

**APRA Stakeholder Survey - 2015**  
**Regulated institutions and knowledgeable**  
**observers**  
**Report of overall findings**  
**June 2015**



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Australian Survey Research Group Pty Ltd is accredited under the AS ISO 20252 quality standard applying to market and social research. This research project was carried out in compliance with the AS ISO 20252 quality standard.

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# Executive summary

In April and May 2015, the Australian Prudential Regulation Authority (APRA) conducted a study of its stakeholders as part of its service charter commitments. APRA engaged Australian Survey Research (ASR) to deploy, analyse and report on web surveys of 537 regulated institutions and 356 knowledgeable observers.

## Data collection

The 2015 survey was based closely on a questionnaire developed by both APRA and ASR in the first round of stakeholder surveying conducted in 2009 but with some refinements in this current round of surveying. The Australian Bureau of Statistics Statistical Clearing House approved the 2015 web survey. A total of 278 regulated institutions responded, which is a statistically representative sample and reflects the population profile on a number of attributes. Seventy-five knowledgeable observers responded to a shorter version of the regulated institution survey.

## Regulated institutions—highest and lowest items

The regulated institution questionnaire contained 53 rated items presented to most respondents and these items all used a five-point rating scale. There were also a number of multiple choice and open-ended questions. The questionnaire contained a series of questions about APRA publications that varied depending on institutional or individual use and these items have not been included in the high/low tables below. Of the common rated items only one scored below 3.0 (neutral) on the five-point scale and 39 of the 53 items had 75% or more positive (sum of top 2 positive rating points) responses.

Clearly, regulated institutions continued to support APRA’s mission, prudential framework, its staff and its approach to supervision. However, the associated cost and effort of compliance is significant and not every institution fits easily within the framework.

The highest and lowest scoring items are displayed in the tables below. Note that all items but three rounded to the *agree* point of 4, so there is not a lot of variation in scores across items in terms of mean scores. The variation in the amount of agreement (Top 2 score) tells a slightly different story. Interpreting results in this survey is about identifying small and subtle changes. Examples of positive moves are various aspects of supervision teams, like effectively communicating findings and having good organisational understanding and industry knowledge. A downward movement is ease of use of D2A—APRA’s reporting platform.

The **blue italic items** in the table below were asked only of group institutions (n=147).

*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree; while \* items used a 5 point never-always scale. NA means not asked in 2013*

HIGHEST SCORING ITEMS – n=287	2015 MEAN	2013 MEAN	TOP 2 SCORE %
APRA staff demonstrate its value of integrity	4.7	4.5	97.6
APRA staff demonstrate its value of professionalism	4.5	4.4	93.4
<b><i>A single supervisory team responsible for all group companies is an appropriate way to supervise groups</i></b>	<b>4.4</b>	<b>4.3</b>	<b>89.9</b>
APRA is effective in communicating the findings of supervisory visits to your institution	4.4	4.2	96.8
The APRA supervisory team responsible for your organisation has a good understanding of your organisation	4.3	4.2	91.9
APRA's prudential framework is effective in achieving APRA's mission	4.2	4.2	94.8
APRA's guidance material is of value to your institution	4.2	4.3	94.4
The impact APRA's supervision activity has had on your institution's risk	4.2	NA	94.0

HIGHEST SCORING ITEMS – n=287	2015 MEAN	2013 MEAN	TOP 2 SCORE %
management practices over the past few years			
APRA effectively enforces its prudential requirements	4.2	4.1	93.5
APRA's reports of prudential reviews provided to your institutions have the appropriate level of detail	4.2	4.1	92.9
The APRA supervisory team responsible for your organisation is experienced in your industry	4.2	4.0	87.9
APRA staff demonstrate its value of collaboration	4.2	4.2	82.1

LOWEST SCORING ITEMS n=287	2015 MEAN	2013 MEAN	TOP 2 SCORE %
The effort required of your institution during APRA's prudential reviews is appropriate	3.7	3.6	71.1
APRA identifies emerging industry issues in a timely manner	3.7	NA	66.8
The impact APRA's prudential requirements have had on the financial management of your institution	3.7	NA	70.8
<b><i>APRA's harmonisation of the prudential framework across its regulated industries is important for your institution</i></b>	<b>3.7</b>	<b>3.7</b>	<b>52.7</b>
Form instructions and guidance, the Plain English Taxonomy (PET) and FAQs are helpful in completing APRA's reporting forms	3.6	3.7	67.2
APRA provides clear advice when your institution has difficulties understanding APRA's reporting requirements	3.6	3.9	61.2
The D2A Help Desk is helpful when your institution has difficulties using D2A	3.6	3.9	60.2
Using Standard Business Reporting (SBR) reduces the time and effort required to meet reporting obligations to APRA	3.4	NA	42.0
D2A is easy to use when lodging data with APRA	3.3	3.6	49.6
Changes to APRA's prudential framework considers the costs of regulation imposed on industry	2.6	2.6	17.9

As noted in previous survey reports, demonstration of APRA's values, in particular integrity and professionalism, can be considered an APRA strength. These two values have consistently received high scores since 2009. In contrast, compliance cost and effort as well as D2A continue to be areas given lower scores by stakeholders.

### ***Regulated institutions—year comparison***

Over time, there have been no major movements in results in this survey. Any changes have been incremental—both positively and negatively. However, this year has seen a slight positive increase in many areas and many of these increases were statistically significant. Notable positive changes were around principles versus prescription (which still has some way to go), appropriately identifying material issues during reviews and several aspects of supervision.

### ***Knowledge observers***

Knowledgeable observers were presented a shorter version of the regulated institutions' questionnaire, so only a sub-set of the regulated institution questions could be compared. Within the comparable items, knowledgeable observers had similar top scoring items around APRA values, guidance material and the

effectiveness of the prudential framework in achieving APRA's mission. Both audiences rated the cost of regulation item as the lowest in the survey.

When 2015 results for knowledgeable observers are compared with equivalent items from the previous survey, there were no or minor differences, with the exception of the item *APRA's prudential framework is effective in achieving APRA's mission*. This was statistically significantly lower for 2015 compared with 2013. The cost of regulation item was the lowest scoring and has continued to decline for knowledgeable observers.

## *Conclusion*

Survey results have remained stable over time, indicating an overall positive reaction to APRA's mission and method of operation, with the exception of costs of regulatory compliance which has received lower ratings over time, and data provision for which ratings have declined in the 2015 survey.

## Introduction

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As part of its published service charter, the Australian Prudential Regulation Authority (APRA) is committed to surveying regulated institutions, industry bodies and other stakeholders to understand the impact of its prudential framework and the effectiveness of its supervision. Within this charter and since 2009, APRA has conducted a biennial stakeholder survey.

In late 2014, APRA engaged Australian Survey Research (ASR) to conduct the 2015 round of its stakeholder study, using an identical method and very similar content to previous rounds. Two similar surveys were conducted in April/May 2015: one of regulated institutions and a shorter survey of industry representatives, auditors and actuaries (termed knowledgeable observers).

This report outlines the methodology used in the surveys as well as the key findings.

Key findings for regulated institutions are presented from an overall perspective, as well as by industry sector and group affiliation. Comparative results between all the rounds of surveying (2009, 2011, 2013 and 2015) are presented and discussed. Findings from knowledgeable observers form a separate section within this report.

## Methodology

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This section outlines how the questionnaire was developed and tested, how survey participants were identified and how the survey was administered and analysed.

### Questionnaire

For the original 2009 stakeholder study, APRA project staff prepared a preliminary set of questions that were drawn from other, similar international studies and from key aspects of APRA's Service Charter including its stated corporate values. Together, ASR and APRA further refined the questionnaire and input was sought from a range of internal stakeholders including the APRA Members. This original questionnaire has been refined slightly over successive rounds of surveying to reflect APRA's current responsibilities and activities, meaning a small number of questions have been dropped, some added and references to publication names have been updated. The 2015 regulated institution survey includes an additional series of questions about the usefulness of APRA interactions and publications, and reliability of APRA's publications as well as some new questions on the impact of APRA's enforcement of prudential requirements.

Both web questionnaires were loaded into ASR's proprietary web surveying tool, SurveyManager, and hosted on ASR's internet servers located in a high security data centre in Melbourne's CBD.

The regulated institution questionnaire was pilot tested in 2009. For the 2011, 2013 and 2015 studies, no pilot test was conducted because there were only minimal changes to the survey conduct and content. The Australian Bureau of Statistics Statistical Clearing House approved the regulated institutions survey in February 2015 and it has ongoing SCH approval until March 2019 on the condition that minimal changes are made to the concept and execution of the survey.

### Regulated entity data collection

APRA provided ASR with a full listing of all regulated institutions (n=537) including each institution's designated APRA prudential contact, along with the contact's email address and details such as institution name, industry sub-group, size in terms of asset base and attachment (or not) to a regulated group. The survey was conducted as a census of APRA's regulated institutions.

Prior to going live with the full survey, APRA Chairman, Mr Wayne Byres, sent a letter to the CEOs and all prudential contacts of all regulated institutions in Australia advising them of the survey. Soon after, ASR sent an email invitation to a prudential contact within each institution, which contained a unique hyperlink to access each institution's questionnaire. The email also contained instructions for the prudential contact

to liaise with the APRA statistical contact within their organisation to help complete the questionnaire. In some organisations the prudential contact and the statistical contact were the same person. For the purpose of this survey, each regulated institution was considered a unit within the population.

A total of 14 prudential contacts were identified as contacts for three or more institutions. One person was a prudential contact for 10 institutions. These multiple institution contacts were approached individually and given the option to answer once per institution, once per industry sector or once in total. Once a multiple institution answered, ASR cloned survey responses as requested by the institution.

ASR tracked the response rate and sent targeted reminder emails to all non-responders. ASR also conducted telephone reminders for 200 prudential contacts of regulated institutions.

Before an institution’s response was finally submitted (completed), the CEO of each organisation was asked to complete a declaration endorsing the answers provided.

## Knowledgeable observer data collection

Prior to going live with the full survey, APRA Chairman, Mr Wayne Byres, sent a letter to all identified knowledgeable observers advising them of the survey. Soon after, ASR sent an email invitation with a unique link to each knowledgeable observer (n=356) with the advice that each person could choose how to answer: with a single organisational response if many employees from the same organisation received an invitation, or individually.

ASR tracked the response rate and sent targeted reminder emails to all non-responders.

## Data analysis

Results were analysed to produce mean scores (averages), Top 2 scores and frequency distributions. Various statistical tests including chi square, t test and ANOVA have been used to determine any statistical differences between demographic sub-groups (such as industry and size). All tests are reported at the  $p < 0.05$  level (95% confidence level).

Mean scores have been calculated using only the number of respondents who chose a rating point answer. In other words, *don't know*, *not applicable* and *no answers* (blank) have been excluded from statistical calculations.

In addition to reporting a mean score, for this round of survey reporting we have introduced the concept of a **top 2 score** which is expressed as a percentage. Top 2 refers to the two most positive points on a rating scale. The Top 2 score is the addition of the percent of people/institutions that chose, say, the *strongly agree* and *agree* rating points, or for some items, *extremely useful* and *very useful* rating points. An ideal top 2 score is anything over 75-80% meaning that most people are happy / satisfied / in agreement.

A mean is effectively a single score which reflects the weighted distribution of answers to a question. Top 2 score focuses on the overall proportion of positive responses, so at times these scores may follow a similar pattern and at times present somewhat different results. Neither is better; they are simply measuring in a different way. The rating scale used to assess most items is displayed in the table to the right. It is important to understand what the numbers represent because results later in the report are presented in numeric form only. For example, a mean (average) score of 4.0 indicates that, overall, respondents agreed that APRA was performing well on a particular item. Some items were asked using a different rating scale. Where a survey item was presented with a different scale to the one shown to the right, it is noted and explained near a specific table where the scale is used.

RATING SCALE DESCRIPTION	ASSIGNED NUMERIC VALUE
Strongly disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly agree	5

**When calculating both mean and top 2 scores, all *don't know* and *no answer* answers have been EXCLUDED. This is important to note as the frequency distributions in charts INCLUDE *don't know* and *no answer* percentages. It means that adding the two most positive cells within a chart will produce a different result to the top 2% displayed in tables.**

## Response and sample profile

A total of 287 regulated institutions responded to the survey yielding a **response rate of 53.4%**. The sample is statistically representative of the stakeholder population as a whole at the 95% confidence level and the  $\pm 4\%$  confidence interval (see note to the right explaining confidence interval and level).

The population and sample profiles for regulated institutions have been compared by industry sector, group/non-group and asset size to identify if any sub-groups were over/under-represented in the response set. In general, response profiles follow similar patterns to the population, with some slight under and over-representation within sub-groups.

The industry sector profiles (% of responses for each sector) are similar but with trustees slightly under-represented while ADIs are marginally over-represented in the sample. Note that the confidence intervals for two sectors are well over  $\pm 10\%$ . It means that results are not statistically representative for life insurers and Friendly Societies and that results for these two smaller sectors should be treated as indicative only.

Institutions belonging to non-groups are slightly under-represented, but there are sufficient numbers of both group and non-group institutions in the response sample for them to be representative of their sub-populations.

Representativeness of a sample is usually assessed at a 95% confidence level (accuracy) and a  $\pm 5\%$  confidence interval (precision).

The **confidence level** tells you how sure you can be. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the confidence interval. The 95% confidence level means you can be 95% certain; the 99% confidence level means you can be 99% certain. Most researchers use the 95% confidence level.

The **confidence interval** is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a confidence interval of 4 and 47% of your sample picks an answer, you can be "sure" that if you had asked the question of the entire relevant population between 43% (47-4) and 51% (47+4) would have picked that answer.

Reference:  
[www.surveysystem.com/sscalc.htm](http://www.surveysystem.com/sscalc.htm)

Note that the population and sample totals vary, depending on the attribute being examined: for example, industry sector population total is 512, while group total is 537. For industry sub-groups, non-operating holding groups (NOHC) were excluded from industry analysis but were included in the overall analysis.

**No weighting** has been applied to the sample.

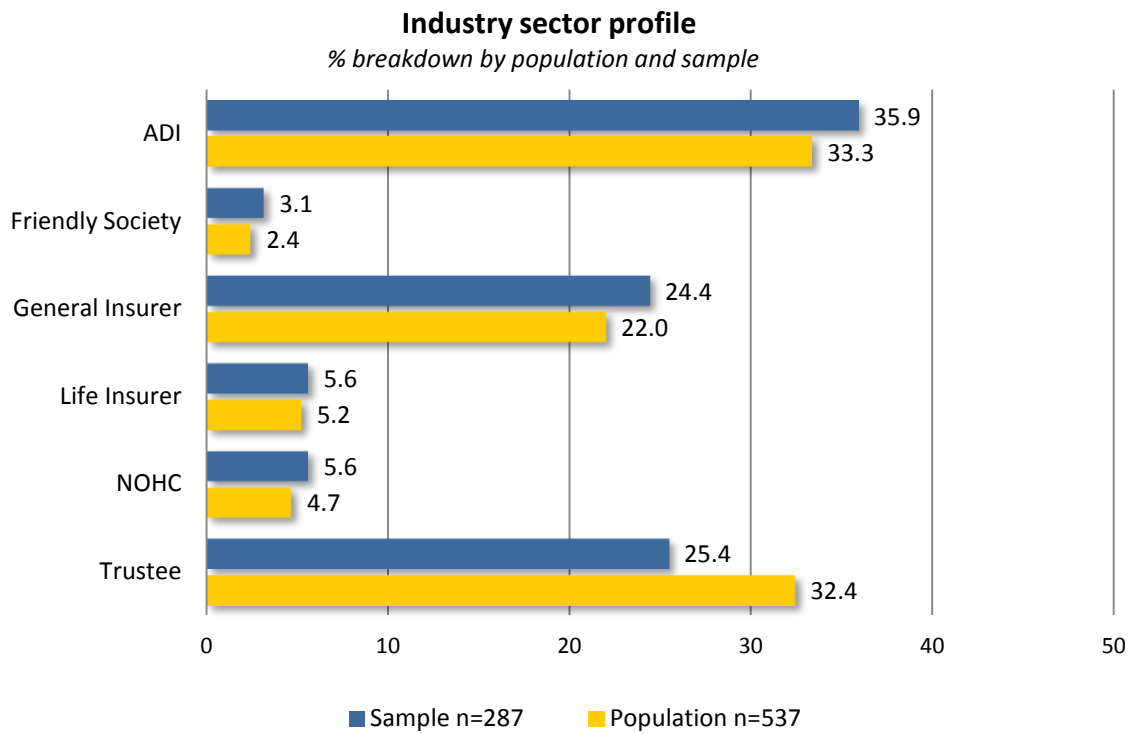
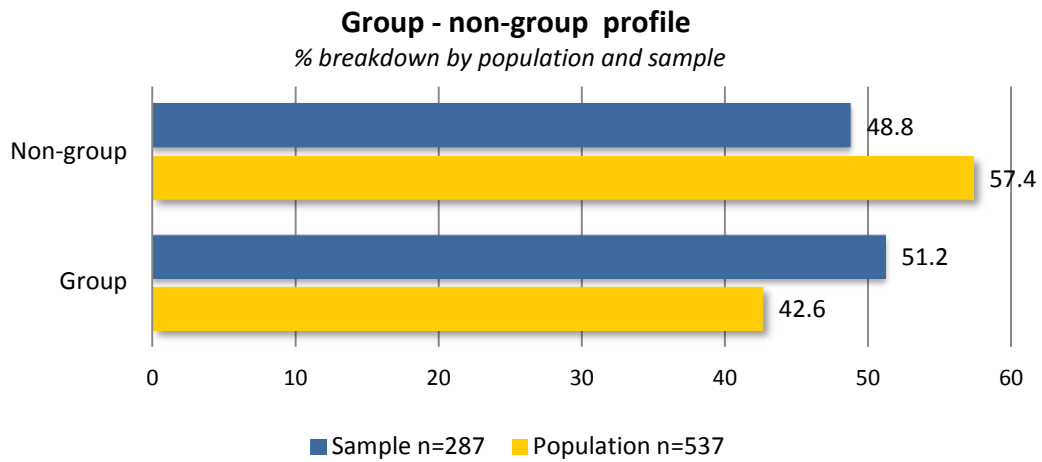
The response sample and population profiles are displayed in the following tables and charts.

PART OF A GROUP OR NOT	POPULATION		RESPONSE SAMPLE		CONFIDENCE INTERVAL
	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>	$\pm\%$
Non-group	308	57.4	140	48.8	$\pm 6.1\%$
Group	229	42.6	147	51.2	$\pm 4.9\%$
<b>Total</b>	<b>537</b>	<b>100.0</b>	<b>287</b>	<b>100.0</b>	<b><math>\pm 4.0\%</math></b>

There are fewer institutions in the industry sector breakdown compared with other breakdowns because NOHC entities have been excluded.

INDUSTRY SECTOR	POPULATION		RESPONSE SAMPLE		CONFIDENCE INTERVAL
	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>	$\pm\%$
Trustees	174	34.0	73	26.9	$\pm 8.7\%$
ADIs	179	35.0	103	38.0	$\pm 6.3\%$
General Insurers	118	23.0	70	25.8	$\pm 7.5\%$
Life Insurers	28	5.5	16	5.9	$\pm 16.3\%$
Friendly Societies	13	2.5	9	3.3	$\pm 18.0\%$
<b>Total</b>	<b>512</b>	<b>100.0</b>	<b>271</b>	<b>100.0</b>	





# Regulated institutions—key findings

This section outlines the key findings for regulated institutions by topic. For each topic, the mean and top 2 scores are presented along with the frequency distribution for each item. Institution differences (industry and group affiliation) are covered in later sections, as are results from knowledgeable observers. In this key findings section, some references are made to changes since 2013, 2011 and 2009, but complete details of year comparisons are presented in a later section.

**Overall, all topics had a majority of positive responses and 39 of 53 rated items had 75% or more of respondents who agreed or strongly agreed with the item.**

Tables displaying mean and top 2 scores have been sorted from highest to lowest by mean score. Within this section, some item labels in the frequency distribution charts may have been truncated for readability. Item labels are included in full in all tables of mean scores and usually appear above a chart.

