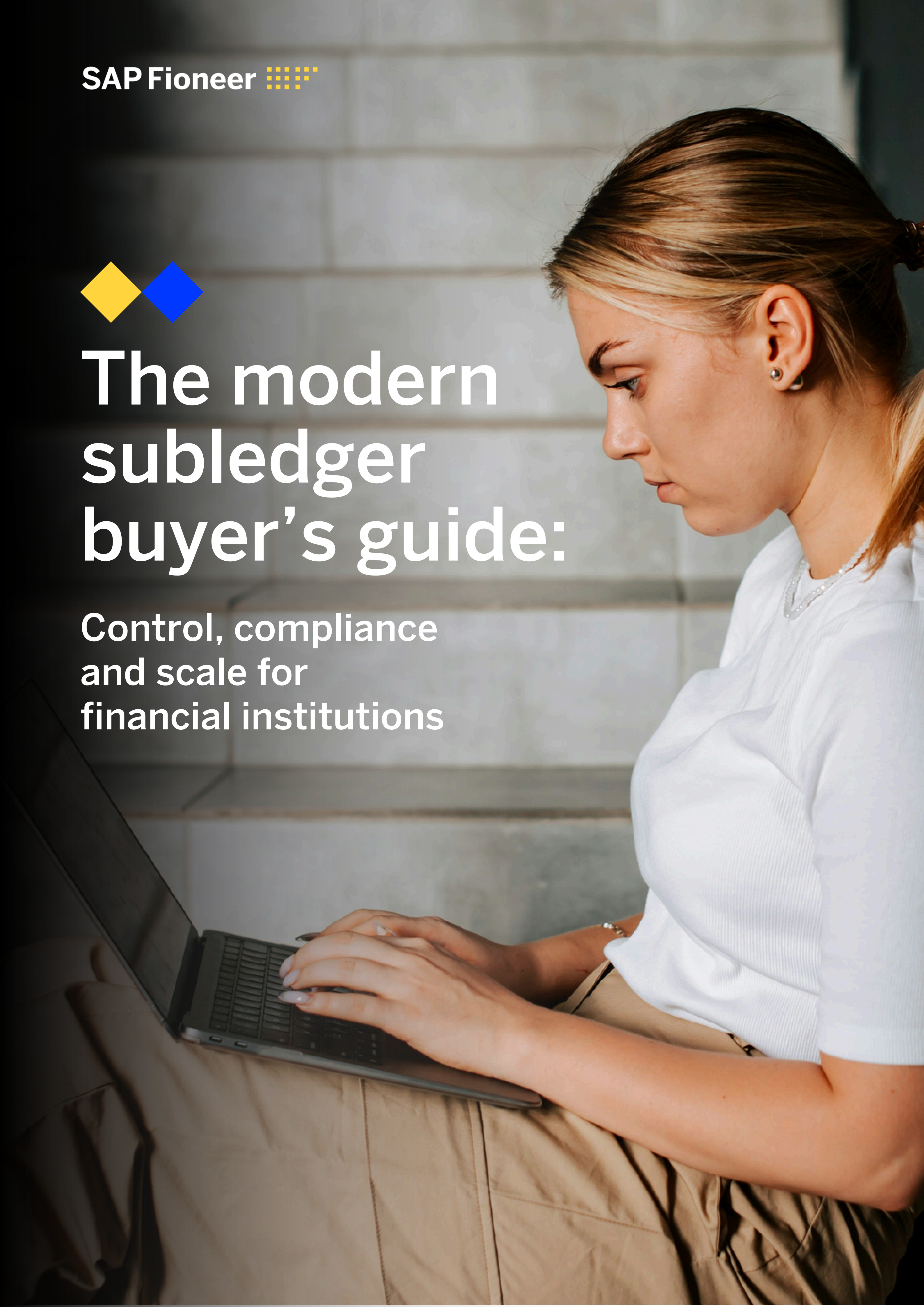
SAP Fioneer



The modern subledger buyer's guide:

Control, compliance and scale for financial institutions

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Introduction

Financial institutions are modernizing fast, but finance architectures still carry years of product and regulatory complexity.

Banks account for about $650B of global annual IT spend, and banking typically invests ~6–12% of revenue in IT. Yet finance architectures still carry years of accumulated product and regulatory complexity.

That complexity shows up as audit risk, slow closes, heavy reconciliation and limited ability to explain performance. A purpose-built subledger has become a core control point for modernization.

