



Before it's too late...

The 10th Chief Audit Executive Conference

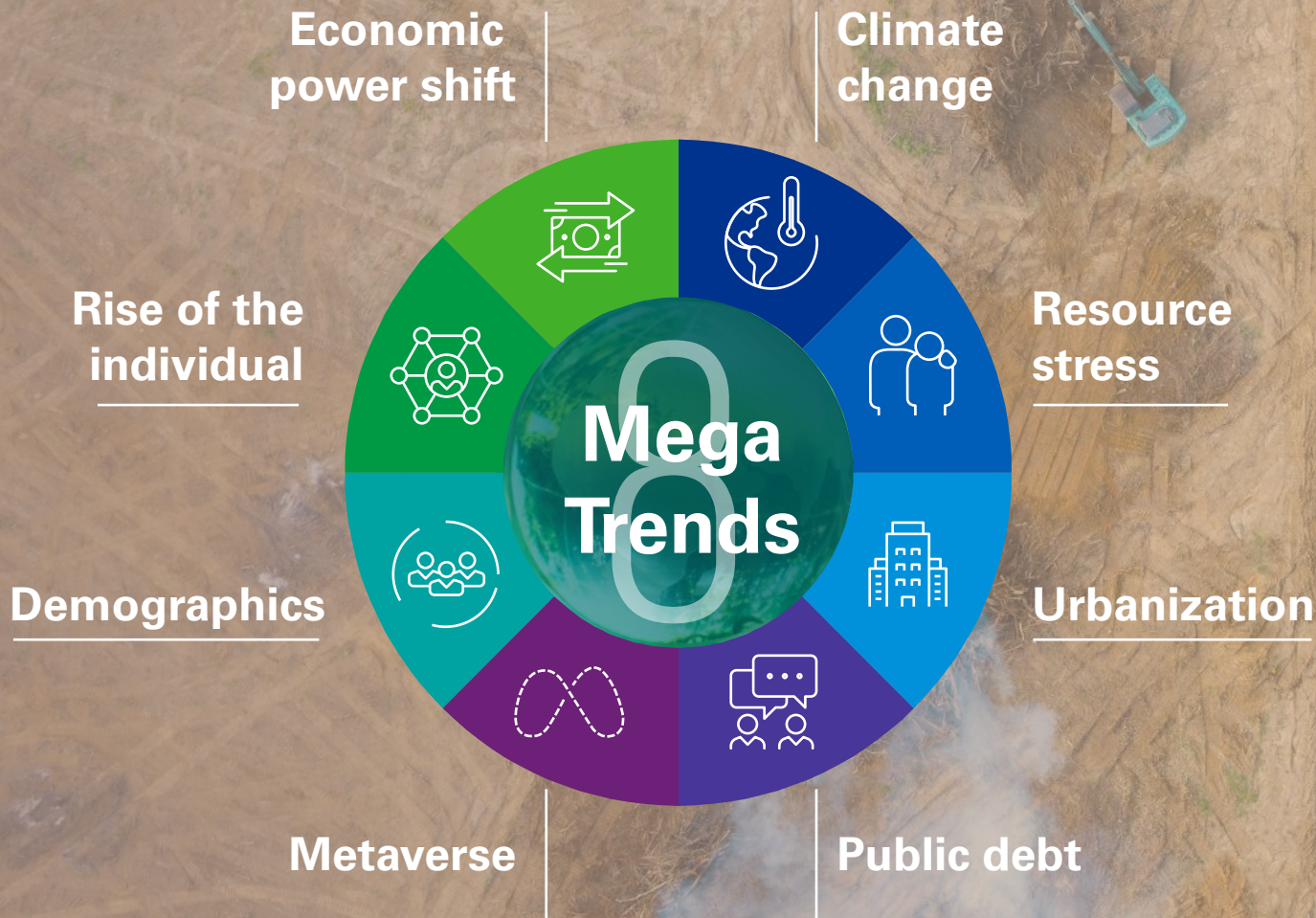
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KPMG Lower Gulf Limited

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Eight mega trends



The world is changing and several trends are going to significantly impact the business landscape for the public and private sector through 2030 and beyond.

