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EVENT-BASED ACCOUNTING & SUBLEDGERS: AN ACCOUNTING TRANSFORMATION FOR BANKING

A CFO/CIO guide to the Oracle Banking Platform

THE PATH TO TOMORROW

The banking industry has reached a pivotal juncture: Traditional accounting methods, once seen as mere record-keeping tools, now could potentially drive significant efficiencies and compliance improvements. The finance function, historically the cornerstone of operations for banking and capital markets clients, is evolving to meet new demands. Driven by regulatory pressures, economic uncertainties, and rapid business changes, finance is evolving into a more strategic role. This shift necessitates greater efficiency in core operations to support a broader range of stakeholders with robust support, insightful guidance, and seamless access to financial resources.

Legacy accounting systems in banks are often hindered by inefficiencies, manual processes, and fragmented technologies. This can result in suboptimal outputs and compliance challenges. The complexity of financial products and increasing regulatory demands exacerbate these issues. Eventbased accounting—which focuses on the financial management of specific products—provides detailed insights into profitability and performance, enabling strategic decision making, risk management, and enhanced compliance. In this accounting environment, product processors are becoming more crucial in managing transactions and ensuring regulatory adherence.

Event-based accounting marks a significant departure from traditional pass-through accounting, recording financial transactions as they occur. This approach offers enhanced flexibility, time efficiency, and greater visibility into financial performance. By capturing transactions at the event level, banks can achieve more accurate financial reporting, better risk management, improved and timely financial visibility, and enhance customer trust.

Implementing event-based accounting requires modernizing finance technology, integrating data, and optimizing processes. But the details matter. Organizations should be prepared to seek answers to some difficult questions: When should the organization transition to a digital finance platform? What deployment strategy best suits the organization? How can emerging technologies enable the organization to keep pace with evolving business and regulatory demands?



WHAT'S INSIDE

Current accounting challenges for banks4
What is product accounting?5
Introducing event-based accounting6
How will event-based accounting be relevant for banks?7
Instrument ledger: A primer9
Key considerations to determine a platform of choice 13 <i>Considerations to prepare for implementation</i>
Your next move

EVENT-BASED ACCOUNTING & SUBLEDGERS: AN ACCOUNTING TRANSFORMATION FOR BANKING

Deloitte's 2025 <u>banking and capital markets outlook</u>¹ finds that as the banking industry adapts to a low-growth, lower-rate environment, banks can reinforce their foundation for sustainable growth with ingenuity and discipline. So, why do banks need to reexamine their accounting systems and processes?

An old adage suggests there's no accounting for how accounting can improve your bottom line. But the time is right for banks to review their accounting processes and systems to uncover benefits that may have been overlooked. In the past, accounting generally wasn't considered to be an engine of growth; but today, time and technology have evolved that line of thinking.

As banking operations grow in volume and complexity, a review of current-state accounting can help uncover greater efficiencies and improve banks' compliance standards—potentially a winning combination. Indeed, large financial institutions are generally well-positioned today for significant transformation from within to develop a simplified, agile, and compliant accounting ecosystem.

In the pages that follow, we examine how organizations can work to make change happen by establishing product processors and event-based accounting to modernize their ecosystem.

Current accounting challenges for banks:

- **Sub-optimal outputs** arise from numerous manual touchpoints in accounting processes and can lead to incorrect figures and outputs.
- **Significant adjustments** require time and effort to help address sub-optimal accounting outcomes.
- Banks face a fragmented technological landscape in which they deploy many systems across the enterprise for various accounting purposes (e.g., journal creation for deposits, loans, consolidation, and chart of accounts details are managed in separate systems).
- A lack of lineage traceability from fragmented and disparate accounting systems can make it difficult to reconcile errors and omissions during close or reporting.