## Prudential requirements

### APRA's framework

The table to the right displays the mean scores for items related to prudential requirements. On average, respondents agreed with all areas of APRA's framework and its structure and implementation. The top 2 score for the item *APRA's harmonisation of the prudential framework across its regulated industries is important for your institution* was 52.7% and was the only item that falls below 70%. Additionally, over one third of respondents rated this item as 'neutral' suggesting that this harmonisation is not very important to respondents. The results for 2015 for this item follow the same pattern as the results in all previous rounds of surveying.

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

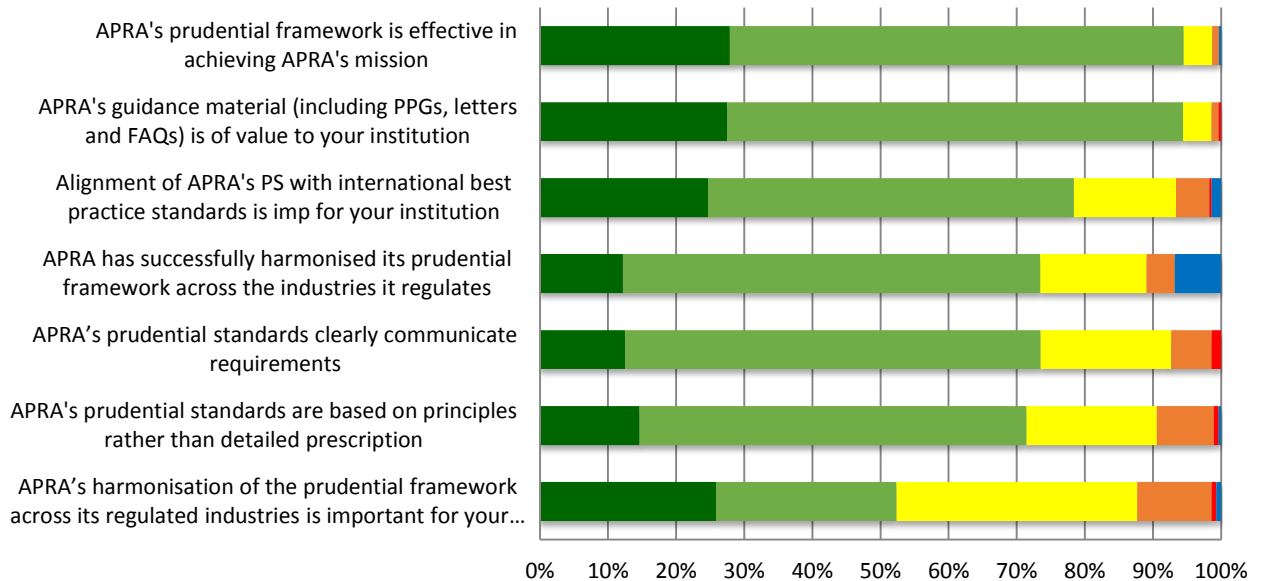
FRAMEWORK ITEMS – n=287 unless otherwise stated	2015 MEAN	TOP 2 SCORE %
APRA's prudential framework is effective in achieving APRA's mission	4.2	94.8
APRA's guidance material (including PPGs, letters and FAQs) is of value to your institution	4.2	94.4
The alignment of APRA's prudential standards with international best practice standards for your industry is important for your institution	4.0	79.5
*APRA has successfully harmonised its prudential framework across the industries it regulates	3.9	78.8
APRA's prudential standards clearly communicate requirements	3.8	73.5
APRA's prudential standards are based on principles rather than detailed prescription	3.8	71.7
*APRA's harmonisation of the prudential framework across its regulated industries is important for your institution	3.7	52.7

\*These items were only asked of institutions that are part of a group (n=147)

The chart on the following page displays the frequency distribution of ratings for each item in the topic. Most items have a majority of positive (agree) ratings. APRA's guidance materials and effectiveness of prudential framework in achieving APRA's mission can be considered key strengths.

## Prudential requirements

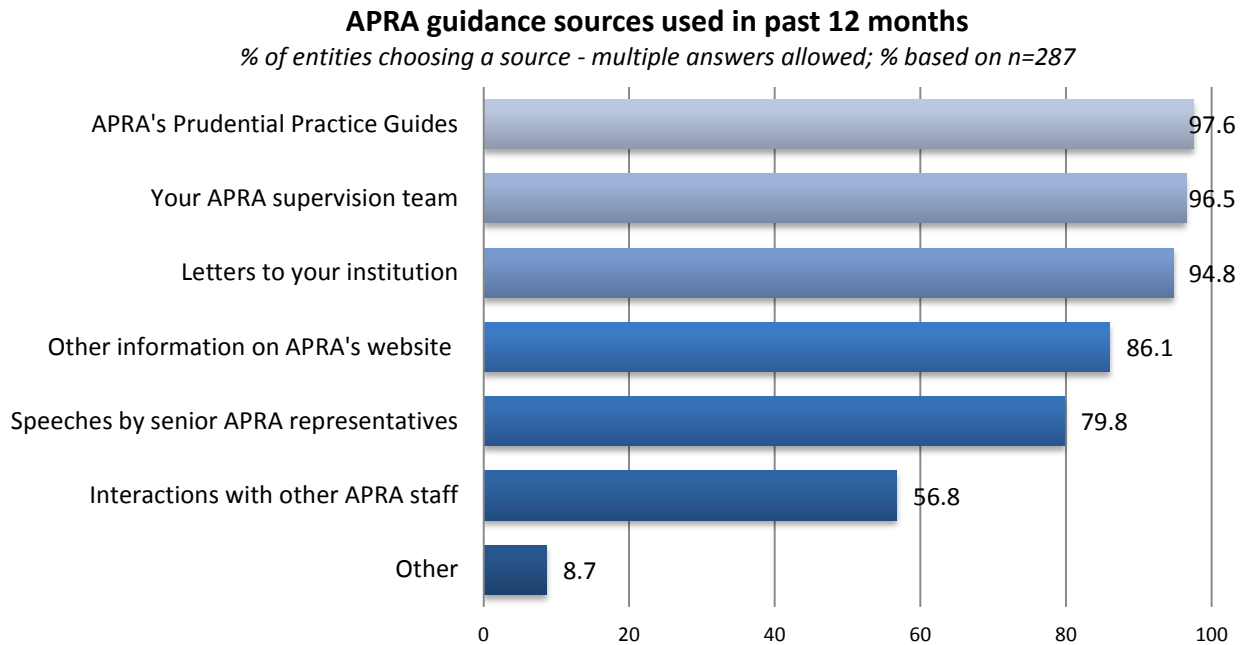
% of responding entities choosing a rating point; n=287



	APRA's harmonisation of the prudential framework across its regulated industries is important for your institution	APRA's prudential standards are based on principles rather than detailed prescription	APRA's prudential standards clearly communicate requirements	APRA has successfully harmonised its prudential framework across the industries it regulates	Alignment of APRA's PS with international best practice standards is imp for your institution	APRA's guidance material (including PPGs, letters and FAQs) is of value to your institution	APRA's prudential framework is effective in achieving APRA's mission
Strongly agree	25.9	14.6	12.5	12.2	24.7	27.5	27.9
Agree	26.5	56.8	61.0	61.2	53.7	66.9	66.6
Neutral	35.4	19.2	19.2	15.6	15.0	4.2	4.2
Disagree	10.9	8.4	5.9	4.1	4.9	1.0	1.0
Strongly disagree	0.7	0.7	1.4	0.0	0.3	0.3	0.0
Don't know	0.7	0.3	0.0	6.8	1.4	0.0	0.3

## Sources of guidance

Regulated institutions widely used all sources of guidance information (in the chart below, responding institutions could choose multiple sources, so totals add to more than 100%). Respondents were more likely to interact with their supervision team (97%) compared with other APRA staff (57%). In the *Other* category in the chart below, industry and association working groups were most commonly mentioned.

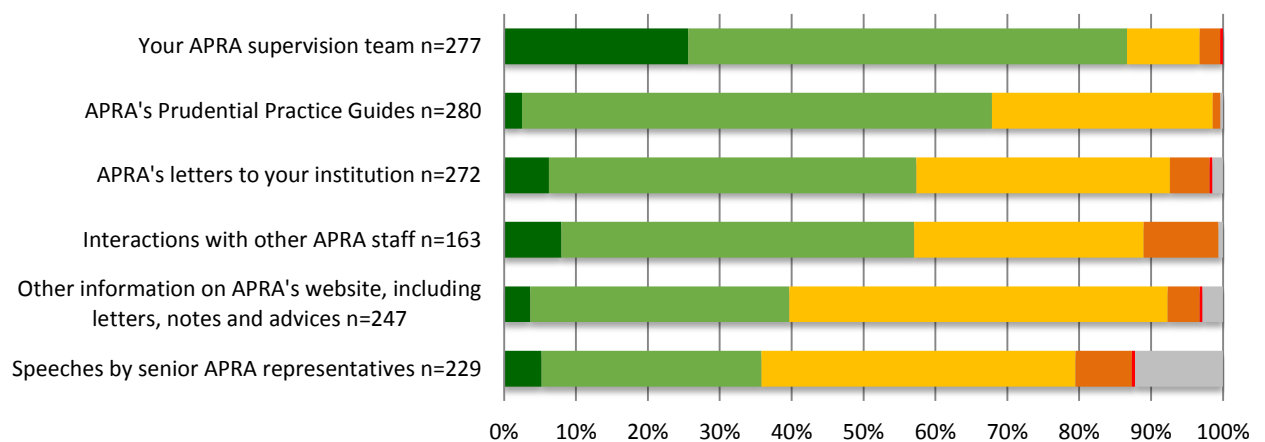


Institutions that indicated using a particular source of guidance were asked to rate its usefulness. The chart below indicates that APRA supervision teams and Prudential Practice Guides (PPGs) received the highest scores for usefulness. Speeches by senior APRA representatives and other information on APRA's website received lower usefulness ratings. Most commonly, respondents rated these two items as moderately useful (yellow in the chart below).

USEFULNESS OF GUIDANCE SOURCES – n varies	2015 MEAN	TOP 2 SCORE %
Your APRA supervision team n=277	4.1	86.6
APRA's Prudential Practice Guides n=280	3.7	68.1
APRA's letters to your institution n=272	3.6	58.2
Interactions with other APRA staff n=163	3.5	57.4
Speeches by senior APRA representatives n=229	3.4	40.8
Other information on APRA's website, including letters, notes and advices n=247	3.4	40.8

### Usefulness of APRA guidance

% of responding entities choosing a rating point; n varies with each source



	Speeches by senior APRA representatives n=229	Other information on APRA's website, including letters, notes and advices n=247	Interactions with other APRA staff n=163	APRA's letters to your institution n=272	APRA's Prudential Practice Guides n=280	Your APRA supervision team n=277
Extremely useful	5.2	3.6	8.0	6.3	2.5	25.6
Very useful	30.6	36.0	49.1	51.1	65.4	61.0
Moderately useful	43.7	52.6	31.9	35.3	30.7	10.1
Slightly useful	7.9	4.5	10.4	5.5	1.1	2.9
Not useful at all	0.4	0.4	0.0	0.4	0.0	0.4
No answer	12.2	2.8	0.6	1.5	0.4	0.0

## Consultation process

All items relating to the consultation process were rated positively except one. The item *Changes to APRA's prudential framework considers the costs of regulation imposed on industry* was again the lowest scoring item in the entire survey. The top 2 score for this item was 17.9%, while all other items achieved a top 2 score of 74% or higher—a good result for these other items.

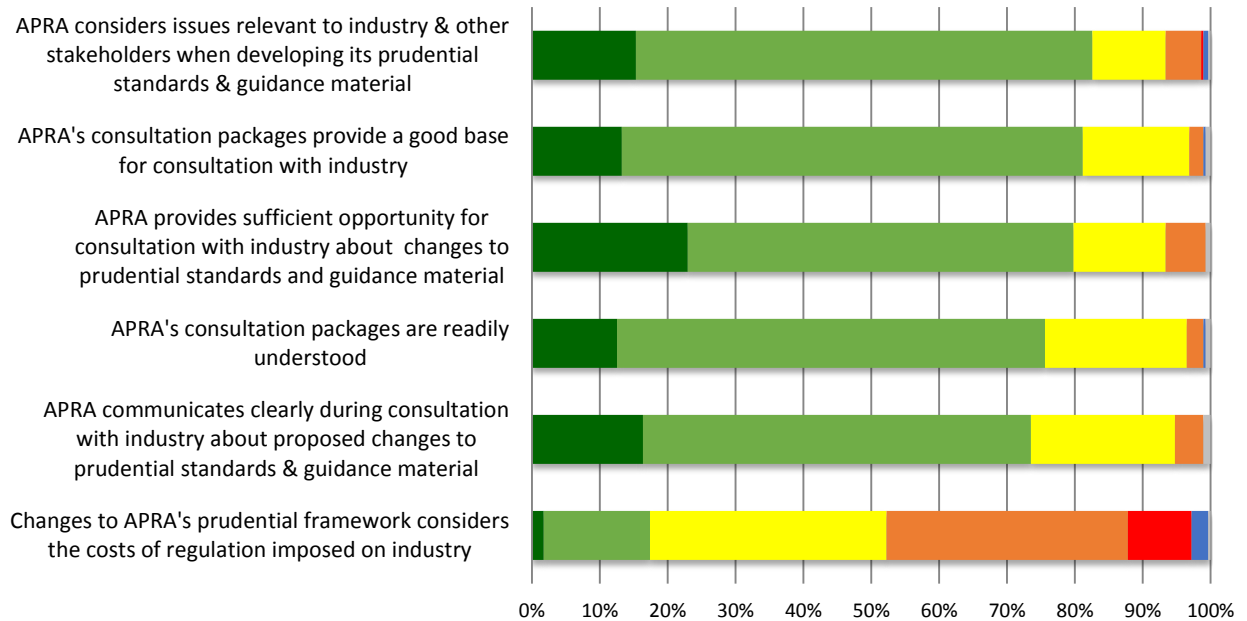
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

CONSULTATION ITEMS – n=287	2015 MEAN	TOP 2 SCORE %
APRA provides sufficient opportunity for consultation with industry about changes to prudential standards and guidance material	4.0	80.4
APRA communicates clearly during consultation with industry about proposed changes to prudential standards & guidance material	3.9	74.3
APRA's consultation packages are readily understood	3.9	76.4
APRA's consultation packages provide a good base for consultation with industry	3.9	82.0
APRA considers issues relevant to industry & other stakeholders when developing its prudential standards & guidance material	3.9	83.5
Changes to APRA's prudential framework considers the costs of regulation imposed on industry	2.6	17.9

The chart below displays the frequency distribution of ratings for items within this topic. There are relatively few negative responses about the consultation items surveyed, except for cost of compliance.

## Consultation process

% of responding entities choosing a rating point; n=287



	Changes to APRA's prudential framework considers the costs of regulation imposed on industry	APRA communicates clearly during consultation with industry about proposed changes to prudential standards & guidance material	APRA's consultation packages are readily understood	APRA provides sufficient opportunity for consultation with industry about changes to prudential standards and guidance material	APRA's consultation packages provide a good base for consultation with industry	APRA considers issues relevant to industry & other stakeholders when developing its prudential standards & guidance material
Strongly agree	1.7	16.4	12.5	23.0	13.2	15.3
Agree	15.7	57.1	63.1	56.8	67.9	67.2
Neutral	34.8	21.3	20.9	13.6	15.7	10.8
Disagree	35.5	4.2	2.4	5.9	2.1	5.2
Strongly disagree	9.4	0.0	0.0	0.0	0.0	0.3
Don't know	2.4	0.0	0.3	0.0	0.3	0.7
No answer	0.3	1.0	0.7	0.7	0.7	0.3

## Risk assessments

Respondents indicated that APRA was collecting enough information to assess risk, that APRA's PAIRS rating matched their own view and that in most cases reviews were adequately spaced apart. On average, responding institutions agreed that APRA was effective in identifying industry risks. Effort required during industry reviews and identifying emerging industry issues were the two lowest rated items in the topic.

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

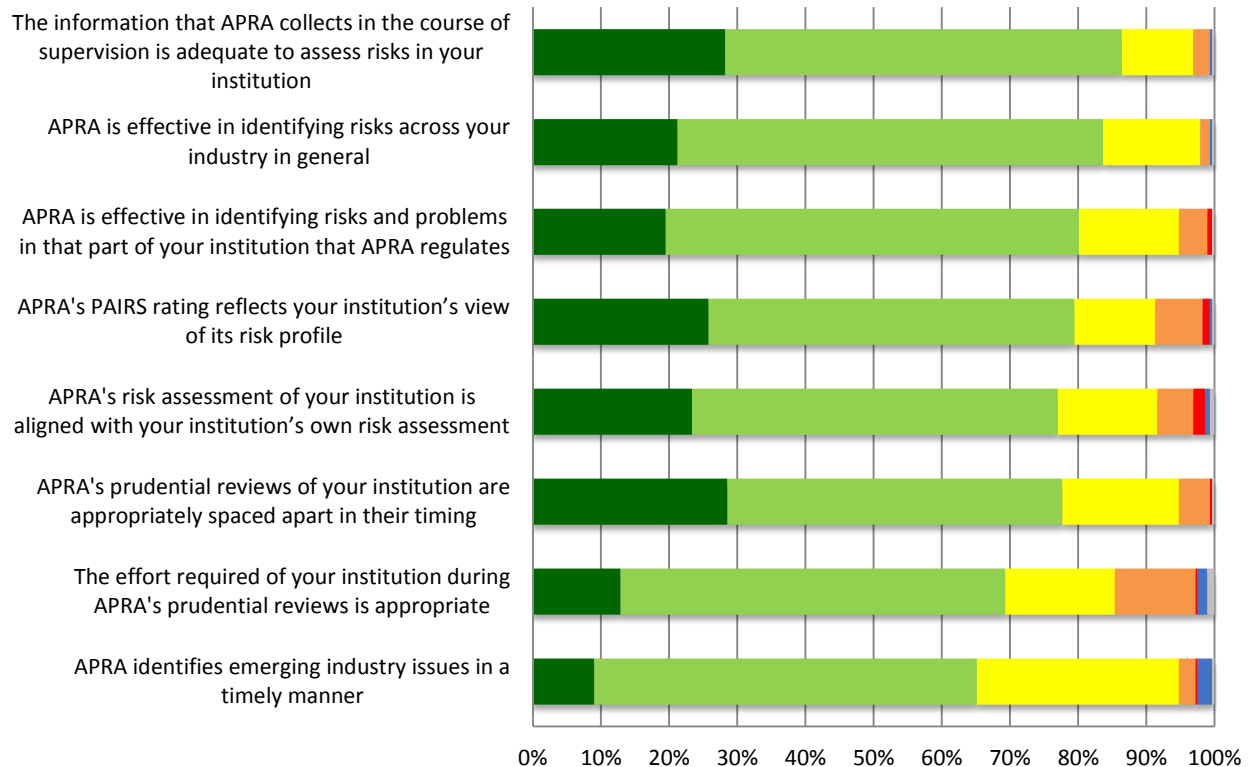
RISK ASSESMENTS – n=287	2015 MEAN	TOP 2 SCORE %
The information that APRA collects in the course of supervision is adequate to assess risks in your institution	4.1	87.0
APRA is effective in identifying risks across your industry in general	4.0	84.2
APRA's PAIRS rating reflects your institution's view of its risk profile	4.0	80.0
APRA's prudential reviews of your institution are appropriately spaced apart in their timing	4.0	78.0
APRA is effective in identifying risks and problems in that part of your institution that APRA regulates	3.9	80.4
APRA's risk assessment of your institution is aligned with your institution's own risk assessment	3.9	78.1
The effort required of your institution during APRA's prudential reviews is appropriate	3.7	71.1
APRA identifies emerging industry issues in a timely manner	3.7	66.8

The frequency distribution chart below shows a strong positive result for most items in this topic. The effort required during prudential reviews is rated more negatively than other items in this topic along with APRA identifying emerging issues. Overall, these results are little changed from the previous survey.