We will touch on three of the most significant global trends, their contributing factors and consequences for society as a whole, organizations and individuals.

In a nutshell



Changes in demographics

Higher life expectancy and falling birth rates are increasing the proportion of elderly people across the world. Some regions are also facing the challenge of integrating large youth populations into saturated labor markets.



Climate change

Humans are influencing the climate and earth's temperature by burning fossil fuels, cutting down forests and farming livestock, which contribute to the greenhouse effect and global warming.



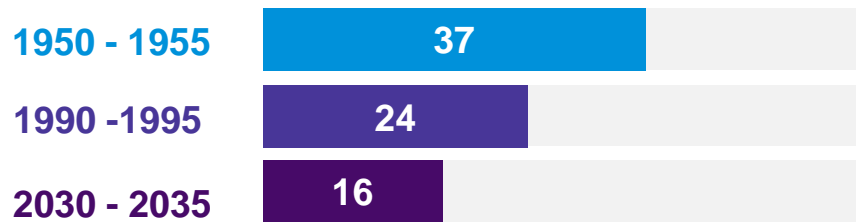
Metaverse

The metaverse is a combination of augmented reality and virtual reality; it's the next big thing after the internet. It consists of several key features including real-time persistency, economies, communities, digital avatars, and accessibility across multiple devices.

Changes in demographics

Contributing factors

183 out of 195 countries have a fertility rate below the replacement level; there is a significant decline in birth rates as measured by the crude birth rate per 1000 people:



By 2100, the world's population of people aged 65+ will increase to 2.4 billion.



23 nations - including Spain and Japan - are expected to see their populations halve by 2100.



China is expected to peak at 1.4 billion people in four years before nearly halving to 732 million by 2100. India will become the largest population.



The population of sub-Saharan Africa is expected to treble in size to more than 3 billion people by 2100.



Studies suggest that Nigeria will become the world's second biggest country, with a population of 791 million.



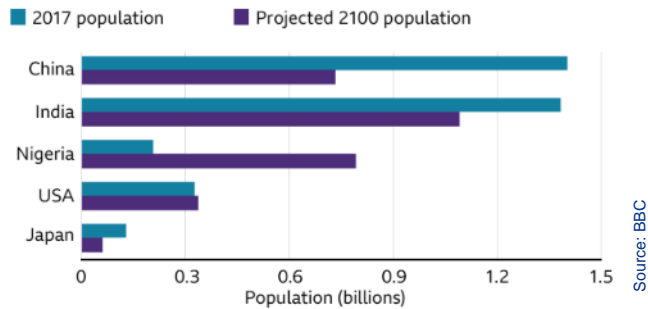
Japan's population is projected to fall from a peak of 128 million in 2017 to less than 53 million by the end of the century.

Changes in demographics

Global impact

The changing demographics around the world will have significant impacts on the concentration of the global population.

How populations of selected countries might change, 2017-2100



Asia will likely face a strong population decline while Africa is expected to treble in size.



Consequences



Aged world



Increase in healthcare spending



Public pension systems



Workers supply shortage



- Lower economic productivity
- Significant social changes
- Competition for migrants
- Demand differences between an aged vs young population

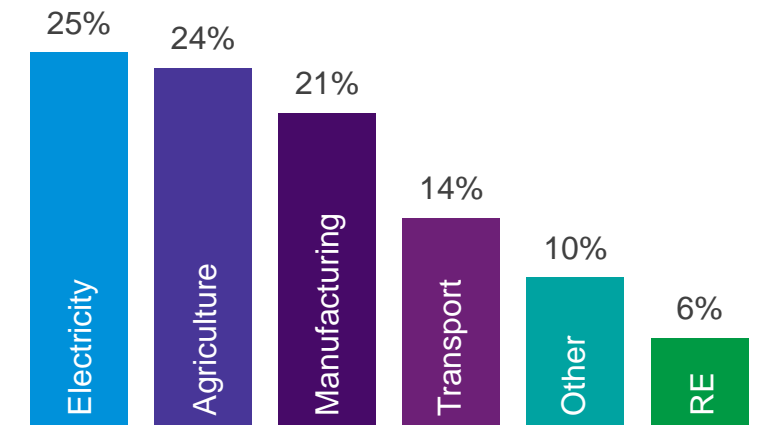


- Shifts in consumer spending
- Healthcare opportunities

Climate change

Contributing factors

Rising greenhouse gas (GHG) emissions are causing climate change and driving a complex mix of unpredictable changes to the environment.



