bodies will work in a similar employment sector for large accountancy firms or investment banks, and it is more than likely this characteristic that drives salary levels as employers compete to employ the best and most talented people..

Starting salary does not of course tell the whole story and many qualified staff will receive annual bonuses together with other employment benefits, including pension plans, health care insurance, life assurance etc. The value of these has not been taken into account in these figures.

# ACADEMIC CREDENTIALS

## 1 ENTRY REQUIREMENTS

Entry requirements across the accounting qualifications vary significantly, with some bodies requiring an undergraduate degree in accounting whilst others accept individuals straight from school, with few prior academic credentials.

The reasons for these differences is partly policy and partly the need for underpinning knowledge. For example the accounting bodies shown in Diagram 11, labelled school leavers have an open access policy, which in effect makes joining the accountancy profession relatively easy.

This is a policy decision; however, it does mean that the qualification has to be self contained and requires teaching the student everything from the basics to the more demanding aspects of the qualification. An open access policy does not by definition exclude or deter graduates and all the qualifications shown in the school leaver category also have a graduate entry route. In most instances this means they will simply join at a higher level on the qualifications pathway.

*Diagram 11 – Entry routes to qualification*

School Leaver	University Degree
ICAEW	AICPA
ACCA	CPA Canada
ICAI	CPA
CIMA	CA Australia & New Zealand
	CICPA
	IIA

In this next section we look in more detail at some of the specific entry requirements of both groups. Please note this is not meant to be a comprehensive list, simply a note of qualifications required in order to form an opinion as to the standard demanded. For specific details please contact the accounting bodies directly.



# ACADEMIC CREDENTIALS

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## GROUP ONE – QUALIFICATIONS FOR SCHOOL LEAVERS

Although ICAEW requires at least two A levels at grades A to E and three GCSE passes at grade A to C as a route of entry into the qualification, there are other routes into the qualification e.g. Association of Accounting Technicians (AAT), Higher Apprenticeship in Assurance / Audit or Tax, and the ICAEW Certificate in Finance, Accounting and Business (CFAB). In the case of overseas candidates, they must have an award which is comparable to a GCSE and an A Level.

With regard to the graduates entry in practice, standards tend to be dictated more by employers than ICAEW, with many looking for a minimum UCAS tariff score of 280 and good grades in a first degree. More recently, however some large employers have moved away from relying on past academic records, preferring to broaden their recruitment base and assess applicants with their own internal tests.

Similarly, ACCA candidates require a degree or reasonable A-levels and GCSE results (or equivalent) e.g. two passes at GSE and A level (Grades A-E) and if candidates don't have any of these qualifications, they can also take AAT or the ACCA's foundation in accountancy (FIA) prior to commencing the ACCA course.

School leavers in India can join the ICAI qualification via the preparatory common proficiency test (CPT) stage, whilst university graduates can enter directly into the intermediate IPC level. It is mandatory that these candidates have a graduate or postgraduate degree in commerce from an ICAI recognised University. The commerce degree should have covered courses in accounting, auditing, finance and economics.

As a school leaver a candidate can start CIMA by studying the CIMA Certificate in Business Accounting. Otherwise, the candidates for the CIMA qualification are required to have a relevant Accounting & Finance degree. Some relevant university degrees may also give student exemptions from certain technical subjects, but not the case studies.

## GROUP TWO – QUALIFICATIONS THAT REQUIRE AN UNDERGRADUATE DEGREE

Interestingly, although all CPA candidates must pass the same uniform CRA examination, the requirements to sit the exam vary by state/ jurisdiction but generally a bachelors degree in accounting is required. This should be a minimum of a four year bachelors degree and preferably a masters degree in order to fulfil the 150 credit hours required. The IIA's CIA qualification requires a four year bachelors degree from an accredited college or university. There are some exceptions, e.g. candidates may become eligible for the CIA should he / she possess two years' undergraduate education and five years' verified work in internal auditing or seven years' verified work experience in internal auditing.

CPA Canada candidates must complete an undergraduate degree and cover specific subject areas in business and accountancy before they can enter the CPA qualification. The specific subject areas may be covered during the undergraduate program, or through additional courses offered by universities, colleges, or various bridging programs. Those lacking the requisite academic credits can enter the CPA Prerequisite Education Program (CPA PREP).



