

FiSer Regulatory Roadmap – IFRS9

| Regulation | Details | Key elements and impacts |
|--|---|---|
| IFRS9 (International Financial Reporting Standards) | <p>In response to the financial crisis, the International Accounting Services Board issued IFRS 9 to replace the existing IAS 39 standard for financial assets. This new standard introduces a more robust impairment model that is forward looking and incorporates macroeconomic information into the impairment calculation.</p> <p>IFRS 9 has three phases:</p> <ul style="list-style-type: none">i) Classification and Measurement of assets and liabilitiesii) Impairmentiii) Hedge Accounting <p>Publication of IFRS9 compliant financial statements starts 1 January 2018</p> | <p>There will be significant impact on the current processes and systems of financial companies, with banks bearing the maximum impact of the change. While the standard outlines detailed methodology for the calculations, it does not provide specific guidance on the optimal approach for institutions of varying sizes and complexities.</p> <p>This leaves considerable room for expert judgment and places the onus of substantiating its methodology on the institution without clear industry benchmarks. Regardless of the approach taken, the new requirement would require significant amounts of data. Organisations with decentralised models and systems will encounter major challenges implementing IFRS 9.</p> |