

BUSINESS CASE



macro global®
creating value through innovation



Modern Taxation

An Early Adoption of CRS Stride Reporting
Solution



Executive Summary

Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA) have impacted the financial service industry and to ensure effective compliance and risk management, Small & Medium Enterprise (SME) banks are investing in finding ways to simplify the complex process of complying with global reporting standard. SME banks face a unique challenge as global tax authorities have recognised the succour of acquiring reports on financial accounts held abroad by their tax residents as a measure to counter tax evasion.

Compliance burden has been more challenging in recent years since legislation sway Regulators to improve transparency and protect investors and tax revenues. Shifting financial and economic conditions alongside increasing regulatory scrutiny continue to create a challenging ecosystem for SME banks. In this business case, we will discuss how our banking clients benefitted by addressing the CRS compliance burden through an automated reporting hub providing end-to-end control over the preparation and management of CRS filing with greater business insights.

Business Background

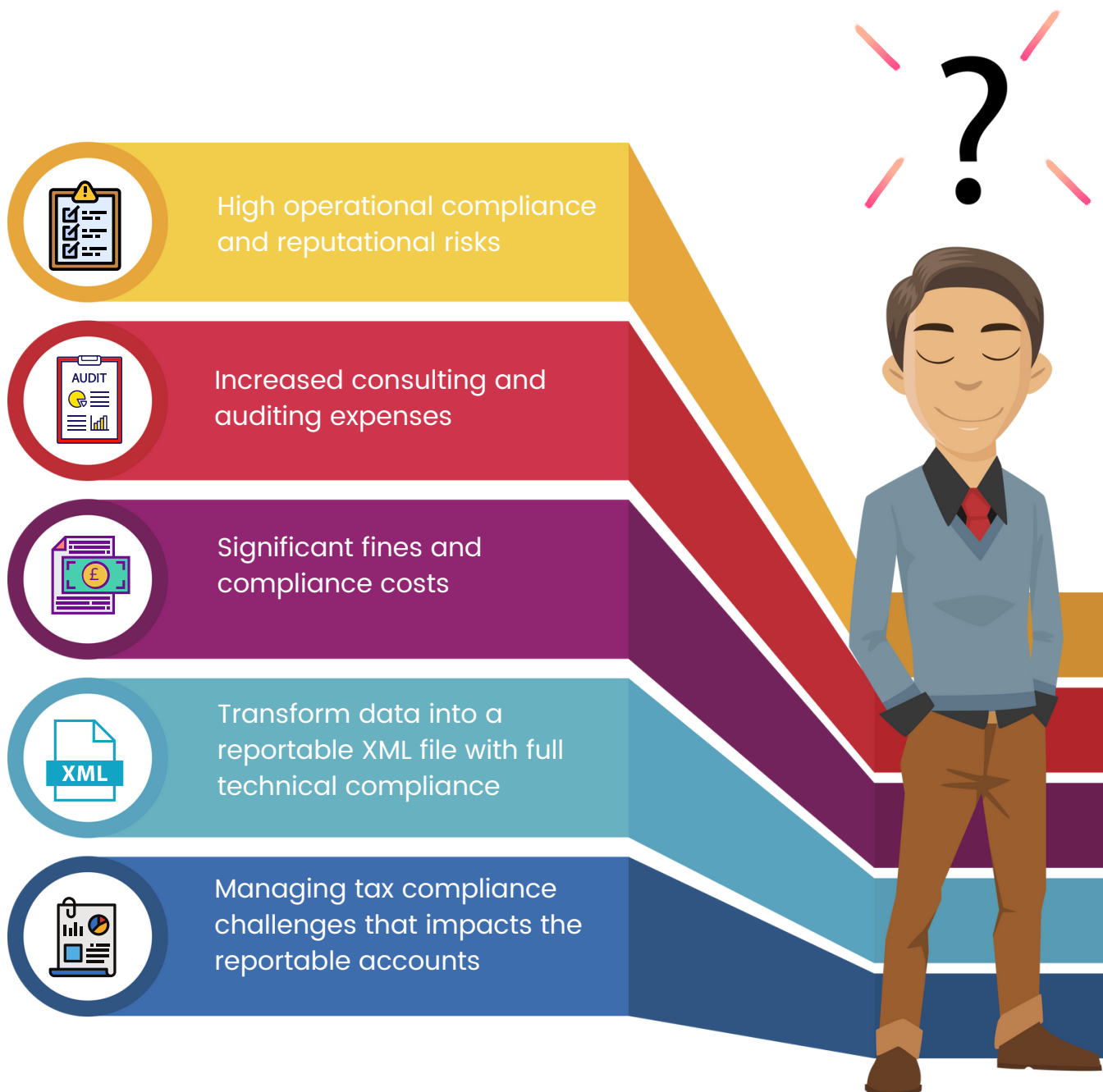
Common Reporting Standard (CRS) is a global regime, designed to facilitate the automatic transfer of financial information to prevent tax avoidance and evasion. Regulators are increasingly working with global peers in pursuit to comply with the mandated AEOI objectives. Evolving tax regulations are challenging organisations to implement new procedures in order to maintain compliance.

