

## BUSINESS CASE



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# CRS Stride Compliance – Minefield on Business Rationalisation

## Executive Summary

Regulators across the globe are diligent and stringent in monitoring the financial institutions in combating the battle against money laundering, terrorist financing and tax evasion by foreshadowing regulations. Tax transparency has become increasingly significant for financial institutions due to the initiation of OECD's Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA) reporting. Financial institutions must have robust reporting systems in place to manage and comply the CRS and FATCA mandated legislations by reporting accurate and consistent data to steer clear off impacts to brand reputation, investigation, restrictions, remediation and penalties from tax authorities.

AEOI regimes worldwide are competing with economic downturn due to the COVID-19 pandemic and it has become even more important for authorities to utilise information from tax transparency initiatives to mobilise tax revenues and combat tax evasion. Hence, financial institutions must understand the objectives and the key requirements of accurate CRS reporting.

The cost of increased regulation reflects the constantly rising compliance overheads of financial services companies since the 2008 financial crisis. In this business case, we will discuss the challenges faced by the financial institutions in CRS reporting and how Macro Global succoured FIs on regulatory compliance through CRS Stride enabling them to quickly adapt in real-time with maximum operational efficiency.

## Business Background

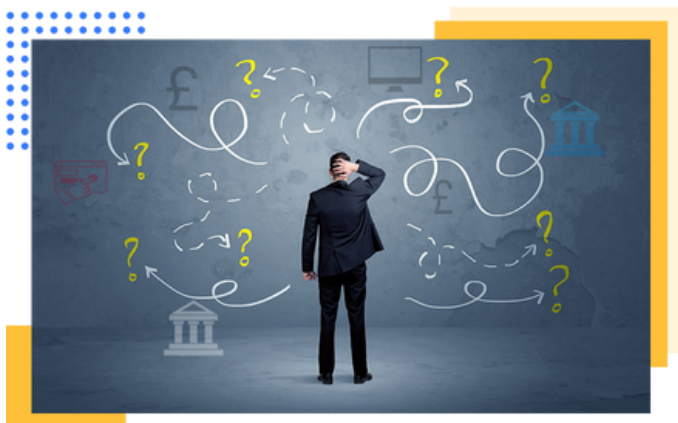
Financial service industries need to comply with the set of rules and regulations ensuring compliance with a diverse range of reporting requirements as directed by local tax authorities. The rationalised tax transparency as an evolution leads to enforcements against tax evaders and financial institutions who are increasingly concerned about the regulatory costs which impacts the business growth leading to either restricted business operations or wind down totally. Moving to a different regime will not solve the puzzle rather staying ahead of the REG challenges with the right tech partner would fool-proof the reporting obligations irrespective of the regimes.

The CRS reporting obligations continue to challenge a range of financial institutions including custodial institutions, depository institutions, investment entities or specified insurance companies. Given the stringent requirements, compliance risk is one of the biggest concerns for the financial institutions operating in geo-locations with massive volume of underlying uncategorised and unorganised data.

The CRS reporting is likely to be complex as it includes data on financial accounts whose direct or indirect holders are tax residents in any of the reporting jurisdictions. Financial institutions need to consider a strategic data framework to facilitate enhanced reporting and mitigate potential risk from HMRC or local regulators due to inaccurate and incomplete data.



## Problem Statement



Today, financial institutions are facing a challenging regulatory landscape accompanied by regulatory measures in improving their data aggregation and reporting competencies. The Common Reporting Standard (CRS) is extensive in scope for financial institutions across the globe including the UK to combat tax evasion due to the increased tax transparency and complexity in reporting obligations.

Financial institutions inheriting the legacy approach operationally are striving to comply with the CRS tax requirements, as existing compliance processes require more granularity around reportable data and achieving the regulatory mandate is time-dependent and involves risk due to labour intensive data scrubbing. Manual validations are conceptually more error-prone resulting in more scrutiny from the Regulator leading to disputes and enquiries over data enrichment and operational efficiency of the business leading to reputational risk.

