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KPMG response: Improving the licensing framework for authorised deposit-taking institutions

KPMG Australia (KPMG) welcomes the opportunity to provide feedback on APRA's Discussion Paper: *Improving the licensing framework for authorised deposit-taking institutions* (the discussion paper).

KPMG supports APRA's intention to ensure the licensing framework for authorised deposit-taking institutions (**ADIs**) remains fit for purpose and reflects lessons learned both domestically and internationally.

We have outlined a number of areas below where we believe the framework could be strengthened or further clarified.

In-flight applications

We note that the final criteria are planned to be released in late 2026. Clarity should be provided on how in-flight licensing applications, or applications due to start in 2025, should be treated and what licensing framework and process such applications would need to follow.

Timeframes for licensing decisions: Dependencies on ASIC and the ABRS

KPMG welcomes the introduction of a 12-month timeframe for applicants to demonstrate that they meet the new licensing criteria, however we note that applicants have experienced delays in regards to obtaining an Australian Financial Services Licence (**AFSL**) and an Australian Registered Body Number (**ARBN**) from ASIC as well as a Director Identification Number (**DIN**) from the Australian Business Registry Services (**ABRS**).

We recommend that APRA consider and clarify how these dependencies on other agencies are factored into the proposed 12-month timeframe, when many delays often stem from DIN and ARBN applications.

These delays can be further exacerbated for foreign bank applicants due to a number of factors, including sourcing of global Director details and postage challenges.

APRA could consider strengthening coordination between their licensing framework and ASIC and ABRS processes in order to create a cross-agency streamlined approach to processing a license application.

12-month timeframe

KPMG notes the following matters in relation to the 12-month timeframe that would benefit from further clarity:

- **Starting point:** The statement "*that applicants would have 12 months from submitting their application to demonstrate they meet the new licensing criteria*" is not clear as to whether the 12 months starts from the initial enquiry by the applicant, from the initial presentation to APRA on the proposed business, or from the lodging of the first document (i.e. business plan). A clarification on this matter would be helpful.

- **Feedback on documents:** Clarification is required on whether the 12-month period includes the time taken by APRA to provide feedback to the applicant on the documents submitted.
- **Onsite visit:** It is unclear whether the 12-month period includes the on-site visit process, or only the submission of documents.
- **Application invoice:** Further clarity is required on when APRA would issue the invoice for the licensing process.
- **Extensions:** If the applicant needs more than 12 months to complete the application process due to delays in receipt of required ASIC or ABRS identifiers, APRA should consider whether there is scope to extend the 12-month period on that basis. Similarly, extensions may also be required in other circumstances, such as where the applicant's head office structures are complex and require additional processing time to obtain relevant identification information.

3-month timeframe – license grant

After the 3-month APRA licensing decision process, it is currently unclear whether the license is then issued after 3 months, or whether APRA is contemplating a period after that 3-month period for the license to be formally granted. Further clarification would be helpful on this matter.

Thank you for the opportunity to provide feedback on the discussion paper, we look forward to continuing to work with APRA on this project. Please do not hesitate to reach out if you would like to discuss this submission further.

Yours sincerely



KPMG Australia



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