

IFRS Reporting System—Development

Client

A bank, operating on the Russian consumer finance market since 2004. The range of services includes general purpose loans, credit cards, auto loans and sales finance loans. In 2007-2008 the bank was recognized by several Russian magazines for its business success and fast growth. In 2008, the net profit of the bank reached 24,7 million USD. At the moment the bank employs over 11,000 people and serves more than 2 million customers in 66 regions of Russian Federation and regional centers of Ukraine.

Business Need

Under the state program of financial reporting reform, the client was required to provide its financial statements in accordance with the International Financial Reporting Standards (IFRS). At the same time, like any large financial organization, the bank had a complex IT infrastructure and had to manage a large volume of historical records. Moreover, the data required for IFRS reporting was stored in different systems and formats, which significantly complicated the data processing. As a consequence, the statistics for IFRS reporting was collected manually, and MS Excel was used for data consolidation and calculation of financial performance measurements, which made the procedure extremely time-consuming and error-prone.

The client intended to streamline IFRS reporting, which would facilitate the work of 12 major bank departments. The bank turned to Auriga, who earlier had been involved in a number of successful projects for the bank.

Objectives

The main project objective was to automate IFRS reporting by introducing an integrated financial reporting system that would allow automatic data collection and adjusting the bank accounting information, and generate a consolidated IFRS compliant report, eligible for submission and audit to any concerned parties (such as external auditing committee or bank investors).

According to the primary task list, the application should provide:

- Integration of the IFRS reporting system with six other bank automation systems deployed for various bank operations (Diasoft, 1C, SAP, SAS, FIS Profile, Way4)
- Implementation of data- and computation-intensive algorithms to increase the accuracy of financial reporting
- Fast and easy collaborative access to the necessary IFRS information

The application should help to achieve the following objectives:

- Visibility of the financial statements preparation
- Reduction of operation error risks, paperwork and labor costs

Results

Earning a track record of excellence in providing software solutions and services for business automation applications concerned with deposit and loan management, finance audit, accounting procedures, consumer credit issues and accounting accordance to state regulators and committees, Auriga' professionals offered a distributed three-tier solution, consisting of Oracle database as a data storage, Tomcat application server and the client part realized in a form of thick client using Java Swing Libraries.

IFRS Reporting System consolidates the source data into a unified format and performs automatic bulk processing of the source data to calculate the financial performance measures. The system handles the entire database of the historical contracts, and the calculations are optimized for speed and accuracy.

As a result, the bank's financial statements are prepared with tenfold time savings, and the financial performance measurements are more precise as manual approximations are eliminated. Throughout requirements analysis, user-friendly interface, on-going support of Auriga technical staff allowed smooth and seamless migration.

After the system deployment, the bank:

- decreased operational risks and key person risks
- reduced the time and human effort spent on preparation of standard financial statements
- improved reporting transparency

Tools And Technologies

- Solaris 10, Windows 2003 Server
- J2SE 6 Application server
- Tomcat (Web Services), Spring Framework
- JasperReports
- Oracle 10i (500 GB database)