



## Global Public Policy Committee of the large accounting networks<sup>1</sup>

### Announcement

17 June 2016

### The implementation of IFRS 9 impairment requirements by systemically important banks

The world's six largest accounting networks under the auspices of the Global Public Policy Committee (GPPC) are issuing a paper today to promote the implementation of accounting for expected credit losses to a high standard.

The introduction of new requirements for the accounting for expected credit losses in IFRS 9 *Financial Instruments*<sup>2</sup> will be a significant change to the financial reporting of banks when required in 2018. It will affect many stakeholders, including investors, regulators, analysts and auditors. Given the importance of banks in the global capital markets and the wider economy, the effective implementation of the new standard has the potential to benefit many. Conversely, a low-quality implementation based on approaches that are not fit for purpose has the risk of undermining confidence in the financial results of banks.

Given the scale of change required and the time remaining for banks to complete their implementation, the GPPC hopes the paper will help those charged with governance to identify the elements of a high-quality implementation and to evaluate management's progress during the implementation and transition phase.

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## NOTES FOR EDITORS

1. The Global Public Policy Committee (GPPC) of the six largest international accounting networks comprises representatives of BDO, Deloitte, EY, Grant Thornton, KPMG and PwC, and focuses on public policy issues for the profession. Copies of the paper issued today are available on the networks' global websites.

2. IFRS 9 *Financial Instruments*, issued by the *International Accounting Standards Board* (IASB), is a new accounting standard effective for annual reporting periods beginning on or after 1 January 2018. A significant part of this new accounting standard is the introduction of measuring loan loss allowances based on expected credit losses for banks, and other entities, that apply International Financial Reporting Standards (IFRSs). For the avoidance of doubt, this paper does not purport to in any way amend or interpret the requirements of IFRSs. The GPPC fully acknowledges that this is reserved to the IASB and the IFRS Interpretations Committee.