

OIV Conference – Milan 2013

Building Trust in Valuation

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INTERNATIONAL VALUATION STANDARDS COUNCIL

Why is Trust Important?

- A valuation is not a fact – why should people believe it?
 - Trust in the person / firm
 - Objectivity and absence of bias
 - Knowledge and skills
 - Trust in the process
 - Are methods generally accepted?
 - Understanding the opinion.



Why is Valuation important?

- Essential for financial reporting under IFRS.
- The FSB and G20 identified poor valuation practice as a significant contributor to the 2008 financial crisis.
- Important to prudential regulators in determining the capital adequacy of financial institutions and for financial stability.
- An integral part of the risk management processes applied by financial institutions and other businesses.

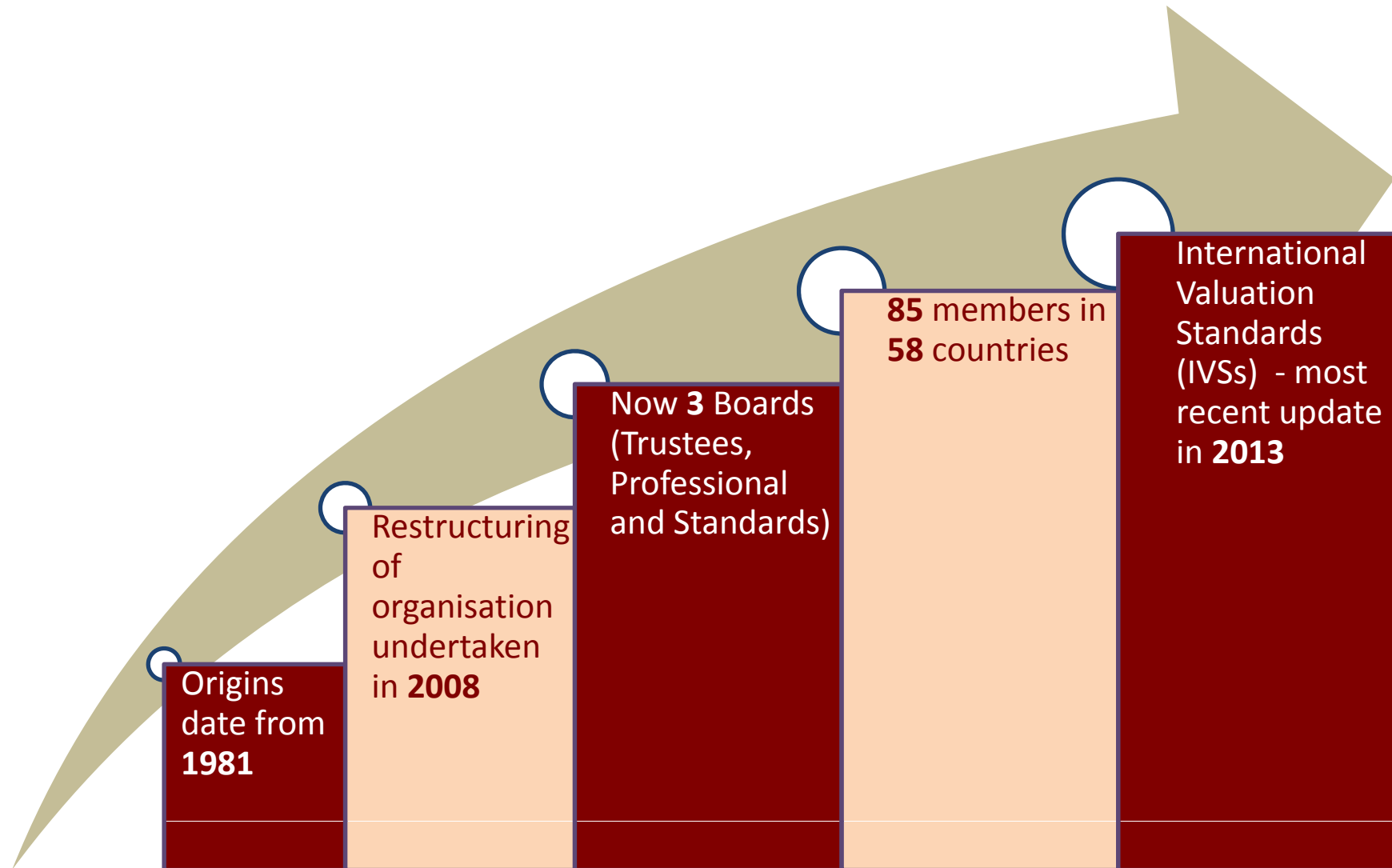


What does the IVSC do?