# ACADEMIC CREDENTIALS

CPA Australia requires an undergraduate degree for entry. If candidates have studied an accounting-related degree, they will likely go straight into the CPA Program. In some cases, they may need to complete further studies to prepare for entry. According to CPA Australia

*“The CPA Program is the largest postgraduate program in Australia... The CPA Program is based on the core knowledge that all new members have completed through their studies in accounting, commerce or business.”*

Similarly for the CA Chartered Australia and New Zealand, candidates must have an accredited Australian accounting bachelors or masters degree with passes in subjects covering the core knowledge areas required by CA Australia and New Zealand. This is by far the most common method accounting for some **75%** of entrants.

Should candidates not possess an Australian accounting degree, they should have instead completed an accredited conversion course or gained accounting work experience and have passed the Chartered Accountants Program entrance exam. Equivalent Overseas qualifications recognised by the body will be assessed.

## RELEVANCY OF THE DEGREE

Overall the standards are very similar; at some point regardless of how the student started they will achieve the equivalent of a degree before completing a final stage, sometimes called the professional stage.

What is interesting is that some bodies require students have a “relevant” aspect to their degree, whilst others simply ask for any degree.

Having prior knowledge is essential if the next phase of learning builds on what has gone before. However, it does show that some accounting bodies see the degree as a badge of academic credibility and that you don’t need an accounting degree to become an accountant. In fact, it may be a disadvantage, with some employers much preferring the diversity of having studied a different subject to degree level before entering the world of finance.

This is not unique to finance but it would certainly be unusual for a student taking a degree in medicine not to go onto to become a medical professional.



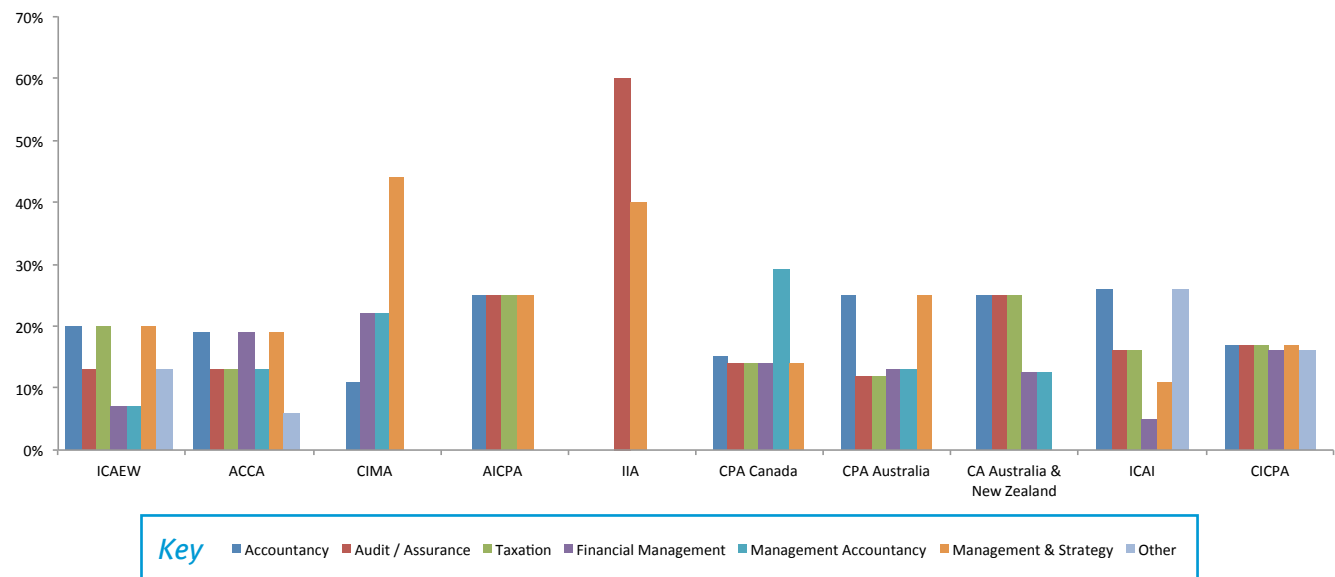


# ACADEMIC CREDENTIALS

## 2 QUALIFICATION CONTENT – WHAT SUBJECTS ARE STUDIED?

The subject matter each accounting body includes in its examination framework clearly gives an insight into the education the students will receive and is the base upon which the membership is built. A word of caution when interpreting Diagram 12. In many instances the criteria used for the analysis was the title of the exam paper and did not involve a deep dive into the syllabus as to do so would become overly complicated and likely reveal little more.

