



25 August 2020

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS AND REGISTERED FINANCIAL CORPORATIONS

PROPOSED CHANGES TO MODERNISED ECONOMIC AND FINANCIAL STATISTICS (EFS) REPORTING STANDARDS AND GUIDANCE

The Australian Prudential Regulation Authority (APRA) is releasing updated EFS reporting standards and guidance for consultation. APRA has designed these changes with the Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA) (collectively, 'the agencies').

Background

In January 2017, APRA and the agencies commenced consultation on the EFS data collection, which replaced the domestic books collection submitted by authorised deposit-taking institutions (ADIs) and registered financial corporations (RFCs)¹. APRA and the agencies released final versions of the EFS reporting standards in January 2019.

The EFS collection was implemented in three phases, with the first phase commencing in March 2019. The second and third phases commenced in July and September 2019 respectively.

Updates to EFS reporting standards and guidance

Incorporating guidance from EFS FAQs

APRA and the agencies developed and implemented the EFS collection in close collaboration with ADIs and RFCs, including developing frequently asked questions (FAQs) for EFS. APRA has highlighted on the EFS FAQ page that where appropriate, it looks to incorporate the guidance provided by the FAQs into the reporting standards, forms, and instructions². APRA is now providing notice to entities that it intends on incorporating guidance from the FAQs into the reporting standards.

Changes ensuring adequate coverage for publications

Following a comprehensive review of the collections to date, APRA and the agencies developed a small number of additional changes to ensure sufficient coverage for publication purposes. These changes include lowering the reporting threshold on one reporting form and adding additional data items to capture specific segments needed to accurately monitor domestic activities.

Another key change is that APRA and the agencies propose changing the definition of ADI Reporting Category A in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS*

¹ [Modernised economic and financial statistics](#)

² [Economic and financial statistics - frequently asked questions](#)

Collection (ARS 701.0), from credit unions and building societies, to a specified list of ADIs that correspond with the current list of entities that report as category A filers. This update is to provide additional clarity and will not change the reporting requirements for ADIs.

These changes are proposed to be effective for the reporting period ending June 2021, with the exception of *Reporting Standard ARS 722.0 ABS/RBA Derivatives* (ARS 722.0) as discussed below.

Formalising deferral of commencement dates

On 1 April 2020, APRA and the agencies announced that the commencement of ARS 722.0 and *Reporting Standard ARS 730.1 ABS/RBA Derivatives* is deferred so that the Reporting Standards will apply from 31 March 2021³. APRA and the agencies are formalising this deferred commencement by reflecting it in the Reporting Standards.

Appendix A contains a list of all the Reporting Standards that have proposed changes.

A summary of key changes is presented in Appendix B. Please refer to each draft Reporting Standard to consider all the proposed changes.

Consultation period

APRA and the agencies welcome feedback on the proposed changes to the EFS reporting standards and guidance in this letter.

Written submissions should be sent to DataConsultations@apra.gov.au by 25 September 2020 and addressed to:

Senior Manager, Data Strategy and Frameworks
Data Analytics and Insights
Australian Prudential Regulation Authority

Yours sincerely,

Alison Bliss
General Manager
Cross-Industry Insights and Data Division

³ [Changes to reporting obligations in response to COVID-19](#)