SME banks should understand that increased regulation means extended transparency and complying with reporting obligations is not a quick fix rather a continuous exercise. CRS compliance is an ongoing responsibility and accountability for SME banks requiring appropriate procedures and internal control strategies to comply with HMRC requirements.



Problem Statement

Financial institutions today spend more on regulatory change management and compliance processes, facing significant challenges along the way.



Understanding and managing the complexity of regulation continues to be a challenge for many financial institutions. SME banks face unprecedented data management and compliance challenges amid the multiplying CRS tax transparency regulations. The major issues derived from unstructured data in legacy systems and distinct data structures across multiple systems affects the accuracy of CRS reporting and increases operational risk. Consolidated data handled in the spreadsheet requires manual computations resulting in risk around compliance failure on accuracy. There is a heavy reliance on labour-intensive and error-prone excel spreadsheet due to the lack of an automated compliance management system and data duplication overlaps across departments and stakeholders.

SME banks experience data quality issues such as data duplication due to significant manual classification and consolidation of entities. Regulatory obligations demand stronger control over the data and in order to formalise the changing regulatory requirements, SME banks need to adapt or to re-engineer the existing process, rationalise business processes and workflows to update the policies and procedures. Due to the operational implications, financial institutions face the consequence in revising internal compliance and given that the stringent requirements coupled with massive volumes of underlying data, SME banks must move forward to introduce technology-based mature solutions to meet ever-changing and highly demanding regulatory compliance.

“CRS Stride – AEOI / HMRC CRS & FATCA Reporting Solution” in a Nutshell

By observing the difficulties constantly faced by SME banks in re-engineering their operational processes and keep up to pace with the trends in the regulatory landscape expansion, Macro Global team has taken the opportunity to offer a compliance platform to help SME banks to process reporting requirements with more agility.

CRS Stride addresses the challenges from efficient management of compliance on the regulatory change through intuitive integration of impacted controls and processes mandated for CRS reporting. Our cloud-based solution is designed to meet the CRS compliance obligations cost-effectively thereby reducing operational impediments. CRS Stride reduces the complexity and cost of compliance by automating the reporting process and effectively managing data issues through our optimised business rule engine. Submitted data are validated against the HMRC reporting criteria tossing back data issues for easy correction.

CRS Stride seamlessly consolidates, validates, and enriches the data by improving data integrity and reporting accuracy. Our solution empowers the financial institutions in unlocking the value and manage the regulatory compliance with ease which in turn allows them to focus more on their core business rather than beating around the bush.

