

The background of the entire page is a photograph of the Singapore skyline at dusk. The Singapore Flyer, a large Ferris wheel, is prominent in the center, with its red and white structure glowing. The city's skyscrapers, including the Marina Bay Sands, are visible in the background, their lights reflecting on the water. In the foreground, a paved walkway with palm trees and other greenery runs along the water's edge, with several people walking and cycling.

Strategy Discussion Paper for

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# **Strengthening Small and Medium-Sized Accounting Practices**



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# Foreword: A Call for Change to SMPs

Small and Medium-Sized Accounting Practices (SMPs) have long been a critical pillar supporting Singapore's economy. SMPs often serve the needs of Small and Medium Enterprises (SMEs), offering trusted financial guidance, assurance, and compliance services that uphold the integrity of our finance & financial compliance in our business ecosystem. Yet, despite their importance, SMPs today face mounting pressures such as tight margins, shrinking talent pipelines, rapid technological shifts, and the rising expectations of clients and regulators.

Many SMPs continue to operate in isolation, focused heavily on compliance services with limited capacity to pivot into higher-value work. The sheer number of firms, most with fewer than 10 staff, while reflecting the entrepreneurial spirit of practitioners, also indicates a fragmented sector, resource constraints, and a lack of scale. These challenges are not new, but they are becoming more urgent, owing to the pace of change outside the SMP industry.

This strategy discussion paper is a roadmap to facilitate the call to action and collaboration. A roadmap for the future that outlines bold yet practical strategies to rejuvenate the SMP sector to elevate the value of both SMPs and their talent. It underscores the need for timely and decisive conversation among the sector to plot the path forward, as the continued viability and relevance of many SMPs hinge on the steps we take today.

Transformation will require courage. It will require a change in mindset towards openness, collaboration, and ambition. Consolidation and cooperation are no longer threats to independence, but rather pathways to survival and continuing relevance. Technology must become an enabler, not an obstacle. Talent must be nurtured, not resigned to attrition. Standards must be raised, not maintained at status quo.

The recommendations in this paper reflect voices from across the ecosystem from practice leaders, young professionals, aspiring professionals, and industry partners. Their collective message is clear: the sector must evolve, and the time to act is now.

Let us move forward **together** to build a stronger, more resilient, and more respected SMP sector.

# Strategic Overview

The Institute of Singapore Chartered Accountants (ISCA) formed the Strengthening SMP Taskforce (the Taskforce), comprising ISCA Council members, experts in business, strategy and technology to look at ways to rejuvenate and drive changes for the SMP sector.

## Focus Groups with Stakeholders

The Taskforce carried out focus group discussions with the following groups of stakeholders:

- Students from local Institutes of Higher Learning (IHLs)
- SMP owners and employees
- ISCA Public Accounting Practice Committee
- ISCA CFO Committee, representing the users of professional services

Feedback and inputs shared have been included in the relevant parts of the paper.

Recognising the imperative for change, the Taskforce is laying out recommendations to drive strategic changes, elevate the value of SMPs to businesses and talent, foster competitiveness and tackle structural barriers. By challenging status quo, these recommendations are intended to empower progressive SMPs to strengthen and position themselves as valuable contributors to the broader business ecosystem. This strategy discussion paper provides a foundation for engaging the SMP sector in charting a collective path forward to achieve these strategic objectives.

The five recommendations presented in this paper seek to achieve the following strategic thrusts:

Strategic Thrusts	Recommendations
(a) A Sustainable and Competitive SMP Sector through Collaboration and Differentiation	<p><b>Recommendation 1:</b> Foster an enabling environment for consolidation and collaboration</p> <p><b>Recommendation 2:</b> Create a trusted badge-based system to showcase firm credibility, enhance visibility, and support competitive positioning</p>
(b) A Future-ready and Progressive SMP Sector through Innovation and Connections	<p><b>Recommendation 3:</b> Pilot technology innovation for sector-wide impact</p> <p><b>Recommendation 4:</b> Expand reach of SMPs through industry-led overseas professional services centres</p> <p><b>Recommendation 5:</b> Strengthen graduate talent pipeline into SMPs through a pilot placement programme</p>

The following proposed measurable metrics are designed to provide a clear basis to track progress, evaluate effectiveness, and assess the overall impact of these strategic thrusts over time:

		Near Term	Long Term
	Current <sup>1</sup>	Target (5 years)	Target (10 years)
<b>Ratio of Micro Firms to Total Firms<sup>2</sup></b>	70%	68% to 70%	65% to 68%
<b>Revenue per SMP Employee (Productivity) (SGD)<sup>3</sup></b>	82,406	+2% to +3% year on year	+3% to +5% year on year
<b>SMP's Revenue to Total Revenue</b>	15%	16% to 17%	18% to 20%
<b>SMP Overseas Revenue over Total SMP Revenue</b>	4%	4% to 5%	5% to 6%
<b>New Local Accounting Degree and Diploma Graduates hired by SMPs over Total New Accounting Graduates hired by AEs.</b>	12%	14% to 16%	17% to 19%

<sup>1</sup> Source: Accounting and Corporate Regulatory Authority (ACRA), Accounting Entities (AE) Survey 2025. This is a national survey conducted by ACRA on AEs that are registered under the Accountants Act.