- Developing high quality international standards and supporting their adoption and use
- Coordinating the development of a distinct, respected global profession
- Facilitating collaboration and cooperation amongst its member organisations
- Collaborating and cooperating with other international organisations
- Serving as the international voice for the valuation profession



The IVSC in numbers



Global reach



How do we work?

The IVSC has no powers. Its authority comes from:

- Consulting with valuation users and regulators to identify their concerns
- Working with professional valuers to identify solutions
- Developing and promoting those solutions

Enforcement of and compliance with IVS is by those adopting the standards, e.g. regulators, professional bodies, clients




Standards Board

- Creates and maintains the International Valuation Standards
- Standards underwent major rewrite between 2009 and 2011
- Minor revisions and updates issued July 2013
- New standards may be introduced at any time
- Existing standards reviewed every two years




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[Standards as at July 1 2011](#)

[Standards as at July 1 2013](#)

ABOUT THE INTERNATIONAL VALUATION STANDARDS COUNCIL (IVSC) 


The IVSC is an independent, not-for-profit, private sector organisation.

The objectives of the IVSC are to strengthen the worldwide valuation profession [more information....](#)

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IVSC due process

- Needs are identified through research and public consultation
- Proposed standards are debated at open board meetings
- Comments are solicited through a public exposure process
- Round Table discussions and targeted consultations held with key stakeholders



Standards Board current technical projects:

- Valuation Uncertainty (ED published Nov 2012)
- Investment Property (DP published Nov 2012)
- Valuation of Liabilities (DP published Feb 2013)
- Extractive Industries (DP published July 2012)
- Commercial Forests (ED published Nov 2012)
- Equity Derivatives (ED published July 2013)
- Credit/Debit Valuation Adjustments (ED due November 2013)



Standards Board – other activity

- Promulgation of standards
- IVS widely used but other organisations still issuing standards
- Active dialogue with The Appraisal Foundation, ASA, CICBV, RICS and others to either adopt or integrate IVSs
- Active dialogue with other standard setter that reference valuation to ensure consistency, eg IASB, IAA, IPEV and CFA Institute (GIPS)



Developing the Profession – the challenges

- Developed as secondary specialisation by experts in different types of asset
- Fragmentation by asset type
- Unintended consequences of legislation
- Regarded as technique rather than profession
- Who are the skilled valuers ?
- Lack of recognition by regulators, other professions and prospective recruits



Developing the Profession

- IVSC cannot build a profession on its own
- Partnership with professional bodies essential
- United not unified
- Diversity can be a strength if used to develop specialisms that are all focused in same direction
- Everyone gains if different bodies work together to identify common interest and then promote those interests consistently



Professional Board Projects

- Code of Ethical Principles for Professional Valuers (published late 2011)
- Competency Framework for Professional Valuers (published September 2012)
- Establishing and Developing a Valuation Professional Organisation (with IVSC Advisory Forum) and published May 2013)
- A Valuer's Guide to the Audit Process – Exposure Draft 2012 – final paper late 2013



Professional Board Projects (2)

- Discussion Paper – Proposal to Develop International Professional Standards for Professional Valuers
- International Professional Standards:
 - Initial Professional Development
 - Entry Requirements
 - Technical Requirements
 - Professional Requirements (Ethics etc)
 - Experience Requirements
 - Continuing Professional Development



How you can help

- The IVSC is committed to high-quality valuation in support of high-quality decisions, financial stability and economic growth.
- It is important that the IVSC gets your input, because the input we receive ultimately influences the quality of what we produce.





Thank you



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