IFRS 9
International Financial Reporting Standard 9

KEY BENEFITS

A SINGLE PLATFORM THAT CAN BE USED TO INTEGRATE WHOLE OR PART OF AN END-TO-END IFRS 9 SOLUTION

●

A PLATFORM THAT EMBEDS NATURALLY REGULATORY REQUIREMENTS SUCH AS BCBS 239

●

SEAMLESS AGGREGATION OF MULTIPLE DATA SOURCES FROM RISK, FINANCE, ALM AND ECONOMICS

●

AUTOMATION OF THE CLASSIFICATION AND MEASUREMENT OF ASSETS AND LIABILITIES

●

ECL CALCULATIONS AT BOTH TRANSACTIONS AND PORTFOLIO LEVELS

●

SCENARIO TESTING

●

ONGOING MONITORING OF CHANGES

●

ABILITY TO DRILL DOWN ANY RESULT PRODUCED AT ANY TIME

IFRS 9 addresses all key aspects of the Standard, from classification and measurement of assets and liabilities to impairments. Clients have the option of using their own models or models developed by AxiomSL; all of them can be plugged onto AxiomSL's Data Integration platform to calculate Expected Credit Losses (ECL) at all required levels.

The International Accounting Standards Board (IASB) has developed IFRS 9 to address the shortcomings of the incumbent IAS 39 standard to properly disclose mounting risks, as uncovered after the financial crisis. As part of IFRS 9, firms will need to make their business models explicit as well as their expectations of the future cash flows of their financial assets and liabilities. The number of assets that will be classified at amortized cost will be reduced, while more will be accounted for at fair value, thus increasing P&L volatility.
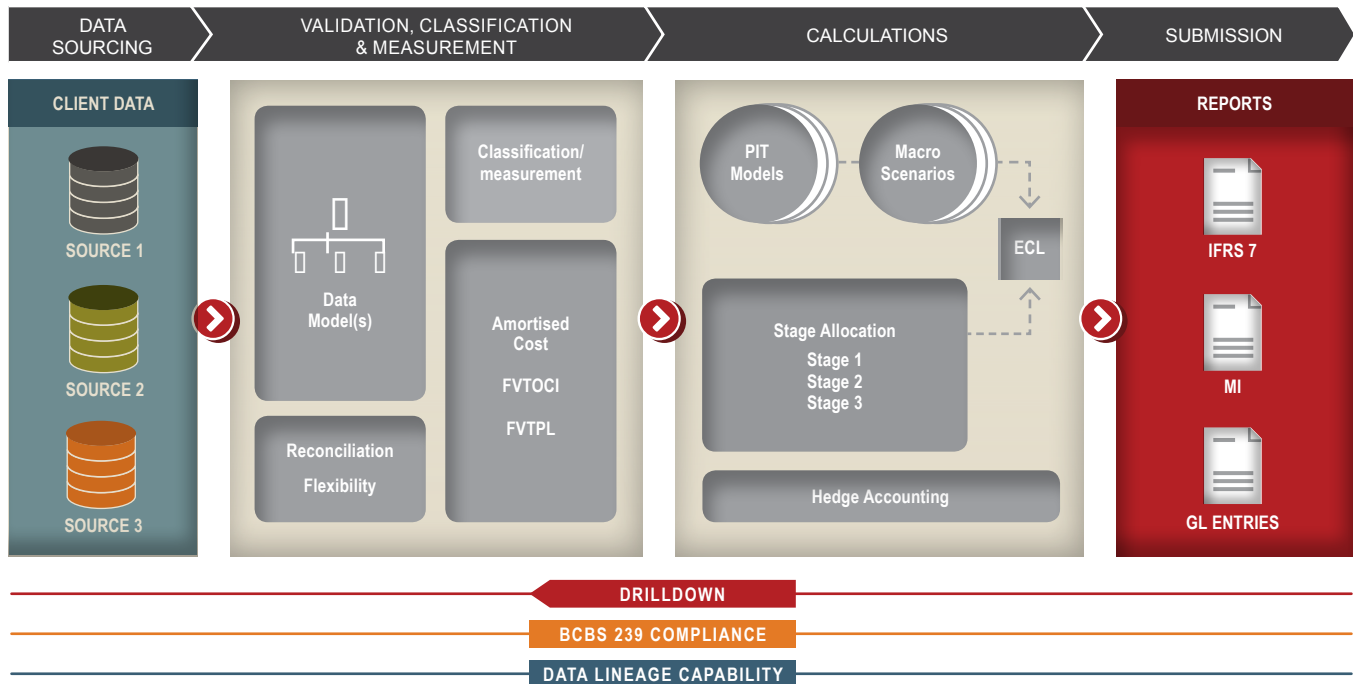
FOR IMPAIRMENT CALCULATIONS, CHALLENGES INCLUDE:
● The requirement to calculate the ECL over 12-months and/or lifetime
● The obligation to define what is the "significant increase in credit risk" that triggers the change of calculation.
● The ability to assess credit risk until the maturity of the transactions/portfolios
● The constraint to include forward-looking elements into multiple probability weighted-scenarios.