Diagram 12 – Qualification content



**Note:** Percentages are based on a programme's course titles. The data includes mandatory and optional courses. "Other" refers to the other courses included in the syllabus, such as Law, Economics, Ethics and Communication.

# ACADEMIC CREDENTIALS

The main observations are that most qualifications offer a reasonable balance of all the subjects shown in Diagram 12. However, some bodies focus on specific areas of accountancy, encouraging their members to specialise, and this differentiates the qualification from others.

CIMA unsurprisingly has a strong component of management & strategy in its syllabus, estimated at **44%** of the programme and reflecting the body's market positioning as the largest professional body of management accountants. Similarly, the IIA syllabus focuses predominantly on audit & assurance because the body sees itself as the "internal audit profession's global voice".

Notable exceptions from both CIMA and IIA is of course taxation which is not considered important, although some aspects of taxation are almost certainly covered under the umbrella of other subjects.

## ELECTIVE VERSUS COMPULSORY

Most examining bodies require students to study all the papers in the qualification. The comments that follow are from ICAEW, but they capture the reasoning expressed by others:

*"Students cannot opt out of areas in which they feel less confident. Employers love this as it means they get individuals who have consistent levels of academic and professional achievement across multiple areas. It's good for students to get a broad, in-depth level of expertise in many disciplines, so you can add value to any number of areas of that business."*

However, this is not set in stone and is revisited periodically. Interestingly, the ICAEW (who has long supported the view expressed above) announced that, as of June 2016, it will be introducing options into the qualification; although each option will have at its core the same skill set. They feel that the opportunity to specialise in a given field could be seen as an advantage.

This will bring them in line with ACCA, CPA Australia and CPA Canada, who believe that offering flexibility, customisation and specialisation options can make a qualification more attractive to students that have an interest in specific areas.

*"The new CPA (Canada) will require all students to study accounting, but will also allow them to choose another area of speciality, such as strategy, auditing, finance and tax."*

Diagram 13 – Elective Components in the Syllabus

Body	Elective Components
ICAEW	To be introduced in June 2016
ACCA	Yes – 2 optional courses
CIMA	No
AICPA	No
IIA	No
CPA Canada	Yes – 2 optional courses
CPA Australia	Yes – 2 optional courses
CA Australia & New Zealand	No
ICAI	No
CICPA	No

