



# News Release

## **Global SME survey shows cautious optimism but government has a role, say accounting bodies**

October 20, 2009. Vancouver, London, Canberra

Governments everywhere must make the interests of small and medium-sized businesses a key priority or put sustained economic recovery at risk, three of the world's leading accounting bodies have warned following a global survey which they commissioned.

CPA Australia, the Certified General Accountants Association of Canada (CGA-Canada) and ACCA (the Association of Chartered Certified Accountants), which together represent more than 700,000 accountants worldwide, sponsored research by the world-renowned Economist Intelligence Unit, which explored the problems facing small and medium-sized enterprises (SMEs) in accessing finance from banks and other lenders. Based on that research and other recent studies, the three bodies have created their own report, which includes a series of recommendations for governments, banks and business.

In those countries hit hardest by the economic downturn, banks have cut lending, and are facing criticism for not passing on interest rate cuts designed to help economies recover. Businesses experiencing depressed demand for their products or services are faced with tough decisions on investment and staffing levels and on the best structure to survive and compete in the future.

The accounting bodies have called for continued support for SMEs, noting that unless this sector has the confidence to resume hiring and investing, the global recovery could prove fragile. Early signs of improvement in the economy could be misleading and policymakers must remain on the alert until at least 2011, the three organizations have warned.

They also caution against overly interventionist or protectionist measures. Instead they call for a continued focus on encouraging growth in the SME sector through lighter regulation, supportive policies, selected fiscal incentives and reasonable labour market flexibility.



They call on governments to use tax incentives and workforce skills development to encourage investment and innovation. They also believe policy-makers and lenders should reduce credit uncertainty by publishing comprehensive information on business lending trends and lender requirements for business loans.

Banks too must be less formulaic in their lending approach, instead assessing risk on an individual basis with their SME clients. Accountants must also be prepared to mediate between lenders and borrowers, say the three bodies.

The decision to work together by ACCA, CGA-Canada and CPA Australia reflects the importance of the challenges facing SMEs today. The three bodies believe they can motivate policy makers, businesses and other stakeholders, to highlight the importance of SMEs and their contributions to global economic development.

“Given this is the first recession for many SMEs, they may need to re-learn finance and reconsider how they do business. Many will need support from professional accountants who have a crucial role to play in helping them to get through these challenging times,” said Helen Brand, Chief Executive of ACCA.

“Companies must plan for the recovery but must also include a worst-case scenario in their plans should the recovery stall,” said CPA Australia Chief Executive Alex Malley. “They should also expect any global recovery to be a slow-moving beast. For those that are in a strong financial position however, there will be opportunities for expansion and growth.”

“As the world emerges from our recent economic difficulties, it is critical to focus on the circumstances and requirements of the small and medium-sized business sector,” said Anthony Ariganello, President and Chief Executive Officer of CGA-Canada. “Our long term economic recovery and global business strength depend upon the vibrancy of this sector.”

## **ACCA**

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 131,500 members and 362,000 students throughout their careers, providing services through a network of 82 offices and active centres. Our global infrastructure means that exams and support are



delivered – and reputation and influence developed – at a local level, directly benefiting stakeholders wherever they are based, or plan to move to, in pursuit of new career opportunities. Our focus is on professional values, ethics, and governance, and we deliver value-added services through 57 global accountancy partnerships, working closely with multinational and small entities to promote global standards and support.

We use our expertise and experience to work with governments, donor agencies and professional bodies such as the International Federation of Accountants (IFAC) to develop the global accountancy profession and to advance the public interest.

### **CGA-Canada**

Founded in 1908, the Certified General Accountants Association of Canada (CGA-Canada) is a self-regulating, professional association of 73,000 students and Certified General Accountants – CGAs.

CGAs work throughout the world in industry, commerce, finance, government, public practice and other areas where accounting and financial management is required. CGA clients range from major corporations and industries to entrepreneurs. Their expertise is valued in the public sector, government and the corporate world.

CGA-Canada represents CGAs and students in Canada, as well as Bermuda, the nations of the Caribbean, the People's Republic of China and Hong Kong. CGA-Canada sets educational standards, professional guidelines, provides services and develops the CGA Program of Professional Studies.

CGA-Canada contributes to national and international accounting standard setting through co-operative professional relationships with other accounting bodies, represents the interests of the public and CGAs, and serves as an advocate for accounting professional excellence.

### **CPA Australia**

CPA Australia is one of the world's largest accounting bodies with a membership of more than 122,000 finance, accounting and business professionals across the globe.

Our international presence continues to grow in terms of representation on international bodies and influence in the profession globally.

In areas of financial reporting, taxation and corporate governance we are thought leaders in Australia and internationally.



Education, training, technical support and advocacy are our core services for members. Staff and members work together with local and international bodies to represent the views and concerns of the profession to federal, state and territory governments and to regulators, industry, academia and the general public.

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**For further information, please contact:**

Colin Davis  
Head of International Communications  
ACCA  
Tel: +44 (0) 207 059 5738  
Mobile: +44 (0) 7720 347713  
[colin.davis@accaglobal.com](mailto:colin.davis@accaglobal.com)

Barbara Cameron  
Vice-President, Public Affairs  
CGA-Canada  
Tel : 1 604 605-5147  
Mobile : 1 604 761-5409  
[bcameron@cga-canada.org](mailto:bcameron@cga-canada.org)

Adam Blight  
General Manager – External Affairs  
CPA Australia  
Tel : +61 (0) 3 9606 9697  
Mobile: +61 (0) 422 003 334  
[adam.blight@cpaustralia.com.au](mailto:adam.blight@cpaustralia.com.au)