Ratio of Micro Firms to Total Firms is based on figures as at 31 March 2025. Remaining metrics are based on figures as at 31 December 2024.

<sup>2</sup> The reduction in the ratio of Micro Firms to Total firms is targeted to be contributed by the attrition and/or consolidation of Micro Firms.

<sup>3</sup> The recommendations are envisioned to increase productivity per SMP employees through effective adoption of technology, while simultaneously driving growth in overall SMP revenue.

# The Change Imperative: A Mindset Change for Sustainable Small and Medium-Sized Accounting Practices

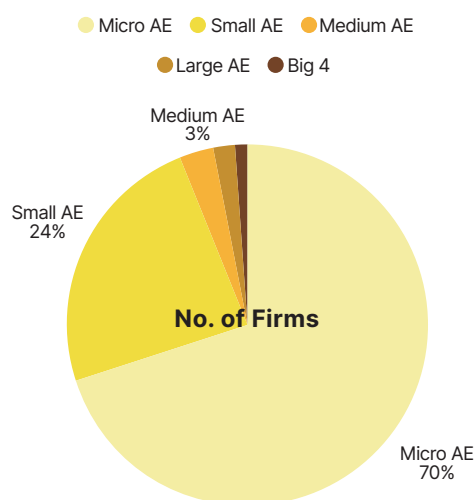
## The Current Landscape of SMPs in Singapore

SMPs play a vital role in supporting the business ecosystem through providing essential services such as accounting, audit and compliance support, particularly to SMEs<sup>4</sup>, which contribute 47% of Singapore economy’s nominal value added<sup>5</sup>. Their close engagement with SMEs allows deep understanding of the operational and business needs of these companies, enabling SMPs to offer practical, tailored advice and solutions. Some SMPs already support SMEs with advisory work, including navigating financial complexities and identifying growth opportunities. However, a large proportion of SMPs’ services remain

focused on compliance, particularly audit and assurance services<sup>6</sup>.

According to the Accounting Entities (AE) Survey 2025<sup>7</sup>, there are 761 AEs in Singapore as of 31 March 2025. Of these, about 98% are AEs with 100 or less staff (referred to as “SMPs” in this paper). 70% are micro-AEs with less than 10 staff. While SMPs form 98% of the Singapore accountancy sector, SMPs only contributed about 15% of the sector’s revenue in 2024 and employed 25% of the accountancy workforce of AEs based in Singapore.

## Singapore Accountancy Landscape



<sup>4</sup> SMEs are defined as enterprises with operating revenue not more than \$100 million or employment not more than 200 workers. More than 98% of total number of enterprises in Singapore are SMEs according to the Department of Statistics Singapore as of March 2025.

<sup>5</sup> Source: Department of Statistics Singapore

<sup>6</sup> Percentage of audit and assurance revenue over AEs’ total revenue: Micro AEs: 69%; Small AEs: 71%; Medium AEs: 67%. Large AEs: 48%; Big 4 AEs: 46%. Source: ACRA, AE Survey 2025

<sup>7</sup> Numbers and percentages are based on estimated total population.

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## The Case for Change



Since 2020<sup>8</sup>, there has been a rising influx of micro practices, firms with fewer than 10 staff, entering the sector that is expanding, yet experiencing increasing competitive pressure at the smaller-firm level. While some firms choose to remain small and successfully position themselves as valued boutique firms, offering niche services or personalised client experiences, the sheer number of firms operating at this small scale presents systemic challenges for the sector. This growing trend exacerbates existing challenges, including price competition, limited access to talent and difficulty in achieving economies of scale.

Through our engagements with SMP practitioners, it became evident that price competition remains a widespread concern across the sector. Many practitioners pointed to the rise of firms engaging in unsustainable and unrealistic pricing practices that aggressively undercut market rates. Such practice not only erodes the perceived value of professional services but also places pressure on legitimate firms to compromise on quality or absorb shrinking margins in order to stay competitive. While the number of micro firms have increased by 15%, the revenue

contributed by these firms grew by only 4%<sup>9</sup>, a stark contrast to the Big 4 and Large firms, whose revenue increased by 35% and 88% respectively over the same period. Smaller firms also face significant challenges in differentiating themselves in a crowded marketplace. Many struggle to stand out from competitors offering similar services. This lack of differentiation hinders client acquisition and retention, making it even more difficult for these firms to grow sustainably or command premium fees.