## Risk assessments

% of responding entities choosing a rating point; n=287



	APRA identifies emerging industry issues in a timely manner	The effort required of your institution during APRA's prudential reviews is appropriate	APRA's prudential reviews of your institution are appropriately spaced apart in their timing	APRA's risk assessment of your institution is aligned with your institution's own risk assessment	APRA's PAIRS rating reflects your institution's view of its risk profile	APRA is effective in identifying risks and problems in that part of your institution that APRA regulates	APRA is effective in identifying risks across your industry in general	The information that APRA collects in the course of supervision is adequate to assess risks in your institution
Strongly agree	9.1	12.9	28.6	23.3	25.8	19.5	21.3	28.2
Agree	56.1	56.4	49.1	53.7	53.7	60.6	62.4	58.2
Neutral	29.6	16.0	17.1	14.6	11.8	14.6	14.3	10.5
Disagree	2.4	11.8	4.5	5.2	7.0	4.2	1.4	2.4
Strongly disagree	0.3	0.3	0.3	1.7	1.0	0.7	0.0	0.0
Don't know	2.1	1.4	0.0	0.7	0.3	0.0	0.3	0.3
No answer	0.3	1.0	0.3	0.7	0.3	0.3	0.3	0.3

# Dealings with APRA

## APRA staff

All items were positively rated in this topic. As a pattern APRA supervision teams were well rated and mostly well commented on throughout the entire survey.

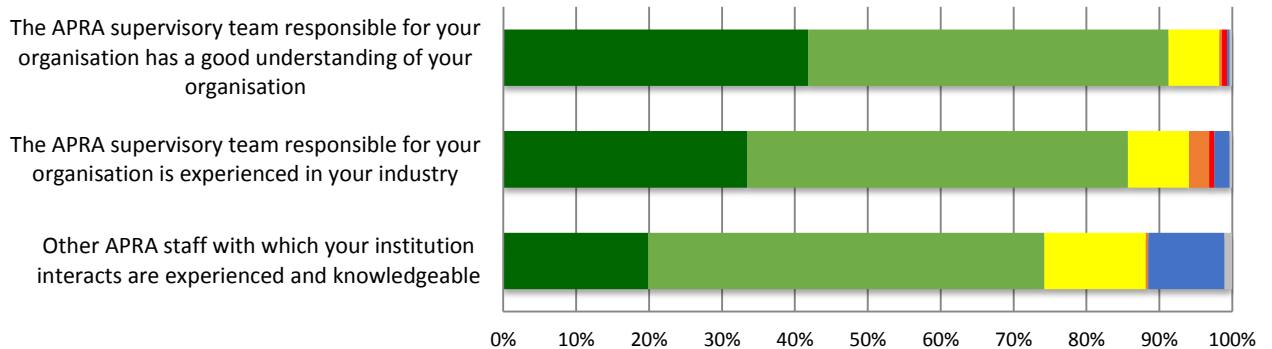
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

The chart below demonstrates that there was less awareness and interaction with other APRA staff when compared with the APRA supervision team. This may be related to the supervisory model that APRA employs.

APRA STAFF – n=287	2015 MEAN	TOP 2 SCORE %
The APRA supervisory team responsible for your organisation has a good understanding of your organisation	4.3	91.9
The APRA supervisory team responsible for your organisation is experienced in your industry	4.2	87.9
Other APRA staff with which your institution interacts are experienced and knowledgeable	4.1	83.9

### Dealings with APRA

% of responding entities choosing a rating point; n=287



	Other APRA staff with which your institution interacts are experienced and knowledgeable	The APRA supervisory team responsible for your organisation is experienced in your industry	The APRA supervisory team responsible for your organisation has a good understanding of your organisation
Strongly agree	19.9	33.4	41.8
Agree	54.4	52.3	49.5
Neutral	13.9	8.4	7.0
Disagree	0.3	2.8	0.3
Strongly disagree	0.0	0.7	0.7
Don't know	10.5	2.1	0.3
No answer	1.0	0.3	0.3

## Demonstration of APRA's values

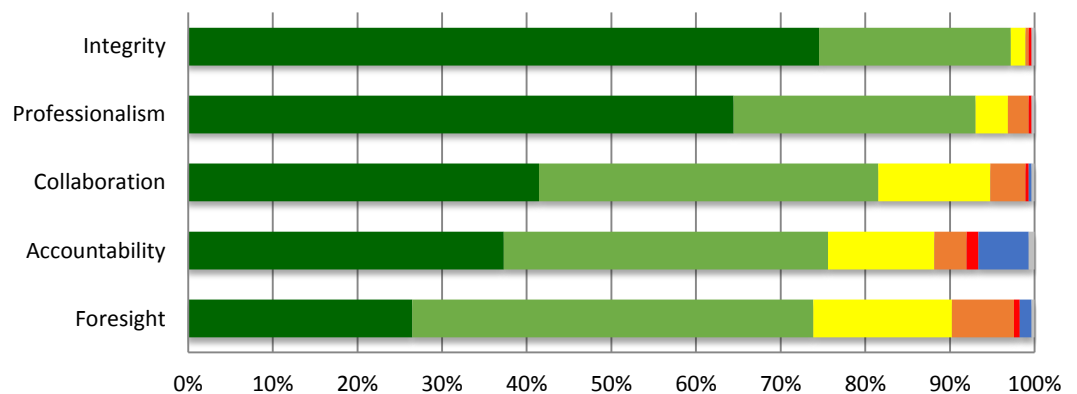
APRA staff were highly rated in demonstrating all APRA's values. In particular integrity and professionalism both achieved well over a 90% top 2 score. This is an excellent result, and a further improvement over the already high scores in 2013. Foresight was the lowest rated item but still demonstrated to a significant extent.

Scale legend: 1=never demonstrate, 2=demonstrate to some extent, 3=neutral, 4=demonstrate to a significant extent, 5=always demonstrate

APRA VALUE ITEMS - n=287	2015 MEAN	TOP 2 SCORE %
Integrity	4.7	97.6
Professionalism	4.5	93.4
Collaboration	4.2	82.1
Accountability	4.1	81.0
Foresight	3.9	75.2

### Demonstration of APRA's values

% of responding entities choosing a rating point; n=287



	Foresight	Accountability	Collaboration	Professionalism	Integrity
Always demonstrate	26.5	37.3	41.5	64.5	74.6
Demonstrate to a significant extent	47.4	38.3	40.1	28.6	22.6
Neutral	16.4	12.5	13.2	3.8	1.7
Demonstrate to some extent	7.3	3.8	4.2	2.4	0.3
Never demonstrate	0.7	1.4	0.3	0.3	0.3
Don't know	1.4	5.9	0.3	0.0	0.0
No answer	0.3	0.7	0.3	0.3	0.3

## Supervisory activities

The table below displays the 16 rated items in this topic, sorted from highest to lowest mean scores. Responding institutions have continued to endorse a single supervisory team for group institutions and rated it highly, as they did in the 2013 survey. *APRA is effective in communicating the findings of supervisory visits to your institution* had the highest top 2 score in the entire survey (but note, not the highest mean score).

The item *During supervisory visits to your organisation, APRA supervisors focus on principles rather than detailed prescription* was one of the lowest rated items in the 2013 survey (mean 3.6). The score for this item has increased significantly in this survey to a mean of 3.8 with 67% of respondents agreeing to the statement. In this round of surveying, we also note that there was less commentary than in previous surveys on principles versus prescription.

*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree*

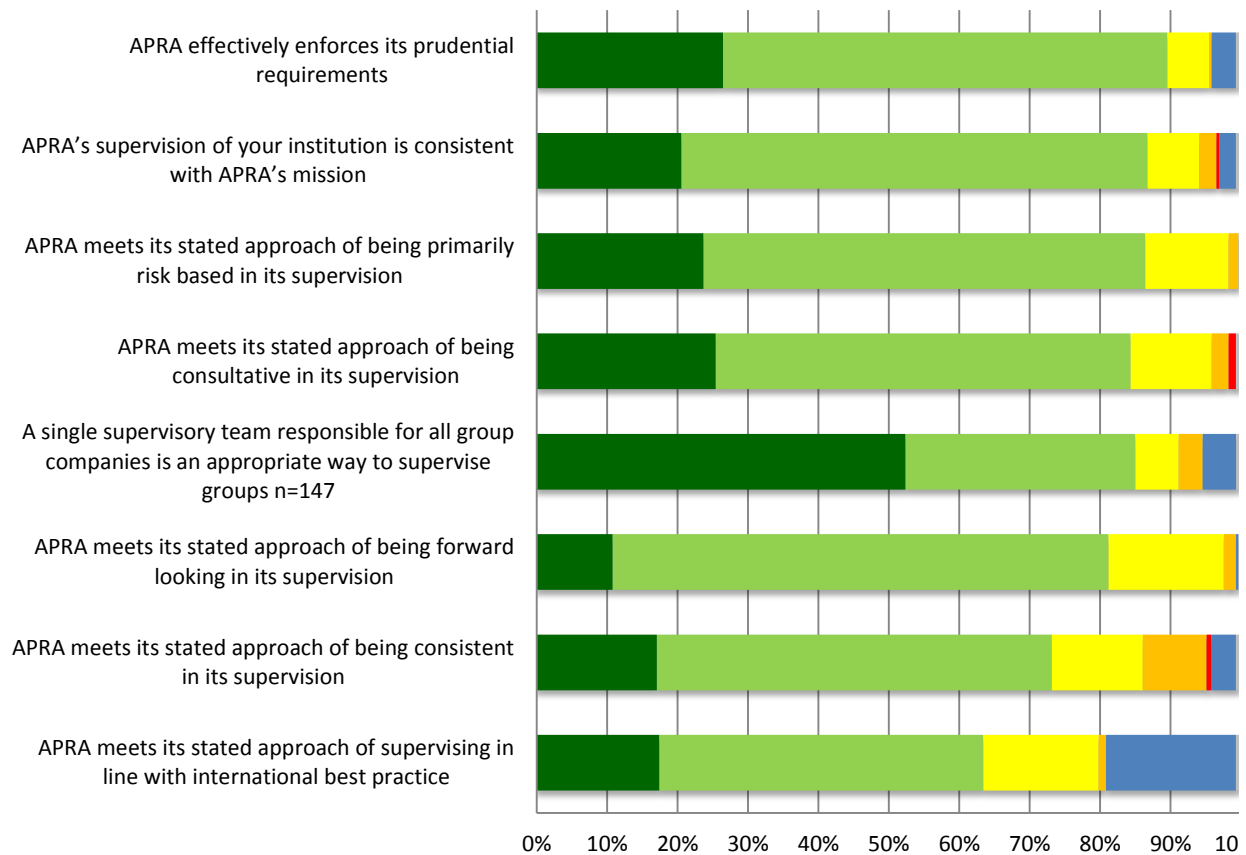
SUPERVISORY ACTIVITIES – n=287 unless otherwise stated	2015 MEAN	TOP 2 SCORE %
*A single supervisory team responsible for all group companies is an appropriate way to supervise groups (n=147)	4.4	89.9
APRA is effective in communicating the findings of supervisory visits to your institution	4.4	96.8
APRA's reports of prudential reviews provided to your institutions have the appropriate level of detail	4.2	92.9
APRA effectively enforces its prudential requirements	4.2	93.5
APRA meets its stated approach of being primarily risk based in its supervision	4.1	86.7
During supervisory visits to your institution, APRA supervisors focus on major risks or controls	4.1	81.6
During prudential reviews of your institution, APRA appropriately assesses the importance of issues that are subject to APRA scope	4.1	84.8
APRA's supervision of your institution is consistent with APRA's mission	4.1	89.6
APRA meets its stated approach of being consultative in its supervision	4.1	84.9
APRA's recommendations and suggestions arising from its prudential review of your institution are useful for your institution	4.0	82.4
APRA meets its stated approach of supervising in line with international best practice	4.0	78.4
APRA meets its stated approach of being forward looking in its supervision	3.9	81.8
APRA's resolution of your institution's technical and supervisory requests is satisfactory	3.9	79.7
APRA meets its stated approach of being consistent in its supervision	3.8	76.4
APRA's resolution of your institution's technical and supervisory requests is timely	3.8	71.3
During supervisory visits to your institution, APRA supervisors focus on principles rather than detailed prescription	3.8	66.7

*\*This item was asked only of group institutions*

The frequency distributions for items relating to supervisory activities have been presented as two separate charts on the following pages and labelled as charts A and B. Note that some of the item wording has been truncated for the charts while full item wording appears in the table above. Overwhelmingly, institutions that were part of a group indicated that a single supervisory team was the most appropriate way to supervise groups (89.9% agreement). In Chart A below, the item *APRA meets its stated approach of supervising in line with international best practice* had a high percentage of *don't know* responses—18.5% which may be an indicator of limited international experience.

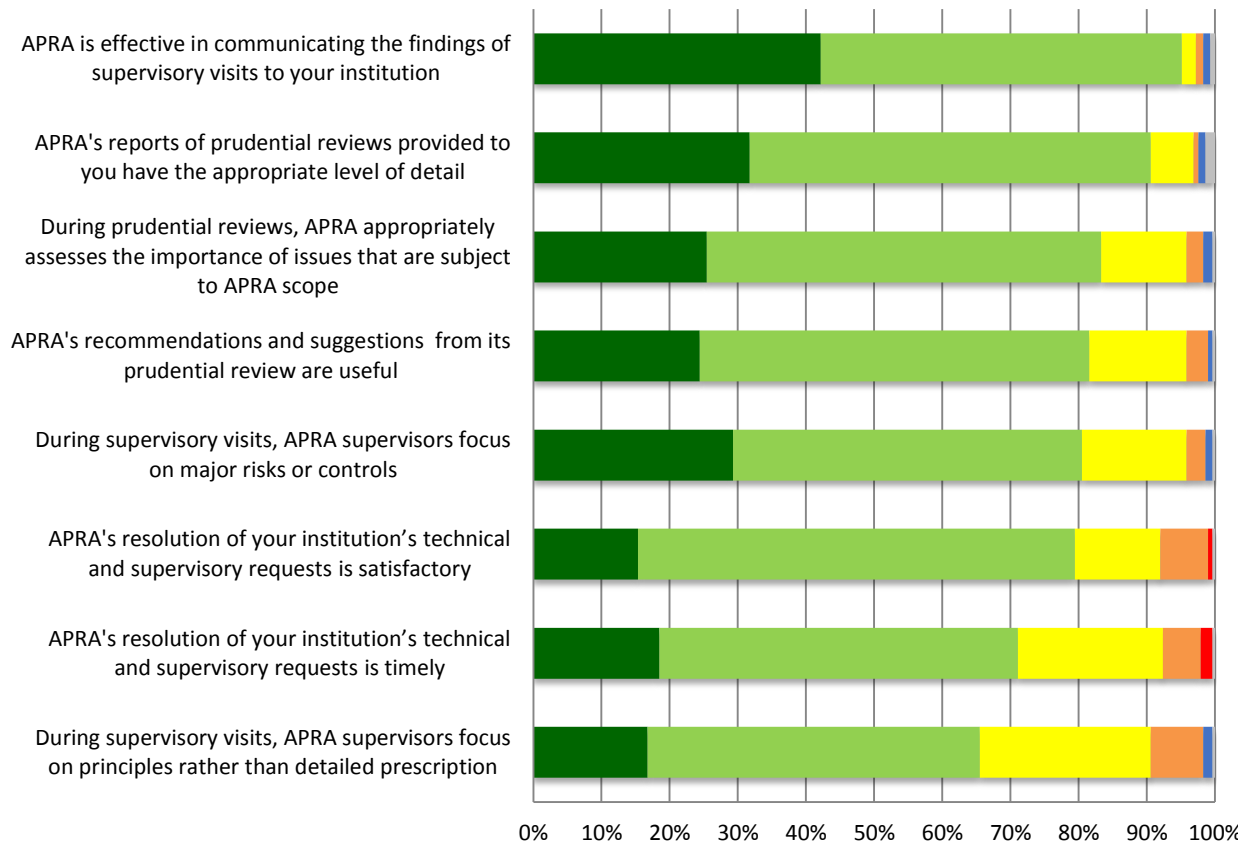
### Supervisory activities - chart A

% of responding entities who chose a rating point; n=287 unless stated otherwise



	APRA meets its stated approach of supervising in line with international best practice	APRA meets its stated approach of being consistent in its supervision	APRA meets its stated approach of being forward looking in its supervision	A single supervisory team responsible for all group companies is an appropriate way to supervise groups n=147	APRA meets its stated approach of being consultative in its supervision	APRA meets its stated approach of being primarily risk based in its supervision	APRA's supervision of your institution is consistent with APRA's mission	APRA effectively enforces its prudential requirements
Strongly agree	17.4	17.1	10.8	52.4	25.4	23.7	20.6	26.5
Agree	46.0	56.1	70.4	32.7	58.9	62.7	66.2	63.1
Neutral	16.4	12.9	16.4	6.1	11.5	11.8	7.3	5.9
Disagree	1.0	9.1	1.7	3.4	2.4	1.4	2.4	0.3
Strongly disagree	0.0	0.7	0.0	0.0	1.0	0.0	0.3	0.0
Don't know	18.5	3.5	0.3	4.8	0.0	0.0	2.4	3.5
No answer	0.7	0.7	0.3	0.7	0.7	0.3	0.7	0.7

**Supervisory activities - chart B**  
 % of responding entities who chose a rating point; n=287



	During supervisory visits, APRA supervisors focus on principles rather than detailed prescription	APRA's resolution of your institution's technical and supervisory requests is timely	APRA's resolution of your institution's technical and supervisory requests is satisfactory	During supervisory visits, APRA supervisors focus on major risks or controls	APRA's recommendations and suggestions from its prudential review are useful	During prudential reviews, APRA appropriately assesses the importance of issues that are subject to APRA scope	APRA's reports of prudential reviews provided to you have the appropriate level of detail	APRA is effective in communicating the findings of supervisory visits to your institution
■ Strongly agree	16.7	18.5	15.3	29.3	24.4	25.4	31.7	42.2
■ Agree	48.8	52.6	64.1	51.2	57.1	57.8	58.9	53.0
■ Neutral	25.1	21.3	12.5	15.3	14.3	12.5	6.3	2.1
■ Disagree	7.7	5.6	7.0	2.8	3.1	2.4	0.7	1.0
■ Strongly disagree	0.0	1.7	0.7	0.0	0.0	0.0	0.0	0.0
■ Don't know	1.4	0.0	0.0	1.0	0.7	1.4	1.0	1.0
■ No answer	0.3	0.3	0.3	0.3	0.3	0.3	1.4	0.7

## APRA’s impact on risk management

Responding institutions were asked to explain the nature of APRA’s impact on risk management practices in their institution. The vast majority of respondents indicated that APRA had a positive impact on their risk management practices and that enforcement of prudential requirements was received positively.

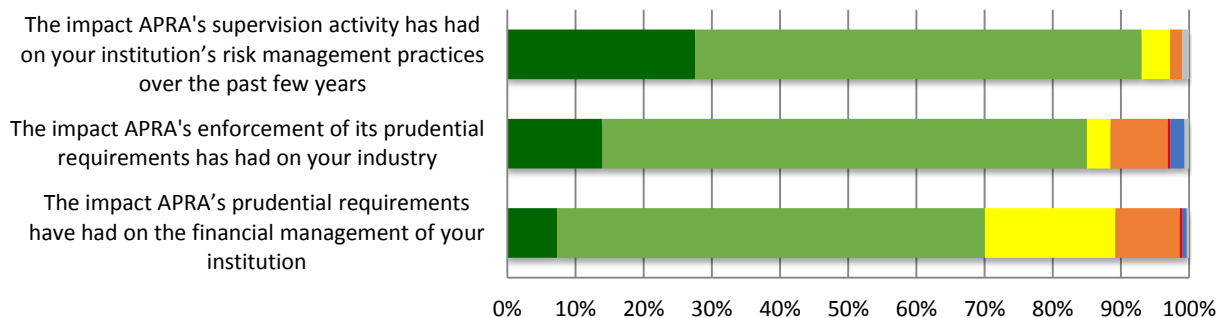
Scale legend: 1=very negative impact, 2=negative impact, 3=no impact, 4=positive impact, 5=very positive impact

IMPACT ON RISK MANAGEMENT- n=287	2015 MEAN	TOP 2 SCORE %
The impact APRA's supervision activity has had on your institution's risk management practices over the past few years	4.2	94.0
The impact APRA's enforcement of its prudential requirements has had on your industry	3.9	87.5
The impact APRA's prudential requirements have had on the financial management of your institution	3.7	70.8

The frequency distribution below demonstrates that the impact of APRA’s prudential requirements on financial management was less positive than in the area of risk management. Smaller institutions were more likely to rate this item lower when compared with medium and large institutions.