This buyer's guide is for **CFOs, CROs, and CIOs** evaluating how to modernize accounting for financial products without losing control. It outlines what an enterprise-grade subledger must deliver: **granular, auditable accounting data, multi-GAAP capability, deep integration into the finance backbone, and a trusted foundation for steering and risk alignment.**

Leaders will learn how to:

- Distinguish an industry-specific, end-to-end subledger from toolkits and loosely coupled engines
- Evaluate solutions for **control, compliance and cloud-scale performance**
- Ensure the platform stays extensible for regulatory change, new products and emerging use cases

In an environment defined by modernization, complexity and growth, an industry-specific subledger helps institutions maintain control, reduce audit risk and make better decisions, all with one product built for today and ready for tomorrow.

SAP Fioneer’s subledger: A modern foundation for accounting, steering and integration

Modernizing finance architecture is ultimately about maintaining control as products, regulations and operating models evolve. SAP Fioneer’s subledger is built to provide a **single, trusted subledger foundation** that supports compliant accounting, enterprise steering and deep integration across the finance stack.

At SAP Fioneer, we focus on building software solutions and platforms that enable banks to run, transform and grow at scale and speed using world-class technology. We provide end-to-end solutions for banking and insurance and currently work with over 1,200 financial institutions that run SAP Fioneer software globally. Five of the world's 10 most profitable banks use our technology, and 50% of the largest insurers use SAP Fioneer software.

In this context, SAP Fioneer’s approach differs from toolkits or loosely coupled accounting engines. **SAP Fioneer’s subledger** is a fully integrated, content-rich process model. It delivers a true **end-to-end subledger for financial products,** embedding industry-standard accounting processes rather than leaving institutions to assemble them on their own.

SAP Fioneer’s subledger is one of the most widely adopted and proven subledgers in the financial services industry today:

- **~100 insurance companies,** including Munich Re, Swiss Re, American Insurance Group, Generali, Vienna Insurance Group and others, are using the subledger across hundreds of legal entities.
- **~80 banking customers,** including flagship names such as Standard Chartered Bank, Erste Bank and UBS.
- **A rapidly growing ecosystem of fintechs,** most notably PayPal, are using subledger to scale high-volume, real-time financial operations.

What sets SAP Fioneer’s subledger apart is its ability to deliver **granular, persistent, reconciled accounting data** while being multi-GAAP, simulation-ready, cloud-scalable and tightly integrated with S/4HANA Finance and other SAP Fioneer systems.

Here are the core capabilities that enable control, compliance, and scale across banking and insurance finance architectures.

Granular, persistent and reconciled accounting data

SAP Fioneer's subledger captures every accounting-relevant event and expectation, maintaining a complete, auditable financial history of each contract or instrument. Financial institutions have:

- Full drill-back to **source transactions and expected cash flows**
- Persistent storage of all event, valuation and measurement results
- Complete audit trail for every balance, movement and adjustment
- Reconciliation capabilities across accounting, actuarial, risk and operational data

This level of detail is essential for transparency, regulatory compliance and enterprise steering.

Multi-GAAP capabilities built in

SAP Fioneer's subledger supports **multiple GAAPs in parallel,** from a single instance and using the same input data. Out of the box, it includes accounting content for:

- IFRS 9
- IFRS 17 / LDTI
- US GAAP (including complex acquisition accounting rules)
- Solvency II
- Local GAAPs
- Management accounting

This means institutions can produce **all required accounting views simultaneously** without duplicating processes, transforming data multiple times or creating GAAP-specific silos.

Integrated steering on trusted accounting data

Our Subledger goes beyond period-close accounting. It provides the foundation for **forward- and backward-looking steering,** enabling management teams to compare expected vs. actual performance, understand drivers of change and run planning or simulation scenarios.

The subledger makes this possible because steering and accounting share the **same trusted, reconciled data foundation.** This prevents the creation of inconsistencies that often occur when planning tools are disconnected from accounting systems.

Extensible for regulatory change and new use cases

The subledger is designed to adapt to both the current regulatory landscape and **future requirements.** Institutions can extend accounting content, add new products, incorporate new measurement models or support emerging use cases, such as ESG reporting or digital-native financial products, without destabilizing the architecture.