During our discussions with students from various IHLs, students expressed concerns about their employability after joining smaller firms, citing limited career mobility and a narrower range of service offerings compared to larger firms. Moreover, smaller firms are unlikely a career choice when there are employment offers from the bigger firms.

Traditional operating models may no longer be sufficient for long-term sustainability or relevance. To remain viable, SMPs must break away from siloed ways of operating and embrace new forms of collaboration as a strategic imperative.

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<sup>8</sup> The number of Micro AEs increased 15% from 466 as of 31 March 2020 to 534 as of 31 March 2025.

<sup>9</sup> The revenue contributed by Micro AEs increased 4% from \$130.1 million in 2019 to \$135.2 million in 2024; Large AEs increased 88% from \$272.6 million in 2019 to \$512.5 million in 2024; Big 4 AEs increased 35% from \$1,813.6 million in 2019 to \$2,453.4 million in 2024.

Source: ACRA, AE Census/Survey

# Vision: A Future-Ready, Competitive SMP Sector



Consolidation, whether through mergers, strategic alliances, or shared service models, is not about losing independence but a strategic pathway to resilience and enhanced capabilities. By pooling resources, firms can build stronger value proposition, broaden their service offerings, and strengthen their market presence. This can lead to greater operational efficiency, improved access to talent, and enhanced bargaining power, including when negotiating with technology vendors and attracting investments in sector-specific innovations. Ultimately, the way forward requires a mindset change towards greater openness, collaboration, alongside a collective commitment to achieving higher professional standards and enhancing the value that firms deliver.

The Taskforce has identified two strategic thrusts for the SMP Sector:

Strategic Thrusts	Strategic Objectives
(a) A Sustainable and Competitive SMP Sector through Collaboration and Differentiation	<p>Encourage consolidation and strengthen collaborative platforms and shared services to enhance operational scale and efficiency.</p> <p>Enable differentiated positioning and elevated profile of SMPs through verified recognition and branding.</p>
(b) A Future-ready and Progressive SMP Sector through Innovation and Connections	<p>Reimagine the way of work through innovation and global connections and redefine SMPs’ value proposition.</p>



# Recommendations

## a) Sustainable and Competitive SMP Sector through Collaboration and Differentiation

The small size of many SMPs is not always due to a lack of opportunity or ambition, but often a mix of structural challenges and deliberate choice. Many practitioners value the independence that comes with running a lean practice, where they can keep workloads and risks manageable and build long-standing, personal relationships with their clients without the pressures of chasing growth.

While the desire to remain small is understandable, we foresee the future landscape presents serious risks for SMPs that continue to operate in isolation. Larger firms have been quick to harness technology and leverage economies of scale. At the same time, the profession's perceptions particularly among the younger generation is increasingly shaped by the visibility, branding, and outreach efforts of larger firms. This was clearly reflected during the discussions with students from various IHLs, where a common observation emerged: the lack of awareness and understanding of SMPs. Beyond this visibility gap, students also expressed concerns about their future employability and career progression after starting their careers in smaller firms, making them less inclined to join such firms in the first place. These sentiments contribute to the persistent talent attraction challenge faced by the SMP sector. With their strong branding, active campus engagement, and well-established recruitment pipelines, larger firms have positioned themselves as the default career choice for many aspiring professionals entering public accountancy.

While larger firms also face talent shortages, the inconvenient truth is that despite ongoing industry efforts to grow the talent pipeline, they are generally more agile in adapting to

change and better positioned to scale up hiring quickly when supply conditions improve. SMPs, meanwhile, risk being left behind as a non-priority choice. As a result, large firms remain well-positioned to move downstream and re-capture the SME market, potentially displacing smaller firms that struggle to keep pace. At the current rate, it's becoming clear that many smaller SMPs may need to come together whether through consolidation or collaboration to gain the scale needed to stay competitive. Without taking that step, there's a real risk of being left behind and continuing to face the same talent shortages and operational challenges.

Importantly, the sector will always need small firms. SMPs play a valuable role in serving SMEs and maintaining close client relationships. However, the current landscape with so many very small firms operating in isolation may not be sustainable. What the sector needs is a healthier balance: fewer fragmented micro-practices, and more firms with the scale, resources, and visibility to remain competitive.

Encouragingly, in recent interactions, a growing number of SMPs have begun exploring their next steps, whether it's selling the practice, passing it on to the next generation, or merging with another practice. However, we have observed that conversations between buyers and sellers are often tentative and fragmented, with many unsure of how to initiate or navigate the process. This highlights the need to create an enabling environment for consolidation and collaboration for the sector to scale up to remain relevant in the future.

