



News release

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Contact: Chu Thi Huong Mai
Tel: +84 243 946 2246 (Ext. 4693) | Mobile: +84 902 196 008
Email: chu.thi.huong.mai@pwc.com

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Time needed to implement IFRS 17 has increased, reveals recent PwC report

- *The expected duration of IFRS 17 implementation programmes has increased over the past year, from 3.5 to 3.8 years.*
- *70% of respondents are most concerned about the practical challenges in implementing accounting decisions when it comes to implementing IFRS 17.*
- *35% of respondents are “mostly confident” that full implementation IFRS 17 will be ready by the effective date in your territory.*

IFRS 17 is the globally standardised accounting model for insurance contracts. For insurance companies reporting under IFRS (International Financial Reporting Standard), IFRS 17 becomes effective in January 2023. While this reporting standard promises to improve the transparency and comparability of information, its adoption will require significant planning due to its complexity.

The second edition of PwC's **IFRS 17 Health Check Survey 2021: Asia Pacific** reveals that the proportion of respondents who are “mostly confident” to fully implement the reporting standard by the effective date has decreased to 35% from 41% the previous year. 70% of respondents express concerns about the practical challenges when it comes to their IFRS 17 implementation programme even though more than half of the survey respondents have reached the detailed design stage.

IFRS 17 implementation remains a challenge for many insurers. The survey points out the expected duration of IFRS 17 implementation programmes has increased over the past year, from 3.5 to 3.8 years, especially for life insurers. The longer expected timeline makes the overall cost more difficult to estimate and control. About 50% of insurers who have looked into their actual implementation cost cast concern that it will exceed their initial budget. This is not surprising given the survey respondents continue to experience unforeseen roadblocks and delays in their IFRS 17 implementation programmes.

Ms. Tran Thi Thanh Truc, Assurance Partner of PwC Vietnam, commented: “In Vietnam, the voluntary adoption of IFRS will start next year which is not long until the compulsory deadline of 2025. Starting early is a key, particularly for IFRS 17 as this standard demands greater detail in financial analysis and goes



beyond an organisation's finance functions. The survey findings highlight that despite an extension of the standard's effective date to 2023, IFRS 17 implementation has proved to be a long and challenging journey for many insurers. For companies who have not previously reported on IFRS basis, the difference in reporting regime may result in even more time and effort, for example, in performing comprehensive gap assessments of existing data, model and processes, understanding the financial impacts, and explaining such impacts to the relevant stakeholders (e.g. Board of Directors). Detailed planning and careful project management will help ensure that this reporting standard is implemented successfully by the effective date."

Talent remains the top IFRS 17 implementation concern

One of the contributors to the IFRS 17 implementation project delay is lack of skill and talent.

According to the survey, the top three IFRS 17 implementation challenges are: skill/talent (21%), technology (19%) and time (17%) constraints. This is the second year in which skill/talent constraint is seen as the top challenge for insurers. In particular, accounting, actuarial and IT professionals with IFRS 17 experience will be in high demand. It is advisable that insurance companies begin to accelerate the upskilling of their employees and obtain additional support where needed to remain on course for a successful and timely IFRS 17 implementation.

What's certain is that IFRS 17 is a significant challenge to the entire organisation and not just for the actuarial and finance departments. The extension of this standard to 2023 offers insurers more time to complete their programmes. However, insurance companies in Vietnam that have not started with detailed design of their IFRS 17 solutions should take note of the time and effort required to design and implement the standard.

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Notes to Editor

About the report

This is the second edition of "[IFRS 17 Health Check Survey: Asia Pacific](#)" published in July 2021. The first edition was released in May 2020. The survey provides insights into IFRS 17 implementation approaches, progress made and challenges faced. In this second edition, we received survey responses from 37 insurance executives across eight territories, including Singapore, Australia, Hong Kong, Japan, Malaysia, New Zealand, Philippines, and Thailand, in the Asia-Pacific region. The responses, between 10 to 31 May 2021, were from a range of small, medium and large life insurers (30%), non-life insurers (49%), composites (19%) and reinsurers (3%). Of all the respondents, 57% are PwC audit clients.

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