

Bahrain on path to progress

by Mohammed Zafran/DTNN

Uday Shanbhag, Chairperson of the Bahrain Chapter of the Institute of Chartered Accountants of India (BCICAI) believes that Bahrain is on a path of progress thanks to its diversification efforts and soon to be implemented measures such as the VAT tax.

In an interview with DT News Shanbhag explained how he is encouraged by the steps the Bahrain government has taken to spring back from the blow of the oil price slump. He said that slowness in the economy is a temporary phenomenon and that a stable growth is expected on long term. Excerpts from the interview:



Uday Shanbhag

1. Your comments on the Bahrain economy.

Bahrain will continue to remain a strong and diverse economy. Although oil continues to play an important part in the economy Bahrain also has an increasingly important financial services industry while the manufacturing, oil refining, aluminium production and tourism continue to be significant contributors to GDP. In 2016, Bahrain was ranked 48 out of 138 countries worldwide (compared to 39 out of 140 countries in 2015) for its overall global competitiveness ranking in the World Economic Forum's Global Competitiveness Report 2016/2017.

Bahrain is transitioning towards a 'new normal', and 2018 will mark interesting milestone like implementation of VAT. Bahrain is actively targeting five sectors for development: manufacturing; logistics; information and communications technology; financial services and tourism to attract foreign investment in these sectors with the objective to consolidate the non-oil GDP growth further. Healthy infrastructure spending with major projects such as the ALBA Line 6 expansion, the airport expansion, replacement of pipeline with additional capacity and a new LNG terminal underway are expected to support the economy in 2018 and beyond.

2. What are your thoughts on the soon to be introduced VAT tax?

More than 150 countries have VAT in place and it was about time that GCC countries too will eventually adopt it. To support the increased government spending on basic health care, housing, education, infrastructure services etc., the Government will have to augment its revenue sources through one or other form of taxation. VAT is a consumption tax and the end consumers will have to incur the same. However, as seen in most countries, several items are either subject to zero or exempt rate and also low rates to avoid a major impact on the household budgets.

3. How difficult is it going to be for business to take on the extra procedures brought on by VAT implementation?

VAT initially will be a challenge for businesses as compliance with VAT requires a change in systems, change in business processes and added compliance and record keeping. There will be no doubt that teething issues in the early stages of VAT implementation will eventually fade out. Businesses have to invest time and money to comply with VAT and train its staff and create awareness among its customers about VAT and its procedures. For the initial phase hiring VAT experienced staff is essential but there has to be a balance in the sense that Bahraini staff has to be trained in the VAT to be future ready and to be prepared to face on the future challenges of the changing dynamics of businesses. I believe that roll out of VAT needs to be planned in great detail to minimize the issues and provide a smooth transition.

4. Artificial Intelligence is touted to wipe out half of all jobs in the coming decades, certain jobs within accountancy field will soon be automated. In this view, what is your advice to those learning accountancy?

Here we are talking about two different things Artificial Intelligence and Automation, which have the potential to impact traditional jobs in a big way. Let me first talk about automation. Due to automation lot of low skill jobs may get replaced whereas artificial Intelligence has the potential to replace medium and high skilled jobs. If I put it into business perspective low-end jobs like Call Centre, Invoice Processing, Software Testing, etc. can get replaced with Automation. Whereas Artificial Intelligence can replace jobs like Signature Verification/Approval Management, Software Programming, Sending Customer Statements, etc. If we specifically talk about job loss I feel that we are going to face the same problem like the world faced during computerization period. There were many jobs lost but an equally different type of jobs got created. A similar thing is going to happen due to automation and artificial intelligence. Many traditional jobs may disappear but if you re-skill yourself based on the market condition you can still be relevant. Therefore, I feel that automation and artificial intelligence will create many new jobs while disturbing some of the traditional ones.

5. The Bahrain Chapter of the Institute of Chartered Accountants of India is holding its annual conference on December 1 and 2. What is the theme of the conference?

The theme for the conference is "Transforming Possibilities into Reality". In today's volatile and fast-changing world, the landscape of business is transforming faster than we have ever imagined. This Transformation presents limitless Possibilities in every field of business and by extension in our personal lives. And with this in mind, this year's theme "Transforming Possibilities into Reality" envisages to present a host of speakers who will share with us their worldly wisdom and success stories which will help us to transform the inner sparks of possibilities into flames of reality.

6. Tell us about the role Bahrain Chapter of the Institute of Chartered Accountants of India has been playing in supporting the field of accountancy in Bahrain.

BCICAI has about 400 plus members who are placed in the top and middle management roles in various companies both listed and unlisted and actively contribute towards the growth and development of the organization that they are part of. They often lead a large team of Bahraini staffs and equip them with the much crucial accounting and financial skill sets required to manage their functions and encourage them to evolve in their roles and make them self-sufficient to handle the demands of the job. Besides conferences like these and the regular monthly events also serve as a key medium where young Bahraini professionals get to interact with our members and benefit from the discussions and information sharing. It is our continuous endeavour to provide opportunities to all interested finance professionals of Bahrain to stay updated with the changing finance environment locally and internationally and equip them to pro actively prepare themselves to be ready for any challenges to help their organization and businesses manage their finances and operations efficiently which is also in line with the Vision of our parent body ICAI.