Accommodating differing demands of risk and finance and managing large volumes of risk and financial data, which must be refreshed at more regular intervals than ever before are the biggest challenges.

Banks face a major challenge to source and integrate the disparate data required for IFRS 9. Most of it will come from risk and finance—two functions that have historically operated in isolation from one another, applying different standards to the data they use. Also, banks' provisioning requirements are likely to be greater under IFRS 9 than under IAS 39, as the new standard includes multiple instances under which ECL must be assessed for lifetime instead of for one year. As a result, firms will try to mitigate and stabilize their provisioning requirements using levers such as the proportion between amortized assets (impaired but with low impact on P&L volatility) and assets in fair value through P&L (no impairment but high impact on P&L volatility), or by playing on the perimeter and segmentation of portfolios collectively impaired.

Overview of the IFRS 9 Solution Process

DATA SOURCING → **VALIDATION, CLASSIFICATION & MEASUREMENT** → **CALCULATIONS** → **SUBMISSION**

CLIENT DATA
- SOURCE 1
- SOURCE 2
- SOURCE 3

Data Model(s)

Classification/ measurement

Amortised Cost

FVTOCI

FVTPL

Reconciliation

Flexibility

PIT Models

Macro Scenarios

ECL

Stage Allocation
Stage 1
Stage 2
Stage 3

Hedge Accounting

REPORTS
- IFRS 7
- MI
- GL ENTRIES

DRILLDOWN

BCBS 239 COMPLIANCE

DATA LINEAGE CAPABILITY

AXIOMSL'S SOLUTION

AxiomSL's platform effectively supports the resolution of all these challenges. Not only can it fetch and aggregate the necessary financial, risk and macro-economic data, but it does so without duplicating them thus avoiding ETL (Extract, Transform and Load) layers and intermediate databases that are painful to feed and maintain. And it does so while checking data quality and granting the user a control that facilitates collaboration between different functions, such as risk and finance, and supports sound data governance practices such as BCBS 239.

Once the bank's data has been aggregated, it is pushed through the business rules that determine assets classification and measurement and impairment.

For modeling, clients have multiple options: They can plug their own or third party models onto AxiomSL's platform that will feed and run them and extract the results; or they can rewrite their models under R within AxiomSL's platform; or they can use one or several of the models developed by AxiomSL. For instance AxiomSL's CSF Model (Calibrated Stochastic simulations of Fundamentals) offers state-of-the-art PIT ECL assessment for Corporates.

AxiomSL's platform provides both the controlled environment required by accounting and the flexibility required by risk

AXIOMSL™

Once ECL calculations are completed, disclosures and reporting can be produced in accordance with the IFRS taxonomy, with internal management information (MI) reports, under XBRL, in the form of excel exports or in many other forms.

The unparalleled transparency offered by AxiomSL includes the ability to drill from each value of every report produced down to the source data; it also allows users to make manual adjustments if required, all of them being automatically recorded and reversible. The flexibility of the solution allows users to do scenario testing—to explore the impact of their choices on provision levels; in short, to really master their provisioning process.

The IFRS 9 solution is built on the same platform as all of the solutions AxiomSL provides for different regulatory calculations and reporting requirements. This 'one platform' approach allows clients to leverage the data they are using for other requirements, such as FINREP. It also reduces cost and complexity because banks do not need to maintain separate systems to comply with different requirements, and it speeds up implementation.

AxiomSL's platform offers the proven technology that directly links powerful analytics to source data without duplication or redundancy. This generates multiple benefits such as the ability to handle massive amounts of data, extreme reactivity (no need to call IT to produce the next report) and powerful analytics like top to bottom data mining, full transparency and guaranteed coherence through time. Banks that invest towards such data technology infrastructure will find themselves with a red carpet towards complying with IFRS 9 and BCBS239 in addition to offering their management an effective support for complex decisions such as steering the P&L.

