DBD, Thailand Simplifies Regulatory Reporting using XBRL

In January 2015 the Department of Business Development (DBD) under the Ministry of Commerce (MoC), Thailand introduced XBRL for voluntary electronic submission (e-filing) of financial statements of legal entities /businesses for the FY2015 reporting period and onwards. This was done to facilitate rapid and accurate disclosures, vital for transparency, efficiency and accountability.

Background

The Department of Business Development (DBD), Thailand is the government regulator responsible for enforcing business laws and regulation of business in the country through registration, compliance and supervision. Thailand has approximately 550,000 active legal entities, of which over 500,000 are mandatorily required to submit financial reports to DBD as part of legal compliance in either Thai or English.

Challenges

Before XBRL was implemented in DBD, entities used to submit their data in paper form. These source documents (paper) were then stored as images in DBD's system. The process posed some challenges:

- **Tedious process:** The manual process of submission and storage was very tedious. Also the processing time taken for consumption of submitted documents was more than four months.

- **Non-compliance going unnoticed:** : As the filing was in paper format, tracking of documents submitted, ensuring authenticity and communicating non-compliance in time was a big concern resulting in risk of non-filing/ filing after due date.

- **Lack of validated data:** With scrutiny of documents being completely dependent on manual effort, validation of submitted data was a serious concern leading to risk of non-adherence to business rules.

DBD Department of Business Development
Ministry of Commerce

DBD wanted an efficient and cost-effective system to address the challenges in collecting, processing and reporting of information. The regulator wanted to move away from paper-filing to a more technology driven e-filing system which would:

- Be convenient for filers
- Do away with the risk of non-compliance
- Ensure filing within the stipulated due date
- Ensure adherence to business rules (validation of data before acceptance by DBD)
- Reduce processing time and compliance expense

The Solution

DBD conducted a detailed study and analysis on e-filing systems worldwide and zeroed in on using a XBRL (Extensible Business Reporting Language) based e-filing system to receive annual financial statements. After a selection process, Business online (BOL) & IRIS were commissioned to work on the project.

The IRIS team implemented the project on 2 levels:

DBD Taxonomy 2015:
IRIS conducted a study of the accounting and compliance requirement of all legal and business entities in the country. In Thailand, entities are divided into four business sectors: Financial Institutions, Insurance, Securities and Others. Based on the guidelines, these entities are required to prepare their financial statements as per one of the applicable standards:

- Thai Financial Reporting Standard (TFRS)
- Thai Accounting Standards (TAS)
- and Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs), issued by Federation of Accounting Professions

The DBD Taxonomy 2015 was developed on the basis of all the above standards. The taxonomy is the XBRL representation of the underlying standards and legislation, to allow business entities to prepare financial statements in accordance with the XBRL filing requirements.

It has 30 entry points covering five legal entities and the four aforementioned business sectors. The taxonomy enables filers to capture the filing information which identifies the filing entity and other relevant details pertinent to XBRL filing for financial statements and the forms accompanying the financial statements (Sor-Bor-Chor-3). It has defined business validation rules to ensure quality data capture and an Independent Auditors' Report defined as per Thai Standards of Auditing. The taxonomy also includes notifications and other regulatory requirements issued by regulators related to the format, structure and elements to be reported in financial statements.

Filing Platform:
The transition from paper to electronic format was a daunting task. DBD decided to provide filers with filing tools to help them move from paper formats to e-filing. IRIS developed an e-filing XBRL application powered by IRIS iFILE for all 500,000+ companies based on the filing requirements and business rules used for validation. Following are the main components of the filing platform:

a. **Filing Tools:**
   - **iFILE e-form:** A web-based filing tool for filers to prepare, validate and submit XBRL documents to DBD.
   - **iFILE client tool:** An MS Excel based filing tool to prepare validated XBRL documents offline and submit to DBD later.

b. **Filing Tools:** : A website for uploading XBRL filings for approval and rejection from DBD admin. The website also includes validation engine to validate XBRL filings received and report generating engine to produce regulator specific basic analytical reports in addition to MIS reports.

Certain salient features of the filing platform are:

1. **Multi-lingual display:** The platform supports multi-lingual display in Thai and English supported by text orientation based on the selected language.

