

## **Aiming to Contribute to the Sound Development of the National Economy and Tackle Social Issues**

### **Marking the 70th anniversary of the establishment of the CPA system in Japan**

The Certified Public Accountants Act was enacted on July 6, 1948, and this year marks its 70th anniversary. Looking back on these past 70 years, it has not all been plain sailing, and there have in fact been many challenges. I therefore believe it is entirely thanks to the support we have received from the time of my predecessors who first led the way, that we have been able to maintain and develop the CPA system throughout this long 70-year period.

The CPA system in Japan is unique in the way it was first established to address a need for audit experts. However, the situations in which CPAs work now span an array of fields including tax practice, consulting, and service as professional accountants in business and outside directors. Currently, more than half of CPAs are employed in organizations other than audit firms. Within this context, the mission of CPAs, as set out in the first article of the Certified Public Accountants Act, is to contribute to the sound development of the national economy as auditing and accounting professionals. Accordingly, I would like this 70th anniversary to serve as an opportunity for every single professional to reconsider that mission and play an active role in varieties of areas to engage in the public interest.

Furthermore, I believe that it is important not only to look back on the past, but also to look ahead to the future. The JICPA has therefore established a special committee to consider a vision for the future of the profession and the industry. It is certainly important for the JICPA as a self-regulatory body to continue fulfilling the responsibilities as stated in the Certified Public Accountants Act, but at the same time, it is vital that we contribute to offer new perspectives to tackle social issues. It is my hope that we can explore the potential courses of actions with a long-term vision that looks ahead to the 100th anniversary of the CPA system in Japan.

### **Three cornerstones on which JICPA's activities are based**

When I assumed the office two years ago, I announced three cornerstones on which the JICPA's subsequent activities will be based: (1) building confidence in CPA audits, (2)

becoming an agent for enhancing resilient and robust accounting infrastructure, and (3) professional competence and attracting future generations.

(1) Building confidence in CPA audits

The key focus in recent years has been building confidence in CPA audits. We are addressing this goal through measures to improve the auditing environment, in particular by enhancing the transparency of auditing practice and audit firms themselves, and ensuring sufficient time for audit. On the other hand, as a self-regulatory body, the JICPA is also responsible for providing guidance, coordination, and supervision for CPAs. Given the recent increase in expectations to the profession from the public, in addition to being required to demonstrate the capacity to regulate ourselves properly, we are also being called on to explain our activities more fully to those outside the organization through timely and prompt communication of information. I therefore intend to review our self-regulatory system as a whole and ensure that it is perceived as more reliable than ever before by the public.

(2) Becoming an agent for enhancing resilient and robust accounting infrastructure

I also recognize that, as our work diversifies, we will need to handle areas other than auditing. In fields including tax practice and support for small- and medium-sized enterprises, I intend to encourage more close collaboration and communication between the headquarters and regional chapters, given that we will need to implement measures aligned with the characteristics of local communities. Meanwhile, the number of CPAs working in companies or serving as outside directors or corporate auditors is increasing. The JICPA will continue supporting these CPAs who help to enhance corporate values by drawing on their wealth of knowledge and experience as experts in accounting and auditing.

(3) Professional competence and attracting future generations

If CPAs are to continue fulfilling this expanding role, a greater pool of outstanding CPAs will be needed, and it will therefore be vital to increase the number of people sitting the CPA exams. However, the impression that the majority of university students seem to have of the profession is not necessarily true, as many seem to believe that CPAs will be replaced by artificial intelligence (AI), or that our work mainly involves checking documents, and that the working hours are long. I therefore believe that we need to assist students learn the facts about CPAs and the accounting and auditing work we do. We must be persistent in explaining that the essence of auditing and other CPA work is

to assess the results of checking documents, make judgments, and communicate with executives, and that far from being replaced by AI, CPAs will be the ones making use of such technology.

I also believe it is important to proactively disseminate information about the JICPA's activities so that they are properly understood by the wider society. We will strive toward enhanced transparency.

### **Looking ahead to the future**

Only one year now remains of my term in the office as the Chairman and President, however, I sincerely wish to dedicate myself fully until the very end and work diligently to enable Japan's CPA system and the profession to develop and flourish further.

I will be working to ensure that the CPA profession continues to meet society's expectations and grow sustainably for the next 10 or 20 years, and beyond to its 100th anniversary. I will also be working to ensure that it can continue playing a leading role in developing the national economy and resolving social challenges.