End-to-End IFRS 9 Solution

Awards & Recognition

RiskTech 100
Chartis RiskTech Quadrant Category Leader
MiFID II Reporting Solutions 2017

RiskTech 100
Chartis RiskTech Quadrant Category Leader
Sell-Side Risk Management Technology 2015

RiskTech 100
Chartis RiskTech Quadrant Category Leader
Data Integrity & Control Solutions 2016

waters rankings 3 1 2015
Winner AxiomSL
Best ReportingSystem Provider Winner

2014
American Financial Technology Awards

Sell-Side Technology
waters technology
Awards 2017
Best Implementation at a Sell-Side Firm
Winner AxiomSL

Sell-Side Technology
waters technology
Awards 2016
Best Implementation at a Sell-Side Firm
Winner AxiomSL

THE ASIAN BANKER
Compliance Risk Technology Implementation of the Year
Risk Technology Implementation Awards 2016

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY

THE ASIAN BANKER
Achievment in Risk Analytics Technology
Risk Management Awards 2013
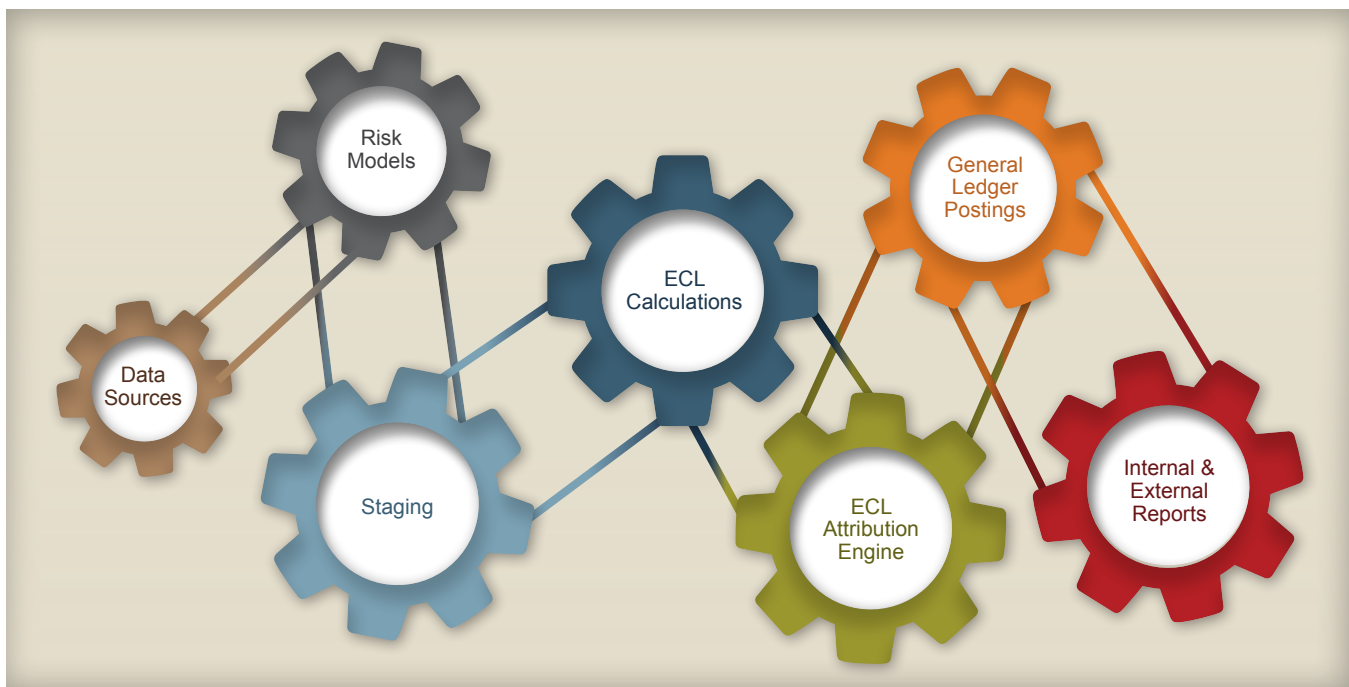
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AxiomSL is the global leader in risk data management and regulatory reporting solutions for the financial industry, including banks, broker dealers, asset managers and insurance companies. Its unique enterprise data management (EDM) platform delivers data lineage, risk aggregation, analytics, workflow automation, reconciliation, validation and audit functionality, as well as disclosures. AxiomSL's platform supports compliance across a wide range of global and local regulations, including Basel III capital and liquidity requirements, the Dodd-Frank Act, FATCA/CRS, EMIR, FRTB, COREP/FINREP, CCAR, MiFID II, FDSF, BCBS 239, Solvency II, AIFMD, IFRS 9/CECL, MAS, APRA, REMIT, SFTR, central bank disclosures, and both market and credit risk management requirements. The company's technology and solutions have received numerous accolades, including success in the Best Reporting Initiative category of the American Financial Technology Awards, Best Implementation at a Sell-Side by Incisive Media, and highest recognition in the Customer Satisfaction section of the Chartis RiskTech100 rankings.

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