Burning fossil fuels



Deforestation



Farming livestock



Despite progress in the renewable energy market, breakthroughs are still crucial as electricity is the number one contributor to GHG.



Cattle are a huge source of methane, which has an impact 23 times higher than that of CO₂. If cattle were a country, it would be the third-largest emitter of GHG.



Making cement and steel requires lots of energy from fossil fuels, and it involves chemical reactions that release carbon as a byproduct.

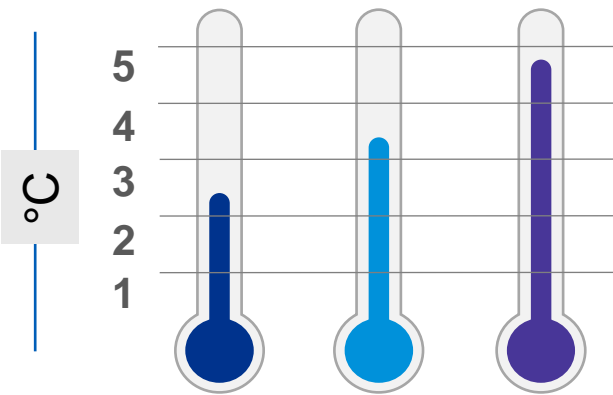


Emissions from airplanes, ships, and trucks are the 4th largest source of GHG; we don't have practical zero-carbon options for any of these.

Climate change

Global impact

If countries will not take appropriate actions, the temperature on earth might increase by up to 4.8°C by the year 2100.



Scenario 1

Current pledges (not enacted)

Scenario 2

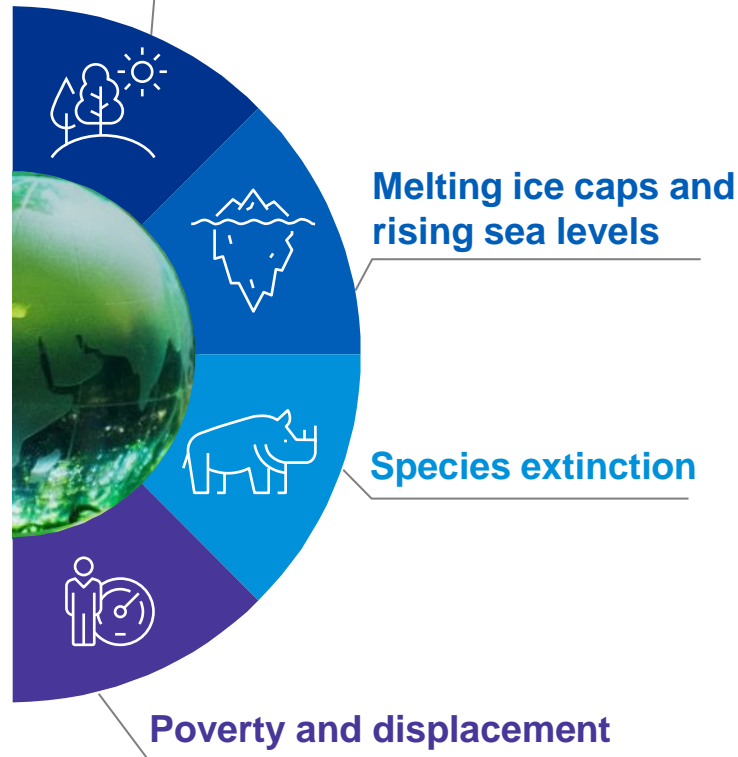
Current policies (enacted)

Scenario 3

If countries do not act

Consequences

Ecosystem impact



- Increased pricing of GHG emissions
- Increased operating costs (e.g. higher compliance costs, increased insurance premiums)
- Early retirement of existing assets due to policy changes