How SAP Fioneer's subledger works

The capabilities of SAP Fioneer's subledger can be grouped across three pillars: **accounting, steering, and integration**

01. Accounting to handle complexities for today and tomorrow

SAP Fioneer's subledger provides the full breadth of accounting capabilities required for financial products, supporting everything from daily postings to multi-GAAP period-end close. Key capabilities include:

- **Compliance with multiple accounting standards** (i.e., IFRS, US GAAP, local GAAPs, regulatory frameworks)
- **Simultaneous close** across all applicable regimes
- **Rapid adaptation** to new regulatory or policy changes
- **Full life-cycle event handling** for financial instruments
- **Multi-currency processing** at journal-entry level
- **Auditability and drill-down** to the lowest level of defined granularity
- **Reconciliation** to both transactional and risk-management systems

> Close speed remains a real constraint for many finance teams. Ledge's 2025 month-end close benchmarks (summarized by CFO.com) found that **50% of finance teams take six or more business days to close,** underscoring why standardization and automation at the subledger layer matters.

The subledger also helps institutions **keep track of changes and their change reasons.** For example, it provides movement analysis, explaining how and why a balance has developed the way it has. It also offers roll forward schemes that are directly based on accounting data. This allows institutions to not only see their numbers, but to understand them, making the subledger an indispensable tool for compliant reporting, risk alignment and confident decision-making.

How SAP Fioneer's subledger manages accounting complexity

Accounting for financial products is inherently complex: products behave differently over their lifetime, regulatory standards evolve and balance sheets must remain comparable across GAAPs, currencies and measurement approaches. To ensure institutions can handle today's requirements while being ready for tomorrow's changes, SAP subledger manages this complexity by **embedding industry-standard accounting rules, measurement logic and life-cycle and multi-currency processing directly into the system:**

01. Measurement approaches to capture the true economic value of financial instruments

SAP Fioneer's product subledger supports all major measurement methods needed across banking and insurance:

- **Amortized cost –** essential for loans, deposits and held-to-collect instruments, ensuring interest recognition reflects the effective yield.
- **Lower of cost or market –** protecting against overstated values for certain instruments.
- **Fair value (through P&L or OCI) –** required for trading books, derivatives and many insurance assets, ensuring transparency and market realism.
- **Acquisition accounting for credit-impaired loans (e.g., SOP 03-3) –** critical for purchased or restructured portfolios where expected credit losses must be integrated into initial measurement.

These approaches ensure the subledger can correctly value instruments under multiple accounting regimes without duplicating rules or data.

02. Amortization approaches to reflect how value is consumed over time

Effective interest rate (EIR)
aligns income recognition with expected cash flows, central to IFRS 9 and many US GAAP applications.

Straight-line
useful where regulatory or business rules require simplified amortization.

Deferred recognition
allowing fees, costs or adjustments to be recognized only when conditions are met.

The subledger handles different amortization patterns based on regulatory, product or contractual requirements

This flexibility ensures all income and expense items are treated accurately, consistently and transparently.

03. Life-cycle events to model real-world product behavior

Financial products rarely follow a smooth path. They are renegotiated, impaired, modified, reclassified or hedged. SAP Fioneer's subledger natively handles these events:

- **Non-accrual status** – stopping interest recognition when collectability is uncertain.
- **Impairment status changes** – updating allowances as credit quality evolves.
- **Loan modifications and concessions** – critical for restructurings, hardship programs or covenant breaches.
- **Troubled Debt Restructurings (TDR)** – handling regulatory and GAAP-specific requirements.
- **Hedge designation and de-designation** – ensuring hedge accounting remains aligned with risk management intent.
- **Classification or business-model changes** – reflecting shifts in how assets are managed.

This ensures accounting stays aligned to both regulatory expectations and economic reality.

04. Multi-currency handling to manage global operations without complexity

Institutions manage currency exposure seamlessly with the product subledger:

- **Currency exposures** – tracking base and foreign currency positions simultaneously.
- **FX gains and losses** – calculated consistently across GAAPs.
- **Multi-currency journal entries and cash-flow expectations** – essential for institutions operating across borders or dealing with multi-currency contracts.

This enables accurate financial reporting in global environments where currency volatility affects performance.

Together, these capabilities allow subledger to handle every accounting scenario, from high-volume retail lending and payments to complex derivatives and long-duration insurance liabilities, all within a **single, consistent accounting framework.**

Example for banks: How the product subledger handles a loan modification scenario

Consider a commercial loan that becomes distressed. The customer requests a restructuring, leading to new cash-flow expectations, a change in credit status and potential concessions.