These challenges are compounded by delivery demands for matters requiring attention (MRAs) and matters requiring immediate attention (MRIAs):

- **Contract-level reporting** requests from regulators add complexity because information resides across multiple systems, lacks data lineage, and can be difficult to extract. This can lead to potential fines and reputational risks.
- **Operating models** in accounting organizations—despite leading accounting standards—may not run optimally. A lack of centralized accounting rules may increase the need for additional maintenance, and process ownership may need greater definition. These can impact business as usual (BAU) ways of working and result in longer close cycles.
- Accounting personnel may not be fully aware of operating procedures due to complex accounting processes and poorly defined operating models. Reduced efficiencies and increased chances for errors may result from a lack of visibility into where entries should be posted on sub-ledgers and how overall data flows across systems.

These challenges and regulatory expectations can influence the reorganization of banking product processor's pass-through accounting and the focus on product accounting and event-based accounting.

What is product accounting?

Product accounting centers on the financial management and record-keeping for a specific product or service offered by a business. It involves tracking revenues, costs, and profitability for a particular product or service. Product accounting helps determine the financial performance of products, which assists organizations in making strategic decisions about product development, pricing, marketing, and sales strategies.

In the banking sector, the importance of product accounting increases significantly, given the complexities of products and vast differences in product portfolios (e.g., loans, deposits, derivatives, credit cards, and mortgages). These often require tailored risk management and accounting controls to help banks remain compliant. Additionally, a strategic adoption of product accounting enables banks to manage profitability, improve efficiency, and understand customer behavior more effectively.

How product processors orchestrate product accounting in banking

In banking, product processors are specialized systems designed to manage the complexities of product-related transactions and accounting activities. They serve as repositories of accounting rules and standards specific to each banking product and internalize product accounting activities before balanced entries are sent to the general ledger (i.e., pass-through accounting).

It is important to note that because they maintain regulation-specific accounting rules and protocols, product processors also help ensure regulatory compliance.

An easier way to see how a product processor fits into the overall accounting journey is as below:

•

Transaction is initiated when a customer performs any action, such as making a deposit, taking a loan or investing in a market-linked security

To manage the above transaction, a series of product-specific accounting activities begin in the product processors such as calculation of interests, fees, penalties or other product-specific parameters to process the transaction The product processors then send over these accounting entries to a bank's general ledger system to ensure the bank's overall financial records are accurate The data from general ledger is then utilized for various reporting and analysis

Why pass-through accounting for bank's product processors requires an update

Banking products must evolve to address greater complexities and business needs, warranting scalable and agile solutions for accounting and reporting. Now is an appropriate time for banks to rethink how product processors can overcome limitations in passthrough accounting.

Complex financial products

While product processor-based pass-through accounting is effective for straightforward transactions (e.g., home loans or certificates of deposit), complex financial products are another story (e.g., derivatives where values fluctuate over time and require mark-to-market adjustments making pass-through accounting more difficult to track).

Scalability issues

Product processors are designed to process and record individual transactions. As transaction volume increases (and during peak times), product processors may struggle to keep up, leading to delays and potential data errors. Further, the volume of data to be stored and managed can grow significantly as transactions increase, draining data storage resources and complicating data management.

Integration challenges

Product processors might use different systems, software, and data standards. This makes it difficult to integrate with the general ledger, leading to potential data inconsistencies and inefficiencies. Because each product processor maintains its own records, there may be a duplication of data across different systems. Additionally, system upgrades for one product processor can have downstream impacts on other linked systems.

Banks need to remain compliant and competitive. As such, they should begin modifying their accounting practices away from a traditional transaction-based approach. A modern event-based accounting system offers an alternative solution and presents significant possible upside in scalability, data consistency, handling of complex transactions, and regulatory compliance.

Defining event-based accounting

Event-based accounting (also called transaction-based accounting) records and reports financial transactions when they occur, regardless of when funds are paid or received. This system is a fundamental part of the accrual accounting method. As soon as a business event triggers accounting impacts, transactions are captured with instrumentlevel information under rules defined by accountants and controllers.

PASS-THROUGH VS EVENT-BASED ACCOUNTING

Limitations of passthrough accounting:

Lack of flexibility

Time-consuming

Limited visibility

Additional technology footprint

Enhanced decision making

Limitations in customer understanding

Introducing concept of event-based accounting:

Event-based accounting focuses on the events triggering the transactions rather than the products themselves.