Data quality on other hand remains an ongoing challenge with a lack of data integrity continually comprised by legacy technologies, inconsistent taxonomies, and inaccurate data. Gaps in the quality and completeness of the financial data cast off the decision-makers without the business-critical information required to make well-informed business decisions at the right time. Financial institutions operating across different business lines need to thrive and streamline various data sources and identify discrepancies in data collection methodologies to succeed the CRS reporting which in turn inflates investing more on the compliance management system to manage regulatory risk.

## CRS Stride – AEOI / HMRC CRS & FATCA Reporting Solution – The Potential Minefield

Regulatory compliance is becoming a tedious task for financial institutions dominated by data silos which emphasises the need for a proven and matured solution to facilitate the seamless integration of CRS regulatory reporting. New regulations and validation requirements result in additional scope for financial institutions in terms of the analysis and enactment of these guidelines demand for expert advice in AEOI compliance.

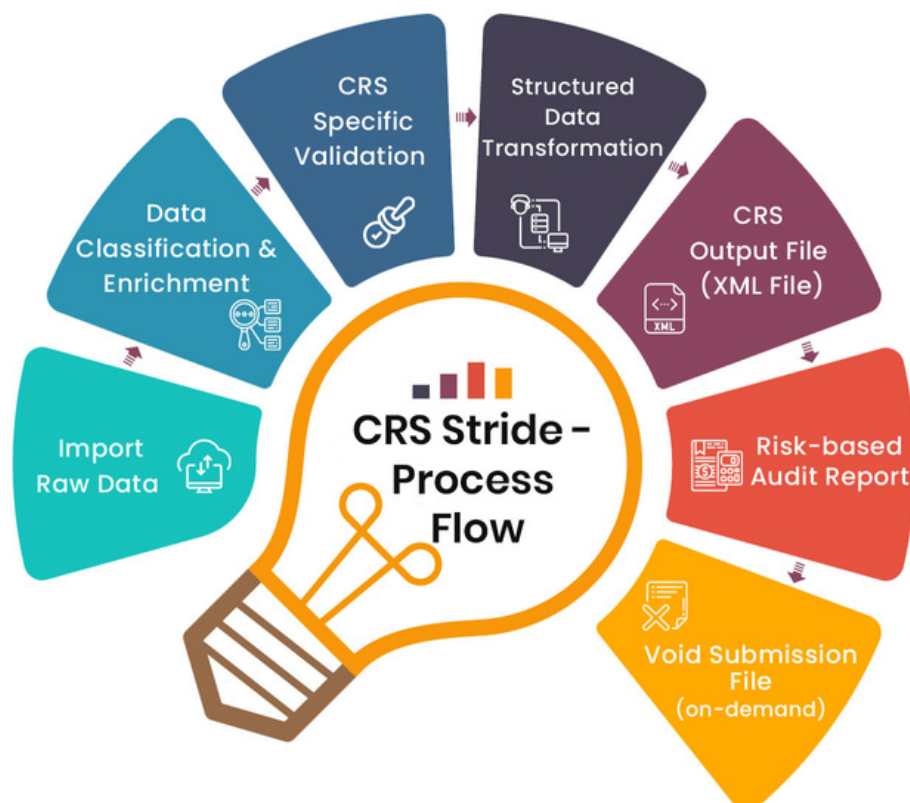
CRS Stride allows financial institutions to meet the OECD requirements and offers an improved maintenance of customer data by managing the situation better against money laundering which is the core requirement in accordance with the regulatory initiatives. Our CRS solution addresses this core objective and is efficient with automatic data validation (Data Audit) and processing including CRS XML reporting and technical standards for audit compliance and process monitoring.

CRS Stride has been developed in collaboration with our in-house tax advisory experts to incorporate the business rule sets adhering to the OECD compliance regulation in its entirety. The platform consolidates and reconciles disparate data infolding multiple dimensions of the organisation which streamlines the CRS compliance function across all lines of business ensuring financial institutions to maintain ongoing Regulatory compliance within the reporting deadlines. The solution results in improved operational efficiency and reporting effectiveness and reduces their regulatory burden and the total cost of compliance.



CRS Stride , an intuitive solution with easy access via a web portal enabling financial institution to submit data for CRS reporting and retrieve results at their convenience.