In this situation, the product subledger automatically:

1. **Reassesses the measurement approach,** determining whether the asset remains at amortized cost or must be reclassified or impaired under IFRS 9 or US GAAP.
2. **Updates the effective interest rate (EIR).** It incorporates the modified cash flows into a new EIR, ensuring income recognition aligns with regulatory expectations.
3. **Captures impairment changes.** For example, it adjusts expected credit loss (ECL) or allowance figures based on new risk assessments.
4. **Applies life-cycle event logic.** It flags TDR criteria under US GAAP, handles concessions and processes non-accrual status if needed.
5. **Produces GAAP-consistent outputs,** generating updated results for IFRS, US GAAP, local GAAP and management accounting simultaneously, without reprocessing data.

This eliminates manual workarounds, ensures regulatory alignment and maintains full traceability from the original terms to the modified contract.

Example for insurers: The Multi-GAAP valuation of an insurance asset portfolio

Imagine an insurer holding a mixed portfolio of bonds, funds and derivatives that must be reported under IFRS 9, IFRS 17 and local statutory GAAP.

SAP Fioneer's subledger allows the institution to:

1. **Process all instruments once,** using shared event and cash-flow data.
2. **Apply different measurement bases** (e.g., amortized cost, FVOCI, FVTPL) depending on the GAAP-specific business model or classification.
3. **Calculate multi-GAAP valuations in parallel,** eliminating redundant processes.
4. **Track currency exposures** and FX impacts consistently across each accounting regime.
5. **Provide a reconciled, auditable view** down to each instrument, cash flow and valuation component.

The result: finance, actuarial and risk teams work from **a single, high-quality dataset,** reducing reconciliation work and accelerating close.

02. Steering to understand how everything connects

Modern finance teams need more than accurate accounting. They need the ability to explain performance, anticipate future outcomes and make informed decisions. SAP subledger enables institutions to do exactly that by linking accounting, expectations, measurement logic and simulations in one coherent system:

Offers cross-measurement comparisons to understand how value behaves under different lenses

Different measurement approaches (e.g., amortized cost vs. fair value) often produce results that diverge substantially. The product subledger allows teams to:

- Compare balances across measurement methods
- Understand why they differ
- Trace differences back to underlying drivers, such as cash-flow expectations, market movements or risk changes

This is critical for CFOs, CROs and controllers who must reconcile regulatory vs. management views or explain volatility to stakeholders.

Compares forward- vs. backward-looking insight to connect expectations to reality

Because the product subledger stores both actuals and persistent expectations, institutions can directly compare:

- What they thought would happen
- What actually happened
- How deviations impacted margins, reserves or profitability

This closes a major gap in traditional finance processes, where planning and accounting often exist in separate systems with inconsistent data.

Provides risk and finance alignment to have one dataset for two functions

With the subledger, risk and finance no longer rely on separate data streams or duplicated calculations. Its shared dataset improves:

- Risk-adjusted performance measurement
- Capital allocation decisions
- Consistency between risk models and financial results

This is especially valuable for CROs and CFOs working to strengthen RWA, liquidity, and solvency reporting.

Enables what-If analyses, simulations and forecasting to prepare for multiple futures

The subledger supports forward-looking analysis through scenario-based forecasting and planning — available today for insurance and on the roadmap for banking. Institutions can model scenarios, such as:

New business scenarios to simulate growth or strategic shifts

Actuarial scenarios to understand liability development

Market data scenarios to analyze interest rate, credit spread or FX shocks

Regulatory scenarios like stress tests or solvency changes

This allows leadership teams to evaluate decisions, ranging from product changes to market movements, against a fully reconciled, GAAP-consistent accounting baseline, ensuring planning is both realistic and defensible.

03. Deep integration for consistency and real-time visibility

The product subledger is built to operate inside a modern, connected finance architecture. It integrates deeply across S/4HANA, risk systems, data platforms and analytics environments, ensuring consistent data flows, minimal duplication and real-time visibility.

Below are the core integration capabilities that keep the subledger consistent with the broader finance architecture and visible to every stakeholder.

Integrates natively with S/4HANA Finance for a single finance backbone

The subledger is **technically embedded** as an add-on to S/4HANA, providing seamless alignment with the broader finance landscape:

- **Technical integration**ensures consistent architecture and unified operations.
- **Master-data integration** eliminates duplication by drawing directly on S/4 master data.
- **Results-data integration** allows the subledger to prepare **standardized, ready-to-post** outputs for S/4HANA or **any other general ledger,** ensuring the general ledger remains clean and summary-focused.