### APRA's impact

% of responding entities who chose a rating point; n=287



	The impact APRA's prudential requirements have had on the financial management of your institution	The impact APRA's enforcement of its prudential requirements has had on your industry	The impact APRA's supervision activity has had on your institution's risk management practices over the past few years
Very positive impact	7.3	13.9	27.5
Positive impact	62.7	71.1	65.5
No impact	19.2	3.5	4.2
Negative impact	9.4	8.4	1.7
Very negative impact	0.3	0.3	0.0
Don't know	0.7	2.1	0.0
No answer	0.3	0.7	1.0

## Exemptions and variations

In total, 149 institutions (52%) had requested an exemption or variation in the past 12 months. This figure was 20% higher than 2013 (32%). Only institutions that had made such a request were asked to rate how well the request was handled.

Around 64% of respondents indicated APRA handled their request *well* or *very well*- an increase from 56% for the same question in 2013.

HANDLING OF REQUEST FOR VARIATION OR EXEMPTION	FREQ	%
Very poorly	3	2.0
Poorly	9	6.0
Neutral	42	28.2
Well	60	40.3
Very well	35	23.5
<b>Total</b>	<b>149</b>	<b>100.0</b>



## Data collections

### Amount of statistical data

A majority of respondents indicated that the amount of statistical data collected by APRA was *about right* (58%), while 41% indicated that it was *too much* or *far too much*. The figure for *too much/far too much* was 29% in 2013, and this has steadily increased since 2009.

DATA COLLECTIONS	Freq	%
Far too little	0	0.0
Too little	0	0.0
About right	167	58.2
Too much	92	32.1
Far too much	26	9.1
No answer	2	0.6
<b>Total</b>	<b>287</b>	<b>100.0</b>

### Providing/collecting information

Data collections was the lowest rated topic in the entire regulated institution survey. The table to the right displays the mean and top 2 scores for the rated items in this topic. Ease of use of D2A was one of the lowest rated items in the survey (mean 3.3) and the mean score has statistically significantly decreased since 2013 (mean 3.6). Over 50% of respondents indicated that D2A was not easy to use and Standard Business Reporting did not reduce the time and effort required to meet reporting obligations to APRA.

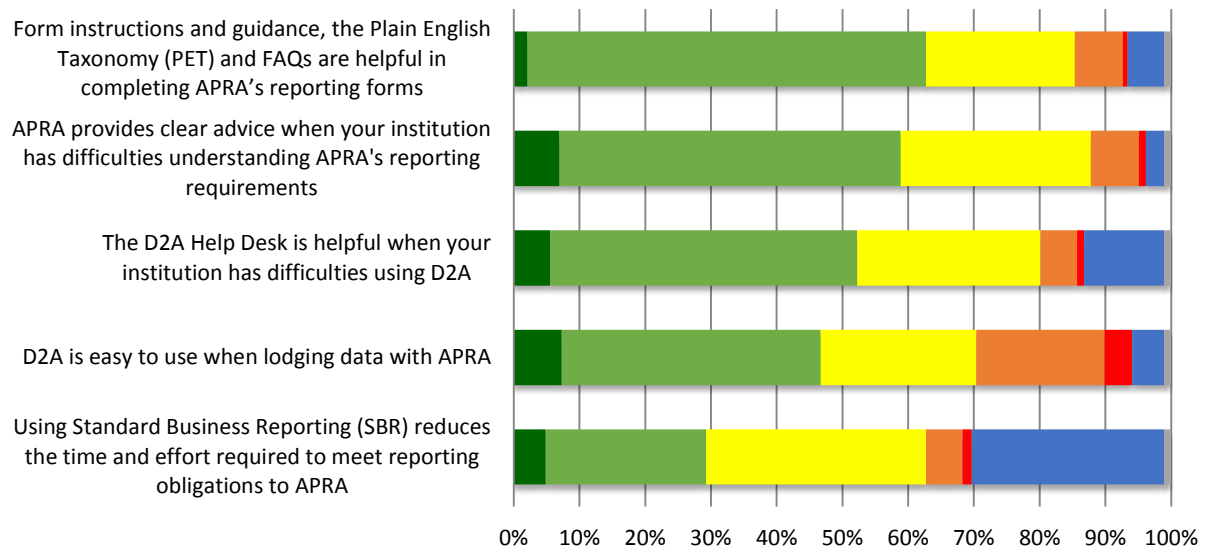
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

INFORMATION n=287	2015 MEAN	TOP 2 SCORE %
The D2A Help Desk is helpful when your institution has difficulties using D2A	3.6	60.2
APRA provides clear advice when your institution has difficulties understanding APRA's reporting requirements	3.6	61.2
Form instructions and guidance, the Plain English Taxonomy (PET) and FAQs are helpful in completing APRA's reporting forms	3.6	67.2
Using Standard Business Reporting (SBR) reduces the time and effort required to meet reporting obligations to APRA	3.4	42.0
D2A is easy to use when lodging data with APRA	3.3	49.6

The chart below displays the frequency distribution of items in the table above. Note that nearly one third of responding institutions did not know about SBR (29.3%), which may be of concern to APRA. Analysis indicated that smaller ADIs were more likely not to know about SBR than any other group.

## Data collections

% of responding entities choosing a rating point; n=287



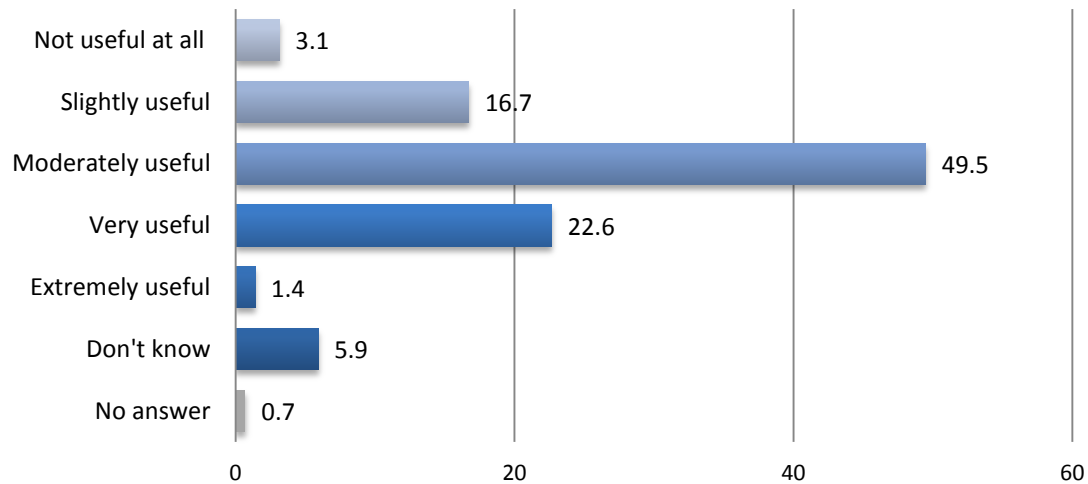
	Using Standard Business Reporting (SBR) reduces the time and effort required to meet reporting obligations to APRA	D2A is easy to use when lodging data with APRA	The D2A Help Desk is helpful when your institution has difficulties using D2A	APRA provides clear advice when your institution has difficulties understanding APRA's reporting requirements	Form instructions and guidance, the Plain English Taxonomy (PET) and FAQs are helpful in completing APRA's reporting forms
■ Strongly agree	4.9	7.3	5.6	7.0	2.1
■ Agree	24.4	39.4	46.7	51.9	60.6
■ Neutral	33.4	23.7	27.9	28.9	22.6
■ Disagree	5.6	19.5	5.6	7.3	7.3
■ Strongly disagree	1.4	4.2	1.0	1.0	0.7
■ Don't know	29.3	4.9	12.2	2.8	5.6
■ No answer	1.0	1.0	1.0	1.0	1.0

## APRA publications

All respondent were asked to rate the usefulness of *APRA Insight*. Most commonly, respondents found it to be *moderately useful* (49.5%) while 73.5% of respondents found it *moderately to very useful*. See chart below.

### Usefulness of articles in *APRA Insight*

% respondents choosing an answer; n=287

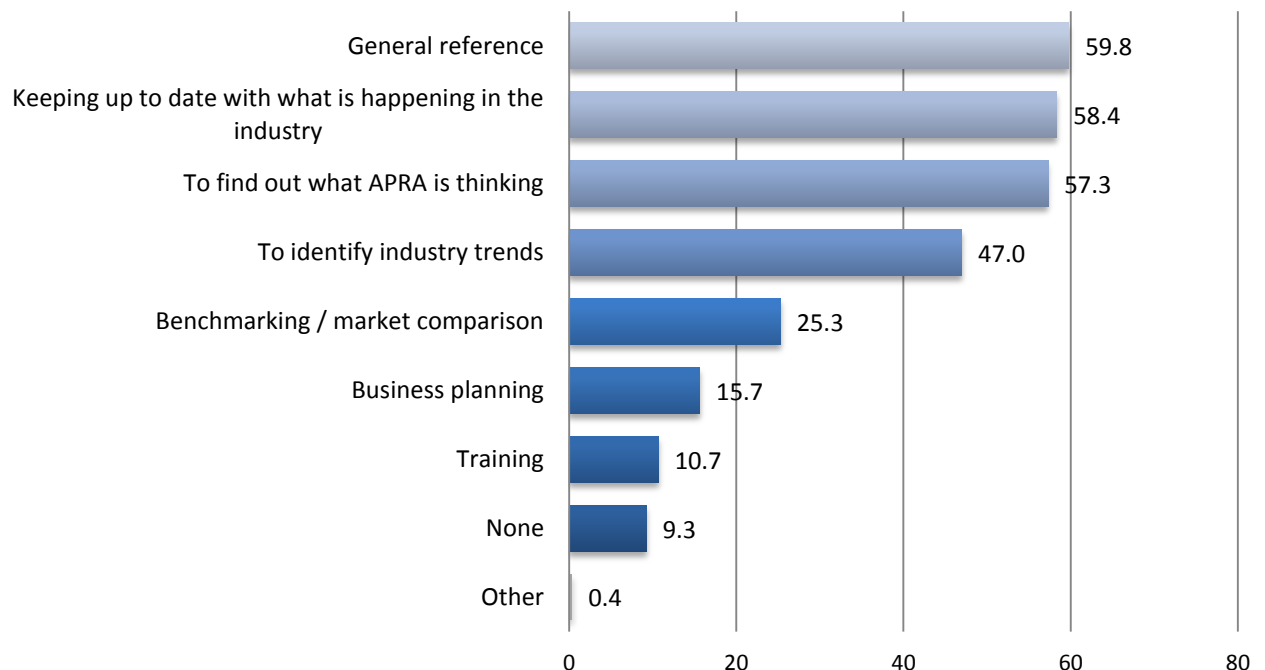


Respondents were then asked to indicate how they used *APRA Insight*. Responses were varied and two-thirds of responding institutions were using it for more than one reason.

### How *APRA Insight* is used

% of respondents choosing an answer

Multiple answers allowed so total may >100%; % based on n=287



Respondents were then presented with lists of publications by sector and asked to indicate the publications that they had used. Each of the selected publications were then rated by usefulness and reliability. The table below displays all the mean scores for each publication and the gap between mean scores for usefulness and reliability. On average most respondents rated all publications as *moderately useful*. All publications except for two received higher scores for reliability when compared with usefulness. The two publications with higher usefulness were in the superannuation sector: *Fund level Rates of Return* and *Quarterly My Super Statistics*.

*Superannuation* publications were the **most commonly used publications**. *Life insurance and Friendly sector* had the highest scores for usefulness of publications. The general insurance sector had the lowest

scores for usefulness publications. General insurance publications also had the greatest gap between usefulness and reliability.

It may be worthwhile for APRA to explore in more depth why any publication with less than 50% use has this level of use and what can be done to the publication to increase usage. Also if any data is collected just for these less used publications, the benefit of collecting this data might also be questioned.

For ease of reading the following publications have been highlighted in the table below which has been sorted by high to low use within a sector:

**Legend: Higher scores for /usefulness / reliability across all sectors are **bold and blue**; Lower scores for usefulness / reliability across all sectors are *italic and orange***

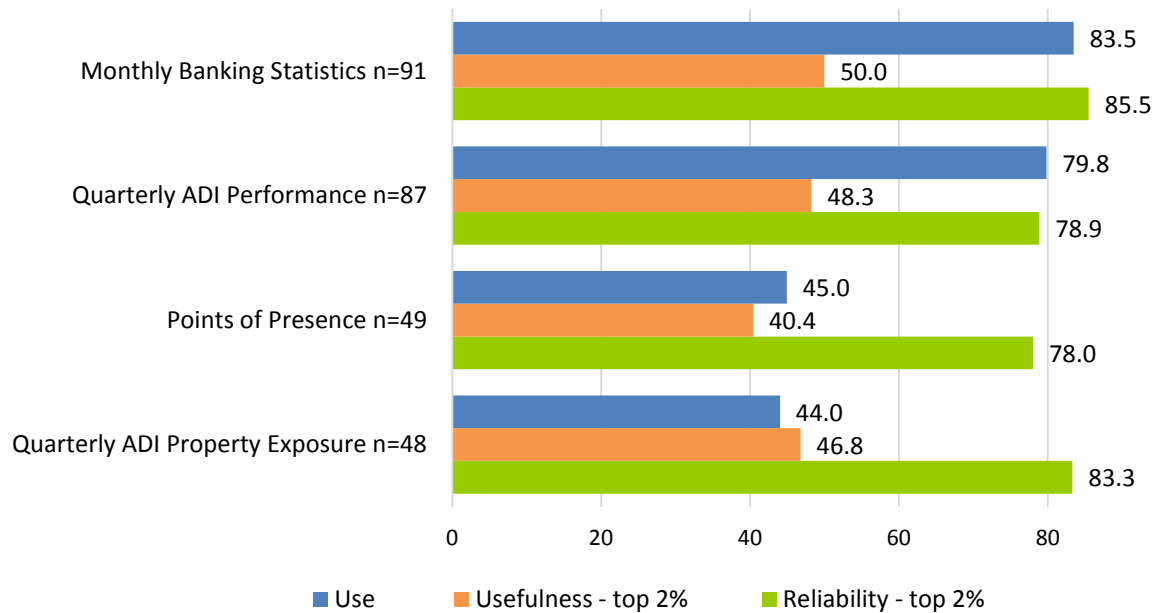
*Scale: 1=not at all useful/reliable, 2=Slightly useful/reliable, 3=moderately useful/reliable, 4=very useful/reliable, 5=extremely useful/reliable*

PUBLICATION	%	MEAN		
		USE	USEFULNESS	RELIABILITY
<b>ADI publications</b>	<b>n=109</b>			
Monthly Banking Statistics	83.5	3.5	3.9	0.4
Quarterly Performance	79.8	3.5	3.8	0.3
Points of Presence	45.0	3.3	3.8	0.5
Quarterly Property Exposure	44.0	3.4	3.9	0.4
<b>General Insurance publications</b>	<b>n=93</b>			
Institution level Statistics	<b>93.5</b>	3.3	3.8	0.4
Quarterly General Insurance Performance Statistics	83.9	3.6	3.8	0.2
Supplementary Statistical Tables	55.9	3.2	3.9	0.7
National Claims & Policy Database Statistical Reports	49.5	<b>3.1</b>	<b>4.0</b>	0.8
Intermediated General Insurance Statistics	48.4	3.3	3.9	0.7
<b>Life and Friendly publications</b>	<b>n=53</b>			
Quarterly Life Insurance Performance Statistics	81.1	<b>3.7</b>	3.8	0.1
Life Insurance Institution level Statistics	69.8	3.6	3.8	0.2
Half Yearly Life Insurance Bulletin	58.5	3.7	3.8	0.2
Life Insurance Supplementary Statistical Tables	45.3	3.6	3.8	0.2
Annual Friendly Society Bulletin	<b>24.5</b>	3.2	3.9	0.7
<b>Superannuation publications</b>	<b>n=99</b>			
Quarterly Superannuation Performance Statistics	88.9	3.5	3.6	0.1
Quarterly My Super Statistics	86.9	3.5	3.3	-0.2
Annual Superannuation Bulletin	80.8	3.4	3.6	0.2
Superannuation Fund level Rates of Return	80.8	3.5	<b>3.3</b>	-0.2
Superannuation Fund level Profiles and Financial Performance	70.7	3.4	3.6	0.2

The series of charts below display the percentage of use and the top 2 scores for usefulness and reliability for each publication. All charts are sorted in descending order of usage.

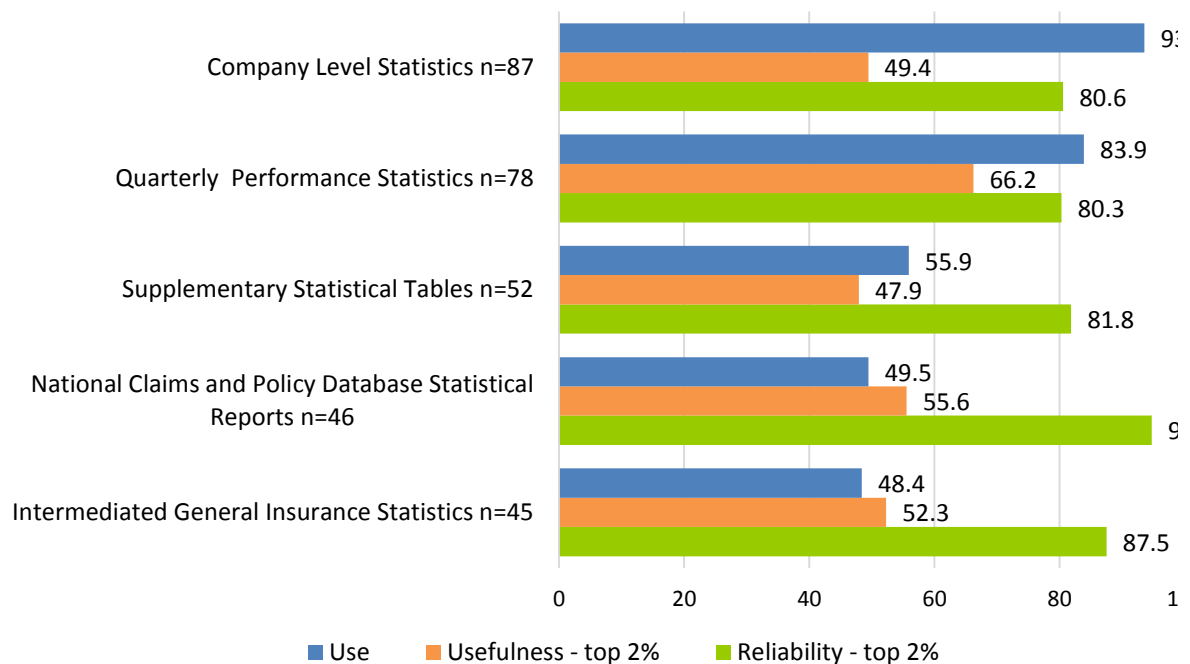
### Use, usefulness and reliability of ADI publications

*% of respondents choosing an item or rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=109*