## **Recommendation 1: Foster an enabling environment for consolidation and collaboration**

### **ISCA's role in enabling the right environment**

ISCA is well-positioned to be the enabler for such environment for the sector. This can be achieved by bringing together key stakeholders, such as accounting firms, other professional services firms, potential investors, corporate finance advisors, and institutional funding providers, who have a vested interest in this space.

By fostering dialogue and facilitating connections among these parties, ISCA can help stimulate activity in the M&A space. In addition to convening stakeholders, ISCA can promote greater awareness and understanding of M&A through events such as talks and networking sessions. These platforms can be used to highlight the strategic and operational benefits of consolidation and collaboration, share best practices and success stories, and address common concerns that may be holding firms back from exploring such opportunities.

## **Shared-service centres**

As the accounting sector continues to face persistent labour shortages, many firms have turned to shared-service centres as a practical option to bridge talent gaps and manage rising labour costs. Our engagements with SMPs indicate a growing number of practices that have either established offshore offices or engaged talent through shared-service arrangements to support service delivery in Singapore.

While strengthening the local accountancy talent pipeline remains a critical long-term priority, the strategic use of shared-services has, in many cases, become an unavoidable and pragmatic response to current resource constraints.

We recommend that the sector develop a robust framework and ecosystem to support and ensure the quality of shared-service centres. This should include:

- Establishing comprehensive guidelines aligned with quality management standards;
- Implementing targeted training programmes to upskill shared-services personnel;
- Strengthen connection with regional IHLs to expand talent pipelines.

These measures will help uphold service consistency, professional standards, and regulatory compliance, even when work is performed offshore.

Qualified offshore personnel could be encouraged to pursue the Singapore Chartered Accountant Qualification (SCAQ) as a pathway to the CA (Singapore) designation. This not only enhance alignment with Singapore's professional and regulatory standards, but also fosters integration and consistency across cross-border engagements, opening avenues for high-potential talent to eventually join the Singapore workforce.

In the longer term, shared-service centres could be progressively integrated into industry-led overseas Professional Services Centres (see Recommendation 4). This would facilitate greater exchange of expertise and talent through structured talent-matching initiatives, coordinated trainings, and digital collaboration tools, ensuring that offshore capabilities are aligned with international service standards and local practice needs.

Such a collaborative service model positions shared-service centres not merely as a cost-saving measure, but as strategic partners in enabling SMPs to scale sustainably, manage staffing volatility, and maintain high service quality in an increasingly globalised operating environment.



## Propose the review and modification of ownership rules for Public Accounting Entities by reducing the current threshold for public accountant ownership from two-thirds to a simple majority

We propose that the government undertake a review of the current regulations to facilitate and encourage consolidation in the accountancy sector.

Current ownership requirements for public accounting entities are aimed at safeguarding audit quality, professional standards, and auditor independence. These requirements mandate that at least two-thirds of the owners in a public accounting entity must be public accountants. While these objectives remain vital, we recommend a review of the existing ownership rules, including consideration of whether a simple majority requirement for public accountant ownership may better support the sector's future needs. Such a recalibration would allow for more flexible investment structures and strategic partnerships, enabling firms to explore consolidation or collaborative models that strengthen capabilities while remaining aligned with regulatory expectations. The intention is not to dilute professional oversight, but to provide firms with more avenues to access capital, technology, and expertise as the sector transforms.

Public accountants should however continue to retain majority control of these entities and ensure that they retain the ultimate control of the outcome of the audit, thereby ensuring that professional integrity, audit independence, and public confidence remain firmly protected. The existing Practice Monitoring Programme (PMP) would continue to serve as a key safeguard, reinforcing compliance with professional standards and not compromising audit quality. This balanced approach aligns regulatory safeguards with evolving market needs and creates a more enabling environment for the sector's transformation.



