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Via email: DataAnalytics@apra.gov.au

24 February 2020

Dear Sir/Madam,

Sub: Feedback on confidentiality of data used in ADI quarterly publications and additional historical data

We welcome the opportunity to provide feedback on the proposed changes to the sources of data to be determined non-confidential for the ADI quarterly publications.

RegCentric specialises in transformation in Regulatory Reporting, Finance and Risk in the Australian financial services industry. RegCentric supports a growing number of Australian financial services organisations adhere to their regulatory compliance obligations whilst driving strategic transformation. We help them leverage technology and data management best practices to drive operational efficiencies across Risk, Finance and Compliance departments. We differentiate ourselves by combining deep domain expertise in APRA regulation with technical know-how and a hands-on approach.

APRA has outlined plans to determine that all data collected for its quarterly ADI publications should be considered non-confidential, allowing it to be published. RegCentric welcomes this initiative by APRA to improve transparency of the data APRA collects and its alignment with wider government open data policies.

RegCentric note that APRA plans to publish specific fields from Quarterly Authorised Deposit-taking Institution Performance Statistics (QADIP) on a quarterly basis without any time lag (as per APRA's Attachment 2) while all remaining fields will be published with a three-year time lag. In addition, we note APRA proposes to publish the Quarterly Authorised Deposit-taking Institution Property Exposures Statistics (QPEX) returns in their entirety without any time lag.

Data published without a Time Lag - Unaudited (QADIP Attachment 2 and QPEX)

RegCentric request APRA to clarify how the publishing of unaudited data on a quarterly basis (as outlined in Attachment 2 for QADIP returns and all data for QPEX returns) will align with the requirement for ADI's to produce audited Semi-Annual and Annual reporting disclosures.

The publishing of information above and beyond the requirements of APS 330 Public Disclosure may have unintended consequences to the Banking Industry and the entities involved. For example, information provided in ARF 330 Statement of Financial Performance such as Net Interest Income; Other Operating Income and Charge for Bad and Doubtful Debts along with Net Profit (Loss) after Income Tax are likely to be sensitive at an entity level. There are similar concerns in the QPEX returns listed surrounding performance information such as margins (refer below).

Any information related to the performance of an entity being displayed at such a granular level could be considered by a reasonable person to be sensitive under ASX Listing Rules 3.1 for those ADI's that are listed. RegCentric request APRA to confirm consideration of ASX Listing Rule 3.1 in terms of what information is released and what protocols will be in place around sensitive information.

Commercially Sensitive Information (QPEX)

Whilst greater transparency of data is encouraged for the industry, the publishing of all data down to an entity level will result in ADI's commercially sensitive information being made available. This includes some of the following sensitive information:

- Interest rates; Value of Funds and therefore Margin information. This information allows competitors to assess the responsiveness of the ADI to changes in pricing on their front book (new loans and deposits that have been written).
- The capture Loan to Value (LTV) on new loans also allows other ADIs to see how much risk an ADI is bringing onto its books (this may be used by other ADIs to assess strategy and risk appetite of the ADI in onboarding new loans).
- Similarly, loan information around repayment type (interest only vs amortising) or interest type (fixed vs variable) provide information on the profile of new and existing portfolio loans.

We request APRA to consider the impacts of making publicly available information related to risk appetite and pricing of an ADI; this information is sensitive to an ADI in terms of how quickly it is responding to pricing and market movements (impacts of margin compression on the ADI) and how much risk it is tolerating in its loan book. There may be a competitive advantage to other ADIs by displaying such commercially sensitive information.

Three Year Lag – remaining data fields (QADIP)

RegCentric note that all remaining data will be published on a three-year lag. There is some data that would still be considered commercially sensitive to ADIs if disclosed within a three-year timeframe for example data surrounding Loans and Finance Leases along with significant detail surrounding Liquidity and Liquid Assets. APRA may consider a longer period to publish data that is deemed commercially sensitive to say a five-year or longer lag may be more appropriate.

Historical Information (QADIP)

The banking industry in Australia already publish a significant amount of information through Pillar 3 Disclosures along with audited Annual Financial Statements and where required ASX disclosures. There is a risk that the data published by APRA at an entity level may be inconsistent with some of the disclosures already made to the wider market particularly

where there has been a change/implementation of new Accounting Standards or where APRA reporting requirements diverge from accounting standards. This may lead to confusion to the users of this information.

Commentary regarding significant movements (QADIP and QPEX)

The knowledge commentaries provided by a respondent to APRA may put additional onus on respondents in reviewing and obtaining internal approvals of commentaries and sourcing information prior to sending a response to APRA. Reporting entities may restrain from providing detailed information on significant movements to APRA due to the commercially sensitive nature of the information.

This may result in the unintended consequence that the regulator receives less granular information by reporting entities.

In summary, RegCentric would like to make the following recommendations:

- APRA consider the impacts of publishing data on a quarterly basis (without a time lag) will have on ADI's, their APS 330 Public Disclosures and, where applicable, ASX continuous disclosure requirements. As noted, there are additional sensitive fields in QADIP Attachment 2 and QPEX returns that will not be subject to audit or disclosure until half year or annual results are announced. We suggest APRA aligns its entity level disclosures with legislative requirements under Corporations Law Chapter 2M for disclosing entities to prepare half-yearly and annual financial reports.
- APRA continues disclosing the additional historical information at the more consolidated level based on the entity type grouping as per the current QADIP and QPEX publications and at the individual entity level with a minimum five year lag.
- APRA provide a qualification on publishing any historical information that may have been subject to subsequent accounting standard or disclosure changes.
- APRA provide clear and consistent guidelines on what is deemed commercially sensitive information in commentaries regarding significant movements. APRA may consider allowing respondents a separate section to put in additional or commercially sensitive information with the knowledge it will not be subsequently published.

We thank APRA for the opportunity to lodge this submission and would welcome further discussion on our feedback. Please don't hesitate to contact us via email on

[Redacted]

Yours Faithfully

[Redacted]

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