Improvements offered by event-based accounting:

Enhanced flexibility

Time

Better visibility

Improved accuracy

Enhanced decision making

Pass-through vs. event-based accounting

Limitations of pass-through accounting

- Little flexibility: Because it's linear, pass-through accounting isn't flexible enough to adapt to complex transactions involving multiple products or events.
- **Time-consuming:** It can be a lengthy process, particularly for businesses with a vast product portfolio.
- Limited visibility: It may be challenging to obtain a comprehensive view of financial performance because transactions are handled individually.
- Additional technology footprint: The overall technological landscape in pass-through accounting can become more complex because multiple product processors serve individual products.
- Limitations in customer understanding: By focusing on events, banks can gain a deeper understanding of customer behavior and needs.

Introducing event-based accounting

Event-based accounting focuses on the events triggering transactions rather than on the products themselves. It provides a unified and comprehensive view of all transactions related to a particular event, regardless of the products involved.

Improvements from adopting eventbased accounting

- Enhanced flexibility: Event-based accounting can handle multiple products involved in a single event, making it simpler to manage complex transactions.
- **Time efficiency:** It can save time by streamlining the process and by removing the need to deal with each product individually.
- Greater visibility: By focusing on events, eventbased accounting provides a more comprehensive view of financial performance related to a particular event.
- **Improved accuracy:** It can reduce the possibility of errors because it focuses on recording the entire event rather than on individual transactions.
- Enhanced decision making: Event-based accounting provides more accurate information by showing the financial impact of events and not merely individual products.

How will event-based accounting be relevant for banking?

Interest income and expense recognition: Banks earn significant income from interest on loans and pay interest on deposits. With event-based accounting, banks can recognize interest income and expenses over the term of the loans and deposits, providing a more accurate picture of their financial performance.

Accurate financial reporting: Banks have a fiduciary responsibility to provide accurate financial statements to shareholders, regulators, and the public. Eventbased accounting allows banks to record transactions when they occur, providing a more accurate representation of banks' financial positions.

Regulatory compliance: Regulatory bodies (e.g., the Federal Reserve Bank and the Office of the Comptroller of the Currency) require banks to employ event-based accounting, which is in line with Generally Accepted Accounting Principles (GAAP).

Risk management: By recognizing revenues and expenses when they occur, event-based accounting helps banks assess and manage their financial risks more effectively.

Customer trust: Event-based accounting enables banks to meet crucial customer requirements for trust and transparency via accurate, transparent, and timely financial reporting.

HOW WILL EVENT-BASED ACCOUNTING BE RELEVANT FOR BANKING?



HOW WILL EVENT-BASED ACCOUNTING & SUBLEDGERS ENABLE FINANCE MODERNIZATION?

Pivoting to a centralized event-based accounting solution can set the foundation for finance modernization and would necessitate a mindset shift to accomplish enterprise-wide changes such as...

PEOPLE

Additional capabilities and upgrades for all of finance and tech talent PROCESS Redefined portfolio of services, operating model and improved processes beyond core finance



Reimagined finance

However, the focus will continue to remain on technology, data and high-level sequencing of key finance components to help ensure event-based accounting delivers value for a reimagined finance function

TECHNOLOGY

DATA

FINANCE COMPONENT SEQUENCING

DATA

data

Integrated

foundation

across finance

and enterprise

How can event-based accounting & subledgers enable finance modernization?

Pivoting to event-based accounting can help establish a foundation for a finance modernization but would also require a mindset shift to accomplish enterprise-wide changes in:

People: New capabilities and upgrades for finance and tech talent

Process: A redefined portfolio of services, operating model, and improved processes beyond core finance

Technology: Leading-edge finance sub-ledgers, accounting hubs, and regulatory reporting systems

Data: Integrated data foundation across finance and enterprise

Together, these could help establish a reimagined finance organization.

Focus should remain on technology, data, and high-level sequencing of key finance components to help ensure that event-based accounting delivers value for a reimagined finance function.

Technology

- Overall, finance technology architecture should be modernized to overcome the fragmented nature of current-state accounting by centralizing journal entries, accounting, and reconciliations, etc.
- Cloud-based capabilities would be a primary benefit for leading-edge systems, given the high degree of harmonization required for product accounting.