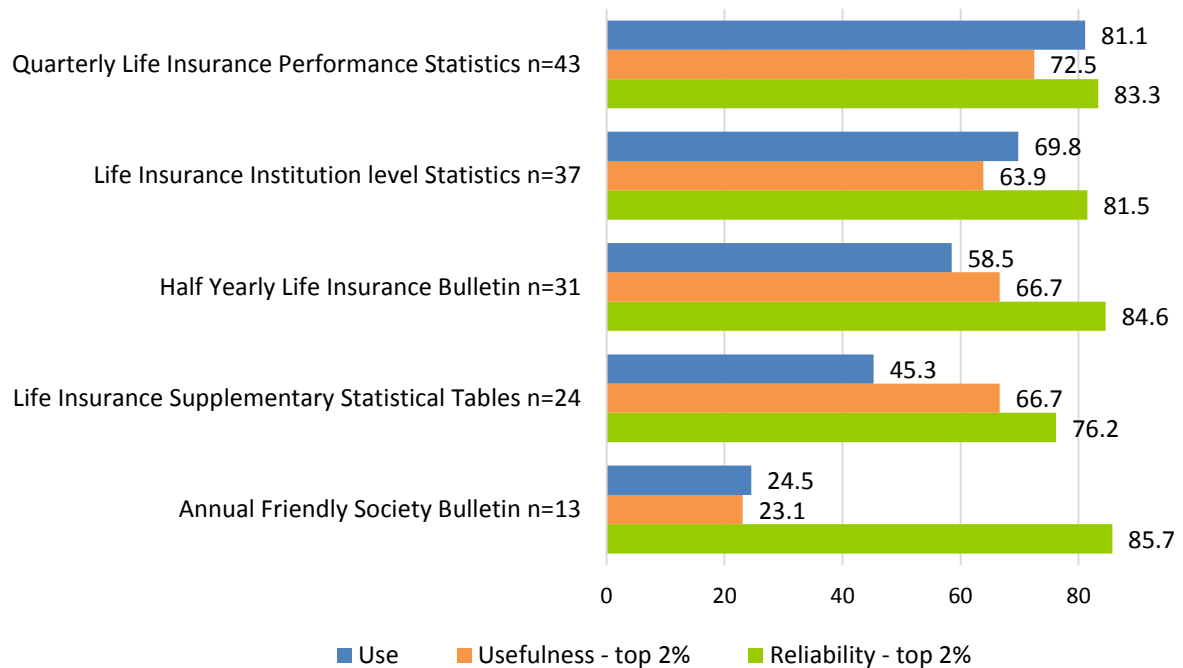
### Use, usefulness and reliability of General Insurance publications

*% of respondents choosing an item and rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=93*



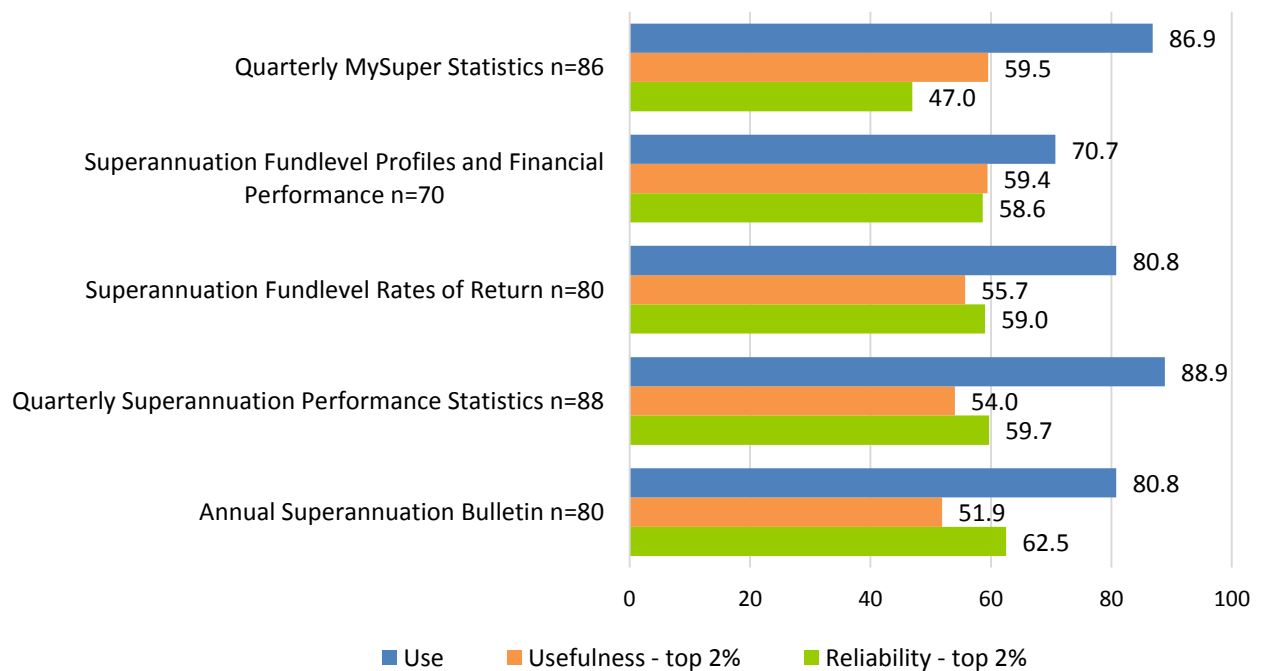
### Use, usefulness and reliability of Life and Friendly publications

% of respondents choosing an item and rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=53



### Use, usefulness and reliability of Superannuation publications

% of respondents choosing an item and rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=99

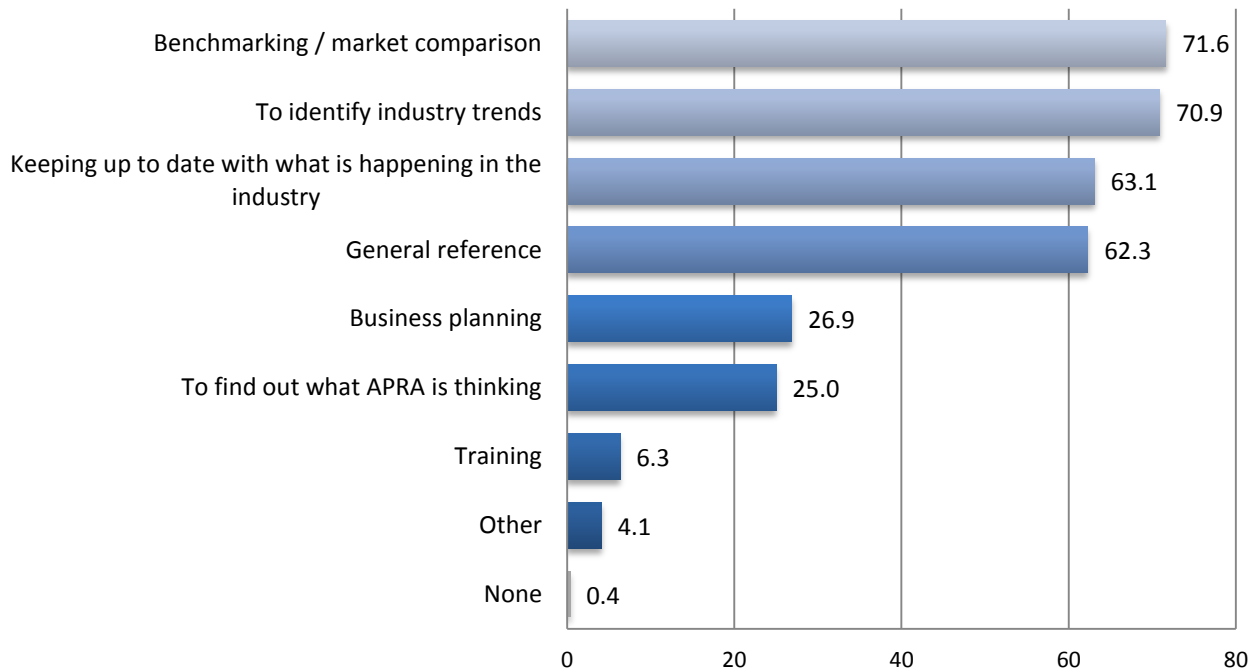


The chart below displays the common uses for APRA’s statistical publications. One commonly mentioned other use was portfolio management.

### How APRA statistical publications are used

*% of respondents choosing an answer*

*Multiple answers allowed so total may >100%; % based on n=287*



## Predicting effective enforcement

ASR conducted linear multiple regression across rated items that most respondents answered in the 2015 stakeholder survey data. We used the item *APRA effectively enforces its prudential requirements* as the dependent variable and all other rated items, excluding reliability and usefulness of publications, as independent variables.

After several iterations, five items were identified that could be used to predict effective enforcement of prudential standards. Together these five items accounted for 40% of the variation in the enforcement item which is a fair but not high amount of predictive power. The predicted items by order of their predictive strength are:

- APRA's prudential framework is effective in achieving APRA's mission (*the most predictive item*)
- During prudential reviews of your institution, APRA appropriately assesses the importance of issues that are subject to APRA requirements, recommendations or suggestions
- APRA is effective in identifying risks across your industry in general
- During supervisory visits to your institution, APRA supervisors focus on major risks or controls
- The alignment of APRA's prudential standards with international best practice standards for your industry is important for your institution

Of the five items listed above only the first item *APRA's prudential framework is effective in achieving APRA's mission* was also found to predict effective enforcement in the 2013 survey.

These items, taken together, are the areas that APRA has to score highly in for it also to be viewed more as an effective enforcer of prudential requirements.



## Industry comparison

When providing the respondent file for this survey, APRA allocated regulated institutions to one of five industry sectors. This section compares item results for each of these sectors. However, because the number of responses from one of the groups, Friendly Societies, was so small, this group was excluded when calculating statistical differences for some items. NOHC institutions were not included in this analysis.

The sample sizes for life insurers and Friendly Societies were not sufficiently large to be representative at an acceptable confidence interval. Therefore, results should be treated with caution and as indicative only for these two industry groups.

### Cautions about significant difference.

*When interpreting statistical significance (meaning a true or valid difference at the confidence level used), caution must be taken when comparative sub-groups have very different sizes. Large differences in sample sizes can affect the results of some statistical tests.*

*Statistically significant differences reflect underlying variations in scores rather than a difference in absolute amounts. For example, in some instances a difference of a tenth of a rating point in a mean score may be statistically significant, while a difference of a whole rating point between two mean scores may not be. So while some scores are quite different in absolute terms they may not be statistically significantly different and vice versa. Rounding also tends to add to what might seem a nonsensical result. Two items can have the same mean when rounded to a single decimal place, but they can still be significantly different.*

The industry breakdown of respondents is displayed in the table below.

INDUSTRY	Count	%
Trustee	73	26.9
ADI	103	38.0
General Insurer	70	25.8
Life Insurer	16	5.9
Friendly Society	9	3.3
<b>Total</b>	<b>271</b>	<b>100.0</b>

## Industry—statistically significant differences

Of the 45 items that were rated using a five-point scale, only seven were statistically different at the 95% confidence level. See the table below. In other words, there were not many differences and where they existed they were relatively small, except for Friendly Societies where results are indicative only.

The pattern of results is very similar to 2013 survey results where there were few items that were statistically significantly different between industry sectors. For all items in the table, Friendly Societies rated APRA significantly lower than other sectors.

Legend: **Blue bold** indicates significantly higher (more positive) than other sectors, while **yellow italics** indicates significantly lower than other sectors (more negative).

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

INDUSTRY - SIGNIFICANTLY DIFFERENT ITEMS	ADI n=103	Friendly Society n=9	General Insurer n=70	Life Insurer n=16	Trustee n=73
APRA's harmonisation of the prudential framework across its regulated industries is important for your institution	3.7	4.2	<b>3.3</b>	4.2	<b>4.4</b>
The alignment of APRA's prudential standards with international best practice standards for your industry is important for your institution	4.0	<b>3.6</b>	4.0	<b>4.4</b>	4.0
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	3.9	<b>3.0</b>	3.9	4.1	4.1
APRA provides sufficient opportunity for consultation with industry about proposed changes to prudential standards and guidance material	4.0	<b>2.8</b>	4.1	4.1	3.8
APRA communicates clearly during consultation with industry about proposed changes to prudential standards and guidance material	3.9	<b>3.2</b>	3.9	<b>4.1</b>	3.8
APRA is effective in identifying risks and problems in that part of your institution that APRA regulates	4.0	<b>3.4</b>	3.9	<b>4.1</b>	3.9
Form instructions and guidance, the Plain English Taxonomy (PET) and FAQs are helpful in completing APRA's reporting forms	<b>3.7</b>	<b>3.0</b>	<b>3.7</b>	3.6	3.5

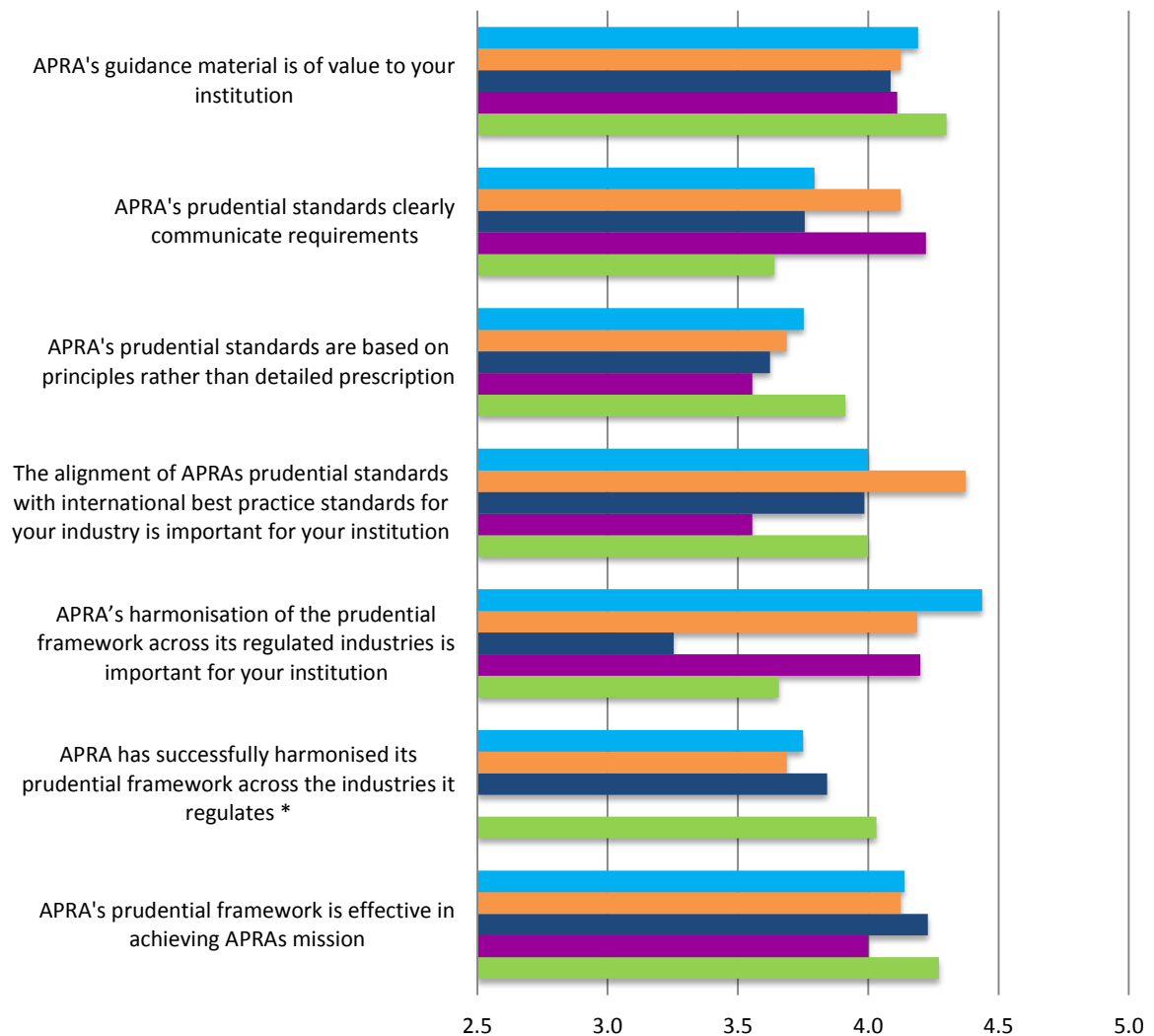
## Industry—prudential requirements

The chart below displays all rated items in the prudential requirements topic by industry sector. The majority of items were rated fairly similarly. The item with the greatest variation in scores was *APRA's harmonisation of the prudential framework across its regulated industries is important for your organisation*. General insurers had a significantly lower score compared with all other groups while trustees had a significantly higher score for this item.

## Prudential requirements

Industry mean score

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

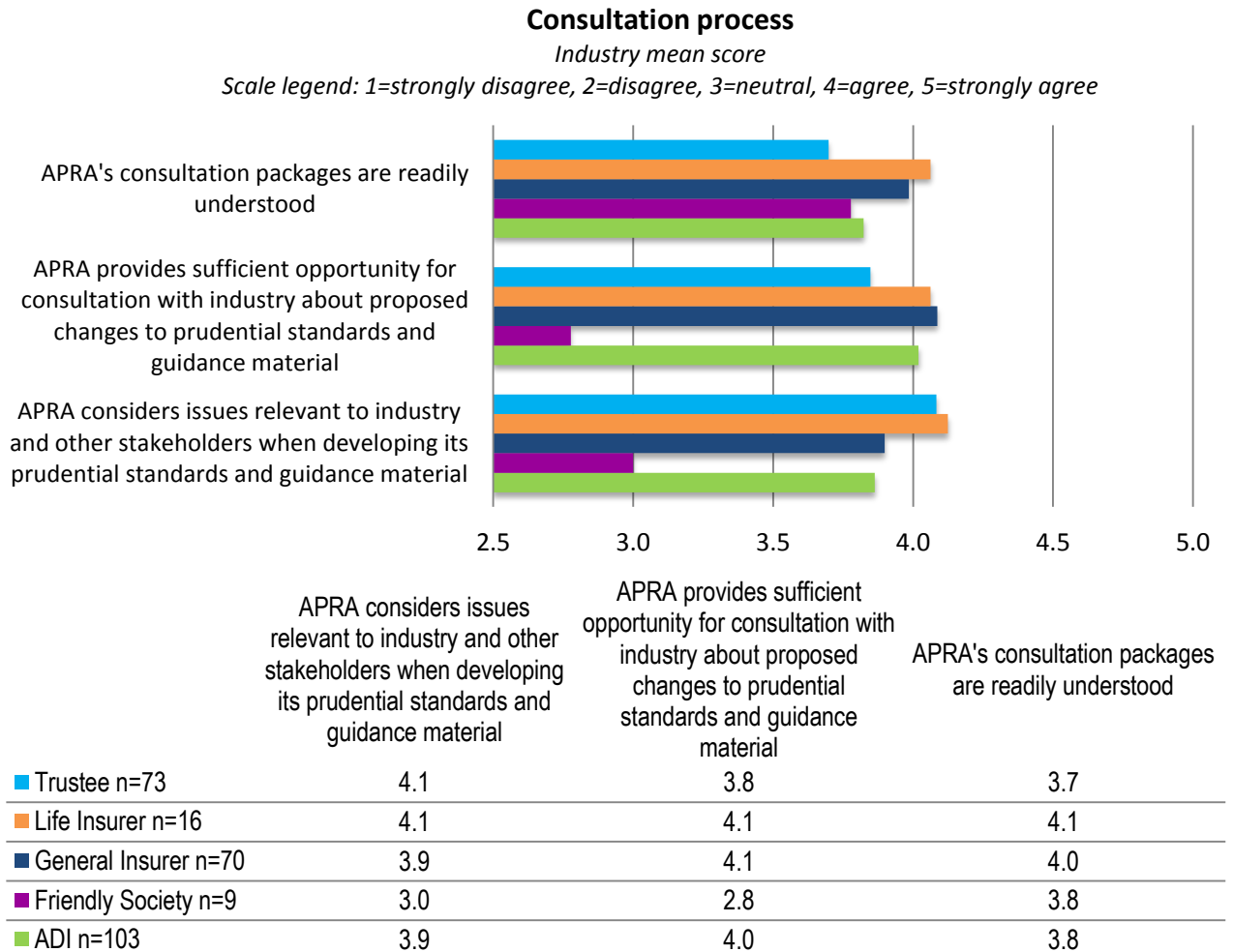


	APRA's prudential framework is effective in achieving APRA's mission	APRA has successfully harmonised its prudential framework across the industries it regulates *	APRA's harmonisation of the prudential framework across its regulated industries is important for your institution	The alignment of APRA's prudential standards with international best practice standards for your industry is important for your institution	APRA's prudential standards are based on principles rather than detailed prescription	APRA's prudential standards clearly communicate requirements	APRA's guidance material is of value to your institution
Trustee n=73	4.1	3.8	4.4	4.0	3.8	3.8	4.2
Life Insurer n=16	4.1	3.7	4.2	4.4	3.7	4.1	4.1
General Insurer n=70	4.2	3.8	3.3	4.0	3.6	3.8	4.1
Friendly Society n=9	4.0		4.2	3.6	3.6	4.2	4.1
ADI n=103	4.3	4.0	3.7	4.0	3.9	3.6	4.3