2. **Filer-friendly features:** Both the filing tools are supported by many filer-friendly features such as auto-selection of industry specific templates from different industries. It also has navigation page listing of all reporting sheets selected by the filer for ease of navigation and to keep track of reports being worked on.

3. **Built-in taxonomy viewer:** A taxonomy viewer is integrated into the iFILE client tool to enable users to view various taxonomy components such as presentation view, calculation view, definition view, label view and schema view with element information. This helps filer to identify appropriate elements from the taxonomy to define reporting numbers.

4. **Rich text editor:** A rich text editor is provided within filing tools to allow the filer to format reportable text in notes as well as in footnotes.

5. **Validation rules:** Filing tools and e-filing portal are embedded with validation engine to ensure data quality.

6. **Quality screening:** The system allows the regulator to approve/reject filings based on their quality.

7. **Reports for filers and DBD:** The reporting module in the system helps generate predefined as well as custom reports for use by the regulator. Filers too can generate reports such as submission history and MIS.

8. **Data repository:** The e-filing portal is equipped with a data repository for storing the filed information. Data is stored in native XBRL files as well as shredded and stored in a relational database.

Results

DBD started experiencing the benefits of using XBRL reporting soon after implementation. These benefits included:

- **Standardization:** As a single source of guiding principles, the DBD taxonomy 2015 helped standardize reporting across 500,000 entities, making analysis at the regulator's end very easy. Standardised

information was also easily recognised and understood by all recipients.

- **Automation:** Filing tools automatically generate the XBRL instance document after necessary validation checks on the data fed-in by filers. As part of XBRL Instance generation process, such input data is automatically checked for calculation accuracy and reporting compliances through integrated validation engine. This eliminates possible errors due to manual intervention, ensures ultimate reliability and accuracy of data thus helping DBD meet strict regulatory reporting criteria.

- **Tracking:** The application is capable of storing audit logs of user activity and processes. It provides DBD with detailed descriptions of business rules errors, including XBRL errors, warnings and database connection errors. This helps DBD work towards ensuring quality improvement in further filings.

- **Work-flow management:** The tool has an in-built user management module that allows for easy user creation and role assignment. Users can have access to select sections of the application based on their roles and the rights allocated to them. This helps maintain hierarchy and adds a layer of security to the process of regulatory reporting.

- **Efficiency:** The use of XBRL has enhanced efficiency at the filers' end, making it more convenient and quicker, while reducing expenses. Reduction in manual intervention has also made the entire process seamless and transparent.

- **Analytical capabilities:** Simplified and quick access to quality information has helped reduce time taken for analysis at the regulator's end. This has helped DBD in making informed decisions and recommendations.

The project went live in January 2015 and around 3,000 successful filings have been done since by companies using the e-filing XBRL application. DBD has made the e-filing platform open to all legal entities. Currently, filing financial data with DBD through the XBRL-based e-filing system is voluntary.

About DBD

The Department of Business Development (DBD), Thailand, together with six other department-level agencies, is under the supervision of (but at the same time is a separate legal entity from) the Thai Ministry of Commerce (MOC). The DBD changed its name from the Department of Commercial Registration in 2002 with improved roles, missions, and organization structure. With the reengineering, the department is supposed to perform the original duties, namely, business registration duties, business supervision, and business services. The duties received from other departments are business development and promotion duties, registration duties, and the promotion of trade association and chamber received from the Department of Internal Trade . Several other new duties assigned to the department are service and e-commerce business promotion.

More information is available at: http://www.dbd.go.th/dbdweb_en/main.php?filename=index

About IRIS

IRIS Business Services Limited is a leading structured data solutions company with global presence in regulatory and compliance reporting software. The firm is uniquely positioned with offerings across the spectrum of creation, management and use of structured data in the realm of business and financial reporting. IRIS serves a client base that includes regulators in over a dozen countries around the world, leading banks, financial market intermediaries, consulting firms, financial printers as well as large and small enterprises. Our partner network includes the Big 4 accounting firms, system integrators and specialized software and consulting firms that use IRIS' products and expertise to enhance their offerings to end clients.

Learn more about us at: www.irisbusiness.com