

BPA, RAM Rating to provide joint MFRS 9 solutions plan - Business News

KUALA LUMPUR: Bond Pricing Agency Malaysia (BPAM) has teamed up with RAM Ratings to deliver BPAM-RAM Malaysian Financial Reporting Standards 9 (MFRS) solutions package.

RAM Rating Services Bhd said on Wednesday a major change that took place globally in 2018 was the implementation of the new International Financial Reporting Standard 9 (IFRS) financial accounting standard.

IFRS 9 introduces a new approach to the recognition, classification, and impairment of financial instruments; the new standard has significant repercussions on the accounting of institutions' fixed income assets and liabilities.

In Malaysia, a recent survey in the Securities Commission's 2017 annual report revealed that many PLCs were not sufficiently prepared and ready for MFRS 9, as the standard is known locally.

MFRS 9 replaced the existing MFRS 139 "Financial Instruments: Recognition and Measurement" from Jan 1 and introduced changes in classification and measurement of financial assets; accounting for changes in own credit risk in financial liabilities; impairment, and hedge accounting.

BPAM and RAM Ratings have each developed solutions to assist their clients in complying with MFRS 9.

Earlier this year, BPAM introduced its MFRS 9 Support Pack, a suite of data sets and tools to facilitate the recognition and classification of fixed income instruments.

Whereas RAM Ratings' MFRS 9 Solution, also introduced in January 2018 automatically generates expected credit loss calculations for these instruments.

"Given they are complementary services, BPAM and RAM Ratings have thus partnered to jointly offer their MFRS 9 solutions as a bundled product to clients.

"This joint offering will enable users to meet the requirements of MFRS 9 via a complete toolkit comprising BPAM's MFRS 9 Support Pack and RAM Ratings' MFRS 9 Solution.

"The solutions – which undertake the classification and credit risk impairment calculations automatically - will provide significant savings of time and effort, in addition to minimizing errors if users were to undertake these tasks manually," it said.

RAM Ratings said in the next few months, the BPAM-RAM joint offering will be further enhanced with a seamless upload of users' portfolios via BPAM's Bondstream.