

A SHIFT IN FOCUS FOR FS

With financial services such a stalwart in the UK economy, ICAS is looking at how it can better support its members in the sector. Robert Outram and Rachel Willcox report

FINANCIAL SERVICES (FS) is a crucial sector, accounting for an estimated 12 per cent of the UK economy and 7 per cent of the workforce. Around one in five ICAS members works in financial services in some shape or form, and ICAS is now launching the ICAS FS network, to support the networking and opportunities available to ICAS members working in the FS sector.

ICAS members in financial services can be found in London, Edinburgh and financial centres around the world from New York to Hong Kong. Within the FS industry they work across various sub-sectors, including wealth and asset management, private equity, insurance, banking and corporate finance.

Over the past few months, the ICAS team have been talking to members in financial services to build up a picture of what they are looking for from their professional body and FS network. Four key priorities emerged:

- ▶ **Represent** the views of members, to government, regulators and the wider

More than
4,200
ICAS members work in financial services (FS)

38%
of CAs in FS are based in or around London

24%
of CAs in FS are based in Edinburgh

47%
of CAs in the sector are under 35
Source: ICAS



community. ICAS is not looking to replace specialist sector bodies, but it is well positioned to take a wider view and represent the public interest as well as that of members.

- ▶ **Connect** members with each other and facilitate networking.
- ▶ **Educate** and inform through courses, webinars and other digital content, including the launch this May of a new digital monthly magazine for the financial services sector.
- ▶ **Mentor** members and, in particular, ensure the ICAS business mentor scheme is relevant for those in financial services.

Events such as the ICAS Young Leaders Summit, to be held in London in September, will feature among the best in CA talent in the financial services sector. At recent ICAS networking events there have been talks by key individuals from the sphere of financial services, including Antony Jenkins, former CEO of Barclays, on the impact of fintech; HSBC chairman Douglas Flint CA; and Aberdeen Asset Management's CEO, Martin Gilbert CA.

MEET THE AMBASSADORS

The ICAS Financial Services network has also been reinforced with the



ICAS FINANCIAL SERVICES AMBASSADORS

LONDON

Crystal Braganza, accountant, Grant Thornton UK LLP

Stephen Clapham, head of research, Fenician Capital Management

Irene Goh, head of capital management, EMEA HSBC Bank plc

Richard Grant, chief operating officer, Veritas Asset Management LLP

Fiona Gray, risk assurance senior manager, PwC LLP

Jason Harvie, investment manager, Aberdeen Asset Management plc

Donny Hay, client director, PTL

Chris Kimber, vice-president, JP Morgan Chase Bank

EDINBURGH

Martin Greig, a client relationship director with 25 years' experience in the financial services sector

Danielle Hogg, senior unit trust compliance consultant, Virgin Money

Ross Middleton, senior investment manager, Murray Asset Management Ltd

Oliver McCaul, financial reporting accountant, Aegon

Konstantinos Thalassinos, senior finance manager, Lloyds Banking Group plc

To contact the ICAS financial services ambassadors, or to find out more about becoming one, email Greg Swinton at gswinton@icas.com

appointment of ICAS volunteer "ambassadors" for the sector. Their role will be to act as a point of contact between ICAS and members within the financial services community, leveraging the power of the ICAS network to engage with fellow members in the community.

Edinburgh-based Konstantinos Thalassinos, one of the ICAS ambassadors, works in the finance department of Scottish Widows, part of Lloyds Banking Group. He also manages the Box Management team, part of the bank's Investments and Operations division. Thalassinos describes his

role as "unique and interesting". Since qualifying as a CA with EY, he has worked in financial services and the CA training has been fundamental to his career so far.

Thalassinos says: "It literally opened many doors for me! It also helped me broaden my career horizons and enabled me to see what options I have and what possible paths I can follow."

Stephen Clapham, one of the London-based ambassadors, is head of research with Fenician Capital Management. He has more than 25 years' experience both on the sell-side at various investment banks and latterly on the buy-side,

focusing on special situations in global equities. He is also an analyst and shareholder at corporate research firm Hardman & Co and has a research consultancy, The Balance Sheet Surgery.