APPENDIX A: LIST OF ALL CHANGES TO REPORTING STANDARDS

Reporting Standard	Changes
RPG 701.0	<ul style="list-style-type: none"> • Updates from RBA and ABS to include changes from first collection and FAQs • Added ARF 722.0 guidance
ARS 701.0	<ul style="list-style-type: none"> • Updates from RBA and ABS to include changes from first collection and FAQs • Updated definition of ADI Reporting Category A and ADI Reporting Category B • Added definitions of margined and revaluations for ARF 722.0 • Added definitions of market data services and related party management fee for ARF 730.0 • credit outstanding – changed qualifier for different application in 720.3 • derivatives – changed qualifier for different application in ARS 722.0 • Deletion of impaired definition • New APS 220 definitions - Non-performing, past due, well-secured. NB new APS 220 has been deferred to commence 1 January 2022 • Updated definitions of recoveries and writebacks (FAQ 140).
RRS 710.0	<ul style="list-style-type: none"> • Updated to enable RFCs to audit/report in line with their financial year ends.
ARS 720.0	<ul style="list-style-type: none"> • Updated reporting periods for RFCs to enable reporting in line with their financial years. • Removed instruction to exclude unsettled trades • ARF 720.0A: Updated or added item 10.6, 10.12.2, 18.1, 18.11.6 as a result of FAQs • ARF 720.0B: Updated or added item 10.6, 10.12.2, 18.1, 18.12.6 as a result of FAQs
ARS 720.1	<ul style="list-style-type: none"> • Updated reporting periods for RFCs to enable reporting in line with their financial years. • Renamed <i>past due</i> and <i>impaired</i> to <i>non-performing</i> and <i>not well-secured</i> to align with upcoming changes to APS 220.
ARS 720.2	<ul style="list-style-type: none"> • Updated reporting periods for RFCs to enable reporting in line with their financial years.
ARS 720.3	<ul style="list-style-type: none"> • Added item 1.1.6.2 and 3.1.4.2 to account for new AASB 16 (FAQ 96) • Deleted item 1.1.6 • Removed instruction to exclude unsettled trades • Removed reconciliation with ARF 720.0 • Added 'for avoidance of doubt' note re credit outstanding and ARS 701.0. • Updated quarterly reporting due date to 35 calendar days.
ARS 720.4	<ul style="list-style-type: none"> • Removed instruction to exclude unsettled trades • Updated quarterly reporting due date to 35 calendar days.
ARS 720.5	<ul style="list-style-type: none"> • Removed instruction to exclude unsettled trades • Updated quarterly reporting due date to 35 calendar days.

ARS 720.6	<ul style="list-style-type: none"> • Added clarification on domicile (FAQ 366) • Updated quarterly reporting due date to 35 calendar days.
ARS 720.7	<ul style="list-style-type: none"> • Updated quarterly reporting due date to 35 calendar days.
ARS 721.0	<ul style="list-style-type: none"> • Minor formatting edits • Change to allow zero haircut reporting
ARS 722.0	<ul style="list-style-type: none"> • Updated commencement date • Updated for definitions of <i>margin</i>ed and <i>revaluations</i> (bolded and italicised) • Deleted reference to RFCs in instructions • Added 'for avoidance of doubt' note re <i>derivatives</i> and ARS 701.0
ARS 723.0	<ul style="list-style-type: none"> • Updated quarterly reporting due date to 35 calendar days.
ARS 730.0	<ul style="list-style-type: none"> • Updated item 9 - impairment expense instructions • Renamed item 14 (added <i>gross</i> to title) • Added items 2.1.5 and 8.1.8 to separately report <i>related party management fee</i> income and expense items • Added item 4.1.6 and additional reporting instructions to report operating lease liabilities as per AASB 16 (FAQ 96) • Updated instructions for Item 7 to include market data services. • Updated due date to 35 calendar days.
ARS 730.1	<ul style="list-style-type: none"> • Updated commencement date post COVID-19 letter
ARS 741.0	<ul style="list-style-type: none"> • Added cells in items 2.1.7 and 2.1.8 for internal/external refinancing for large businesses • Clarified <i>borrower-accepted commitments</i> – FAQ 61
ARS 742.0	<ul style="list-style-type: none"> • Updates to wording to align with elsewhere in ARF 742.0/ARF 744.0
ARS 743.0	<ul style="list-style-type: none"> • Updated reporting threshold • Items 2,4: Clarified <i>borrower-accepted commitments</i> – FAQ 61 • Removed <i>weighted average</i> – changed to average.
ARS 744.0	<ul style="list-style-type: none"> • Items 1.1.1, 1.2.1: Removed reconciliation with ARF 743.0 • Added clarification for reporting item 5
ARS 745.0	<ul style="list-style-type: none"> • Clarified <i>borrower-accepted commitments</i> – FAQ 61
ARS 746.0	<ul style="list-style-type: none"> • Item 3 instructions: Fixed incorrect reconciliation
ARS 747.0	<ul style="list-style-type: none"> • ARF 747.0A/B: Added new column <i>interest rate band</i> to Item 1. • ARF 747.0A/B: Updated item 1, 3, 4, 5 to clarify <i>other related parties</i> – FAQ 94 • ARF 747.0B: updated item 4 instructions to specify units (FAQ 114, consistency with ARF 747.0A).
ARS 748.0	<ul style="list-style-type: none"> • Added clarification on interest rates reporting and items 1.2, 1.3. • ARF 748.0A, ARF 748.0B: Updated item 1.4 (FAQs 60, 130), item 2.4 (FAQs 60, 131), item 6/6.1 (FAQ 119) • ARF 748.0B: updated item 1.3 (consistency with 748.0A)