Data

- Standardized data definitions need to be created and maintained to help preserve consistent and comparable accounting outcomes across different products.
- Comprehensive data audit trails should be established to enable effective lineage for troubleshooting, change control, and compliance.

Finance component sequencing

- Improving the accounting hub or accounting engine alone may not deliver on intended outcomes.
 Instead, the upstream/downstream systems should be curated to help ensure that results are realized across the value chain.
- A good place to start is the chart of accounts to help ensure that it accommodates the required granularity, the general ledger, reporting, and other downstream systems.

Deployment strategy: Product-based approach

A product-centric deployment approach for event-based accounting aligns financial reporting with business operations, offering a holistic view of the company's financial health and operational efficiency.



KEY FEATURES

- Product confirmation based on prioritization heatmap: Leverage a data analysis heatmap output to mutually agree on the product to be configured in the eventbased accounting proof-of-value (e.g., auto loans).
- Event-based accounting discovery: Perform discovery to understand currentstate accounting and data sourcing for the prioritized product, and how and where accounting and business events are captured and recorded.
- Fit-gap analysis and detailed requirements: Craft detailed critical data element (CDE) requirements relative to the accounting events over the product life cycle and determine fit-gap relative to available CDEs for each system of record (SoR) inscope.
- **Product accounting pilot:** Develop event-based accounting rules based on the strategic product prioritization captured in the heatmap.
- **Product accounting playbook:** Create a repeatable playbook for all products and services to perform the accounting decomposition, CDE fit gap, and accounting rules configuration.

When building an event-based accounting system, it is important to not lose sight of key watchlist items that can be pivotal to a successful implementation.

- Source of Record (SoR) attributes: The chosen SoR should have the correct accounting attributes to support the products in scope for event-based accounting.
- Availability of transactional data: Data must be available in a transactional format to support required accounting functions.
- Well-defined product events: Adequate triggering of accounting entries can help ensure that product accounting is occurring for the right events.
- **Upskilling of talent:** A revamped product accounting system requires a careful review of skills, robust training, and change management.
- Controls: As accounting flows change, corresponding business and IT controls should be applied and tested.

Instrument ledger: A primer

A ledger determines the currency, chart of accounts, accounting calendar, ledger processing options, and accounting method for its associated subledgers. Each accounting setup requires a primary ledger and one or more secondary ledgers and reporting currencies associated with either a primary or secondary ledger. There are no limits on the number of ledgers and subledgers, which are primarily determined by an organization's business structure and reporting requirements.

Defining a subledger

Subledgers capture detailed transactional information, such as supplier invoices, customer payments, and asset acquisitions. Subledger accounting is generally an open and flexible architecture that defines the accounting rules, generates detailed journal entries for subledger transactions, and posts these entries to the general ledger with flexible summary options to provide a clear audit trail.



How do ledgers and subledgers differ?

- A general ledger serves as part of organization's chart of accounts (CoA), while a subledger feeds information into a general ledger but does not have its own CoA.
- General ledgers and subledgers have different numbers of accounts: A general ledger contains only one account for each category while a subledger can feature unlimited account transactions.
- General ledgers summarize the balance of each account in an organization's CoA while subledger accounts provide details that make up each specific account.

What is an instrument subledger?

Maintenance and reporting on accounting for financial instruments are cumbersome. They often require workarounds to access detail that has been aggregated away or extensive rules to maintain detail in a thick general ledger. An instrument subledger is designed to hold rich accounting data at the instrument level.

An instrument ledger in a financial context typically refers to a detailed record containing all transactions associated with a particular financial instrument. This ledger provides a comprehensive history and status of the instrument (e.g., stocks, bonds, derivatives, commodities, etc.).