\*Sample too small to include result for Friendly Societies

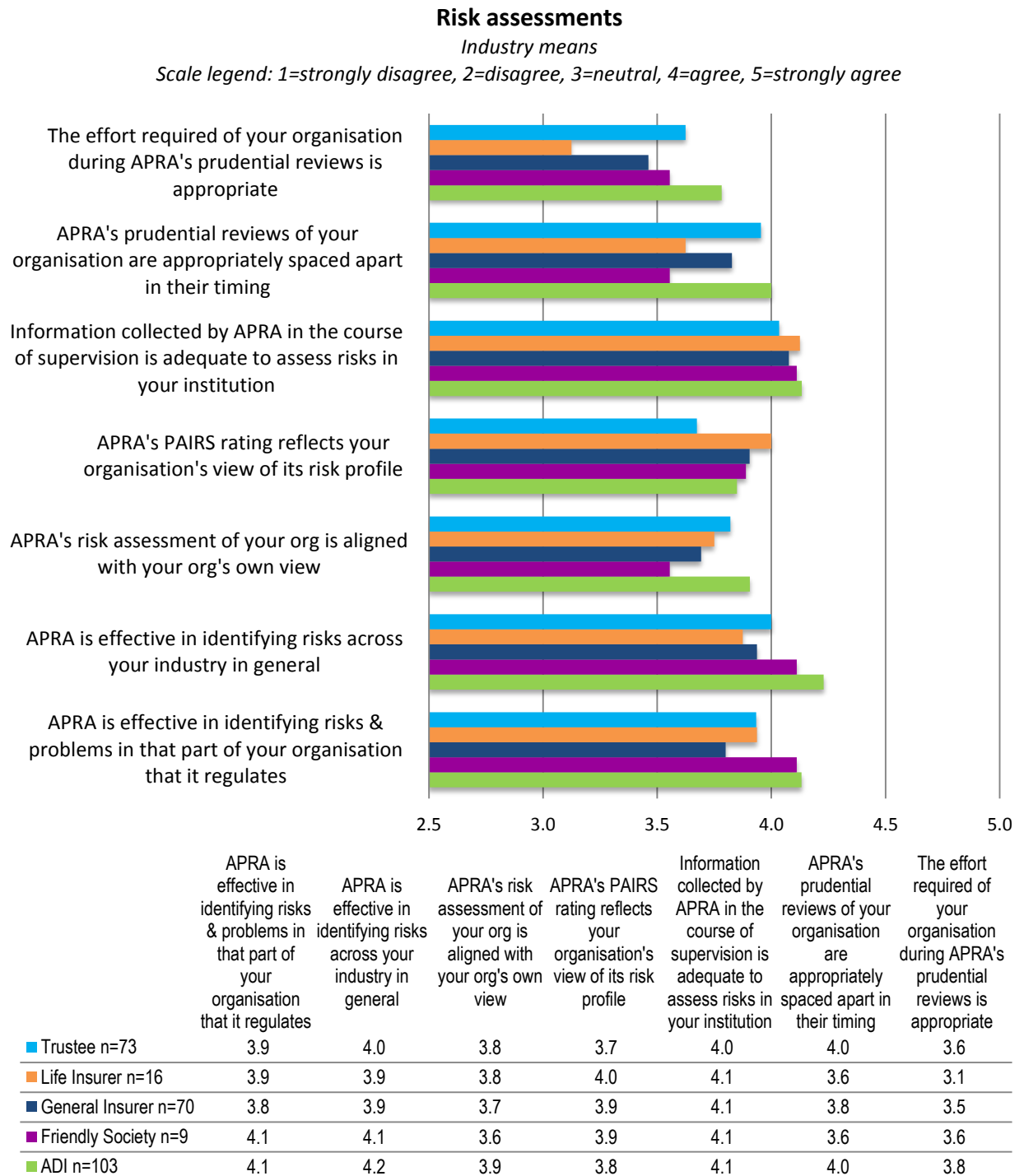
## Industry—consultation process

There were some differences around consultation: Friendly Societies rated two items statistically significantly lower than other groups, but note the small sample size.



## Industry—risk assessments

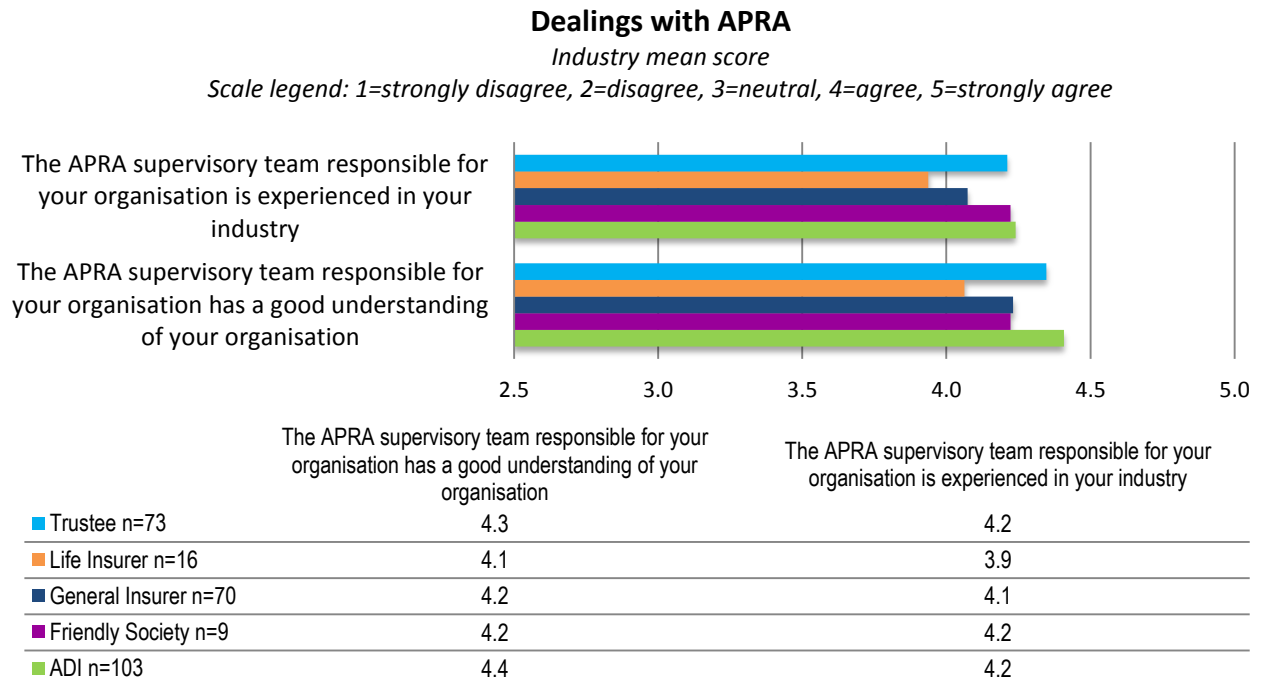
Within the topic of risk assessments, there were no statistically significant differences between industries. As a pattern, ADIs tended to rate items higher than other groups.



## Industry—dealings with APRA

### Supervisory team

Trustees and ADIs rated this topic consistently highly—the same pattern of results as in 2013.



## Industry—demonstration of APRA’s values

There was little variation between sectors on each of the APRA values, except for Friendly Societies and this difference needs to be treated as indicative only.

**Integrity** was rated very highly across all industries. Friendly Societies rated **collaboration** statistically significantly lower than other groups. ADIs rated APRA highly on all values, and rated APRA staff statistically significantly higher than other groups for the value of **foresight**.

### Demonstration of APRA's values

Industry means

Scale legend: 1=never demonstrates, 2=demonstrates to some extent, 3=neutral, 4=demonstrates to a significant extent, 5=always demonstrates



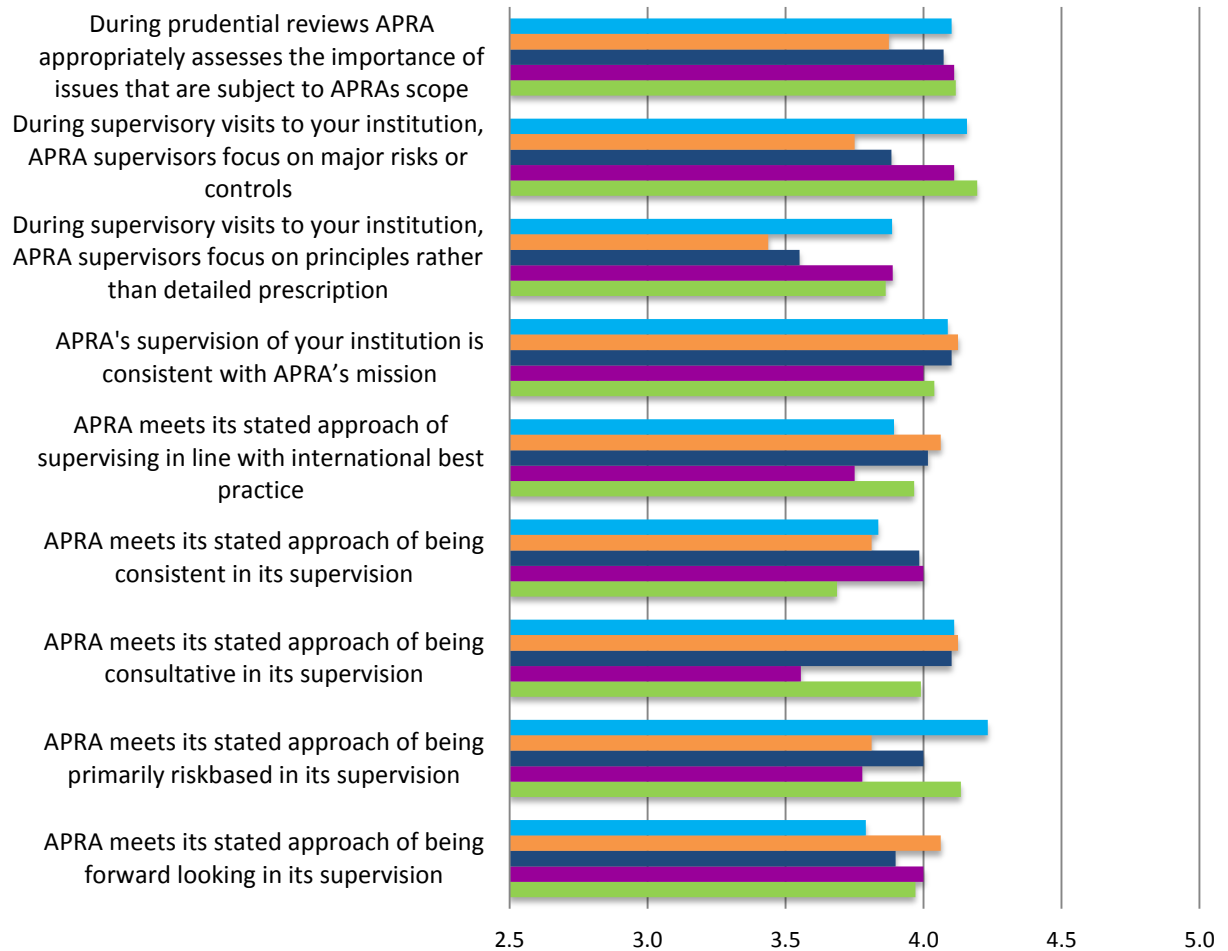
## Industry—supervisory activities

There was little variation in mean scores across industries: no items in this topic were statistically significantly different across industries. The item with the greatest variation was *APRA’s resolution of your institution’s technical and supervisory requests is timely*. Friendly Societies (3.2 mean) rated this item 0.8 of a rating point lower than ADIs (4.1 mean). See chart B below.

### Supervisory activities - chart A

Industry mean score

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree



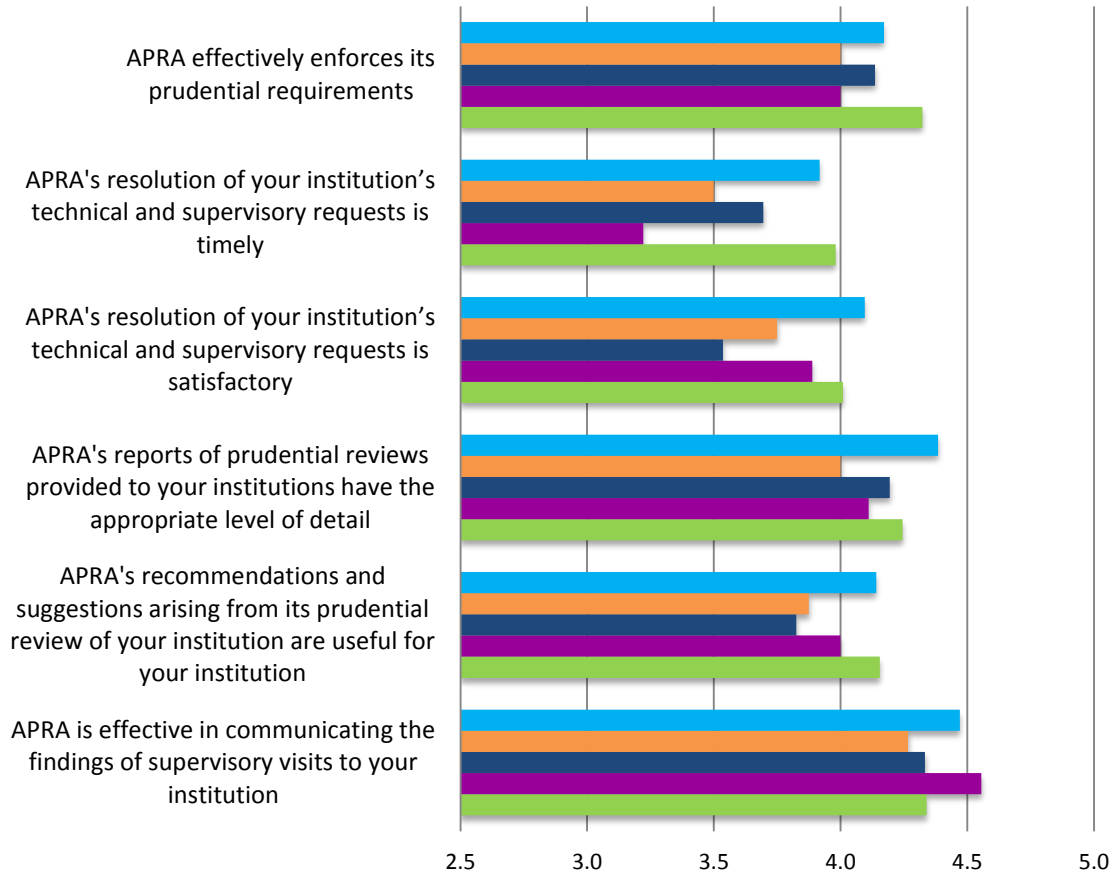
	APRA meets its stated approach of being forward looking in its supervision	APRA meets its stated approach of being primarily riskbased in its supervision	APRA meets its stated approach of being consultative in its supervision	APRA meets its stated approach of being consistent in its supervision	APRA meets its stated approach of supervising in line with international best practice	APRA's supervision of your institution is consistent with APRA's mission	During supervisory visits to your institution, APRA supervisors focus on principles rather than detailed prescription	During supervisory visits to your institution, APRA supervisors focus on major risks or controls	During prudential reviews APRA appropriately assesses the importance of issues that are subject to APRA's scope
Trustee n=73	3.8	4.2	4.1	3.8	3.9	4.1	3.9	4.2	4.1
Life Insurer n=16	4.1	3.8	4.1	3.8	4.1	4.1	3.4	3.8	3.9
General Insurer n=70	3.9	4.0	4.1	4.0	4.0	4.1	3.6	3.9	4.1
Friendly Society n=9	4.0	3.8	3.6	4.0	3.8	4.0	3.9	4.1	4.1
ADI n=103	4.0	4.1	4.0	3.7	4.0	4.0	3.9	4.2	4.1



### Supervisory activities - chart B

Industry mean score

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree



	APRA is effective in communicating the findings of supervisory visits to your institution	APRA's recommendations and suggestions arising from its prudential review of your institution are useful for your institution	APRA's reports of prudential reviews provided to your institutions have the appropriate level of detail	APRA's resolution of your institution's technical and supervisory requests is satisfactory	APRA's resolution of your institution's technical and supervisory requests is timely	APRA effectively enforces its prudential requirements
Trustee n=73	4.5	4.1	4.4	4.1	3.9	4.2
Life Insurer n=16	4.3	3.9	4.0	3.8	3.5	4.0
General Insurer n=70	4.3	3.8	4.2	3.5	3.7	4.1
Friendly Society n=9	4.6	4.0	4.1	3.9	3.2	4.0
ADI n=103	4.3	4.2	4.2	4.0	4.0	4.3

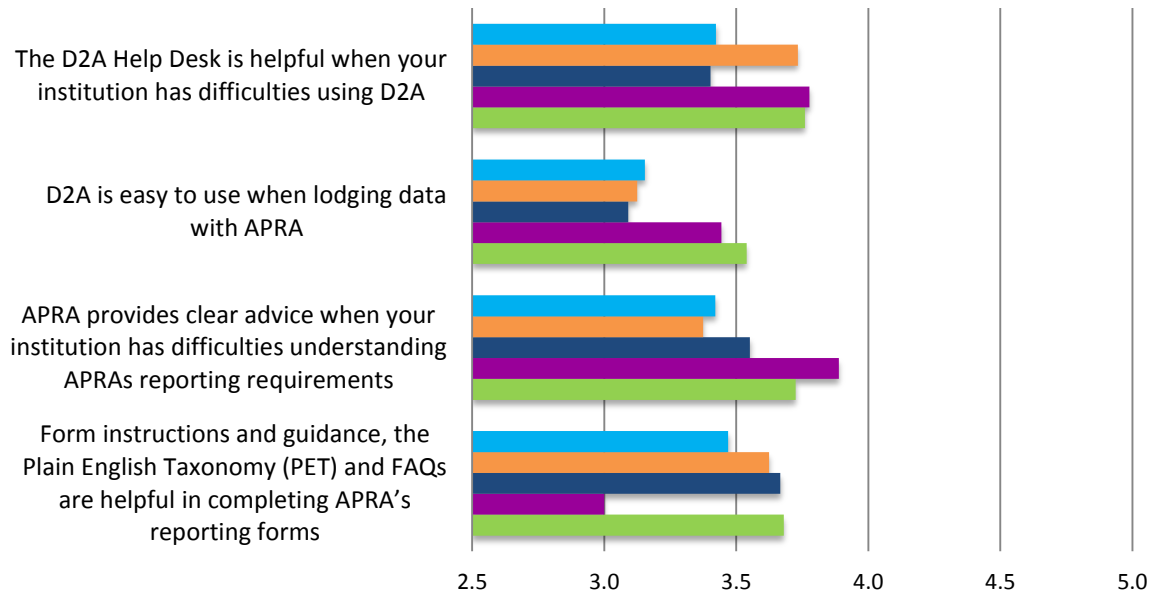
## Industry—data collections

Friendly Societies rated the helpfulness of the Plain English Taxonomy (PET) and FAQs statistically significantly lower when compared with other groups, however note the small sample size.

### Data collections

Industry mean score

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree



	Form instructions and guidance, the Plain English Taxonomy (PET) and FAQs are helpful in completing APRA's reporting forms	APRA provides clear advice when your institution has difficulties understanding APRA's reporting requirements	D2A is easy to use when lodging data with APRA	The D2A Help Desk is helpful when your institution has difficulties using D2A
Trustee n=73	3.5	3.4	3.2	3.4
Life Insurer n=16	3.6	3.4	3.1	3.7
General Insurer n=70	3.7	3.6	3.1	3.4
Friendly Society n=9	3.0	3.9	3.4	3.8
ADI n=103	3.7	3.7	3.5	3.8

## Group comparison

This section discusses those items where both group and non-group institutions answered the same questions, and where there were statistically significant different results between group and non-group institutions. The items in the table below come from a mix of topics within the survey. Within these significantly different items, there is a focus on supervision and consultation.

As a pattern and where there are differences, group institutions rated APRA higher than non-groups, and this may be related to having more contact with APRA.