Regulatory Balance



Professional Safeguards



Investment Injection



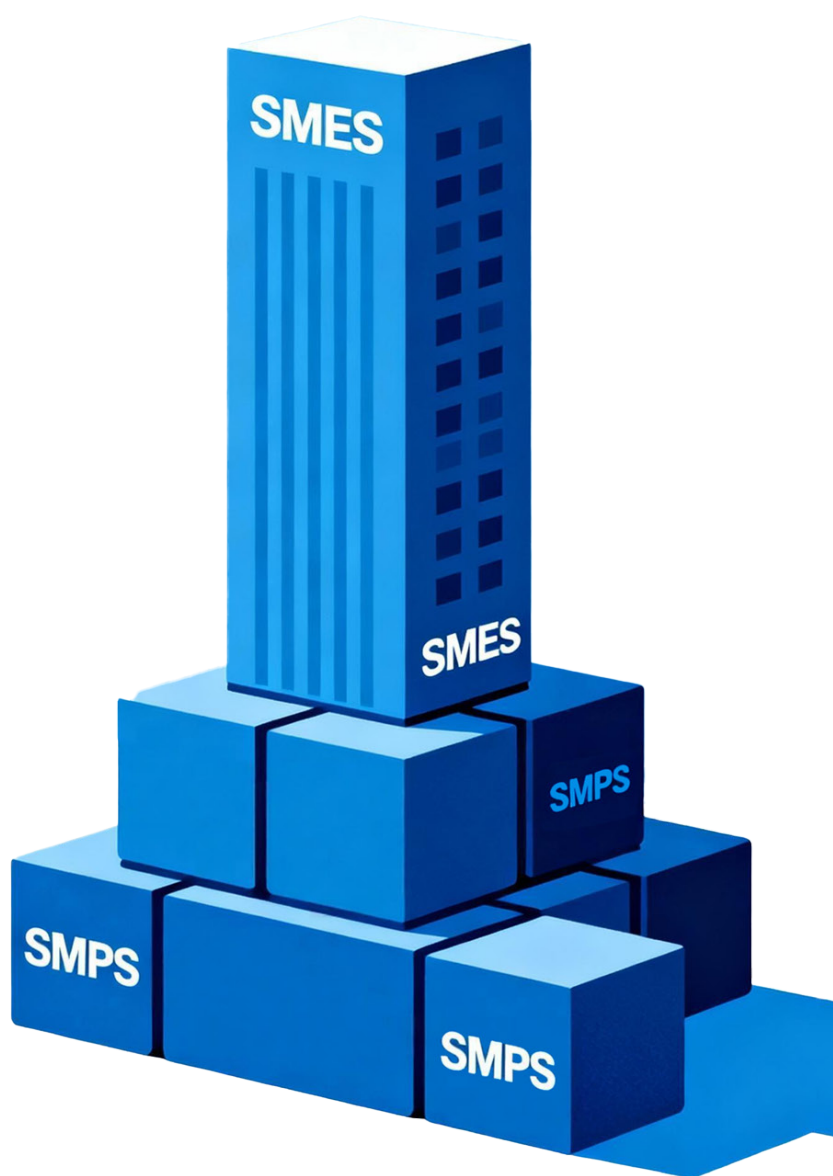
Industry Transformation

**"The Taskforce recognises that traditional operating models are no longer sufficient for SMPs to thrive amid talent shortages, digital disruption, and sector fragmentation. Consolidation offers a clear and strategic path forward, enabling firms to scale, attract talent, and invest in innovation. This also signals a clear need of a mindset change towards greater openness and collaboration among the SMPs."**

The SMP sector remains vital in supporting the business needs of many SMEs in Singapore and their role in the ecosystem is indispensable. A stronger presence will raise the visibility and attractiveness of SMPs among talent and businesses. Realising this requires a fundamental change in mindset across the SMP sector. The change must begin from within, driven by a collective recognition of the need to raise standards. This includes investing in people through better career development and staff benefits, tapping on technology to scale and add value, and expanding service capabilities.

Through our engagements with users of professional services, we recognise that management have the tendency to default to larger firms, partly to avoid having to justify why they did not engage more established or well-known providers. Many including potential talents are unfamiliar with the landscape of SMPs, making it difficult to assess which are credible or capable. At the same time, many SMPs have shared their frustration about feeling overlooked, often finding it hard to stand out in a landscape dominated by larger firms. Despite their capabilities and contributions, there are few opportunities for them to be meaningfully seen or acknowledged.

What is missing is a dedicated platform that gives SMPs the space to highlight their strengths, accolades and achievements. Establishing such a platform would not only boost visibility and trust but also introduce a healthy level of competition. Healthy competition encourages firms to innovate, improve service quality, and strive for higher standards benefiting the profession as a whole. It creates a dynamic environment where merit is visible and rewarded, enabling SMPs to differentiate themselves meaningfully and build credibility among clients, talent, and peers.





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## **Recommendation 2: Create a trusted badge-based system to showcase firm credibility, enhance visibility, and support competitive positioning**

ISCA maintains a Professional Services Centre Directory that showcases the service offerings of professional services firms in Singapore and in the region. This directory highlights each firm's profile, areas of specialisation and countries of operation, serving as a centralised platform for businesses to identify suitable service providers that align with their specific needs.

Beyond its role as a discovery tool, the platform can be further leveraged to foster healthy competition, enhance firms' visibility, and differentiate value propositions through the introduction of digital recognition badges.