Key components of an instrument ledger

- Identification information: Key details of the financial instrument, such as its type, issuance details, and unique identifiers (e.g., International Securities Identification Number (ISIN), or Committee on Uniform Securities Identification Procedures (CUSIP) numbers).
- **Transaction details:** All transactions related to the instrument (e.g., purchases, sales, interest payments, maturity redemptions, and other relevant financial activity).
- **Dates and timestamps:** Every transaction is labeled with the date and time it occurred, providing a chronological order of events.
- **Parties involved:** Lists which entities were involved in each transaction (e.g., buyer, seller, intermediary).
- **Status updates:** Provides information on the current condition of the instrument (i.e., active, matured, or closed).

How does Oracle's platform enable event-based accounting and instrument ledger for banks?

Oracle's integrated platform—through a combination of Accounting Foundation (AFCS), Accounting Hub (AHCS), and ERP General Ledger-helps banks enable the event-based accounting and instrument ledger for its product processors. As noted in the graphic on this page, for core banking transaction platforms and source systems product processors, a full life cycle of accounting transformation consists of six steps (transaction origination, business event creation, multi-GAAP accounting treatment, application of ledger posting rules, instrument ledger journalization and posting to the ledger for multi-GAAP view). Oracle products map to each of these six steps of accounting transformation for banking products:

Key benefits of an instrument ledger for financial services organizations

- 01. Remediating data at the instrument level: Facilitates early identification of data concerns that could otherwise cause issues in driving efficiency as well as sustaining regulatory compliance.
- **02.** Reconciling at the lowest grain: Data that is reconciled with the general ledger is sourced once and used consistently across management, risk, and regulatory reporting.
- **03.** Adjusting financials at the instrument level: At the most granular level, data can be enriched to address any inconsistencies or gaps in the sourcing data, resulting in a clean and complete dataset.
- 04. Generating instrument-level regulatory reports: End-to-end automated report delivery reduces manual intervention, data inconsistencies, and turnaround time to generate and validate reports.
- **05. Sustainable architecture:** Generally aligned with an organization's enterprise data strategy to consolidate and harmonize data from upstream source systems. This helps future-proof the data environment for further acquisition and drive operational efficiencies.

FULL LIFE CYCLE OF ACCOUNTING MODERNIZATION FROM ORIGINATION TO LEDGER POSTING

For backdrop, pass-through accounting is foundationally different from event-based accounting. Firstly, accounting is done in the core platform/source systems outside of the centralized accounting rule engine. And secondly, of the six accounting life cycle steps (outlined below), the first five steps (from transaction origination to sub-ledger journalization) are done in the core platform/source systems. Finally, a summarized ledger posting file is created to be posted to the ledger.

For core banking transaction platforms and source systems product processors, a full life cycle of accounting transformation consists of the following six steps:

Six steps of accounting life cycle for eventbased accounting

Transaction origination in core banking/product processors. The first step of accounting when a loan is originated, or payment is made.

Business events creation is when the business
 event, based on the transaction, is identified to trigger accounting.

Multi-GAAP accounting treatment is when business events are mapped to accounting made.

Application of ledger posting rules is when sub-ledger/
 ledger posting rules are invoked based on events and accounting treatment.

Instrument ledger journalization is the process when instrument level accounting records are created in the sub-ledger.

Post to the ledger for multi-GAAP view is when instrument level sub-ledger records are aggregated, summarized to be mapped to ledger CoA to be posted to the right ledger for multi-GAAP representation.

Event-based accounting in Oracle platform

The leading practice of a centralized accounting engine and rules repository for ledger posting includes: Instrument-level data ingested at raw transactions level from the core banking and product processors.

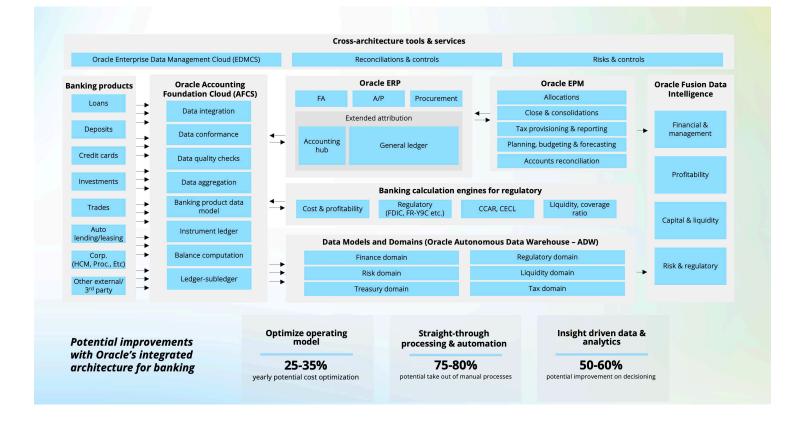
In this case only the first two steps (transaction origination and business event creation) happen in core platforms/source systems.