He says: "Active investing has been a challenge in 2016, with many funds underperforming their benchmark and corresponding ETFs (exchange traded funds) but correlations are falling and there is more opportunity to generate alpha (performance above the market average) today."

Clapham adds: "There is no other job I would rather do – investing is an exciting, energising and intellectually creative activity, with a new challenge every day."

Danielle Hogg is a senior unit trust compliance consultant with Virgin Money, based in Edinburgh. She oversees the compliance of Virgin Money's investment and pensions business.

The CA qualification has proved a vital foundation for the technical requirements of her role. She says: "It's not just about understanding the technical details of the rules, but also being able to express these into simple terms for the rest of the business and customers."

She adds: "[These are] exciting times, not least the importance of technology on fundamental ways of working and product development, and all the while keeping a focus on customer service."

Jason Harvie, an investment manager with Aberdeen Asset Management in London, qualified as a CA in 2012 having trained with energy investment bank Simmons & Company International. After building up experience across a broad range of M&A transactions in the energy space, he moved into a generalist role on the buy-side with Aberdeen Asset Management. He works on the private equity desk, focused on direct co-investments.

Of the CA qualification, Harvie says: "The ability to critically analyse businesses from the perspective of a variety of stakeholders is a powerful skill set in an economy that continues to change at a pace."

He adds: "Between central bank policy and global geopolitical unrest, we are all subject to the curse of living in interesting times. The constant that remains is change which continues to present opportunities for CAs to actively influence and shape the future of the industry."

BANKING AND FINANCE

The ICAS financial services community includes many of the most experienced people in the sector. Jim Coyle retired



7%

or more of the UK's workforce is generated by financial and related professional services, producing nearly

12%

of total economic output

2.2m

people work in the UK's FS sector

2/3

of them outside London

£66bn

in taxes for the UK Government comes from the financial sector

£72bn

is the estimated trade surplus for the UK economy in financial services

£100bn

was invested by overseas companies into the UK's FS sector between 2007 and 2016, more than any other sector
Source: TheCityUK Key Facts (2016)

from Lloyds Banking Group in May 2015, having achieved the role of group financial controller/deputy group finance director. Now, his portfolio of non-executive directorships includes HSBC Bank plc, where he is risk chair and a member of the audit committee, M&S Bank plc, Honeycomb Investment Trust plc (audit chair) and the Scottish Building Society.

He says: "As well as having a very powerful business qualification, CAs typically possess a number of excellent personal qualities – they're extremely hardworking, honest, hugely ethical, professional and have real integrity. It's what gives the CA the edge over other professional qualifications."

Graeme Hartop is another veteran of the banking sector with more than 25 years' experience. He was one of three original directors of Scottish Widows Bank when it was created in the 1990s, and he is now CEO of Hampden & Co, the first new Scottish private bank to open for 30 years.

Hartop did his CA training with Arthur Young and qualified in 1988. The accountancy firm's strong financial services client base offered him invaluable insight into the sector that was soon to become his own. "I got to know the industry really well, I enjoyed it and never looked back," he explains.

He admits the combination of the deposit-led nature of the private banking business combined with an ultra low rate interest environment is throwing up some interesting challenges in private banking.

He says: "There's also huge change across the banking sector with the move away from bricks and mortar and the need for digital servicing – it's about striking the balance between personal service and having the right digital offering."

Banking is also creating opportunities for a new generation of CAs. Henry Smith, a chartered financial analyst (CFA) as well as a CA, is an associate

director, structuring, with Barings. He first gained exposure to financial services as an audit trainee with EY in the firm's financial services banking and capital markets division, qualifying as a CA in 2013.

As a financial structurer at Barings, it is Smith's job to develop innovative and tax-efficient solutions to enable institutional investors to deploy cash in the capital markets: "... from negotiating credit facilities, developing currency hedging strategies for a new mandate, trawling through ISDA documentation and assessing bond portfolios against regulatory criteria to determine appropriateness for a new client."

No wonder, then, that the broad experience gained through his CA qualification has proved invaluable.