- 💡 Macro Global team supports extracting the data that needs to be collated by Financial Institutions dependent on the type of account and categorise them with respect to reportable accounts for CRS submission.
- 💡 Individual and entity information is imported into CRS Stride.
- 💡 The integrated platform extracts, transform, and load data to deliver functionally validated data with the updated business logics adhering to regulators latest reporting schema to provide fully compliant and standardised reporting (US FATCA & CRS) avoiding multiple iterations.
- 💡 Our optimised control automation engine performs 90+ data validation checks to ensure mandatory fields are complete and in line with the HMRC requirements
  - Verification of data completeness
  - Validation of data formats and data types
  - Verification of logical consistency
  - Verification against third party data sets to ensure accuracy
- 💡 The reportable source data provided by the financial institutions can be moved and managed in the staging area for any possible data repair and the XML file required for CRS tax reporting is generated by an automated business rule engine.
- 💡 Risk-based audit report summarises the inconsistencies identified to ensure the integrity of the data.
- 💡 Post CRS reporting, HMRC Acknowledgement Number issued to the financial institution from the tax authority is updated in our reporting platform to track submission and generate void submission file.



## Macro Global's CRS Stride – Product Rationalisation & Provisioning

CRS Stride Reporting Platform is a fully automated regulatory solution built on Microsoft's solid security architecture supported by a comprehensive and robust data governance framework. The robust platform is designed with automated business rule engine and enhanced data management providing greater control and transparency over the CRS compliance processes. Our solution is a complete compliant solution which incorporates the following features:

- ✓ Single Solution provisioning CRS & FATCA Reporting
- ✓ Enables data drill-down to derive data lineage
- ✓ Classifies accounts and identifies eligibility for unified submission
- ✓ Multiple validation checks (90+) to ensure compliance
- ✓ Detailed audit across the end-to-end process
- ✓ Fully automated production of CRS XML reports, audit report and ad-hoc reports
- ✓ Integrated platform to manage and amend customer/transaction details
- ✓ Comprehensive re-filing capability for submitting variation & deletion

### Business Benefits

CRS Stride, Reporting Platform, provisioning the high-quality service around CRS reporting and we help our customers better understand the complex market gap by reducing compliance risk and enable them to operate more efficiently within a unified user-friendly compliance solution ensuring process transparency from data gathering to execution of reports. Our CRS solution is compatible with any IT infrastructure empowering financial institutions to comply with CRS regulatory requirements and commitments with utmost confidence.



**Optimise Data  
Collection**



**Automate Reporting  
Process**



**Scalable &  
Flexible**



**Ensure Reporting  
Accuracy**



**Cost Effective  
Solution**

- 💡 Cloud-based web portal offered as a SaaS model to reduce the CapEx and OpEx.
- 💡 Simplified solution with an intuitive user interface helps to precisely generate the CRS XML file with minimal TAT and thereby optimise your business strategy by conjoining both operational and regulatory compliance efficiently.
- 💡 MG's expertise in the HMRC regulatory regimes ensures enhanced CRS compliance to avert the cost of non-adherence.
- 💡 The agility of the solution facilitates the banks to tailor the CRS input data using the "CRS Data Management" feature within the application.
- 💡 Streamlined CRS reporting process ensuring GDPR compliance.
- 💡 A risk-based audit report to track and manage the deviations on the generated XML file to retain the data integrity by furnishing the appropriate reportable accounts within the deadline specified by HMRC.
- 💡 Ensuring business continuity through third-party penetration testing and secured data centres powered by Microsoft Azure to stride the resiliency of the solution in adverse situations.
- 💡 Complete assistance to our clients for HMRC drills and support during and after the drills
- 💡 Exclusive support to effectively handle the "SubmissionVariation" and "SubmissionReplacement" to the CRS XML file submitted to HMRC.
- 💡 Continued and constant updates on CRS rule changes via newsletters, blogs and webinars.
- 💡 Continued and periodical patch update to keep the reporting platform to manage the reporting with the changes expected by the regulator's automated validation engines.
- 💡 Unlimited Subject Matter advisory sessions and consultancy by our Tech and Product COE groups.
- 💡 Extensive knowledge base around CRS reporting regime through our Digital KB Platforms.



# 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/>

