

IFRS 9 Implementation Checklist

The last two years haven't exactly gone according to plan. If you got a late start preparing and need some help to ensure your readiness, Clearwater has you covered. Check out our IFRS 9 Implementation Checklist to help get you on track.

1. Determine your testing process

Option 1: adding a Transitional IFRS (TIFRS) accounting basis to your portfolio. This can be used to adjust your business model, apply measurement and classification overrides, and apply expected credit loss allowance uploads.

- This accounting basis would stay in place throughout the year before the IFRS 9 deadline (i.e. Europe, 2022 or Indonesia, 2024) and can be used to get an early view of what your accounts will look like post-IFRS 9 application. It also allows you to streamline the monthly IFRS 9 processes prior to the adoption deadline.

Option 2: applying a conversion overlay, so you can provide reporting under previous accounting rules (i.e. IAS 39 or PSAK 55) and reporting under IFRS 9 for the year of adoption.

- This accounting basis allows for zero interruption in the delivery and consumption of monthly general ledger files.

2. Define your business model test

Confirm which portfolios require a measurement and classification category update

Select the appropriate classification for the business model of each portfolio or account

Note: We see some companies classifying all assets to fair value through profit or loss (FVTPL) as part of the transition to minimise the impact of IFRS 9. This classification is always an option but will directly impact your income statement.

3. Understand your solely payments of principal and interest (SPPI) process

Calculate SPPI or purchase SPPI data

Upload SPPI result data, by security, into investment accounting ledger system

Reclassify your investments with SPPI failure results, to new categories, resulting in potential income recognition and General Ledger changes

4. Create your expected credit loss (ECL) model

Calculate ECL or purchase an ECL model (Bloomberg and Moody's are common sources)

Upload ECL data by security/lot into investment accounting ledger system

Understand the timing of ECL process and how it may impact your accounting close calendar

5. Review your securities

Determine securities that will be tagged as fair value through other comprehensive income (FVTOCI) with no recycling through profit and loss.

6. Update your General Ledger

Provide GL codes to the new allowance expense and reserve GL buckets

7. Update your reporting

Customise required IFRS 9 disclosures as needed

Create IFRS 9-based internal use reports

The Clearwater solution stands ready to help you establish your processes to comply with IFRS 9 and to handle the elevated data requirements that come with the new standard. Schedule a meeting with us to learn how the Clearwater solution helps insurers navigate major accounting changes and more with ease.

[Talk to an Expert >](#)

“Clearwater is a valuable asset and essential tool for us as we focus on global scalability. Clearwater’s ability to handle multiple accounting bases and currencies and automate regulatory reporting allows us to expand our business around the world while maintaining a single solution for investment accounting and reporting.”

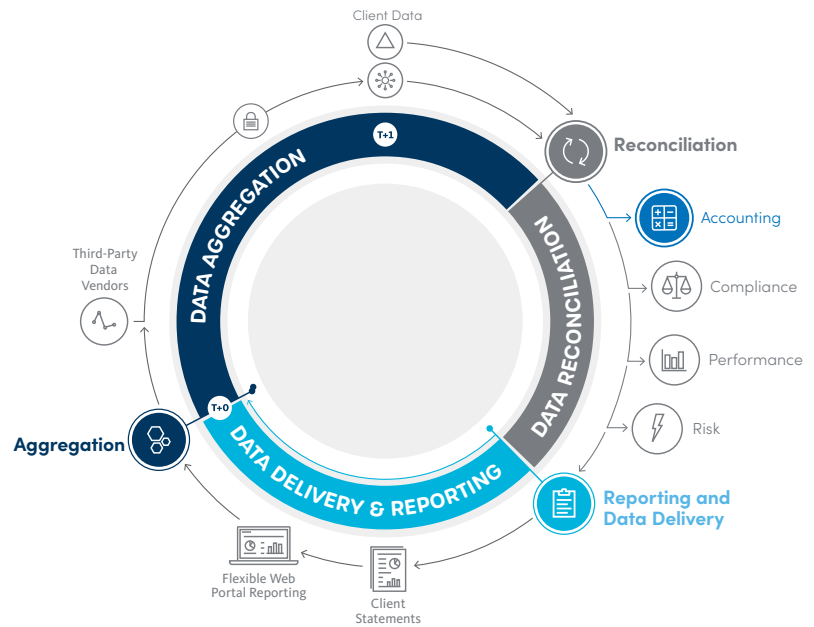
Carrie Rosorea, Chief Accounting Officer for Sampo International

The screenshot shows the Clearwater Analytics dashboard. The top navigation bar includes DASHBOARDS, ACCOUNTING, COMPLIANCE, PERFORMANCE, RISK, and STATEMENTS. The ACCOUNTING menu is expanded, showing options like General Ledger, Local GAAP, Consolidated IFRS, IFRS 9 Disclosures, Lloyds QAD, Lloyds AAD, Lloyds QMA, Solvency II, BMA, and Report Manager. Below the menu is a table with columns: SPPI Test Grouping, Identifier, Description, and a detailed table with columns: Amount + Accrued, Currency, Security Type, Final Maturity, and Convertible.

SPPI Test Grouping	Identifier	Description	Amount + Accrued	Currency	Security Type	Final Maturity	Convertible
Higher Risk	93934FHC9	WMALT 2005-AR1 A1A	1,896,394.54	USD	Other CMO	25/12/35	N
Higher Risk	59156RBP2	METLIFE INC	749,064.72	USD	CORP	29/12/49	N
Higher Risk	075887CF4	BECTON DICKINSON AND CO	221,898.72	USD	CORP	29/12/20	N
Higher Risk	670346AL9	NUCOR CORP	253,204.63	USD	CORP	15/09/22	N
Lower Risk	893526DM2	TRANSCANADA PIPELINES LTC	504,886.94	USD	CORP	01/08/22	N
Higher Risk	744320AL6	PRUDENTIAL FINANCIAL INC	329,745.12	USD	CORP	15/09/42	N
Higher Risk	26441CAJ4	DUKE ENERGY CORP	516,812.50	USD	CORP	15/08/22	N
Higher Risk	68268NAJ2	ONEOK PARTNERS LP	413,305.63	USD	CORP	01/10/22	N
Lower Risk	57629WBR0	MASSMUTUAL GLOBAL FUNDI	506,937.67	USD	CORP	17/10/22	N
Higher Risk	008117AP8	AETNA INC	835,351.00	USD	CORP	15/11/22	N
Higher Risk	096630AC2	BOARDWALK PIPELINES LP					
Higher Risk	744320AM4	PRUDENTIAL FINANCIAL INC					
Lower Risk	59217GAX7	METROPOLITAN LIFE GLOBAL FUNDING I					
Higher Risk	86765BAL3	ENERGY TRANSFER LP					

Clearwater helps clients to implement IFRS 9 and establish their reporting processes after adoption.

Want to learn more? →



Contact Us:

Learn more about how Clearwater can revolutionize your investment accounting operations
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All data as of 2 August 2023.

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