# ACADEMIC CREDENTIALS

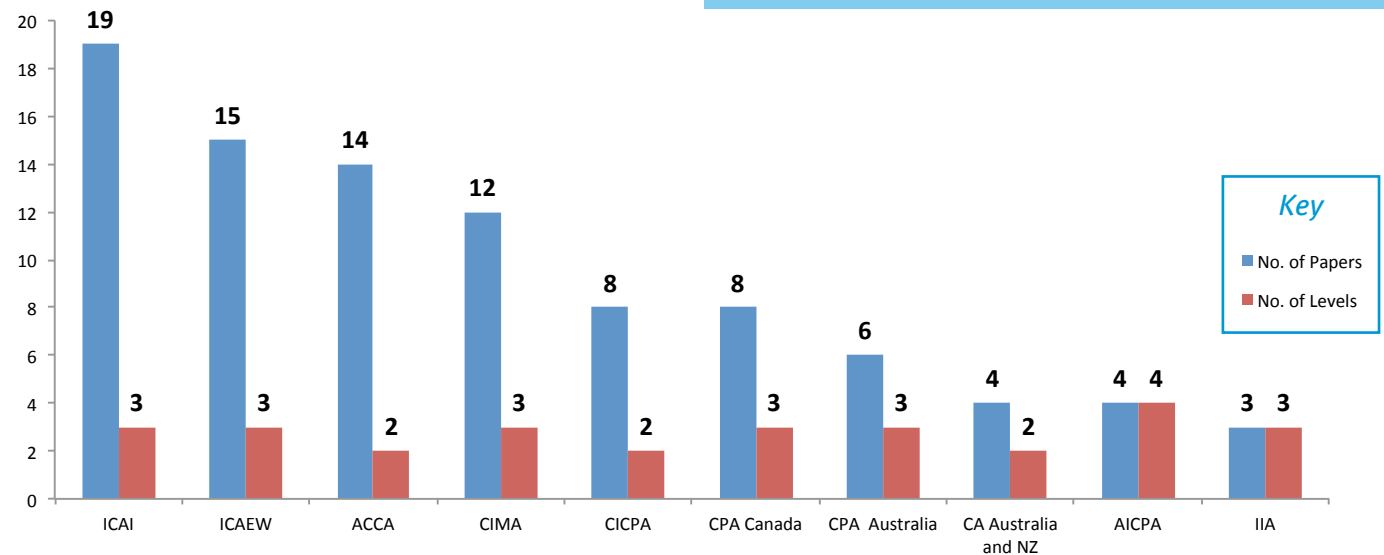
## 3 NUMBER OF PAPERS AND DURATION

### THE NUMBER OF PAPERS VARIES WIDELY ACROSS QUALIFICATIONS

Although a relatively crude measure, the number of papers and levels to a qualification gives some indication of the length of study for each qualification and, to a certain extent, the complexity of assessment i.e. the more papers the more demanding. At one extreme you have the ICAI who require students to attempt 19 papers on average over five years at the other IIA requiring only three papers to be completed in one year, profiling the qualification as short in duration and more specialised, niche in nature.

An interesting trend is that some programmes now include a compulsory capstone module or final level case study in addition to the more traditional exam papers. The purpose being to consolidate prior level knowledge and encourage students to think more broadly across all subjects. Although many bodies recognise the need for some form of synoptic assessment, they often vary in their approach.

Diagram 14 – Number of papers and levels per qualification



*Compulsory capstone modules and case studies grow in popularity*

# ACADEMIC CREDENTIALS

At one end of the spectrum students are given a case study and required to answer questions in a multiple choice and extended response i.e. essay style format. This is the approach taken by CPA Australia.

In the middle of our spectrum the case study is assessed both online and hand written in a more business friendly format i.e. reports, emails, briefing documents, set in real world situations. CIMA and ICAEW are advocates of this style.

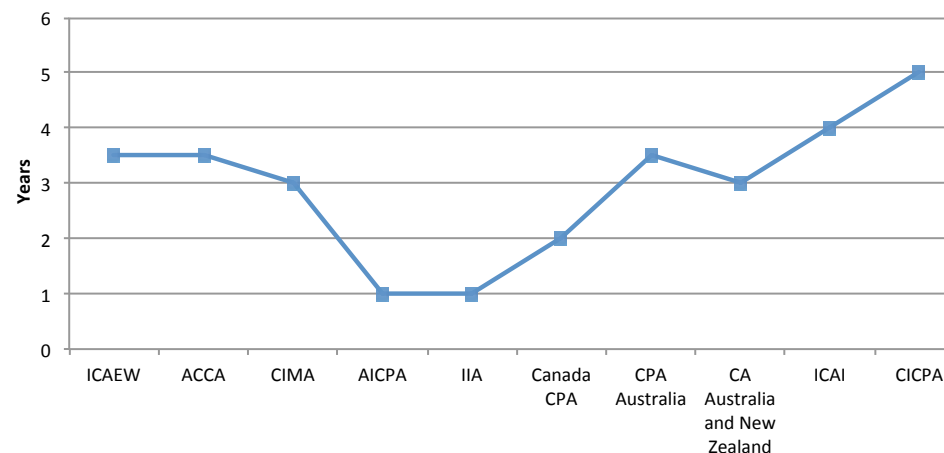
At the far end are CA Australia and New Zealand, and CPA Canada. Here some of the assessment takes place outside of the exam room, involving compulsory attendance at workshops where students will be observed and assessed on their communication skills, team work etc and their ability to present to peers.