The item with the most difference between group and non-group scores was *APRA's consultation packages are readily understood*. The table is sorted by group mean scores (high to low).

*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree while \* items used a 5 point never-always scale*

GROUPS - SIGNIFICANTLY DIFFERENT ITEMS	GROUP MEAN n=147	NON -GROUP MEAN n=140	DIFF
APRA's prudential framework is effective in achieving APRA's mission	4.3	4.1	0.2
The alignment of APRA's prudential standards with international best practice standards for your industry is important for your institution	4.2	3.8	0.4
APRA meets its stated approach of being consultative in its supervision	4.2	3.9	0.3
APRA meets its stated approach of supervising in line with international best practice	4.2	3.8	0.4
APRA's supervision of your institution is consistent with APRA's mission	4.2	4.0	0.2
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	4.1	3.8	0.3
APRA's consultation packages are readily understood	4.1	3.6	0.5
APRA's consultation packages provide a good base for consultation with industry	4.1	3.7	0.4
APRA is effective in identifying risks and problems in that part of your institution that APRA regulates	4.1	3.8	0.3
APRA's risk assessment of your institution is aligned with your institution's own risk assessment	4.1	3.8	0.3
APRA's PAIRS rating reflects your institution's view of its risk profile	4.1	3.8	0.3
The impact APRA's enforcement of its prudential requirements has had on your industry?	4.1	3.7	0.4
APRA meets its stated approach of being consistent in its supervision	4.0	3.6	0.4
APRA's prudential standards clearly communicate requirements	3.9	3.6	0.3
The impact APRA's prudential requirements have had on the financial management of your institution?	3.8	3.6	0.2
APRA's resolution of your institution's technical and supervisory requests is satisfactory	3.7	4.0	-0.3
APRA's resolution of your institution's technical and supervisory requests is timely	3.7	3.9	-0.2

## Year comparison

The year comparison is split into two sections. The first discusses items that were significantly different between 2013 and 2015. The second section outlines trends that have occurred since the first stakeholder survey in 2009 and looks at all four survey periods.

### Statistically significant differences with 2013

Of the 44 comparable items, 15 were statistically significantly different between 2015 and 2013. The items that were high scoring and which increased—an excellent achievement for any survey at any time—were nearly all related to supervisory visits and reviews. The score for the item about principles versus prescription increased since 2013 and the amount of negative commentary on this issue, while present, also notably reduced in 2015 compared with the 2013 survey.

Only seven of the 44 comparable items decreased between survey periods and, of this number, three were statistically significantly lower. These three items all came from the topic about data collections. Satisfaction with D2A has reduced significantly and this is reflected in open-ended comments where respondents indicated problems with updates to D2A and the cumbersome nature of D2A.

The table below displays the significantly different items. The table is sorted by 2015 mean scores (high to low). Some of the changes, while statistically significant (meaning a valid or true difference), were not large.

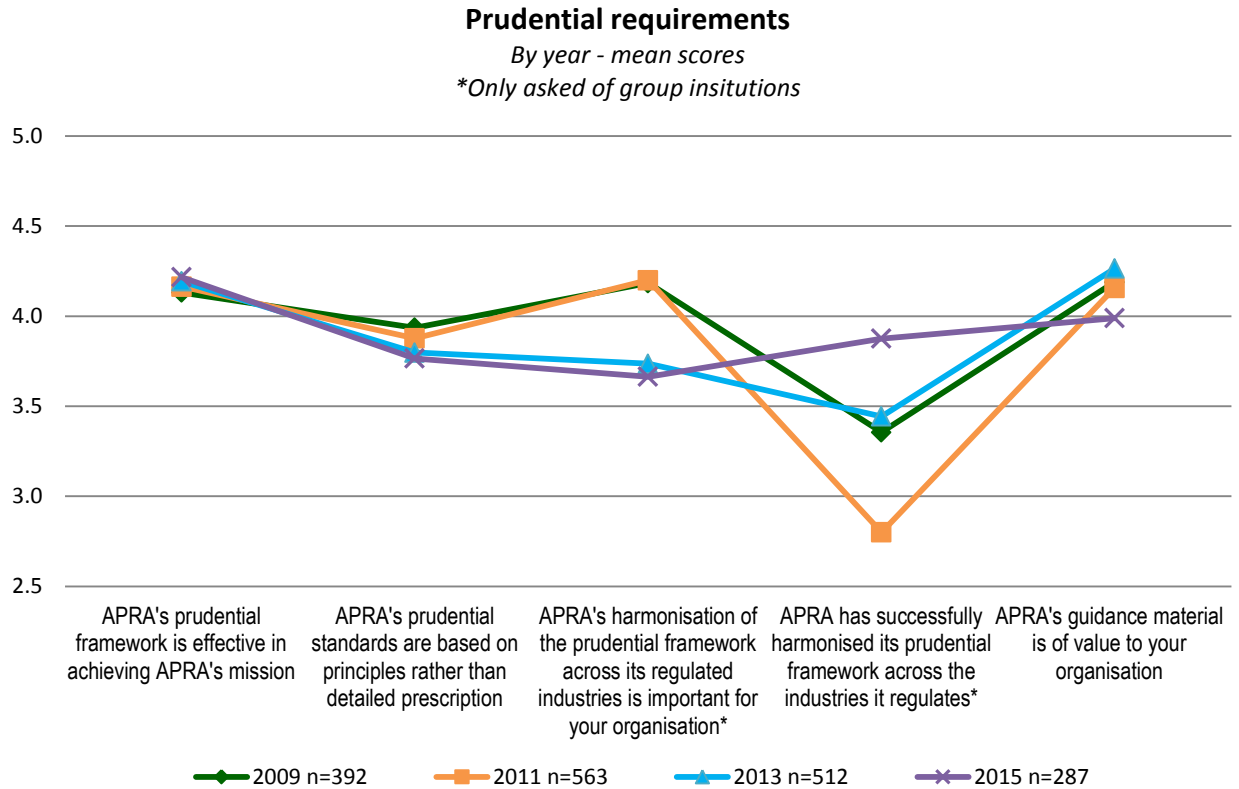
*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree*

2015-2013 - SIGNIFICANTLY DIFFERENT ITEMS	2015 MEAN n=287	2013 MEAN n=312	DIFF
APRA is effective in communicating the findings of supervisory visits to your institution	4.4	4.2	0.2
The APRA supervisory team responsible for your organisation has a good understanding of your organisation	4.3	4.2	0.1
APRA's reports of prudential reviews provided to your institutions have the appropriate level of detail	4.2	4.1	0.1
APRA effectively enforces its prudential requirements	4.2	4.1	0.1
The APRA supervisory team responsible for your organisation is experienced in your industry	4.2	4.0	0.2
During prudential reviews of your institution, APRA appropriately assesses the importance of issues that are subject to APRA requirements, recommendations or suggestions	4.1	3.8	0.3
APRA meets its stated approach of supervising in line with international best practice	4.0	3.8	0.2
APRA's PAIRS rating reflects your institution's view of its risk profile	4.0	3.8	0.2
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	3.9	3.7	0.2
APRA has successfully harmonised its prudential framework across the industries it regulates	3.9	3.7	0.2
APRA's prudential standards clearly communicate requirements	3.8	3.6	0.2
During supervisory visits to your institution, APRA supervisors focus on principles rather than detailed prescription	3.8	3.6	0.2
APRA provides clear advice when your institution has difficulties understanding APRA's reporting requirements	3.6	3.9	-0.3
The D2A Help Desk is helpful when your institution has difficulties using D2A	3.6	3.9	-0.3
D2A is easy to use when lodging data with APRA	3.3	3.6	-0.3

## Year trends

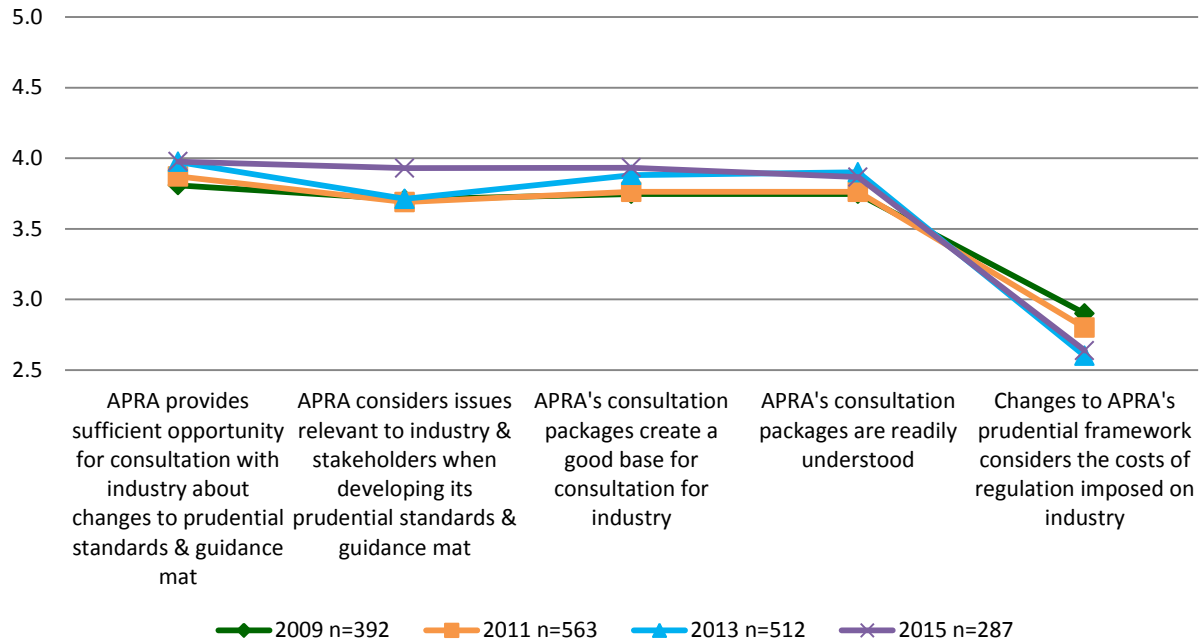
The following series of charts display the mean scores of comparable items over APRA's four stakeholder survey periods. Charts are grouped by topic. As a general pattern scores have remained fairly stable over time with very few large fluctuations. An exception is harmonisation which has steadily increased since 2011.

Note the scale when comparing differences. Sometimes an apparently large gap between one line and another may only be a small difference in the mean score.



