



Solution primer

OneSumX IFRS 9

The International Financial Reporting Standard 9 (IFRS 9) is the foremost global accounting standard for financial instruments. In response to the 2008 financial crisis, IFRS 9 moved away from the incurred loss model, adopting a more forward-looking approach to impairment and ensuring the timely recognition of loan losses. It also enhanced comparability by making the classification system more transparent. Additionally, for hedge accounting, IFRS 9 aims to align more closely with general risk management practices, moving away from the rule-based approach of IAS 39.



OneSumX IFRS 9

IFRS – The Global Benchmark

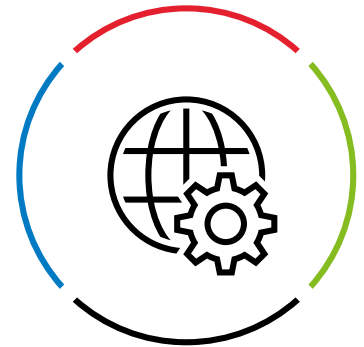
Despite the clear advantage that these international standards can deliver in terms of transparency and comparability for investors and other stakeholders, they have also introduced new layers of complexity.

It is not just the accounting departments that need to fully adhere to the standards, close collaboration is required across different departments – namely risk, finance, compliance, and IT.

As the pace of IFRS implementation has been staggered across the world, there is now an uneven playing field, with some financial institutions having deployed a more tactical solution and others now discovering the limitations of their current application. In general, financial

institutions are reassessing whether their current IFRS 9 solutions landscape is still fit for purpose. Some entities considered IFRS implementation as part of multi-country and multi-GAAP finance transformation programs, while others adopted a more decentralized strategy, allowing each country, entity, and division to take their own approach.

Wolters Kluwer can help financial institutions develop a strategic approach to manage current and future IFRS compliance, providing the required expertise, content, and technology. Our extensive experience in dealing with IFRS in different jurisdictions, our proven and flexible solution, and our constant adaptation to new standards can ensure you remain fully IFRS compliant.



The first challenge when developing an IFRS solution is to create a pragmatic and efficient architecture to account for transactions which are generated by systems that have each used different logic models.

This can be achieved with a central solution, although this kind of technology has to offer different approaches to match those of other applications while retaining the granularity of information found in the source systems. The second challenge is in providing the different IFRS measurements, such as amortized cost, fair value, hedge effectiveness, and calculation of expected credit losses that take into account reasonable and supportable information about the future.

OneSumX IFRS 9 collates and standardizes the relevant data, enriches it with the additional measures as per the IFRS rules, and automates the classification through flexible business rules. Having an end-to-end IFRS view which ensures an integrated and complete auditability of the system reduces the month-end costs and enables firms to shift their attention from labor-intensive processing to valuable analysis.

Our platform can work out specific compliant IFRS calculations such as impairment, the expected credit losses under IFRS 9, hedge effectiveness calculations, and more, along with their often complex and sometimes retroactive impacts.

Various types of disclosure reporting are required by IFRS and by local supervisors. The solution can generate these disclosures following the different standards. We automate the IFRS regulatory reporting to numerous local authorities around the world, including the standardized EU-wide reporting framework, FINREP.

The IFRS accounting framework has increasingly become the global benchmark, and has been emulated in many other jurisdictions around the world, such as Financial Accounting Standards Board (FASB) and its Current Expected Credit Loss (CECL) impairment standard.



OneSumX IFRS 9

Firms need a comprehensive and modular IFRS solution that can fulfill the entire cycle of activities, from the way in which events or transactions should be treated, to processing the IFRS calculations and accounting to the delivery of disclosures.

Wide contract and event data management

Through our data management capabilities, we can process, monitor, and generate information on a wide range of financial products and events covering the entire product life cycle, from a partial loan prepayment or a restructuring to an equity split.

IFRS (re-)classification

OneSumX IFRS 9 applies the various IFRS classifications for financial instruments, transactions, and events as defined by the standard or user-defined classification rules. It also automatically reclassifies financial instruments and measurement consequences if and when the business model for those instruments changes. It also includes the cash flow characteristic

test and benchmark test if required for classification.