This delivers end-to-end consistency from subledger through reporting without scattered custom interfaces.

Connects with data management for a unified finance & risk data model

For banks, the subledger connects to SAP Fioneer's Data Management solution, creating a shared foundation for:

- Accounting
- Risk
- Planning
- Regulatory reporting

This reduces fragmentation and ensures that all teams work from the same trusted data model.

Enables transparency for every stakeholder with granular drilling and analytics

Institutions get fine-grained visibility into accounting data with the subledger to:

- Drill down to **contract- or coverage-level entries**
- Slice and dice results in real time
- Access live data at any point in the accounting lifecycle

This level of detail is invaluable for audit, risk, finance, and operational teams needing traceability for decisions or regulatory inquiries.

Supports error handling and adjustments to maintain integrity without disruption

The subledger is designed to understand differences and keep processes running smoothly even when data issues occur:

Suspense accounting detects and isolates errors automatically, allowing institutions to address issues without halting the entire accounting cycle.

Manual adjustments can be made at any level — **even down to a single contract** — with immediate visibility and full auditability.

These controls ensure institutions remain **complete, compliant, and accurate,** even in complex, high-volume environments.

To see how these capabilities translate into real outcomes, the following examples show how banks and insurers have applied the subledger to modernize finance operations, maintaining control, reducing operational and audit risk and improving decision-making.

How a large European bank modernized finance and risk operations with a unified subledger

Over many years, a large European bank had accumulated a patchwork of systems used across their operations, accounting and reporting. As modernization rose in strategic importance, this fragmented landscape became increasingly inefficient. Monthly, quarterly and annual closing processes required finance teams to engage multiple systems each time, relying on manual data collection to assemble required reports. The lack of integration slowed down processes, created operational risk and constrained the bank's ability to scale.

The core accounting platform was a particularly heavy burden. It consisted of multiple components built from the ground up, reflecting the needs of a very different environment at the time it was created. As regulatory requirements, reporting expectations and internal operating models evolved, the legacy platform could no longer keep pace. The technology stack made it difficult to attract and retain modern engineering talent, and the cost of maintaining niche, highly customized components continued to rise.

The challenge

The ultra-complex legacy system touched nearly every accounting area within the bank. Its custom-built nature made enhancements difficult and created dependencies on specialized knowledge that only a shrinking set of individuals possessed. The bank recognized that it needed:

A modern platform that would scale with evolving requirements, reduce reliance on niche expertise and allow adoption of widely used programming languages.

A single, centralized data and reporting system to eliminate manual collection and ensure consistency across finance, risk and regulatory reporting.

A solution purpose-built for financial services, rather than a generic ERP, to ensure nuanced industry requirements were understood and embedded natively.

Standardization across accounting processes, enabling greater transparency, improved governance and faster reporting cycles.

The solution: SAP Fioneer's subledger

To meet these objectives, the bank prioritized a unified architecture where all data resides centrally and all finance functionalities operate on a single platform. After evaluating options, the bank selected **SAP Fioneer's subledger.**

The subledger aligned precisely with the bank's criteria by:

Offering **industry-specific capabilities** tailored to financial services, ensuring that complex regulatory, accounting and product-level requirements were natively supported.

Providing a **modern, standardized system** capable of replacing numerous fragmented processes and eliminating manual interventions.

Enabling **greater transparency and efficiency** across reporting workflows by centralizing data and harmonizing accounting logic.

Using its **technology stack and architectural approach** allowed the bank to reduce maintenance burden, attract modern talent and support long-term scalability.

The SAP Fioneer team demonstrated deep commitment to understanding the bank's unique, multilayered requirements, instilling confidence in the feasibility and quality of the modernization. Based on this alignment and the strong partnership, the bank selected the product subledger for its major system modernization.

The results

Within just 30 days of go-live, employees rapidly adapted to the new environment thanks to the product subledger's intuitive, user-friendly design. The system immediately streamlined day-to-day accounting routines, delivering:

- **Accelerated monthly and quarterly closing cycles** through standardized processes and reduced manual effort.
- **Improved data quality,** supported by the platform's integrated data governance tools and the consolidation of information previously spread across legacy systems.
- **Better documentation and control,** especially around subledger postings, helping prepare the foundation for enhanced management reporting.
- **Early signs of cross-departmental synergies,** as shared data and standardized logic improved alignment between teams.

Overall, the modernization established a strategic platform that positions the bank for future evolution, enabling ongoing efficiency gains, stronger governance and readiness for changing regulatory or market demands.

