



Article

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Moody's Analytics Wins CECL Category Award in 2019 Chartis RiskTech100

Written by Chartis Research

The new accounting standard for Current Expected Credit Loss (CECL) is set to change how firms measure expected credit losses on financial assets. As firms gear up for the arrival of the new standard, technology vendors have been fine-tuning new CECL systems, and Moody's Analytics came out on top in the RiskTech100® CECL category. Read more about this Chartis 2019 award win [here](#).



The Moody's Analytics ImpairmentStudio™ solution has been specifically designed for CECL users to automate and simplify the complex processes needed to meet the new accounting standard. Moody's Analytics combines its rich credit risk data, best-in-class analytics and impairment accounting experience in this new cloud-based platform, which is celebrated for its completeness and broad CECL automation capabilities. Eric Ebel, Managing Director at Moody's Analytics, says: "The ImpairmentStudio platform allows firms to efficiently address the CECL standard by streamlining the bank's internal processes."

The final version of the CECL standard was issued by the Financial Accounting Standards Board in 2016, at which time Moody's Analytics was actively engaged with institutions outside the US on International Financial Reporting Standard (IFRS) 9. "The experience and lessons learned from IFRS 9 implementations helped us to build a first-class CECL solution," says Ebel.

With the deadline for CECL approaching, firms are now looking at how to comply. For Moody's Analytics, the first

group of CECL customers – those that have to comply in 2020 – are approaching parallel runs, and the company is now working with smaller institutions with one or two more years to meet the standard. "Community banks are very interested in learning from the experience we've had of working with the larger banks, while making sure our solution is scalable to their specific challenges," Ebel says, explaining that new features in ImpairmentStudio have been specifically developed or adapted to address the needs of community banks.

In addition to focusing on helping smaller firms, Moody's Analytics is also partnering with its clients to help them realize the benefits of CECL implementation beyond pure compliance. CECL is just a first step and the industry is now starting to look at how implementation can profit other business activities. "We're seeing more and more institutions looking past the initial deadline," says Ebel. "The questions being raised now include: How do I leverage my investment in CECL to strengthen my risk management framework, but also to gather critical insights and eventually make better business management decisions?"

For Moody's Analytics, which has capabilities and solutions ranging from loan origination and credit assessment to portfolio management and strategic planning, the plan is to help clients put the puzzle pieces together. "Connecting these different elements and making sure they're not siloed is next," Ebel says, adding that firms who take that broader view will be uniquely positioned to navigate changing market conditions and remain competitive in the future.

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