

# REGLA<sup>®</sup>

Leading Financial Transformation





## REGLA® Overview

Regla® is a flagship automation compliance product of NTT that provides banks and financial institutions with a platform to meet the challenges of the changing landscape, for their regulatory compliance needs.

Regla's journey started in June 2008. Since the enactment of new regulations by the Financial Services Authority for banking, NTT has begun to evolve following the requirements set for a small reporting system. Gradually, Regla® developed into a platform, consists of many different products which has proven to help the banking and financial services industry to comply with IFRS methodology. Regla® has expanded to include solutions for measuring banking performance through fund transfer pricing, cost allocation, profitability and performance management.

## REGLA® Product Family:

### Regla® IFRS (International Financial Reporting Standard)

IFRS is a set of accounting rules and standards that determine how accounting events should be reported in the business's financial statements. Issued by the International Accounting Standards Board (IASB), IFRS aims to make financial statements consistent, comparable and transparent across the world.

- IFRS 7 applies to all entities, including entities that have few financial instruments (for example, a manufacturer who has financial instruments in the form of cash, accounts receivable and accounts payable) and those that have many financial instruments (for example, a financial institution with assets and liabilities as the financial instruments).
- IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities and some contracts to buy or sell non-financial items.
- IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the benefits expected for the exchange of the goods or services.
- IFRS 16's objective is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognize assets and liabilities arising from a lease.



### Regla® RPM (Regla Performance Manager) Regla RPM has three major functions, such as FTP (Fund Transfer Pricing), Cost Allocation and Profitability and Performance Reporting.

- **Fund Transfer Pricing:** In FTP, we provide financial data elements, yield curve, currency, exchange rate, includes mapping of Transfer Pricing COA to FTP methods, industry-standard FTP methods (for example, Moving Average, Redemption Curve, Straight Term, Duration), interpolation of non-standard tenor curves, mid-period pricing for high variance product terms.
- **Cost Allocation:** For the Cost Allocation, we help define direct and indirect allocation for components, simulation and reconciliation results.
- **Profitability and Performance Reporting:** For profitability reporting and dashboard, we can provide NII and NIM reporting, single customer profitability with drill down and roll up analysis of profitability data, interest simulation and non-interest income or expenses.

“ IFRS is a set of **accounting rules and standards** that determine how accounting events should be reported in the business's financial statements.

## Regla® RCS (Regulatory & Compliance Solution)

Regla RCS features more detailed functions, including some that are not present in Regla IFRS and Regla RPM. In the financial services industry and other highly regulated sectors, legal and compliance teams are responsible for communications monitoring to meet a growing number of discovery requests, and to quickly identify non-compliant occurrences within the organization's activities. With increasing regulatory and expenses related to compliance, financial services organizations are looking for more flexible and cost-effective regulatory compliance analytics tools and solutions.

- **Antasena module (a set of daily/monthly/quarterly/yearly comprehensive financial and static data reports)** was created by NTT for banks/financial institutions to provide Antasena reports, managed by Central Bank of Indonesia. This report was created to compile the information submitted by users to Bank Indonesia in an integrated manner with a uniform format according to the metadata set by the authorities.
- **SLIK module (Debtor Information Report)** was created by NTT for banks/financial institutions to provide Debtor Information System managed by the Service Authority Finance of Indonesia (OJK). The information system called Information Services Debtor consist of information about debtors, facilities provision of funds received by the debtor, and other related information presented based on the Debtor Report.
- **Basel III LCR (Liquidity Coverage Ratio) & NSFR (Net Stable Funding Ratio) module** are reporting systems created by NTT for banks/financial institutions to give LCR and NSFR value. Both ratios pursue two different complementary goals: the objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks/financial institutions; while the goal of the NSFR is to reduce the funding risk over a broader time horizon.
- **Risk (Apolo) module** was created by NTT for banks/financial Institutions to provide RWA (Risk Weighted Assets) reports. These reports are used to determine the minimum amount of capital that must be held by banks and other financial institutions in order to reduce the risk of insolvency.
- **LLL (Legal Lending Limit) module** was created by NTT for banks/financial institutions to provide an LLL report. This report provides the maximum limit for the provision of funds (credit facilities, securities, interbank placements, investments, and off-balance sheet transactions) that a bank is allowed to make to a certain borrower or group of borrowers.
- **Forex and Trading module** was created by the NTT for banks/ financial institutions to provide an information system of Foreign Exchange Activities, managed by the Central Bank of Indonesia. The activities consist of



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financial assets transfer and liabilities between residents and non-residents population, including transfers of outside financial assets and liabilities between inhabitants which aims to ensure price financial stability.

- **Office Activity module** was created by NTT for Banks/ Financial Institutions to provide an information system of office activities reports managed by the Central Bank of Indonesia. This module is able to support the required report creation process. The report is to be submitted by the head office to its branch offices, which conduct operational activities both in and outside Indonesia.
- **Basel III - IRRBB1 (Interest Rate Risk in the Banking Book) module** was created by NTT for banks/financial institutions to provide the reporting systems with information on the bank/financials' changes in economic value of equity and net interest income under each of the prescribed interest rate shock scenarios.

