CPA
Practice Advisor

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Compliance, a global leader in business-to-government tax, compliance and reporting software, is based on responses from leaders at 100 top financial institutions, which are ...

Aug. 18, 2016

A new report shows that, while most financial institutions feel prepared for the

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Economic Co-operation and Development (OECD) to combat tax evasion.

With AEOI reporting obligations set to expand from nine countries today to more than 90 with the newly created Common Reporting Standard by the end of 2018, 64 percent of financial institutions feel they are significantly prepared, according to the report. However, less than half of FATCA filings to date are accurate and complete, indicating that many financial institutions may feel more prepared than they actually are.

"This research shows that financial institutions are far less prepared for FATCA, CRS, and CDOT compliance than they feel and are putting themselves at risk of significant impact to their profit margins due to fines and the costs of compliance support," said Nick Castellina, Vice President and Research Group Director of Business Planning & Execution at the Aberdeen Group. "Fortunately, we found that institutions that have implemented Automatic Exchange of Information solutions are far more prepared to handle compliance. In fact, top performers are currently 38 percent more likely to have a centralized AEOI solution. Institutions with these solutions are more likely to be able to automate the cleansing, consolidation, and reconciliation of essential data for filing, ensuring efficiency, accuracy, and compliance."

Over the past two years, the most successful financial institutions saw a 75 percent lower increase in costs than their peers. The Aberdeen Group defined the leaders as the top 35 percent of survey respondents based on key stats from the past two years, including: the amount of time it takes to maintain compliance, percentage of accurate filings, percentage of gross proceeds withheld for penalties, and percentage of audits that resulted in penalties.

Penalties, which are currently limited to FATCA, can be stiff. On average, over the past two years, respondents have had 6% of their gross proceeds withheld due to non-compliance, resulting in damages to reputation and lost customers, a trend that's expected to increase as more countries implement mandated reporting over

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Hovancik, CEO at Sovos Compliance. "It's no longer a matter of simply automating the reporting. Financial institutions must deal with data from multiple systems spread across dozens of regions around the world, and as a result, we're seeing financial institutions begin to shift from point solutions to centralized technology solutions that are capable of keeping up with these regulations."

Castellina agrees, but he suggests that progress may not be fast enough. Leaders need to "stop playing with fire," he said, suggesting that 50 percent of financial institutions moving to centralization isn't enough.

"These solutions are continuously updated to reflect current compliance needs," Castellina said. "Institutions that have implemented these solutions will continue to be prepared for compliance initiatives as they evolve."

Click here to download the report, "Stop Playing with Fire" and other supporting materials. Join the conversation using #AEOIReport16.

Accounting • Auditing • Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved