

# IFRS 9: here to confuse?

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# Challenges of implementation for the industry

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- Building on existing models and processes; BUT ... IFRS 9 is not the same as prudential standards
- Data needs
- Missing data
- Long & new processes
- There is lots of room for improvement

# Challenges for analysing IFRS 9

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- Management judgment
  - SICR
  - Macroeconomic scenarios
  - Period over which LT ECL is calculation (e.g. credit cards)
- Granularity of Disclosures yet not easily comparable
  - Disclosure requirements (IFRS 7)
  - EDTF requirements

# The way forward

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- IFRS 9 is definitely a challenge
- Changes in the macroeconomic environment
- Analysis and understanding its impact
- Impact on the business
  - On the way that banks perceive credit risk
  - On investment decisions (credit risk, recycling of equity instruments through profit or loss)
- Procyclicality
  - Understanding of IFRS 9's impact
  - Regulatory response to the changes to IFRS 9