Hi [redacted],

Thank you for your time earlier this month to discuss APRA's Points of Presence (PoP) review. As discussed with you during our meeting, we have some preliminary thoughts on the review however given the scope of changes is not yet known we are keen to remain involved and provide more detailed feedback once more information on the direction of the review is known. Please find below our response to your initial consultation.

To provide a brief background on our organisation, COBA is the industry association for Australia's customer owned banks (mutual banks, credit unions and building societies). Collectively, our sector has over $160 billion in assets, around 10 per cent of the household deposits market and around 5 million customers. Our members range in size from less than $200 million in assets to around $25 billion in assets – all significantly smaller than most of our ASX-listed peers. Customer owned banking institutions deliver competition, choice and market leading levels of customer satisfaction in the retail banking market.

We recognise that APRA is reviewing its PoP data collection and reporting arrangements in response to a 2022 Regional Banking Taskforce recommendation, and that the Senate Rural and Regional Affairs and Transport References Committee is currently examining bank closures in regional Australia, including the effectiveness of government banking statistics capturing and reporting regional service levels.

The Regional Banking Taskforce recommendation sought to improve the PoP dataset to better capture indicators of how banking services are accessed, including through digital channels. This is likely to necessitate a change to scope and amount of data collected for the PoP. COBA recognises the need for a useful PoP dataset which better captures the way Australians, particularly those in regional areas, access and use banking services. However, we would call on APRA to approach any expansion in data collected through its PoP in a measured and proportional way. COBA's members are generally small and, in some instances, operate in certain geographic areas or have limited membership bases. Any significant increase to reporting requirements under an expanded PoP data collection would have a disproportionate impact on COBA members, relative to larger ADIs, given our small size and limited resourcing capacity. The increasing regulatory and compliance burden is already stretching members' scarce resources and often results in trade-offs and resource reprioritisation away from core customer facing investments to meeting more regulation and reporting requirements. Any additional reporting burden from the PoP review, particularly if it results in a need to generate and provide new, unique data, should be proportional and minimised as much as practicable. This would ensure that COBA members are not excessively and unduly burdened with further reporting requirements.

COBA believes that the scope of the PoP dataset should remain reasonably narrow, that is to provide high-level analytical information on consumer access to banking services. This is in contrast to a 'service directory' approach whereby detailed banking data is offered for consumers to use in order to find specific information on a bank's offering (i.e. branch opening times). In order for a service directory to be useful, the data would need to be very granular and require frequent updating. Such an approach would be very burdensome on the banks providing the data and would not be especially useful for consumers, given detailed and current data on an individual bank's service offerings is best found on their individual website.

We recognise that this consultation is only the beginning of APRA's review into the PoP data. COBA is open to working closely with APRA throughout its review and we would encourage to APRA to continue to consult closely with COBA and our members prior to making any changes to its publication.

Please let me know if you have any questions about what we have provided.

Thanks

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[redacted]

Senior Policy Adviser

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