These are all examples of the accounting bodies developing their assessment methodologies, wanting to maintain the academic rigour yet at the same time reward the skills and behaviours most demanded by employers. The successful accounting body of the future will be one that not only sets high academic standards but produces accountants able to perform in an ever changing financial landscape.

## MOST QUALIFICATIONS ON AVERAGE TAKE ABOUT THREE AND HALF YEARS TO COMPLETE

Although there is some variation in the duration of the qualifications, it takes on average between three and four years to qualify. In addition, most accounting bodies require work experience, which is typically carried out alongside the period of study and is also approximately three years. The experience must be in a relevant accounting or finance-related role or/and with an approved employer.

Diagram 15 – Average time to qualification



*Note: These are the average times to qualification promoted by the accounting bodies. In reality given the poor pass rates shown later in this report, actual time to qualification is probably considerably longer.*

AICPA and IIA CIA are the shortest qualifications and can be completed in one year. This is because they are specifically designed for those students who already have a relevant university degree.

Conversely, the ICAI and CICPA qualifications take much longer with average duration over five years. It is difficult to draw a conclusion from this, however. A long study period and low pass rate (see below) may indicate a very challenging exam. On the other hand, this could be the result of students who are not sufficiently committed/motivated or have little support by way of good quality teaching and study materials.

# ACADEMIC CREDENTIALS

## 4 PASS MARKS AND PASS RATES

### PASS MARKS

Pass marks have always been slightly contentious, how good should the students be, **50%, 60%** and why not **100%**? For many years accounting bodies took the middle ground and went for **50%** arguing that given the artificial nature of the exam and pressure of sitting under exam conditions getting half of the questions correct was all that was required. In addition, historically there was little grading or scaling, **50%** is a pass, **49%** a fail.

Diagram 16 shows that many bodies are now changing their assessment of success and failure from the more traditional raw score set against a cut score or passing mark to that of a scaled score. The reason being that scaled scoring recognises that all examinations are not of an equal standard and given the move towards exams on demand, made possible by using online objective tests or multiple choice style questions, examining bodies need to be confident that when they set an exam it is the same as the last one.

Diagram 16 – *Pass Marks and assessment*

Body	Pass Marks	Assessment	
		Raw score	Scaled score
ICAEW	55% for Certificate Level, 55% for Professional Level and 50% for the Advanced Level	✓	
ACCA	50% for each paper	✓	
CIMA	As of January 2015, students have to score 100 out of 150 on the scale range. This is being approximated to a passing mark of 70% for objective tests and 60% for case study		✓
AICPA	Pass all 4 parts with a scaled score of 75% or higher. Passing score is 75 on a 0-99 scale		✓
IIA	A score of 600 or higher for all exams. Scale of 250-750; 600+ required to pass		✓
CPA Canada	50% in each non-core module and 60% on each core module exam. The overall must be at least 60%	✓	
CPA Australia	The scale range is 100 – 900. The passing score for all CPA Program and Practice Management exams is set at 540		✓
CA Australia & New Zealand	Passing the exam (achieve at least 50%) and passing the module overall (achieve 50% or more of the available module marks). To pass the Capstone module, candidates are required to: Attend all three workshops and Achieve an overall pass mark of 60% or greater	✓	
ICAI	The aggregate mark for each group should be at least 50% and individual papers must be each at least 50%	✓	
CICPA	Not available	Not available	Not available

# ACADEMIC CREDENTIALS

## *Scaled scoring and online assessments are growing in popularity*

Many bodies still consider **50%** to be a sensible standard but as scaled scoring gathers momentum and competencies begin to feature as learning outcomes there will probably be a shift towards higher marks. This is the case for CIMA, AICPA and IIA who are setting the passing mark at **60%** and above.