The remaining four steps (accounting treatment to post to the ledger) are done in the accounting rule engine.

Oracle: A complete end-to-end platform to support product accounting and regulatory reporting for banking

Oracle's end-to-end platform supports the full lifecycle of integrated finance risk and compliance for banking, from product origination to business event generation to accounting or mapping to ledger posting. The business and technology value driver of Oracle's end-to-end platform for banking enables improvements, such as: optimizing operating models for banks, delivering automation with straightthrough processing, and insight-driven data and analytics to help make better decisions.

ORACLE: A COMPLETE END-TO-END PLATFORM TO SUPPORT PRODUCT ACCOUNTING & REGULATORY REPORTING FOR BANKING





How will event-based accounting impact people, process, and technology?

PEOPLE IMPACTS

- Training and development: Eventbased accounting may require employees to learn new skills or enhance existing ones through training in new accounting systems, understanding the principles of event-based accounting or enhancing analytical skills to use the greater volume of available data.
- Change in roles: Some roles may change or evolve with the shift to event-based accounting. For example, some accounting roles could shift from data entry and recording transactions to more analytical tasks, such as interpreting financial data and advising on business decisions.
- **Culture change:** A shift to event-based accounting could require a cultural shift within the organization. Employees may take a more proactive approach in dealing with financial events as they occur rather than after they happen.

PROCESS IMPACTS

- **Real-time processes:** Event-based accounting requires a shift from periodic processing of transactions to batch processing throughout the day with a possibility of eventually transitioning to near real-time processing, driving changes in how and when transactions are recorded and reported.
- **Revised procedures:** Revenue recognition, expense recording, and financial reporting procedures could require revisions to align with eventbased accounting principles.
- Enhanced controls: A shift to eventbased accounting could trigger a need to enhance internal controls to help ensure the accuracy and integrity of real-time financial data.

TECHNOLOGY IMPACTS

- Data sources: Systems in which financial transactions originate (e.g., loan management systems, deposit systems, trading platforms, and payment gateways) should be capable of recording transactions in real time and sending relevant transactions to drive accounting.
- Event-processing engine: This is the core of the event-based accounting system. It captures financial events from various data sources, processes them in real time, and records the corresponding accounting entries. This engine should be centralized, highly reliable, and capable of quickly processing significant volumes of data.
- Data-integration layer: The layer consolidates data from multiple sources and helps ensure it's in a consistent format for processing and reporting using an enterprise service bus or similar middleware.
- Reporting and analytics: This layer provides reporting capabilities and advanced analytics, allowing a bank to generate financial statements, analyze its financial performance, and make datadriven decisions, utilizing a business intelligence tool or analytics platform.
- Security and compliance: The entire system should be secure and comply with financial regulations by implementing specific security measures (e.g., encryption and access controls and compliance management systems).
- User interfaces: Users interact with the system through these interfaces, requiring them to be user-friendly and providing the functionality to effectively carry out users' tasks.

Key considerations to determine a platform of choice

01. Core capabilities

- Event handling: Efficiently handle financial events specific to banking, such as deposits, withdrawals, loans, interest calculations, fees, and derivatives.
- Real time: The system should process transactions and update accounts in real time to immediately reflect financial events.

02. Scalability and performance

- High scalability: The system should handle growth in transaction volumes and expansion into new markets or product lines without performance degradation.
- System performance: Evaluate the system's ability to perform under peak loads and its overall uptime guarantees.

