



Is Your  
Trust Banking Software  
**PRFS9 READY?**

The **Philippine Financial Reporting Standard 9** (Financial Instruments) is the local adoption of International Financial Reporting Standard 9 issued by the International Accounting Standards Board. It replaces International Accounting Standards 39 Financial Instruments: Recognition and Measurement, in three phases.

PFRS 9 is primarily concerned with the accounting of financial instruments (debt, derivatives and equity) and seeks to establish a new financial instruments standard.

**Miles Software Solutions, Inc** (Now EbixCash Financial Technologies) is a global leader in providing Technology Solutions in the Trust Banking, Private Banking (Wealth Management), Asset and Investment Management space. With more than 2 decades of experience and presence in over 20+ geographies of the world, our flagship brand *MoneyWare Product Suite* has successfully built strong repute and achieved numerous recognitions in the industry.

This is evident from our strong list of esteemed customer association that we have built over the years which include around 9 Large Trust Banks and Business Entities in Philippines. With the parametric nature of MoneyWare Technology Architecture, the solution has been strategically designed to be future-ready to adapt the frequent changes in industry practices and guidelines seamlessly such as amendment of holding Classification nomenclature from HTM, AFS and HFT to HTC, FVOCI and FVPL, amendment in grouping of Gain/ Loss for Equity as Liability and more.

Enlisted below are some of the critical features of PFRS 9 standards which have been easily incorporated in MoneyWare system for your reference:

- Requirements for recognition, classification and measurement of financial instruments.
- Impairment of financial assets
- Reclassification of Gains and Losses
- As for the classification of financial assets, PFRS 9 sets out three major classifications: amortized cost; fair value through profit or loss; and fair value through other comprehensive income.
- Debt instruments are classified and measured either at amortized cost or at fair value depending on:
  - The contractual cash flow characteristics of the financial asset and
  - The entity's business model for managing financial assets



- On the other hand, equity securities can be classified at either FVTPL or irrevocably designated at initial recognition at FVOCI. As such, all equity securities shall be measured at fair value.
- Adoption of the Expected Credit Loss (ECL) model in measuring credit impairment allowing BSFIs to recognize credit impairment / allowance for credit losses even before an objective evidence of impairment becomes evident; by considering past events, current conditions and future economic conditions in assessing impairment.

The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The ECL model on credit exposures shall include the following:

- Loans and receivables that are measured at amortized cost
- Investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income (FVOCI) and
- Credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss (FVPL)

As such, credit exposures shall be classified into 3 stages using time horizons to measure ECL.

Our Flagship Product MoneyWare Trust Banking Solution has been strategically designed to accommodate the new trends of Trust Businesses in Philippines allowing our customers to stay ahead of the innovation curve. The solution offers modules on a single unified platform that can be combined to create leading business solutions for Investor Servicing, Suitability Assessment, Fund / Investment Management, Mid Office compliance governance and monitoring, Transaction Management, Fund / Investment Accounting and comprehensive MIS and Regulatory Reporting facility via multiple channels. It serves all client segments from mass affluent to high net-worth investors fully supporting a range of Trust Investment products seamlessly.