### ONLINE ASSESSMENT

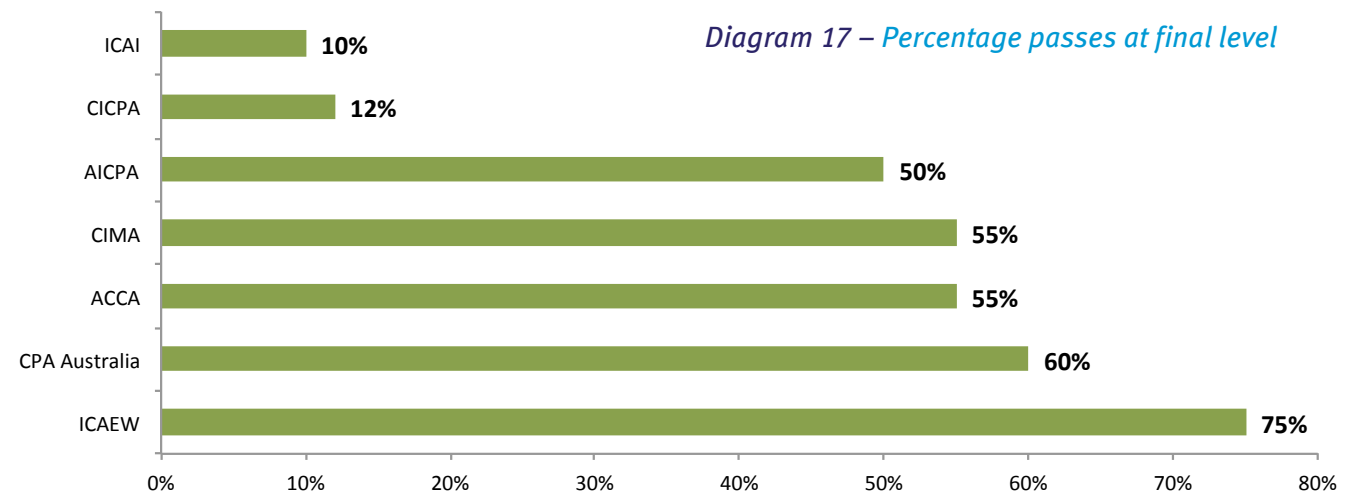
Online examinations are growing in popularity, driven by the need for exams on demand and to better simulate the workplace.

ICAI remains the only completely paper based examination with many offering a mix of both. CIMA, AICPA and IIA are leading the way with all examinations now sat on a computer.

### PASS RATES

Pass rates are an equally difficult area from which to draw comparison. Is a high pass rate an indication of an easy exam or a group of highly diligent and talented students who have performed well? In addition, the environment in which the student studies can play a part. Many large accountancy firms/professional service providers spend considerable amounts of money on supporting their students. There is equally a culture, and to certain extent pressure, to achieve and do well in the exams.

Diagram 17 shows that ICAEW has the highest pass rates; however, it is worth stating that many of the students that sit the ICAEW examination will be employed by global accountancy firms who can attract the very best candidates with those high starting salaries. The recruitment process will also be rigorous and selective resulting in students that have the very best chance of passing. And finally, by dealing only with reputable training organisations like Kaplan, they ensure exceptional quality in terms of both content delivery and exam preparation.



**Note:** Data for IIA, CPA Canada, CA Australia and New Zealand is not available, although pass rates are likely to be reasonably high, due to working for approved training providers.

# ACADEMIC CREDENTIALS

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More can probably be learned by looking at the low pass rates. As with length of study, ICAI and CICPA stand out. There are significantly large numbers of students sitting these examinations and yet pass rates remain stubbornly low. Does this indicate ill prepared students or an examination setting standards that are simply not achievable?

The ICAI have undertaken some investigations as to why this may be the case but following a recent interview at the launch of the new 2016 syllabus it looks like little will change. The President of ICAI, Mr Raghu seemed uncompromising stating that:

*“The CA exams are tough and they will continue to be tough.”*

His recommendation for success was hard work  
But with pass rates so far out of line with the rest  
of the world it would seem more needs to be done.





# CONCLUSIONS

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The fact that IFAC exists and that accounting bodies across the globe see value in becoming a member is significant. The desire to be part of an organisation that has an objective to enforce high quality standards not only for auditing and assurance but in education and ethics is an important prerequisite if there is to be any degree of consistency in the education each member receives.

However, each accounting body can choose how they interpret the IFAC guidelines and, as we have seen in this report, the result is a variety of alternative approaches to achieving the same broad objective i.e. producing competent accountants.