APPENDIX B – SUMMARY OF KEY CHANGES TO EFS REPORTING STANDARDS AND GUIDANCE

- Additional fields have been added to item 1 of *Reporting Standard ARS 747.0 ABS/RBA Deposits Stocks, Flows and Interest Rates*, to replace the ad hoc data currently collected by the RBA on the distribution of interest rates paid on deposits. It will require entities to separately identify the number, value and weighted average interest rate (and value of funds and margin, although these are lower-priority data for the agencies) of deposits outstanding by counterparty and by deposit type for interest rate bands.
- Additional fields have been added to *Reporting Standard ARS 741.0 ABS/RBA Business Finance* to separately identify borrower-accepted commitments to large businesses for the purposes of internal and external refinancing. Currently, the value of borrower-accepted commitments to large businesses is heavily influenced by refinancing. This obscures the measurement of new domestic lending.
- Additional fields have been added to *Reporting Standard ARS 730.0 ABS/RBA Statement of Financial Performance* to separately identify related party management fees that were previously included in derived other income and expense items.
- The agencies have reviewed the threshold for reporting on the *Reporting Standard ARS 743.0 ABS/RBA Housing Finance (ARS 743.0)* and propose to reduce the reporting threshold from \$6bn to \$3bn of housing credit outstanding. This reduction in the reporting threshold will improve the coverage of loan commitments reported by state which are published in the ABS publication, *Lending Indicators* (cat.no. 5601.0) without significantly increasing burden on the industry.
- *Reporting Standard RRS 710 ABS/RBA Audit requirements for Registered Financial Corporations – EFS Collection* and relevant reporting standards (ARS 720.0, ARS 720.1, and ARS 720.2) have been amended to reduce the burden on non-ADIs that report in the EFS collection on an annual basis. The relevant time period for an audit report has been shifted from December to the end of reporting entities' financial years, reflecting feedback from industry.
- Table 6 of *Reporting Standard ARS 720.1A ABS/RBA Loans and Finance Leases* and *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* have been aligned with APRA's forthcoming changes to *Prudential Standard APS 220 Credit Risk Management*⁴.
- *Reporting Standard ARS 720.6 ABS/RBA Securities on Issue* has been amended to make clear that entities should report the domicile of the security issued, rather than the domicile of the security issuer or holder.
- APRA plans to change the ADI Reporting Category A definition in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* from all credit unions and building societies to the list of existing credit unions and building societies. For new ADIs, this means that balance sheet size will determine the applicable reporting forms, rather than entity type (credit union, building society and bank). There will also be little scope to transition credit unions and building societies that currently participate in the EFS collection to the reporting forms intended for larger reporting entities if required in the future.

⁴ <https://www.legislation.gov.au/Details/F2020L00228>.