03. Integration and compatibility

- Ease of integration: The platform should integrate smoothly with existing business systems (e.g., ERP, customer relationship management (CRM), payroll) while minimizing disruptions and maintaining data integrity.
- Application programming interface (API) flexibility: Robust API support is essential for facilitating seamless data exchange and integration with other software tools.

04. Compliance and regulatory support

- Regulatory compliance: The system should adhere to relevant financial standards and regulations (e.g., GAAP, Sarbanes-Oxley Act (SOX), and International Financial Reporting Standards (IFRS)) and should facilitate easy updates to address any new regulations.
- Auditability: The system should provide comprehensive audit trails, making it easier to track changes, access historical data, and prepare for audits.

05. Security

- Data security: Robust security protocols, including encryption, secure access, and data backup capabilities are critical.
- **Privacy protection**: The system should comply with data protection regulations (e.g., General Data Protection Regulation (GDPR)) to safeguard sensitive financial information.

06. User experience

- User interface: The system should have an intuitive and easy-tonavigate user interface suitable for all levels of users.
- Training and support: Adequate training resources and responsive customer support are important for smooth operation and troubleshooting.

07. Reporting and analytics

- Reporting tools: The system should offer flexible and powerful reporting capabilities that allow for real-time reporting and analytics, including detailed drill-down capabilities.
- **Customizable dashboards:** Dashboards should be customizable to provide critical financial insights at a glance for different user roles.

08. Vendor performance and innovation

- Reputation: Understanding a vendor's market presence, stability, and typical life cycle of their products is important in choosing their system.
- Technological advancements: The platform should be advanced and regularly updated to leverage new technologies (e.g., artificial intelligence (AI), machine learning) that can enhance accounting processes.

09. Implementation and operational impact

- Implementation timeframe: Evaluate how long it should take to implement the system and potential impacts on ongoing operations.
- Cost-benefit analysis: Consider total cost of ownership, including initial purchase, implementation, training, upgrades, and maintenance, and evaluate the subsequent return on investment.



Your next move

As you set out on your transformation journey, a little knowledge can go a long way to help you succeed. Now is the time for banks to make a move or risk missing out on so many of the advantages outlined in the pages above. Embarking on a new path, particularly for entrenched accounting processes, can be intimidating at first, but it can ultimately lead to greater efficiencies, agility, and even wider financial benefits.

Seven strategies for product accounting

- **01.** Lead with a transformation mindset: Outline transformation objectives and how to employ technology to achieve them. For example, to improve settlement times, what policies should be changed? What technology capabilities could be used? What metrics should be tracked? What steps could be taken with customers based on new insights?
- **02.** Phased approach-based roadmap: Don't wait too long to go live all at once. Instead, define a low-risk release strategy with realistic targets, achieve them, and then build on this success. As the organization moves up the value chain, consider how improved core processes could help teams work in new ways. The sooner an organization sees tangible benefits, the more support and enthusiasm can be generated.
- **03. Appoint and empower project owners:** Dedicated people from accounting and the business should serve as owners of the project, not customers of the project. This can be difficult if the organization is already operating as lean as possible. Remember: the people the organization cannot afford to lose are an investment in the future.
- **04. Business case:** To help ensure clean data that is complete and ready to load at the right time, data owners must be assigned. Put them in charge of critical data entities and dimensions and have them create a governance process to maintain data quality.
- **05. Strike strong partnerships:** All stakeholders must be fully engaged to reap the benefits of ongoing technology enhancements. This means finance and IT should plan to work together—and have a deep partnership with suppliers and integrators—for the program to deliver exceptional results.
- **06. Manage change holistically:** Don't underestimate the importance of assessing how ready the organization is for change and how fast it can adapt. Be sure to include readiness assessments and change adoption strategies as part of the overall implementation methodology.
- **07. Obtain board-level commitment:** As with other large-scale changes, not everyone will benefit equally after the implementation. Top-level sponsorship can help all stakeholders get comfortable with and then accept the changes.

These strategies can help the organization get underway and navigate the intricacies of product accounting to achieve the new benefits that loom on the horizon.

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ENDNOTES

1. "Deloitte's 2025 banking and capital markets outlook". Deloitte. 2024.

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