## NO SHOCKS BUT TOO MANY VARIABLES

From the evidence gathered in this report there is nothing to suggest there are underlying problems with the quality and reliability of the education accountants receive globally, but equally what we have not been able to do is confirm that the standard is the same. There are simply too many instances where the bodies take different approaches that result in different outcomes.

## CONSOLIDATION AND INTERNATIONAL GROWTH TO CONTINUE

What is clear is the ambition of many accounting bodies to grow their membership largely by international expansion in order to reap economies and have greater influence on the world stage. Consolidation is also likely to continue, it will be interesting to see how others react to the joint association between AICPA and CIMA.

The UK is a powerful voice in the world of accountancy yet the proliferation of accounting bodies somewhat weakens its position and a joining of forces is well over due. When comparing qualifications globally there appears no good reason for the UK to have so many.

## ASSESSMENT IS CHANGING

A syllabus identifies what a student has to learn and plays a crucial part in moulding a qualified accountant but the method of assessment is equally important, and there is much changing in this area. Scaled scoring enables greater comparability and is becoming ever more popular along with the growth in objective testing and computerised examinations. In addition, many bodies are using case studies and synoptic

assessment in order to reward higher level skills and avoid rote learning. The impact on how subjects are taught and the level of understanding required that result from having these different methods of assessment cannot be underestimated.

## FURTHER INVESTIGATION

The low pass rates in India and China require further investigation. They are so far away from what could be considered the norm a detailed analysis is needed to provide more clarity as to the why this is the case. There is clearly a cultural and educational route cause but what can be done is beyond the scope of this report.

In addition, it would be useful to look more closely at why some bodies see **accounting degrees** as being a natural progression into professional education whilst others in particular the UK do not. This is even more relevant now with the costs of higher education almost certain to increase and the debt students incur both politically and socially an area of much debate. If nothing changes it is possible that accounting degrees will or have already become less valued, companies preferring apprenticeships and using in house testing rather than a degree to select the best candidates.



# APPENDIX

## 1 DATA FOR THE GLOBAL ACCOUNTANCY MAP

*Diagram A – Member and student numbers*

Country	World's Share of GDP	Qualifications / Bodies	Students	Members
1. USA	22.60%	3	130,000	652,900
2. UK	3.4%	7	651,000	586,000
3. Brazil	3.0%	2	87,000	508,000 <sup>(1)</sup>
4. Australia <sup>(5)</sup>	2.1%	3	55,000	290,000
5. India	2.5%	2	1,000,000	230,000
6. China	14.4%	1	1,000,000	200,000
7. Canada	2.5%	1	35,000	190,000
8. Italy	2.8%	1	16,500	116,000 <sup>(2)</sup>
9. South Africa	0.5%	2	40,400	46,400
10. Hong Kong	0.4%	1	17,000	35,000
11. Germany	4.9%	2	Not available <sup>(4)</sup>	34,400
12. Japan	6.6%	1	Not available	34,000
13. France	3.7%	2	Not available	33,500
14. Malaysia <sup>(3)</sup>	0.4%	1	Not available	33,400
15. Singapore <sup>(3)</sup>	0.4%	1	Not available	28,000
16. Russia	2.8%	1	Not available	3,600
<b>Total – Excluding Brazil members and students</b>	<b>73.0%</b>	<b>31</b>	<b>2,944,900</b>	<b>2,513,200<sup>(4)</sup></b>
<b>Total – Including Brazil members</b>	<b>73.0%</b>	<b>31</b>	<b>3,031,900</b>	<b>3,021,200</b>

# APPENDIX

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**Note (1):** Brazil's Conselho Federal de Contabilidade (CFC) has 508,000 accountants and technicians registered in its organisation as “members”. However, this number will include accountants and technicians that do not hold the Sufficiency Exam or the Technical Exam Qualifications i.e. they are classed as members but have not passed an entry examination. The historical background to this is that in 2010 the CFC was required by law to register only those who approved the Sufficiency Exam qualification as “members”. Those that were registered up until 2010 were grandfathered into the CFC. The actual number of registered members with the “Sufficiency Exam” is not known. It is estimated, however, that about 1,700 members hold Technical Exam Qualification.