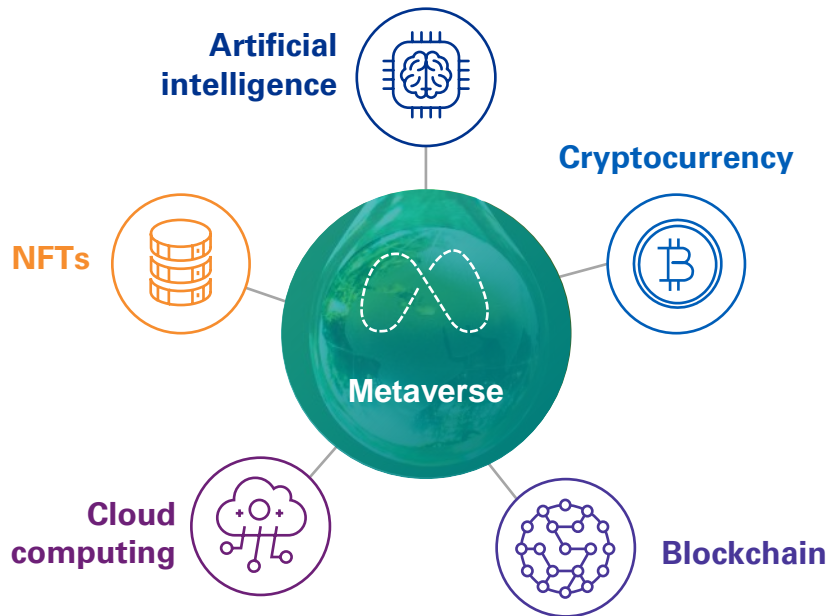


- Companies can strategically align themselves with consumer views on climate change to increase brand loyalty

Metaverse

Enabling factors

The exponential growth in the volume and speed of access to information and communication has numerous effects. It can generate new markets and challenge existing institutions.



Tech giants are already investing heavily in Internet 3.0. Social media and video game companies are leveraging their large user bases, creator platforms, experiences with live digital events, and cutting-edge hardware to build the foundations of the metaverse.



Facebook rebranding itself to 'Meta'



Microsoft is introducing Mesh, a collaborative platform for virtual experiences

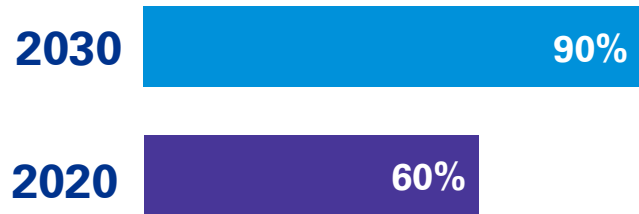


Walt Disney is preparing to make the technological leap into a virtual reality world first imagined by science fiction writers.

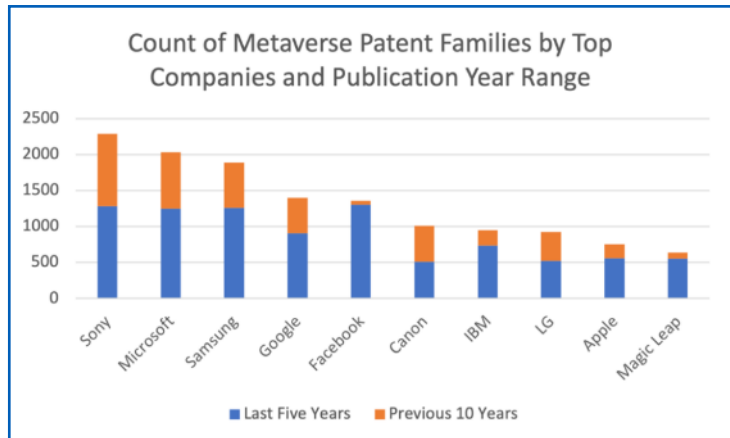
Metaverse

Global impact

By 2030, 90% of the global population is expected to have access to internet:



Source: Datareportal



Source: Forbes

Consequences



- Physical damages
- Cyber threats including deep fakes
- Digital consent
- Eroding human relationships and society



- Business opportunities are emerging across multiple themes, including Social Media, Video Games, E-commerce, and Blockchain
- Complementing cryptocurrency application

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