To this end, ISCA is working to develop and implement a structured digital badge system to recognise firms that have demonstrated excellence, capabilities, or achievement of milestones in key areas. These may include:

- Sustainability Excellence Badge: Awarded to firms with employees that have successfully completed the ISCA Sustainability Reporting Certification or participated in key activities of the Sustainability Apex Programme and have demonstrated capabilities in delivering sustainability related services to clients;
- Quality Compliance Badge: Awarded to firms that have participated in and completed the ISCA Voluntary Compliance Programme (VCP), showcasing a commitment to high quality management;
- Specialist Talent Badge: Awarded to firms with in-house Chartered Valuer and Appraiser (CVA) professionals or ISCA Financial Forensic Professionals (FFP), signalling technical expertise in specialised areas.

In addition, ISCA could collaborate with government agencies, IHLs, and other industry associations to co-develop and award

additional digital badges recognising capabilities in areas such as:

- Innovation and Technology Adoption (e.g. use of data analytics, automation tools, or proprietary platforms);
- Sector-Specific Expertise (e.g. deep knowledge in sectors such as sustainability, fintech, or asset management);
- Workforce Development (e.g. staff participation in CPD programmes, internships, or talent pipelines from IHLs).

These badges will serve as clear, verifiable markers of distinction that help businesses more easily identify firms with the capabilities most relevant to their needs. At the same time, they serve to incentivise continuous improvement and raise the overall standards within the profession. By publicly showcasing these achievements on the directory, ISCA can transform the platform into a dynamic ecosystem that not only connects businesses with capable professional service providers but also celebrates excellence, promotes specialisation, and encourages capability building across the professional services landscape.

Building on this, the directory can be further enhanced to include an open market platform to enable businesses to submit requests for services and for firms to respond with tailored proposals, fostering transparency, competitiveness, and better service matching.

While ISCA works with various partners, trade associations and members working in business to enhance the reach of the directory, the directory holds untapped potential for broader outreach to overseas businesses keen to venture into or invest in Singapore. By doing so, the directory serves as a valuable bridge between international investors and local expertise, strengthening Singapore's position as a trusted professional services hub. Additionally, the directory can be shared with students by IHLs or during career talks and outreach initiatives to broaden their perspectives and raise awareness of the diverse career pathways and opportunities within different firms.

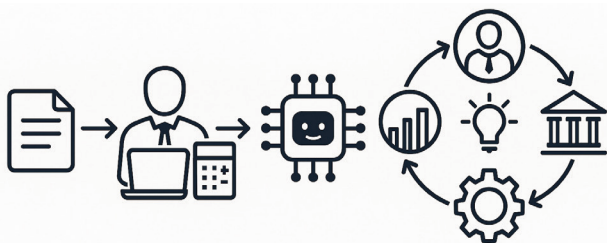
## b) Future-ready and Progressive SMP Sector through Innovation and Connections

To truly transform the sector, SMPs need to look beyond just strengthening internal capabilities, they must fundamentally rethink how work is delivered in today's dynamic environment. Compliance work such as audit are often perceived as mundane and repetitive and when paired with longstanding concerns over long hours and intense workloads, it's no surprise that many young professionals are hesitant to enter the field.

To stay competitive and attract the next generation of talent, SMPs need to modernise the way they work by leveraging technology and AI, streamlining processes, and importantly, reshaping how the profession is perceived. By highlighting the real value and impact of their work, firms can build a stronger, more compelling narrative that resonates with future professionals.

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### **Recommendation 3: Pilot technology innovation for sector-wide impact**



A significant gap remains between the current capabilities of the profession and the accountancy sector's vision: a future where data flows seamlessly from clients to auditors/advisors, with minimal manual input and tedious reconciliations, and where accountants gain full analytical visibility into financial and operational insights to provide greater value to businesses. While more SMPs have been adopting technology over the years, the industry has yet to see a breakthrough in core tasks, especially around audit and assurance, a key service of many SMPs.

To bridge this gap, the profession needs a fresh wave of innovation, solutions that don't just digitise old processes but truly transform the way work is done. To achieve this, greater collaboration between practitioners, technology vendors, and innovators is essential. Together, SMPs can co-develop solutions to address specific workflows, compliance needs, and operational challenges, while ensuring tools are practical, scalable, and aligned with the realities of professional practice.

We propose that with the support of SMPs, ISCA can bring together the relevant stakeholders such as SMPs who are willing to invest time and resources, technology vendors that are keen to develop sector-specific solutions, and government agencies that can provide support through funding schemes, to collaboratively explore, develop, and implement solutions tailored to the needs of the accountancy sector.