Common calculations

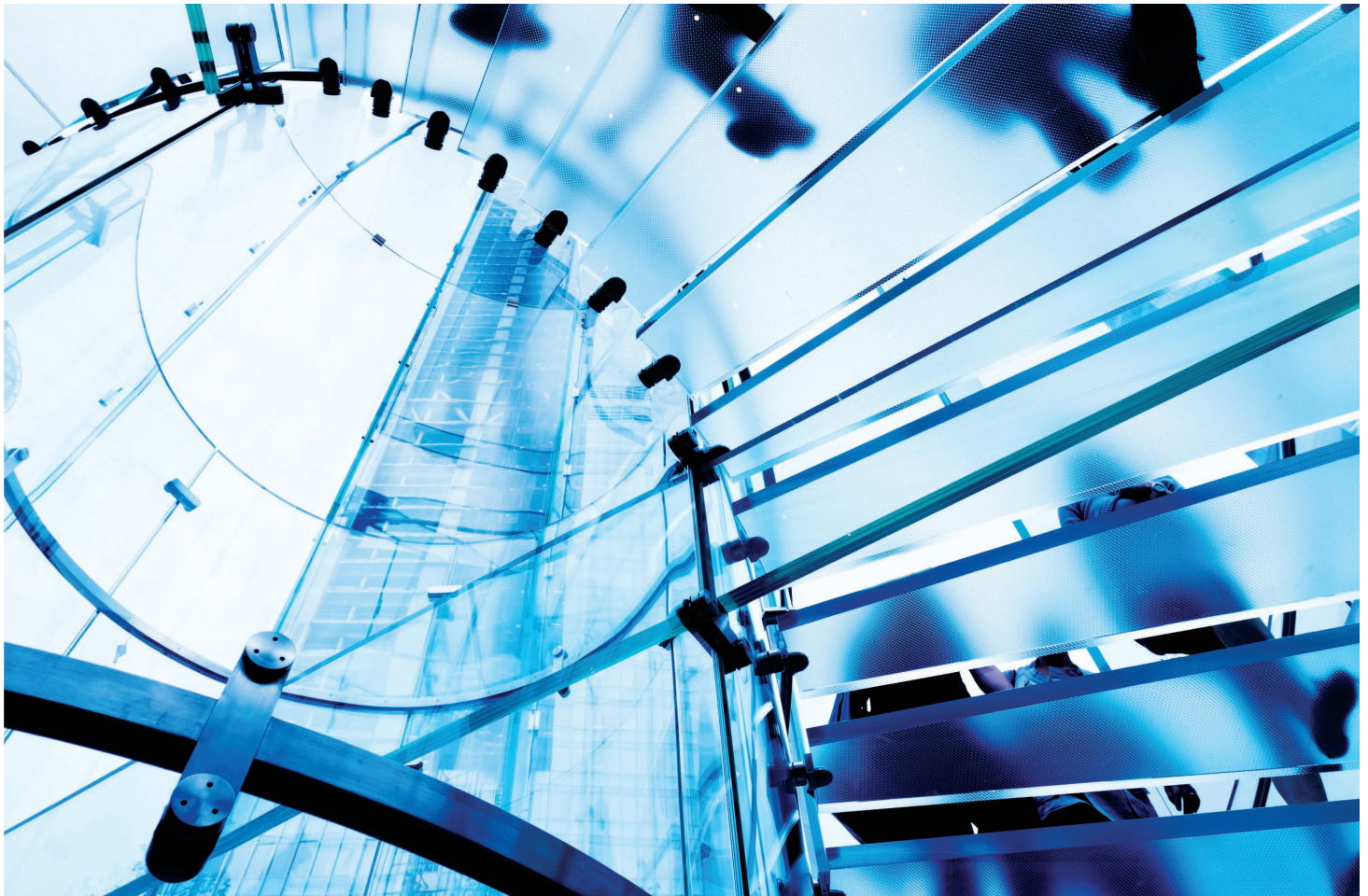
The solution includes common calculations such as amortized cost, fair value, effective interest rate, and implied interest rate calculations in accordance with the IFRS framework, specifically IFRS 9. The calculators in a wider stress testing and scenario-based framework make it possible to do impact analysis and use it across a wider IFRS framework.