## Current state of FSI industry

From personal finance to commercial banks, digital advancement and increased financial technology is rapidly transforming the financial sector. The particular trend driving this digital evolution is the growing influence of big tech companies. Currently, the bank must complete their work report and submit it to Central Bank and the Financial Services Authority with a limited timeline. In addition, the bank must comply with IFRS standards released by both Central Bank and the Financial Services Authority. Meanwhile, the bank is facing difficulties in obtaining data from various sources.

REGLA meets the changing regulatory compliance requirements (international and regional) and has a set of standard reports that can be modified for specific analysis with multiple data views and grids.

## Who Uses REGLA®?

### Bank

- Reporting compliance solution: Finance and Accounting (F&A), Compliance, Risk Management Department.
- IFRS: Finance and Accounting, Risk and Management Department.
- Banking Performance Management: Finance and Accounting (F&A).

### Financing

- Reporting compliance solution: Finance and Accounting (F&A), Compliance, Risk Management Department.
- IFRS: Finance and Accounting, Risk and Management Department.

### Insurance

- Reporting compliance solution: Finance and Accounting (F&A), Compliance, Risk Management Department.
- IFRS: Finance and Accounting, Risk and Management Department.

### Outside FSI

- IFRS: Finance and Accounting.

## REGLA® Benefit



To meet key financial transformation objectives, such as improving cost efficiency through better transparency and addressing key regulatory and compliance issues.



The platform enables complete and deep insights that increase the result-oriented strategic business decisions.



The platform offers the ability to generate reports with better data quality and single reliable source.



The platform helps to meet the changing regulatory compliance requirements (international and regional) and has a set of standard reports that can be modified for specific analysis with multiple data views and grids.

Based on the points above, Regla benefits apply to all stakeholders.





## Below details how each stakeholder would benefit from the inclusion of REGLA products in their business processes:

### Finance & Accounting (F&A)

Finance and Accounting will earn benefits from REGLA® IFRS Solutions (REGLA® IFRS 9: Financial Instruments, REGLA® IFRS 16: Leases and REGLA® IFRS 7: Financial Instrument Disclosures) that able to fulfill the compliance to the prevailing accounting and regulatory requirements, from the methodology, calculation and reporting results. Having a REGLA® IFRS Solutions will enable stakeholders' business-as-usual processes to be integrated and offers seamless financial and regulatory reporting.

REGLA® IFRS Solutions provides easy-to-use reporting templates and out-of-the-box visualizations, enabling you to quickly design and deploy IFRS reports and disclosures. Customizable templates report on position, tracing movement and reconciliation. It will also let you aggregate or drill into results to understand drivers and assess financial impacts. Enhances accountability with automated disclosures and posting into ledgers.

### Compliance & Risk Management

REGLA® IFRS Solutions (i.e. REGLA® IFRS 9) accelerates model development with prepackaged templates for commonly used model types. Quickly create, test and execute ECL models for timely compliance with IFRS 9 requirements.

REGLA® Performance Manager allows management to track the allocation of asset composition and profitability based on (1) line of business, (2) branches, or (3) profit center, including analyzing the cost of funds, fund transfer pricing, profitability measurement and monitoring on a more real-time basis.



## REGLA® Success Story

### Challenge

Our client, as one of the largest banks in Indonesia, was planning to implement an integrated Financial Reporting Standard. This is a Regulatory Compliance Project to meet the requirements set by local regulators: Central Bank, which officially announced that all operating Banks in Indonesia are expected to be compliant with IFRS. They anticipated that this solution could be incorporated into all products (i.e. loan, treasury, and deposits) and all components (i.e. transaction fees and costs), in the new system.

### Solution

We implemented REGLA® IFRS 9, which allowed the client to generate automated IFRS 9 (as PSAK 71) calculations for impairment and classification and measurement, to meet the reporting requirements set by local regulators.

The Regla® application (IFRS engine) will be delivered pre-configured. This pre-configuration ensures that deals will be treated successfully and in full compliance with IFRS without any time/budget-consuming configurations. Valuation rules and the entire definition of accounting rules have already been set up on installation. It is independent of the delivered pre-configuration. The configuration can also be changed and adapted to bank's needs without restrictions.

### Benefit

The Client could improve the accuracy, speed, reliability, and compliance of its financial statement to IFRS 9 (as PSAK 71). Less on manual simulation for reporting purposes (internal reporting, group reporting) and improve the capability to provide accurate and reliable financial statement based on IFRS 9 standards to all stakeholders.

## About NTT Ltd.

### Visit us at [hello.global.ntt](https://hello.global.ntt)

NTT Ltd. is a leading, global technology services company. To help our clients achieve their digital transformation goals, we use our global capabilities, expertise, and full-stack technology services delivered through our integrated services platform. As their long-term strategic partner, we help them enhance customer and employee experience, transform their cloud strategy, modernize their networks and strengthen their cybersecurity. And across their transformation priorities, we automate their business processes and IT, drawing insights and analytics from their core business data. As a global ICT provider, we employ more than 50,000 people across 57 countries, trading in 73 countries and delivering services in over 200 countries and regions. Together we enable the connected future.