This collective effort could begin with a comprehensive review of existing workflows and operational practices to identify pain points, redundancies, inefficiencies and areas where auditors or accountants can value-add. The review may include assessment of current accounting platforms widely adopted by companies, understanding their limitations and potential for integration with future solutions. It is important to engage the staff of SMPs and users of existing solutions to better understand the pain points and identify areas where technology has the potential to bring about a change in the way SMPs deliver their services.

ISCA could reach out to technology vendors who are keen to develop solutions for the sector to facilitate the review and explore opportunities for development. To effectively identify and onboard potential technology vendors and promising startups, ISCA could partner with organisations like the Action Community for Entrepreneurship to tap on its networks and expertise.

The development of these tailored solutions can take various forms, offering flexibility and shared ownership. They may be commercially developed by technology vendors who leverage their expertise and existing infrastructure to create market-ready products. Alternatively, the development of these solutions could be co-funded by practitioners themselves. This model would not only provide early access to the final solutions but could also grant participating practitioners a direct share in future commercial opportunities, incentivising their active involvement in development.

These solutions could enhance productivity in compliance-related services, such as audits, and fundamentally improve underlying accounting processes for enterprises of all sizes. Once proven effective through pilot implementations, these solutions can be scaled for wider adoption not only across the sector, but also overseas, especially given the current lack of disruptive solutions available in the market.

**“The sector has yet to experience a significant technological disruption in audit practices, with AI only beginning to make gradual progress into audit software. Many processes remain heavily manual, and the industry has yet to witness substantial efficiency gains from technological advancement. We need a sector effort to drive a meaningful change in this aspect to ensure that the work remain attractive to young aspiring accountants.”**

## **Recommendation 4: Expand reach of SMPs through industry-led overseas professional services centres**



As the Singapore Government continues to encourage SMEs to compete on the global stage through various internationalisation grants, it is essential that SMPs are equally equipped and well-informed to support this journey. SMPs play a critical role as trusted advisors to SMEs, and by gaining access to relevant information, resources, and networks, they can partner effectively with SMEs to navigate the complexities of overseas expansion.

However, many SMPs are in smaller or have no global networks or alliances. This lack of connectivity limits their reach to pursue overseas business opportunities and cross-border collaboration, ultimately impacting their competitiveness and growth potential in an increasingly globalised and multidisciplinary market.

To bridge this gap, the Alliance, comprising of ISCA, the Association of Small & Medium Enterprises (ASME), the Institute of Valuers and Appraisers, Singapore (IVAS), the Singapore Business Federation (SBF), the Singapore Chinese Chamber of Commerce & Industry (SCCCI), the Singapore Manufacturing Federation (SMF), the Tax

Academy of Singapore, and The Law Society of Singapore, is leading the expansion of Singapore's professional services ecosystem globally through the establishment of overseas Professional Services (PS) Centres in key business hubs.

These PS Centres aim to foster collaboration, connectivity and growth, acting as platforms for knowledge exchange, talent support, thought leadership and business development. Centres have been set up in Shanghai and Ho Chi Minh in 2025, and the long-term vision is to establish Centres in key markets in Asia. These Centres are supported by both a physical presence and a dedicated online platform.

The PS Centres are built around five core pillars: Connect, Learn, Grow, Support, and Progress, which shape how each Centre operates:

- **Connect:** Facilitate access to credible local networks and partners to support business internationalisation, allowing firms to navigate new markets confidently.
- **Learn:** Share market insights, regulatory updates, and professional knowledge in specialised areas such as law, business valuation, corporate governance, cross-border tax, finance, and audit, through targeted training, forums, and regional conferences.
- **Grow:** Enable business expansion through PS Centre's in-market support and strategic partnerships. Leverage on local insights and connections to scale operations.
- **Support:** Leverage collective capabilities to support firms entering new markets by tapping into extensive networks and shared resources, serving as a hub where members can find advice, referrals, and on-the-ground assistance.
- **Progress:** Drive thought leadership and elevate the standing of Singapore's professional services sector.

SMPs seeking to expand overseas can leverage the PS Centre to connect with

region-specific experts, local partners, talent pool and potential workspaces. The PS Centre also facilitates access to business leads from overseas enterprises looking to grow their presence in the region. By fostering a wide community of professional firms, this enables the SMPs to hunt in a pack.

Stronger government's support to enhance the visibility, credibility and growth of the overseas PS Centres would be valuable. Positioning these centres as trusted Singapore partners on the ground will strengthen their credibility and open doors for deeper in-market engagement. It would be beneficial to tap into the government's strong overseas diplomatic and economic networks, including connections with local authorities, to facilitate partnerships and support the centres' growth. We also see value in relevant government agencies acting as advocates for overseas PS Centres, aligning with their broader efforts to help Singapore businesses expand into new markets. With strategic partnerships and targeted initiatives, we believe these PS Centres will be able to represent and showcase the capabilities of Singapore's professional services sector including SMPs on the international stage.