Real-time Regulatory Compliance monitoring

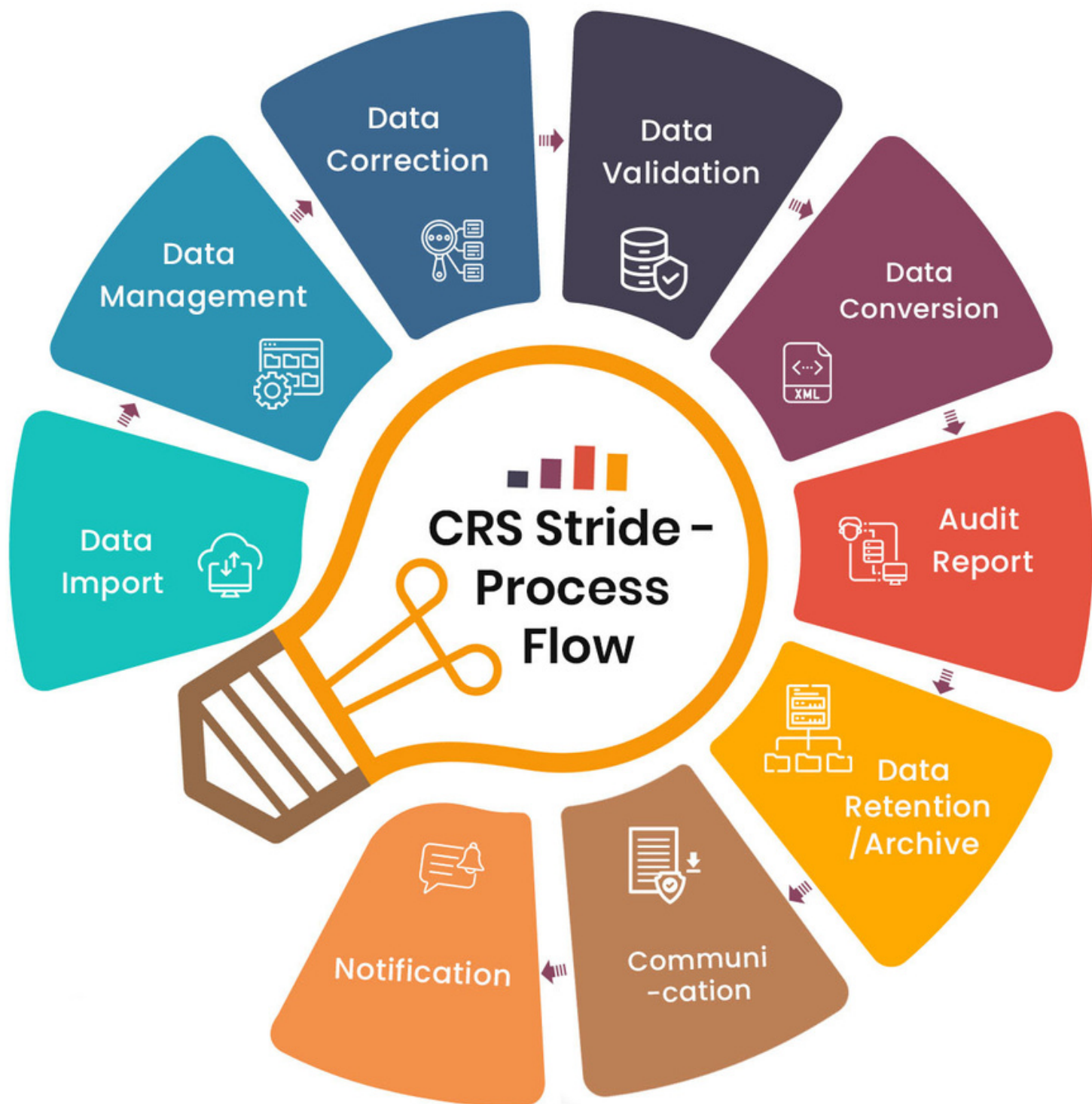
- 💡 Predictive analytics, and GAP assessments supported by industry experts on CRS Regulatory obligations and their impacts on operational processes.
- 💡 Our CRS team of experts analyse the impacts and incorporate the corresponding regulations in golden source structured in form of business rules and algorithms.
- 💡 Standardised implementation of impacts into functional requirements seamlessly aligned for reporting process complying with HMRC specifications.