IFRS impairment

The solution contains incurred and expected loss calculations as well as the different decompositions (and disclosures) for these calculations. The impairment module contains extrapolation, macroeconomic variability impact generation (PD/LGD/EAD), stage assessment, segmentation, and decomposition to fulfill the impairment requirements. It has the ability to manage the impairment on individual

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and collective levels across stages. This module serves the different Finance, Risk, and Reporting users – essential when getting an enterprise-wide view for management oversight.

IFRS hedging

OneSumX IFRS 9 offers end-to-end hedge accounting with the calculation of the hedged risk and hedge effectiveness as the accounting amounts go into the ledger. This is available for cash flow and fair value hedge as well as on the different levels (micro, portfolio, and macro).

IFRS chart of accounts and accounting schemes

OneSumX IFRS 9 also offers the possibility to generate the full IFRS balance for all financial instruments stored in the systems by means of standard accounting schemes for these instruments.

Contract level subledger and general ledger

Beyond the standard accounting templates and processes, OneSumX IFRS 9 offers a detailed subledger to better support the demanding analysis and control requirements. It has functionality to deal specifically with the accounting for foreign currency transactions, under the requirements and classification of IAS 21.

IFRS disclosures

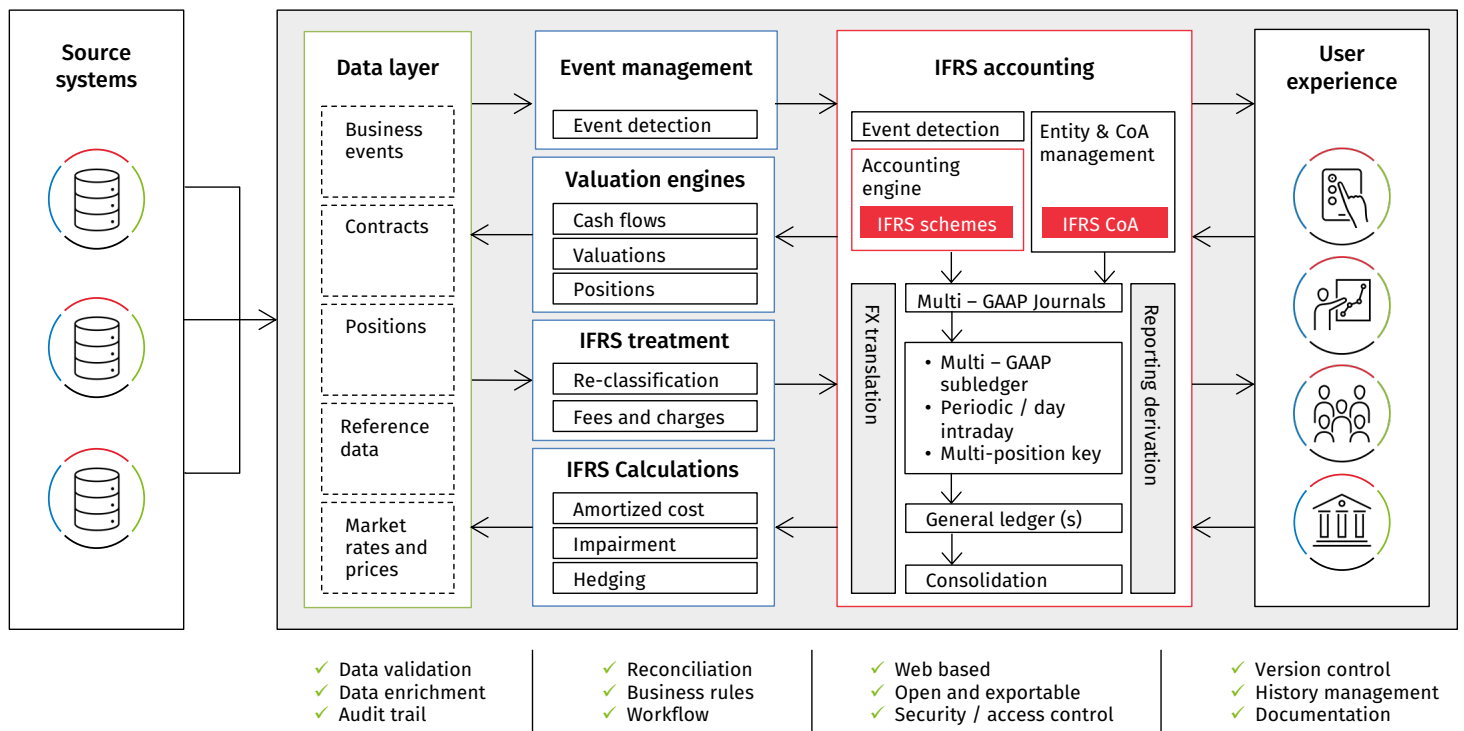
Next to the necessary IFRS calculation and processing, OneSumX IFRS 9 solution offers the necessary management information reporting tools and required IFRS disclosures as defined in the IFRS 7, IFRS 9, IFRS 12, etc. standards.

