

**Interview with Olivier Macq, *Partner***  
**The Recruitment Policy for Auditors of Financial Institutions at KPMG**

(by Stéphane Darimont, *Banking Blvd / Insurance Blvd, Brussels, 2016*)

**Stéphane Darimont (Banking Boulevard / Insurance Boulevard) [SD]:** Hello Olivier Macq,

**Olivier Macq (KPMG) [OM]:** Hello,

**[SD]:** You are a partner at the auditing company KPMG and Head of its Financial Services business line. You have a long experience in the domain of auditing industrial and services companies. With regard to the latter, it should be noted that you are an accredited auditor of financial institutions (notably for banks and insurance companies).

You have invited me here today to discuss your recruitment policy for auditors of financial institutions. But before discussing that in more detail, could you briefly introduce KPMG Belgium?

**[OM]:** Certainly,

- KPMG employs around 1,100 people in Belgium where we have seven offices located in Brussels, Antwerp, Hasselt, Liège, Louvain La Neuve, Ghent and Kortrijk.
- KPMG is active in the domains of auditing, consulting, taxation and accounting.
- Auditing is the financial verification of company accounts and also, contractually, any mission that requires the auditor to provide some “comfort”, in particular on the reliability of performance indicators.
- Our consulting services include management consulting, i.e. risk management on the one hand and consulting services relating to financial transactions on the other. The latter includes mergers and acquisitions, integrations and valuations. Our taxation services include advice on direct and indirect taxation, transfer pricing as well as certain legal services, and finally accounting.
- KPMG is also organized in business lines, including one relating to financial services. This line brings together a multidisciplinary offering that comprises the different services I have just described to you.

**[SD]:** Banks as well as insurance companies are major players in global finance. Auditors who cover financial institutions are undoubtedly passionate about financial techniques. What attracts them to this profession?

**[OM]:**

I am convinced that the auditing of financial institutions has two major attractions. The first is the diversity of activities in which banks and insurance companies are involved. The second is the permanent challenge posed by the regulatory environment in which these companies operate.

With regard to the activity of credit organizations, we of course find traditional activities that we all know such as the collection of savings and their reinvestment in the form of funding to individuals, companies as well as public authorities.

Another role is the processing of payments. And yet another, less well known by the public, is asset management, namely the advice, purchase and sale of securities in the framework of depositors savings and also the purchase and sale of financial instruments, either on behalf of clients or in the framework of the institution's own risk management.

In terms of insurance companies, their main activity is risk coverage: life and non-life. Insurance activities are rather complex, both in the field of statistics and actuarial science. There are also a number of similarities with credit institutions, in particular, the management of securities, which consists of reinvesting premiums paid by clients, and in this way, being able to reimburse claims and other company commitments.

So it's an exciting profession. The auditor must establish, develop and execute a work program that aims to collect sufficient evidence in order to issue an opinion.

Two major characteristics underline the importance of being a bank auditor. Firstly, the auditor participates in everything to do with the prudential controls of credit institutions by the National Bank including insurance companies and electronic money and payment institutions.

The auditor also participates in prudential controls by the FSMA with regard to management companies, mutual funds and pension funds. This involvement is unique because it leads to a continuous exchange with the regulatory authority as well as to the realization of a number of more specific procedures relating i.a. to the periodic reporting and/or the evaluation of internal control procedures.

And the profession is even more exciting because, given the complexity of activities, the auditor of financial institutions works in a multidisciplinary team including specialists in the valuation of financial instruments, actuarial management, IT and taxation and leverages all these skills and techniques in his/her professional activities.

**[SD]:** How is an audit team set up, and what are the different roles within the team?

**[OM]:** Firstly, an audit team is set up according to the diversity, complexity and risk profile of the financial institution's activities. Based on that, we establish the most homogeneous team possible including several levels of experience and seniority.

Traditionally, and as an illustration, we usually have four levels. When you graduate from university, you are an auditor for roughly two years, and your main task is to execute specific procedures, including internal control tests or reconciliation tests. Depending on seniority and number of years of experience, you could also be involved in cycles where professional judgment is more important as well as the ability to understand more complex procedures.

After two years, if all goes well, the auditor becomes a supervisor in charge of a team in the field. He or she is responsible for the execution of a number of slightly more complex procedures and works in close collaboration with the manager.

The manager and the supervisor are responsible for ensuring that all the tasks are executed as defined and they also participate in a number of periodic meetings with the institution's management in order to validate their understanding of activities, risks and observations in the field.

Then we have the partner. He or she has ultimate responsibility for the dossier, verifying the validity of each conclusion, and reviewing the most important cycles. The partner is the contact person for senior management, the audit committee and also the regulatory authorities.

All these different levels integrate harmoniously during the delivery of auditing assignments in the field.

**[SD]:** Olivier, I would like to know more about how you promote excellence among your staff and also the attraction of a career with your firm

**[OM]:**

Firstly, it is important to remember the auditor's social function, by which I mean he/she must deliver an opinion on the financial state of a company and this opinion has to be of the highest quality because the financial community, whether that be shareholders, credit institutions, investors or social partners, will use it.

Having said that, professional excellence and quality are fundamental. They require an intellectual rigor that young people joining us appreciate enormously. You should also be aware that when a young auditor joins us, they are not left to themselves; they become part of a team. We have coaching programs and retention programs that aim to identify key milestones in the careers of our personnel. We try to provide them with all the elements they need to ensure a smooth progression and optimal career development.

We have training programs and we also make available all the methodologies and tools that are tried and tested by the firm internationally.

KPMG has an international presence, which aims to provide the best possible service to our clients but also to offer our personnel opportunities for mobility and cultural exchange, which is highly appreciated.

I also want to mention the importance of flexibility. KPMG allows its people to organize their work according to their circumstances: obviously, working mostly at our clients, but also working from home, at our different regional offices, and shift work are all possible in this profession.

**[SD]:** The development of your firm and particularly the Financial Services business line offers real opportunities. What profiles are you currently looking for?

**[OM]:**

On an annual basis KPMG recruits between 80 and 120 juniors directly from university, so these profiles are very important to us.

On the level of our Financial Services business line, at present we are focusing mainly on profiles with three to eight years of experience, primarily in financial auditing but also with knowledge of regulation, financial management, internal auditing, risk management, the IT environment and internal control.

And finally, I insist strongly on every candidate's ability to work in teams and in a multidisciplinary manner, which as I said earlier, is fundamental for our profession.

**[SD]:** Olivier Macq, thank you very much.

**[OM]:** It's a pleasure, thank you!