How Munich Re achieved IFRS 17 transparency and operational harmony through SAP Fioneer's subledger

As one of the world's leading reinsurance companies, Munich Re faced the extensive organizational, data and process requirements introduced by **IFRS 17.** The new standard aims to increase transparency for investors and analysts by improving the consistency and comparability of insurance contract reporting. To meet these expectations, Munich Re needed modernization that not only ensured compliance but also harmonized the systems and processes supporting their global business.

The challenge

Munich Re operated with a diverse landscape of applications and accounting processes spanning both **primary insurance and reinsurance** product lines. IFRS 17 required a level of integration, data quality and process clarity that their existing environment could not deliver without significant modernization.

Key challenges included:

- **Fragmented systems** supporting different product lines, limiting the ability to produce unified views for IFRS 17.

- A need for **greater transparency** across the modernization program as well as clarity about how the underlying technology should evolve.

- **High expectations for efficiency,** given IFRS 17's operational complexity and the need to shorten close cycles.

- The necessity of a partner with a **deep understanding of insurance business models,** to ensure both compliance and operational relevance from day one.

The solution: Joint modernization approach to centralization, harmonization and cloud enablement

To ensure alignment and governance throughout the project, Munich Re and SAP Fioneer established a **combined steering committee.** This structure enabled shared decision-making, full transparency throughout the modernization and coordinated oversight of product evolution to meet emerging requirements.

Munich Re selected and implemented **SAP Fioneer's subledger** as the central component of its IFRS 17 solution. This represented a significant paradigm shift. For the first time, the organization would operate on a **single subledger across all product lines,** regardless of whether they originated in primary insurance or reinsurance.

Implementing the product subledger allowed Munich Re to consolidate its accounting processes into one unified platform. This centralization delivered:

- **Harmonization across systems and processes,** replacing disparate legacy structures with a consistent accounting framework.

- A **higher-quality, more integrated view** of the organization's financial data and the processes surrounding it.

- **Efficiency gains** aligned with IFRS 17 expectations, including faster closes, improved agility and clearer forward-looking insights.

SAP Fioneer's specialization in **financial services and insurance** was a critical factor in the project's success. The team brought a deep understanding of the insurance business model, ensuring that the IFRS 17 modernization was grounded in the realities of underwriting, reinsurance arrangements and finance operations.

As part of the modernization, Munich Re **migrated applications to the cloud,** improving operational efficiency and creating a scalable foundation. The new environment enables the organization to **scale quickly when needed,** supporting future growth and evolving reporting demands.

The results

The IFRS 17 modernization delivered a modern, harmonized accounting landscape that improves transparency, strengthens data consistency and accelerates operational processes. By adopting the product subledger and moving to the cloud, Munich Re now benefits from:

- **A single subledger across all insurance and reinsurance business lines.**
- **Higher data quality** and more consistent processes supporting IFRS 17 reporting.
- **Faster closing cycles** and greater agility across finance operations.
- A **scalable cloud-based environment,** ready to expand with regulatory or business needs.
- Governance structures that ensured **transparency** throughout the project and shaped future-proof product development.

The combined approach and the strong partnership with SAP Fioneer enabled Munich Re to meet IFRS 17 requirements while building a more efficient and future-ready finance architecture.

Choosing a modern product subledger

A modern subledger should do more than post journals. It should provide a single, auditable foundation for accounting, steering and integration—so institutions can stay in control as products, regulations and operating models evolve.

SAP Fioneer's subledger supports this by delivering:

- A harmonized, compliant accounting foundation across banking and insurance products.
- Trusted, granular data that improves auditability and accelerates close.
- A shared dataset that strengthens finance–risk alignment and enterprise steering.
- Deep integration with the finance backbone to reduce duplication and interface sprawl.
- Extensibility for new regulations and evolving business models, proven at scale

Next step: Use this guide's criteria to assess alignment across products, GAAPs, integration and roadmap. For validation, request a tailored walkthrough based on your portfolio, accounting regimes and integration requirements.

About Fioneer

SAP Fioneer provides software solutions for banks and insurance companies: built on rock-solid technology and bold creativity.

In 2021, a group of financial services experts at SAP realized their clients needed a faster, more flexible partner that could move at their pace, adapting to the fast-changing landscape. Joining forces with entrepreneurial investor DEDIQ, SAP Fioneer was born – a start-up with the weight of a global software company behind it.

Get in touch

sapfioneer.com   contact@sapfioneer.com