PRIVATE EQUITY

The CA's ability to read a business, understand what the numbers mean and identify a course of action is also a useful asset in the world of private equity. Andrew Miller is a CA who is using experience gained in business management – including his time as chief executive of the Guardian Media Group – in his latest role as managing director with private equity house Terra Firma.

Terra Firma's stated strategy is to "invest in asset-rich businesses that require fundamental change" and, as one of the business's change agents, Miller sits on the boards of three investee companies: an aircraft leasing business based in Dublin (AWAS); the largest privately owned beef producer in Australia (CPC); and a small German hotel business (Welcome Hotels).

Miller doesn't agree with the suggestion that private equity is inevitably too short-term in its focus: "We buy businesses with strong assets, with a view to hold our investment and build on it. We've been invested in AWAS [which Terra Firma is now

"The core strengths of the CA training are in creating an ability to think outside the box and source solutions with a can-do attitude"

Patricia White



in the process of exiting] for nine years, for example."

He believes that his CA background has been crucial: "The CA is definitely a passport to a broader business career. For me, I've worked in traditional finance roles, as well as in corporate finance and now in private equity.

"I would advise someone looking for a similar career to be willing to continually learn and try new things. You have to get off your backside and find the opportunities."

Calum Paterson, managing partner of technology-focused private equity house Scottish Equity Partners, agrees: "A CA training provides an excellent foundation for a career in the private equity industry. Financial analysis, financial modelling, and reporting are core skills.

"Our team is deliberately diverse in terms of skills and experience, however, and as well as CAs we have people from many other backgrounds. Ultimately it is about having the right balance in our team. We place a lot of emphasis on strong commercial, communication and analytical skills, but given our specific focus we also need to have a good understanding of technology sectors and markets."

He adds that a career in private equity, contributing to transformational change and creating value for investors, is "quite a unique job" in terms of variety, responsibility and influence. Paterson warns, however: "It is a relatively small industry and



100k

or so people are directly employed in financial services in Scotland, and a similar number indirectly

£8bn

is generated for the Scottish economy by FS

8%

or more of Scotland's onshore economic activity is generated by FS

£800bn

or more in funds is managed by asset managers in Scotland

Source: Scottish Financial Enterprise

entry level vacancies can be very hard to find. Prior experience in industry or in the financial sector can be very useful."

Douglas Watt, a director with the client and partner group of KKR, is another CA in private equity. He started with Arthur Andersen in 1994, before moving to Price Waterhouse in the Cayman Islands after qualifying, and then Goldman Sachs in 1999.

Watt says: "One of the great things about CA training is the exposure you get to different industries. The diversity of this experience is key if you decide to later embark on a career in private equity, regardless of whether you decide to focus on deal making, operational consulting for portfolio companies or fundraising and investor relations.

"My main piece of advice would be to get exposure to as many different areas as you can during your training... the other huge benefit of the qualification is the professional network you will build."

ASSET MANAGEMENT AND FINANCIAL SERVICES

CAs are also well represented in other branches of the financial services sector, such as asset and wealth management (see the interview with Martin Gilbert, CEO with Aberdeen Asset Management on page 16 of this issue), insurance and back office services.

Another CA in a lead role in financial services is Lynn Fordham, chief

executive of SVG Capital. Her career typifies the way in which a CA can bring a huge range of experience to any role. She joined SVG as finance director in 2008 and less than a year later – after playing a crucial role in the transformation of the balance sheet and developing group strategy – she was appointed to the top job. Prior to that, she had gained experience at a range of household names including Barratt Developments, Mobil Oil, Boots and airport group BAA.

Patricia White is managing director of Vistra Guernsey, which provides a range of fund and fiduciary services, together with corporate secretarial and compliance support to regulated fund vehicles, including listed funds.

She says: "The core strengths of the CA training are in creating an ability to think outside the box and source solutions with a can-do attitude. With the base training provided, any CA has the ability to succeed in finance and I would recommend obtaining a breadth of operational experience with perhaps some work experience abroad.

"The membership of a prestigious Institute such as ours holds any accountant in good stead with a qualification that is recognised and respected internationally." **CA**

→ **The ICAS Financial Services Network is one of the most powerful networks in business. To find out more email Greg Swinton at gswinton@icas.com or go online to icas.com**



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Graeme Hartop

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