

**Australian Prudential Regulation Authority**

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The Editor

I write to correct the story 'APRA blitz on bank lending' (30 June), which contains a number of errors. APRA has not proposed that banks be 'forced to take account of sharemarket levels' when making provisions for bad loans. And nor does APRA 'want banks to adopt the methods used in the life insurance industry to manage their resilience reserves'.

Finally, APRA did not say and does not believe 'it is better placed than the Reserve Bank to regulate the growth of credit in the economy'. The issue of early identification and provisioning by banks for credit losses is a global one, which is still under discussion between international supervisory bodies and accounting standard setters. Any changes in APRA's approach to provisioning will be decided in this global context.

Regards

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