Multi-GAAP, multi-entity and consolidation

The solution is genuinely multi-entity, multi-GAAP, and multi-currency supporting complex GAAP derivation and consolidation requirements in line with IFRS 10, 11, and 12.

Financial control

OneSumX IFRS 9 solution makes sure that all data can be tracked and monitored and can signal early warnings in case of calculation or data quality breaches. The solution acts as a curation, validation, and reconciliation hub and guarantees end-to-end full auditability and data governance.



Named leading provider of IFRS technology solutions by Chartis Research, Wolters Kluwer puts our clients in the best possible position to safely manage the continuous evolution of IFRS.



Our comprehensive solution can assist you in implementing IFRS in a solid, compliant, and transparent way that will fully satisfy auditors and regulators. OneSumX IFRS 9 comprehensively addresses the specific methodologies and calculations of IFRS, particularly fair value and amortized cost, expected credit losses, and hedge accounting which are continuously evolving. The solution's modularity and flexibility enable firms to benefit from certified off-the-shelf functionality which can be tailored to deliver the most effective implementation for a firm's specific situation.

With its numerous successful IFRS implementations, Wolters Kluwer brings experience and methodology, enabling rapid implementation with practical, comprehensive solutions to take care of any eventuality. We are fully committed to adopting future IFRS evolutions in our solution. Our IFRS experts are continuously following this evolving domain and participate actively in seminars and impact studies.

The implementation process creates an opportunity for firms to consolidate and streamline their accounting logic from its disparate base, spread over many systems into a solid, scalable, and transparent solution. Such an approach improves transparency and consistency, and reduces complexity and operational costs. Integrated workflow and control mechanisms create a high level of automation which accelerates the closing process and reduces the time for stakeholders to receive reports. With a solution that is multi-entity, multi-currency, and multi-GAAP, and complemented with consolidation, OneSumX IFRS can support the requirements of your global business.

Wolters Kluwer offers the solutions, content, and expertise for firms to have a robust and reliable solution that will successfully integrate future IFRS evolution. Consistently named a leading provider of IFRS technology solutions by Chartis Research, Wolters Kluwer puts our clients in the best possible position to safely manage the continuous evolution of IFRS.

Related products

OneSumX for Regulatory Reporting

A multi-award winning solution delivered on the cloud and on-premise, the OneSumX for Regulatory Reporting solution covers various types of reporting, including Financial (e.g. FINREP), Prudential (e.g. COREP, BCAR, FRY-14), Transactional (e.g. MiFID II), Statistical (e.g. Economic & Financial Statistics), Granular (e.g. AnaCredit, GDR) and Multi-dimensional (e.g. Smart Cubes) reporting.

OneSumX for Financial Risk Management

As a contract-centric integrated financial risk management solution, OneSumX for Financial Risk Management generates expected and unexpected cash flows based on anticipated events over the lifetime of the contract. These events reflect the outlook for the macro economy, market risk factors, the strategy of the firm, and the expected behavior of its counterparties.

OneSumX for Finance

OneSumX for Finance offers a full ledger and subledger solution especially designed to deal with the complexities and challenges of finance in financial institutions. It can either be used as an accounting hub to centralize multiple subledger to facilitate the following reporting streams or act as an accounting engine to account for the lifecycle events of financial instruments.

About Wolters Kluwer

Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2023 annual revenues of €5.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,400 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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Learn more about the OneSumX for Finance, Risk and Regulatory Reporting solutions. [Click here.](#)

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