**"Changing the perception of SMPs requires increasing their visibility and market presence. Currently, the valuable work SMPs do often goes unnoticed due to limited exposure. While we acknowledge that not all SMPs may have the capacity to take on larger or more complex engagements, those that do should take the lead in showcasing their expertise and capabilities and position themselves on the global stage. By stepping forward, they can not only elevate their own standing but also pave the way for a stronger, more recognised SMP sector as a whole through differentiation and competency building."**



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## **Recommendation 5: Strengthen graduate talent pipeline into SMPs through a pilot placement programme**

Out of the share of local accountancy graduates<sup>10</sup> hired by AEs, only 12% begin their careers with SMPs, reflecting a preference for larger firms. To position SMPs as a viable career option, firms must redefine their value proposition and rethink how they engage with students and new graduates. This goes beyond recruitment efforts, but also about reshaping perceptions of what a career in an SMP can offer.

We recommend developing deliberated initiatives aimed at attracting and channelling graduates into SMPs. One approach is to create collaborative partnerships between universities, professional accounting bodies, and SMPs to offer internships, training programs, and graduate placements within the firms. These partnerships could provide students with exposure to the dynamic, hands-on work environment at SMPs, while helping firms identify and nurture emerging talent early on.

We propose the introduction of a pilot programme for SMPs, supported by ISCA and IHLs, to create a structured pathway for graduates to begin their careers in smaller practices. Participating SMPs would be required to meet a set of baseline criteria designed to enhance their attractiveness and value proposition as employers. Criteria will be set out for participating firms, for example:

- Offer competitive starting salaries that commensurate with prevailing market rates for new graduates, demonstrating a commitment to talent acquisition and retention;

- Implement structured HR policies that support clear career development pathways, performance evaluations, and leadership opportunities;
- Invest in continuous professional development, offering employees access to technical training, qualifications/certifications, and exposure to diverse client work;
- Provide mentorship and career guidance, including career counselling support and access to senior professionals for coaching and learning;
- Demonstrate a supportive and inclusive work environment, with initiatives that promote employee well-being, work-life balance, and job satisfaction.

To further boost their credibility, participating firms should ideally have a strong track record of achievements and professional recognition, such as having earned digital badges through ISCA's Professional Services Centre Directory (see Recommendation 2). These credentials help signal quality, reliability, and professionalism to both talent and clients alike.

Finally, a coordinated awareness campaign should be rolled out, including participation in career fairs, university roadshows, and targeted outreach. Messaging should emphasise the unique advantages of working in SMPs, such as closer client interactions, faster learning curves, broader responsibilities, and opportunities for entrepreneurial growth, factors that resonate with the aspirations of many graduates today.

At the same time, SMPs must be prepared to actively communicate and showcase their distinctive strengths, including their specialised services, deep client relationships, and ability to deliver personalised solutions. Our engagements with users of professional services indicate that these qualities are often valued, and should be more visibly positioned as differentiators in both talent and client markets.

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<sup>10</sup> Source: ACRA. Local accountancy graduates comprise both diploma and degree holders.

**“The Taskforce recognises that attracting talent requires a long-term strategy to address the inherent challenges faced by the SMP sector. The recommendations outlined in this paper will collectively play a crucial role in enhancing the sector’s ability to attract and retain skilled professionals over time by reshaping the perception and reinforcing SMPs’ core strengths, ensuring they remain competitive and appealing to talent. ISCA, in collaboration with ACRA and the wider accountancy sector, has been actively strengthening the accountancy talent pipeline, including enhancement of the Singapore Chartered Accountant Qualification, to expand its value and reach. SMPs must drive changes from within and be willing to transform to stay relevant to attract talent.”**



## Where Do We Go From Here?

The challenges faced by SMPs are not new, but they are becoming harder to ignore. With rapid changes in technology, shifting talent expectations, and increasing demands from clients, smaller firms can no longer afford to stick with business as usual. Many SMPs have made progress, adapting to the new norm and finding their own paths forward. Yet, others remain constrained by the daily pressures of running a practice or held back by conservative mindsets and longstanding habits.

Moving forward, the sector needs a stronger sense of shared purpose. This means encouraging collaboration across firms, building more robust support structures, and creating space for innovation. It also means reimagining what it means to be an SMP in today's world, more agile, forward-looking, and future-ready.

ISCA and other key partners have a critical role to play in enabling this shift. But real change will require firms to break out of the mould. It will take bold thinking, sustained effort, and most of all, a willingness to do things differently. We encourage SMPs to come together, engage in meaningful dialogue, and collaborate to shape the future of the sector.

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