Given the uncertainty around those members who have actually passed an examination and the relatively small number that we know have passed the technical exam, we decided to leave Brazil out of the detailed analysis in this report. They have, however, been included in some market size data in order to give a fuller picture and in recognition of their membership of IFAC. In addition, by leaving Brazil in the figures we would be suggesting that there are more members than IFAC claim to represent, something we are currently investigating with IFAC.

**Note (2):** Italy's Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabilindiacetes claim to have 116,000 members. The body consists of 2 qualification holders: 1) Dottore Commercialisti and 2) Esperto Contabile. Both are based on State Examinations and are independent from the professional body. The role of the body is to represent professionals at a national and international level and set standards of ethics.

Italy has also been excluded from the detailed analysis in this report because the accounting body does not actually set the examinations. This is one of the criteria we have used to help more closely define a professional body. Unlike Brazil, however, we have not excluded them from the overall numbers because the members are required to pass an examination, just not one overseen by the body itself.

**Note (3):** Singapore and Malaysia were included due to the known concentration of students in these countries.

**Note (4):** Although we have no information available for student numbers in some instances, the impact is not significant. For example, if we assumed that student numbers were equal to half the membership that would only increase the student numbers by 83,000.

**Note (5):** Australia has three professional bodies CPA Australia, IPA (Institute of Public Accountants in Australia) and CA Australia New Zealand, together these bodies represent 290,000 members. New Zealand is not shown in this table due to the size of its economy. However, in the report Australia and New Zealand are discussed as one region due to the merger between The Institute of Chartered Accountants Australia (ICAA) and the New Zealand Institute of Chartered Accountants (NZICA) in 2014. The new merged body represents 255,000 members. The IPA (Institute of Public Accountants in Australia) remains independent but has only 35,000 members and so has been excluded from further analysis due to its size.

**Note (6):** The Association of Accounting Technicians (AAT) became a full member of IFAC in 2012 and has 125,000 members worldwide. It has been excluded from this report as in the UK it is ranked as a Level 4 Higher Apprenticeship. All other UK qualifications would be classes as Level 7 Apprenticeship in Professional Services, equivalent to a masters degree

# APPENDIX

## 2 ESTIMATED STUDENT NUMBERS

Estimates for the number of students in **AICPA**, **IIA**, **CPA Canada**, **CA Australia & New Zealand** are based on some available data published by the professional body and/or other sources. The available data was used as a starting point to estimate the student size, the data was questioned, used as inputs for further calculations, extrapolated and challenged against other available organisational data; calculations were subject to basic assumptions. The results are not exact and are only indications of logical levels of student volumes. Therefore, confidence levels of these results are moderate.

The number of students for **CICPA** and **ICAI** are based on conversations with the professional bodies, tuition providers and articles/websites that claimed some authority. However, given the vast size of both populations exact figures are unknown and difficult to predict. Confidence levels of these results are also moderate.



# APPENDIX

## 3 SOME DEGREE OF CONVERGENCE

*Diagram B – Adoption of IFRS by leading Accountancy Bodies*

Body	Adoption of IFRS	Jurisdiction Commitment to Adoption
ICAEW	Yes	UK already adopted IFRS. Offering a UK GAAP alternative to FAR (2017) and CR (2018).
ACCA	Yes	UK already adopted IFRS.
CIMA	Yes	UK already adopted IFRS.
AICPA	No	IFRS website indicates USA is the considering adopting IFRS, yet the reality is very different. The IFRS Foundation and the US FASB were working towards narrowing the GAAP but efforts have slowed down and most likely the USA will never adopt this.
IIA	No	
CPA Canada	Yes with amended versions to Canadian standard	Canada adopted IFRS but some options exist to report in Canadian and USA GAAP.
CPA Australia	Yes	Australia already adopted IFRS.
CA Australia and New Zealand	Yes	Australia and New Zealand already adopted IFRS.
ICAI	No	Starting to move towards a convergence with IFRS known as Indian Accounting Standards.
CICPA	No	Adopted national accounting standards that are substantially converging with IFRS. The use of IFRS is not permitted for domestic companies.

**Note:** IFRS analysis is out of the scope of this research. The reporting standards in each of the countries evaluated can be complex. IFRS adoption or/ and willingness to adopt was one of the several factors evaluated to help identify and classify an accounting body as global.