

20 November 2015

Mr Steve Davies
General Manager, Statistics
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

By email: statistics@apra.gov.au

Dear Mr Davies

ADI Points of Presence Statistics

Thank you for the opportunity to comment on APRA's Discussion Paper – *Authorised Deposit-taking Institutions' Points of Presence Statistics*.

As you know, COBA is the industry association for Australia's customer-owned banking institutions – credit unions, mutual banks and mutual building societies. Collectively, the institutions we represent hold more than \$94 billion in assets and serve more than 4 million customers. The customer owned model is the proven alternative to the listed model, delivering competition, choice, and consistently market leading levels of customer satisfaction.

COBA welcomes APRA's review of the need to continue with the current annual Point of Presence publication (the PoP).

We note that APRA's Discussion Paper considers two options for the PoP going forward:

- Streamline the PoP and associated data collection; or
- Discontinue the PoP and associated data collection.

COBA supports discontinuation of the PoP, or, if APRA chooses to continue with the PoP, COBA supports it being continued in a more streamlined fashion.

However, we do note that while the majority of our members support discontinuation of this publication, this view is not universally held, and there are some customer-owned banking institutions that would like to see the publication retained.

Continuation of the Points of Presence Publication

COBA has previously queried the need for APRA to continue with the production of this publication. In providing feedback to APRA's Review of Regulatory Efficiency in May 2014, our submission questioned whether this publication remained relevant and noted that its discontinuation would deliver administrative savings to our members.

With banking services increasingly being delivered through online and mobile channels, the traditional face to face model, while still important, no longer provides a complete picture of a banking institution's engagement with a community. Some face to face services, such as mobile lenders, would no longer be collected under a streamlined PoP publication, making any PoP statistics an even more partial representation of a bank's "presence" in a location.

The costs to individual ADIs of completing the PoP data return are not insignificant. Anecdotal evidence from our members suggests that the cost to an ADI completing this return is several thousand dollars per annum. Further, given the relatively fixed costs associated with preparing this return, the regulatory burden of this data collection falls disproportionately on the smallest ADIs.

One member also noted that their completion of the PoP return requires verification of Bank@Post data from Australia Post, which runs to more than 100 pages. Verification and correction of errors in this data is a significant piece of work which is of very limited benefit.

Overall, COBA does not believe that the benefit of the PoP statistics outweighs the costs to ADIs of reporting the data, and that therefore collection of these statistics should be discontinued.

Streamlining the PoP statistics

Should APRA choose to continue with the PoP statistics, COBA supports efforts to reduce the administrative burden that collection of this data imposes on ADIs.

In principle, COBA supports the concept of seeking to streamline the number and type of service channels reported by ADIs. However, we also note that tightening the definition of "other face-to-face" to exclude channels with no fixed address (such as mobile lenders), could compromise the usefulness of this data.


COBA is also concerned that the shift to reporting addresses in geocode format will actually impose additional burdens on some ADIs. While APRA's consultation paper suggests that "ADIs have indicated to APRA that they already record geocodes within their management information systems," this is not the case for all ADIs.

Where ADIs do not currently collect information in this form, changing systems to automate this data collection would involve significant costs. Alternatively, if a manual workaround was adopted, the risk of APRA getting poor quality data would increase, as errors are more likely to appear in manually entered numeric strings than they are under the current process of reporting known physical addresses.

While we welcome APRA's efforts to reduce the reporting burden, if APRA chooses to continue with the production of a PoP publication, we would recommend further consultation with stakeholders to identify more practical areas where the reporting burden can be reduced.

Please contact me on 02 8035 8448 or Micah Green on 02 8035 8447 to discuss this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Lawler', written in a cursive style.

LUKE LAWLER
Head of Public Affairs