Centralised View of the Regulatory Reporting Solution

- 💡 Centralised archive of regulatory obligations as well as transparent end-to-end audit trail on regulatory measures.
- 💡 Unified framework including risk assessments, control action planning & monitoring and change management.
- 💡 Engaging third-party web services and API's enabling effective audit validations.

Simplified Reporting Process

The golden source of data with streamlined processes to easily track and monitor the status of the reporting process. This data set can be utilised across various other reporting requirements.



- 💡 **Data Import** – Individual, Entity, Controlling Person, and their respective transaction details (source data) are manually uploaded into CRS Stride..
- 💡 **Data Management** – Gather, organise and identify the data collected and enables to modify the data in the right format.
- 💡 **Data Scrubbing** – Detect inaccuracies and redundancies in source data to append/enrich for more complete and accurate reporting.
- 💡 **Data Validation** – Identifies data errors through 90+ audit validations to enhance, refine and improve the integrity of the source data.
- 💡 **Data Conversion** – Generate CRS XML file as per underlying HMRC specifications and XML schemas.
- 💡 **Audit Report** – Customised Audit Report classified based on the risk severity (high, medium, and low).
- 💡 **Data Retention/Archive on-demand** – Storage of data for compliance and operational audit purposes.
- 💡 **Communication** – Self-Certificate can be downloaded or sent via email for the customer to declare or correct their tax residency and CRS classification status. Centralised portal to manage the entire self-certification process.
- 💡 **Notification** – Alerts on regular intervals over CRS Submission Deadline.

CRS Stride – An Insight

CRS Stride built by compliance professionals, understanding the risk and compliance eco-systems that exist across our clients and the wider market. Collecting, verifying, normalising, monitoring for quality and enriching erroneous data is our core function to achieve desired accurate results with a high degree of data integrity. From the moment an amendment is published by HMRC to the implementation of control mechanisms, and audit-proofing, CRS Stride is there for you.

- 💡 Real-time regulatory tracking and mapping of rule changes.
- 💡 Automated classification and alignment to internal compliance parameters
- 💡 End-to-end compliance management and traceability of CRS reporting process.
- 💡 'On-demand' tech support from CRS subject matter experts.
- 💡 Role-based user access control configuration.
- 💡 Accurate reporting and audit evidence at the click of a button.
- 💡 Technology integration to manage Void Submission.

Business Benefits

- 💡 Flexible, comprehensive, and automated framework that generates accurate CRS reportable data by eliminating risks and costs incurred due to manual compliance procedures.
- 💡 Streamlined process to easily arrive at a golden source of CRS data that can be utilised across various other reporting requirements.
- 💡 Seamlessly consolidate and categorise siloed data from disparate data sets and spot exactly the deviations within the source data.
- 💡 Enhanced Data Protection and Privacy to protect and secure sensitive customer data from data breaches.
- 💡 Comprehensive support to your Business Continuity as the platform is centrally hosted in Microsoft Azure in two different zones within the UK.
- 💡 Data Retention and Data Archival policies adhering to the GDPR guidelines.
- 💡 Attain greater insights over the reportable accounts and derive business intelligence by managing customer data on a single platform enabling efficient decision making.
- 💡 With MG's continual surveillance over the evolving CRS landscape, receive timely notifications on the changes around the CRS regulatory environment.
- 💡 Complete assistance during HMRC drills and exclusive support to effectively handle the "SubmissionVariation" and "SubmissionReplacement" to the CRS XML file submitted to HMRC.
- 💡 Extensive knowledge base, Consultancy and SME advice around the CRS reporting regime to plan a mile-ahead for the CRS specific compliance activities.

We are here to help you

If you want to learn more about our products or services or just have a question?

If you need advice from our expert team who understand your business better than our peers?

If you want to know how we transformed businesses using our unparalleled industry and domain expertise?

Please click on the web link below to access our sales desk telephone numbers and email and we will be in touch straight back to you.

<https://www.macroglobal.co.uk/contact-us/>