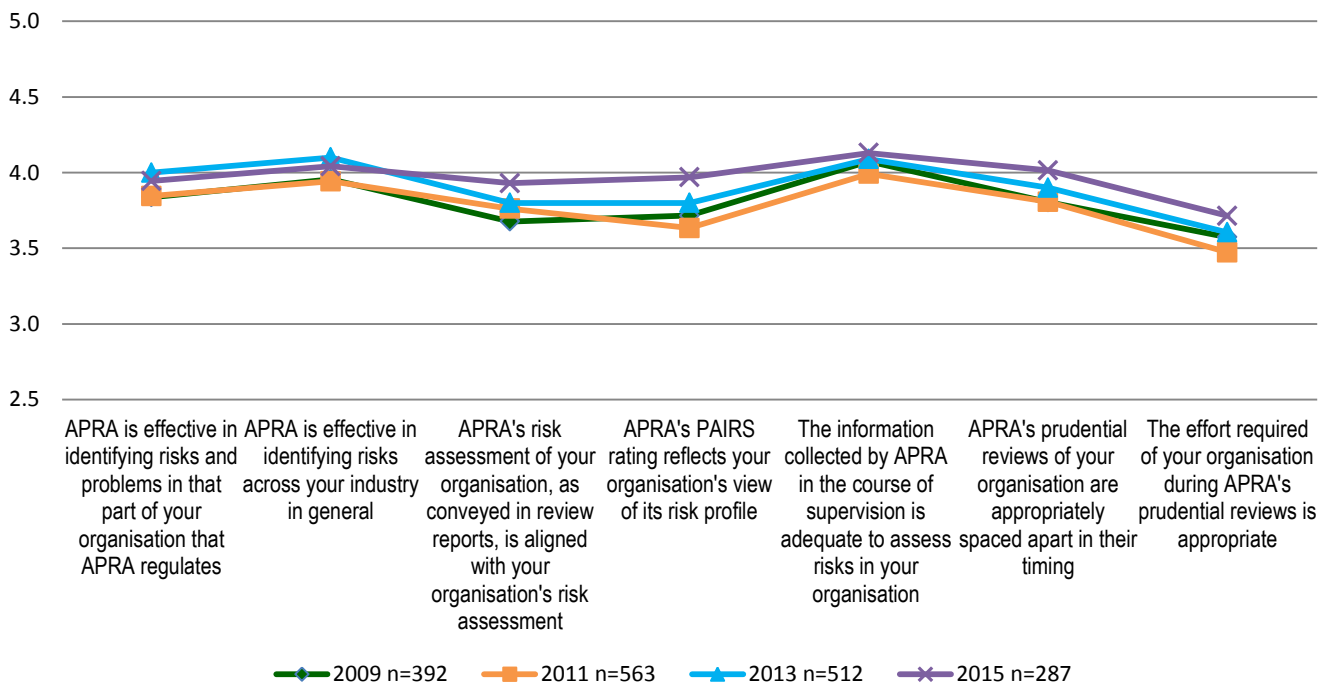
## Consultation process

By year - mean scores

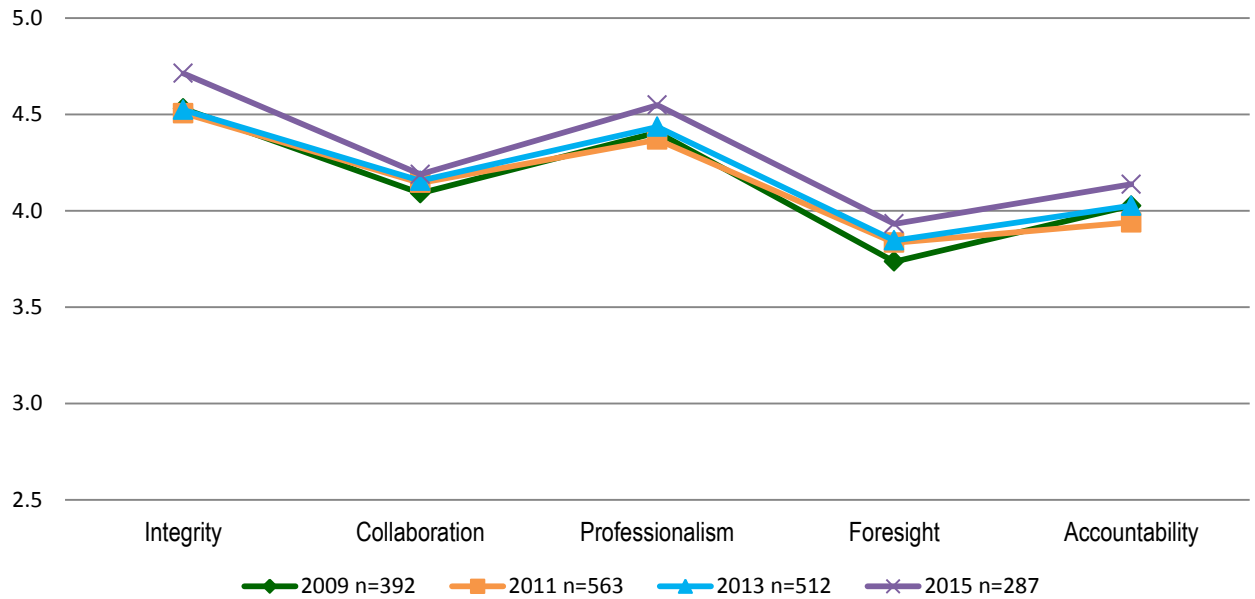


## Risk assessments

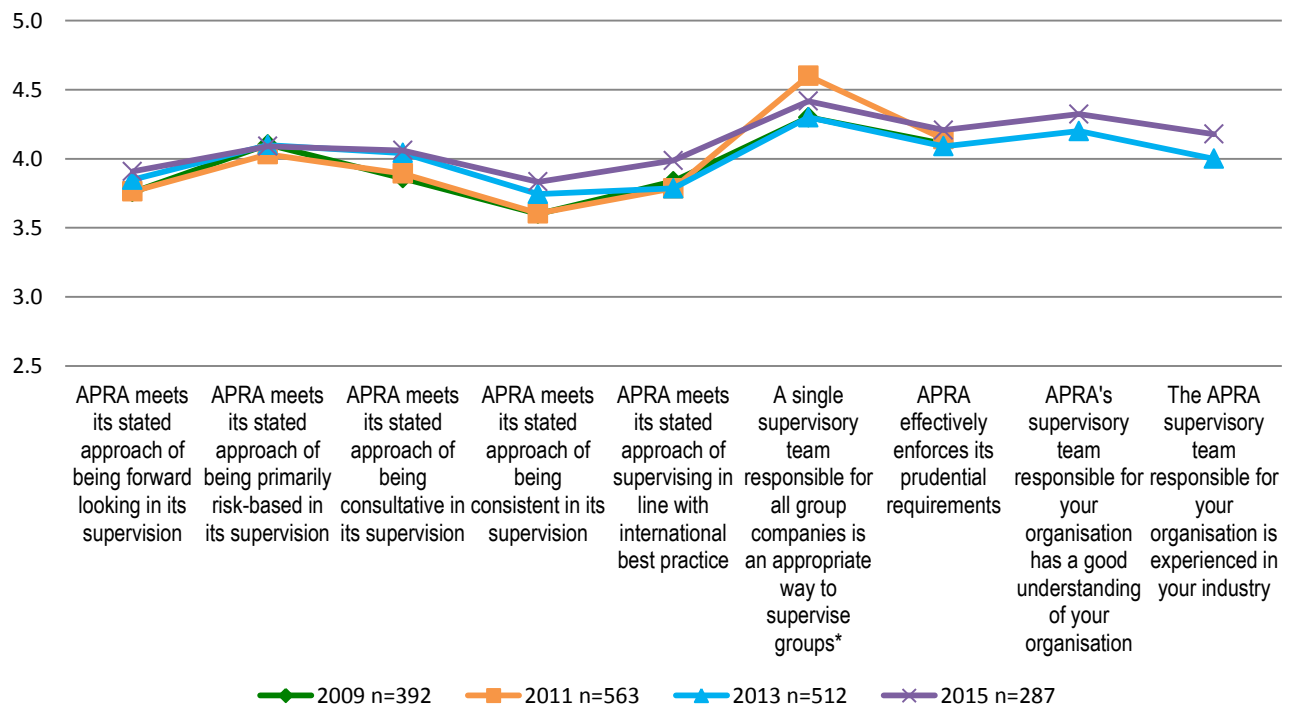
By year - mean scores



### Staff demonstration of APRA values By year - mean scores

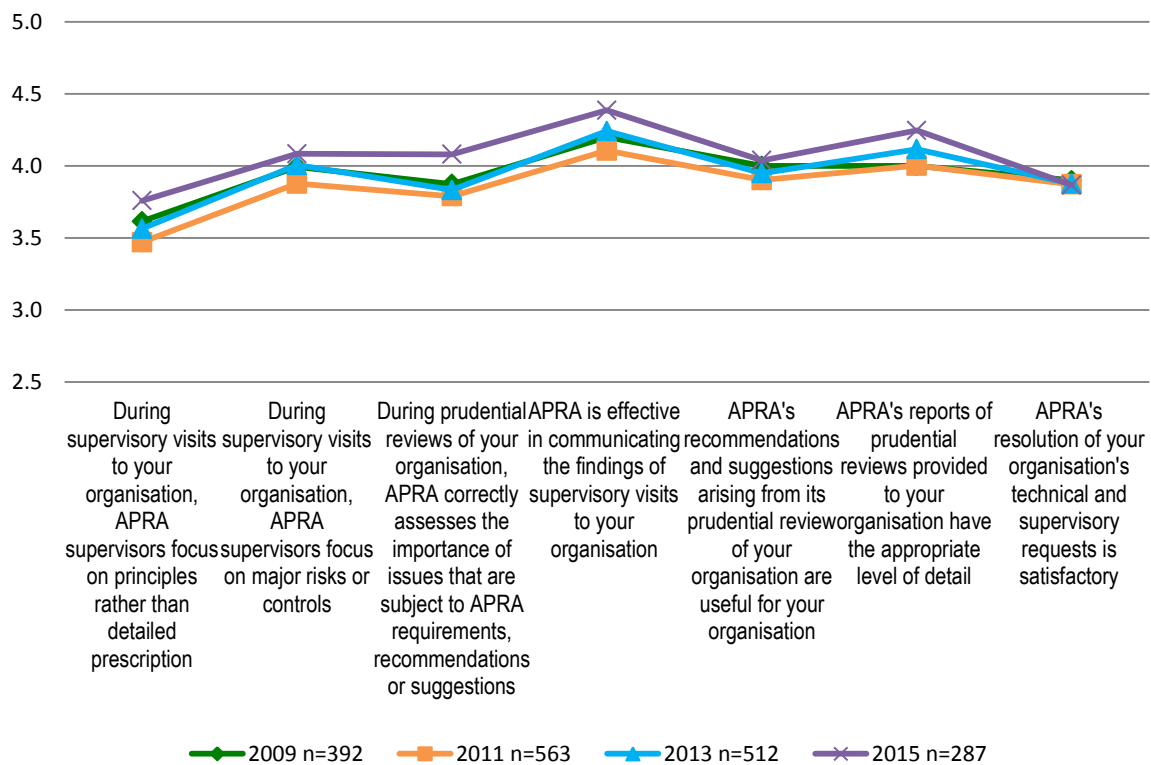


### Supervisory activities - chart A By year - mean scores



### Supervisory activities - chart B

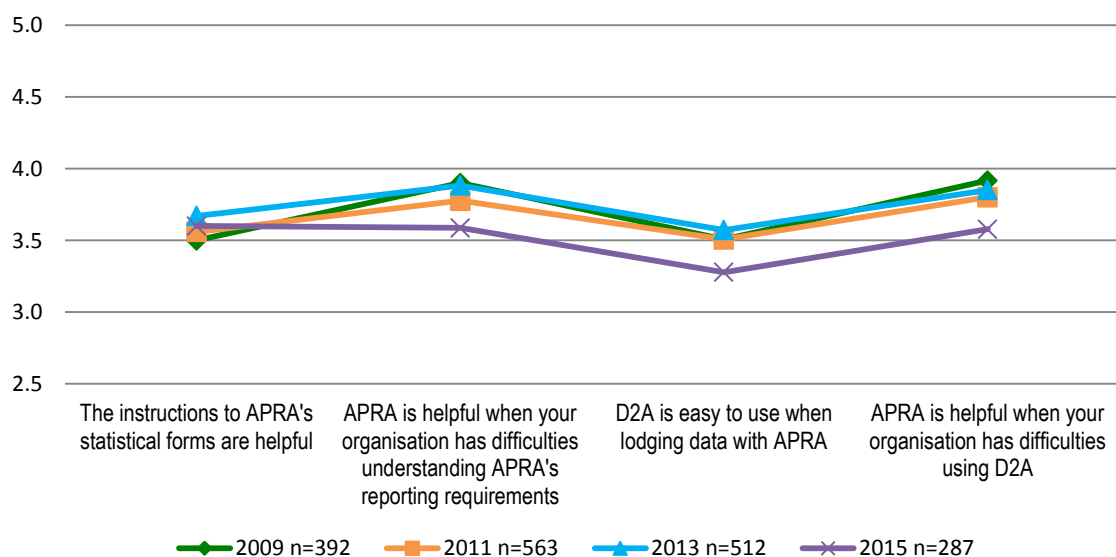
By year - mean scores



The greatest variation between survey periods can be seen in the topic of data collections. Scores for this topic in 2015 have decreased significantly and is likely due to the perceived cumbersome nature of the system and upgrades that were not implemented as smoothly as possible.

### Data collections

By year - mean scores





# Knowledgeable observers

## Overview

APRA invited a range of knowledgeable observers (KOs) to participate in the stakeholder survey, including industry representatives as well as appointed actuaries and auditors held in APRA's contact database.

APRA provided ASR with a list of 356 knowledgeable observers. Some were from the same organisation and some of these people chose a designated person to answer once from that organisation, while others were not available to answer during the survey period or were no longer working in Australia and/or in the industry.

Because of the way in which knowledgeable observers were selected and the ways in which they chose to answer/not answer, it is difficult to assess the representativeness of the response sample. It is more important that 75 people responded and that this is considerably more than the number of KOs who answered in 2013 (n=58). The results should be treated as being indicative of this group of stakeholders.

The knowledgeable observer survey was based on the regulated institutions' survey but much shorter. The KO questions were changed slightly in 2015 to reflect a broader perspective than a single organisation.

## Highest rated items

The highest rated items (mean score of more than 4.0) in the knowledgeable observer survey are presented in the table below. Many of these items were also highly rated in the 2013 knowledgeable observer survey.

*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree*

HIGHEST RATED ITEMS n=75	2015 MEAN	TOP 2 SCORE %
APRA staff's demonstration of its value integrity	4.4	90.0
APRA staff's demonstration of its value professionalism	4.3	84.3
APRA's guidance material is of value to your institution	4.2	93.2
APRA provides sufficient opportunity for consultation with industry about proposed changes to prudential standards and guidance material	4.2	85.1
APRA's prudential framework is effective in achieving APRA's mission	4.1	87.8
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	4.1	83.6

The lowest rated items (mean score of less than 3.5) in the knowledgeable observer survey are presented in the table below. Three of these items are about APRA-released information, while the lowest scoring was the same as for regulated institutions—cost of regulation.

*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree*

LOWEST RATED ITEMS n=75	2015 MEAN	TOP 2 SCORE %
Usefulness of other information on APRA's website n=64	3.4	48.4
Usefulness of speeches by senior APRA representatives n=51	3.2	39.2
In the past 12 months, usefulness of the articles in APRA Insight	3.0	23.0
Changes to APRA's prudential framework consider the costs of regulation imposed on industry	2.7	19.7

## KO year comparison

When 2015 results are compared with equivalent items from the previous survey, there were no or minor differences, with the exception of the item *APRA's prudential framework is effective in achieving APRA's mission*. This was statistically significantly lower for 2015 compared with 2013. The cost of regulation item has continued to decline.

Legend: **Yellow and bold** indicates statistically significant difference ( $p < 0.05$ )

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

COMPARABLE ITEMS BETWEEN 2015 AND 2013	2015 MEAN	2013 MEAN	± DIFF
APRA staff demonstrate value of integrity	4.4	4.4	0.0
APRA staff demonstrate its value of professionalism	4.3	4.2	0.1
APRA's guidance material is of value to your institution	4.2	4.3	-0.1
APRA provides sufficient opportunity for consultation with industry about proposed changes to prudential standards and guidance material	4.2	4.1	0.1
APRA's prudential framework is effective in achieving APRA's mission	<b>4.1</b>	<b>4.4</b>	-0.3
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	4.1	3.9	0.2
APRA meets its stated approach of being primarily risk-based in its supervision	4.0	4.1	-0.1
APRA's consultation packages are readily understood	4.0	4.0	0.0
APRA's consultation packages provide a good base for consultation with industry	4.0	4.0	0.0
A single supervisory team responsible for all group companies is an appropriate way to supervise groups	4.0	3.9	0.1
APRA effectively enforces its prudential requirements	4.0	4.1	-0.1
APRA meets its stated approach of being consultative in its supervision	3.9	4.0	-0.1
APRA meets its stated approach of supervising in line with international best practice	3.9	4.1	-0.2
APRA meets its stated approach of being forward looking in its supervision	3.8	4.0	-0.2
APRA's prudential standards are based on principles rather than detailed prescription	3.7	3.9	-0.2
APRA's prudential standards clearly communicate requirements	3.7	3.9	-0.2
APRA staff demonstrate its value of foresight	3.6	3.6	0.0
APRA staff demonstrate its value of collaboration	3.6	3.8	-0.2
APRA staff demonstrate its value of accountability	3.6	3.7	-0.1
APRA meets its stated approach of being consistent in its supervision	3.5	3.7	-0.2
Changes to APRA's prudential framework consider the costs of regulation imposed on industry	2.7	2.9	-0.2

## Comparison with regulated institutions

There were nine statistically different rated items between knowledgeable observers and regulated institutions. Generally, knowledgeable observers gave very similar or slightly lower ratings for all items, but significantly lower ratings about APRA staff. Lower ratings for APRA staff is a repeat of the 2013 survey result and may have something to do with having fewer interactions with APRA's supervisory staff on an operational level.

Knowledgeable observers endorse the regulatory framework and most aspects of its implementation, with the notable exception of its cost consequences. They also endorse APRA's guidance material and consultation process.

Legend: **Yellow and bold** indicates statistically significant difference between two scores

Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

KO-REGULATED INSTITUTIONS COMPARABLE ITEMS	KO 2015 MEAN n=75	RI 2015 MEAN n=287
<b>Prudential framework</b>		
APRA's prudential framework is effective in achieving APRA's mission	4.1	4.2
APRA's prudential standards are based on principles rather than detailed prescription	3.7	3.8
APRA's prudential standards clearly communicate requirements	3.7	3.8
APRA's guidance material (including Prudential Practice Guides, letters and Frequently Asked Questions) is of value to your institution	4.2	4.2
<b>Usefulness of APRA guidance</b>		
Usefulness of interactions with other APRA staff	3.6	3.5
Usefulness of APRA's Prudential Practice Guides	3.7	3.7
Usefulness of APRA's letters to your institution	3.6	3.6
Usefulness of other information on APRA's website, including letters, notes and advices	3.4	3.4
Usefulness of speeches by senior APRA representatives	3.2	3.4
<b>Consultation process</b>		
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	4.1	3.9
APRA provides sufficient opportunity for consultation with industry about proposed changes to prudential standards and guidance material	<b>4.2</b>	<b>4.0</b>
APRA's consultation packages are readily understood	4.0	3.9
APRA's consultation packages provide a good base for consultation with industry	4.0	3.9
APRA communicates clearly during consultation with industry about proposed changes to prudential standards and guidance material	3.9	3.9
Changes to APRA's prudential framework considers the costs of regulation imposed on industry	2.7	2.6
<b>Staff demonstration of APRA values</b>		
APRA staff demonstrate value of integrity*	<b>4.4</b>	<b>4.7</b>
APRA staff demonstrate value of collaboration*	<b>3.6</b>	<b>4.2</b>
APRA staff demonstrate value of professionalism*	<b>4.3</b>	<b>4.5</b>
APRA staff demonstrate value of foresight*	<b>3.6</b>	<b>3.9</b>
APRA staff demonstrate value of accountability*	<b>3.6</b>	<b>4.1</b>
<b>Supervisory activities</b>		
APRA meets its stated approach of being forward looking in its supervision	3.8	3.9
APRA meets its stated approach of being primarily risk based in its supervision	4.0	4.1
APRA meets its stated approach of being consultative in its supervision	3.9	4.1
APRA meets its stated approach of being consistent in its supervision	<b>3.5</b>	<b>3.8</b>
APRA meets its stated approach of supervising in line with international best practice	3.9	4.0
APRA effectively enforces its prudential requirements	<b>4.0</b>	<b>4.2</b>

KO-REGULATED INSTITUTIONS COMPARABLE ITEMS	KO 2015 MEAN n=75	RI 2015 MEAN n=287
A single supervisory team responsible for all group companies is an appropriate way to supervise groups	<b>4.0</b>	<b>4.4</b>
The impact APRA's enforcement of its prudential requirements has had on your industry^	3.9	3.9

*\*mean based on 5 point never-always scale*

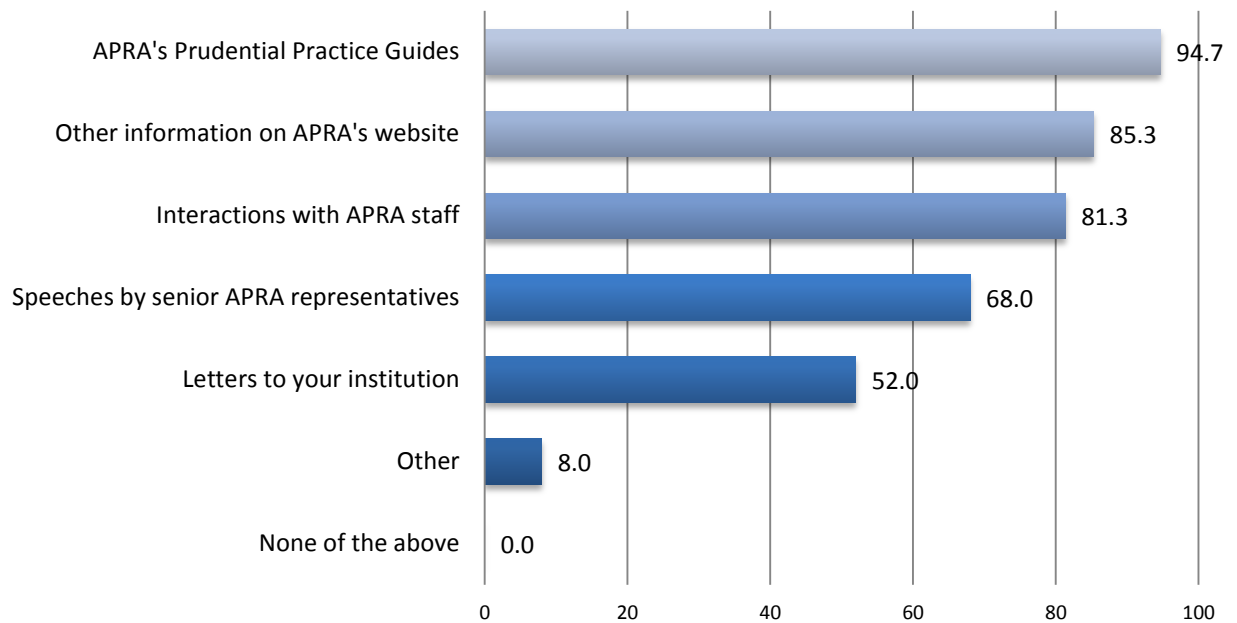
*^mean based on 5 point very negative to very positive impact scale*

The series of charts below describe the use, usefulness and reliability of APRA publications. In terms of information sources, knowledgeable observers most commonly used APRA’s prudential practice guides, other APRA website information and APRA staff. This is a similar pattern to regulated institutions’ sources of guidance with the exception that regulated institutions were more likely to use letters to their institution as a source of guidance, probably because they received more than KOs.

### KO - APRA sources of guidance used in the past 12 months

*% respondents choosing a source*

*Multiple answers allowed so total may be >100% ; % based on n=75*



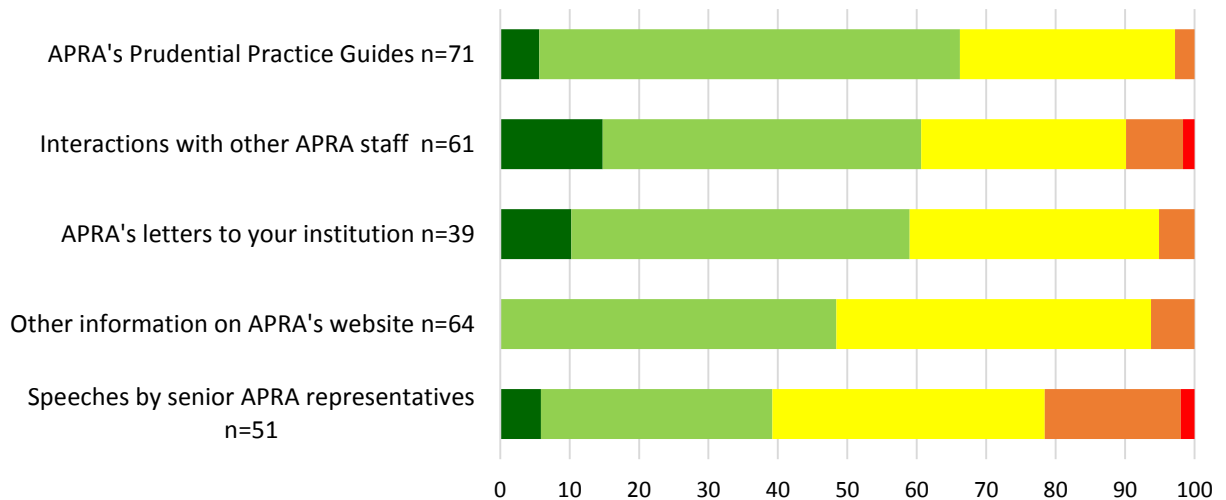
Based on answers to the previous questions about sources of guidance used, knowledgeable observers were asked to rate guidance usefulness. For equivalent items, their results are very similar to regulated institutions.

*Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree*

USEFULNESS OF GUIDANCE SOURCES – n varies	2015 MEAN	TOP 2 SCORE %
APRA's Prudential Practice Guides n=71	3.7	66.2
APRA's letters to your institution n=39	3.6	59.0
Interactions with other APRA staff n=61	3.6	60.7
Other information on APRA's website n=64	3.4	48.4
Speeches by senior APRA representatives n=51	3.2	39.2

### KO - Usefulness of guidance

% respondents choosing an answer; n varies by item

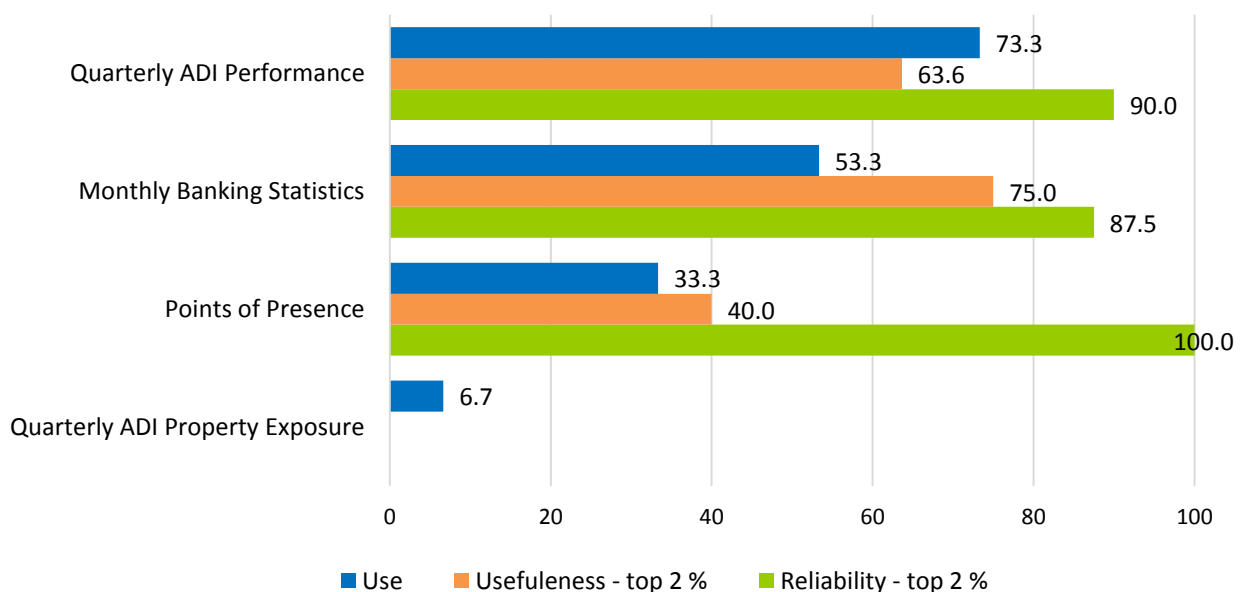


	Speeches by senior APRA representatives n=51	Other information on APRA's website n=64	APRA's letters to your institution n=39	Interactions with other APRA staff n=61	APRA's Prudential Practice Guides n=71
Extremely useful	5.9	0.0	10.3	14.8	5.6
Very useful	33.3	48.4	48.7	45.9	60.6
Moderately useful	39.2	45.3	35.9	29.5	31.0
Slightly useful	19.6	6.3	5.1	8.2	2.8
Not useful at all	2.0	0.0	0.0	1.6	0.0

Knowledgeable observers were asked to indicate the APRA publications their organisation had used in the last 12 months and then asked to rate the usefulness and reliability of the publications selected. Note the very small n counts for some publications. Usefulness top 2% tend to be lower than reliability top 2%. Some publications are rarely used by knowledgeable observers.

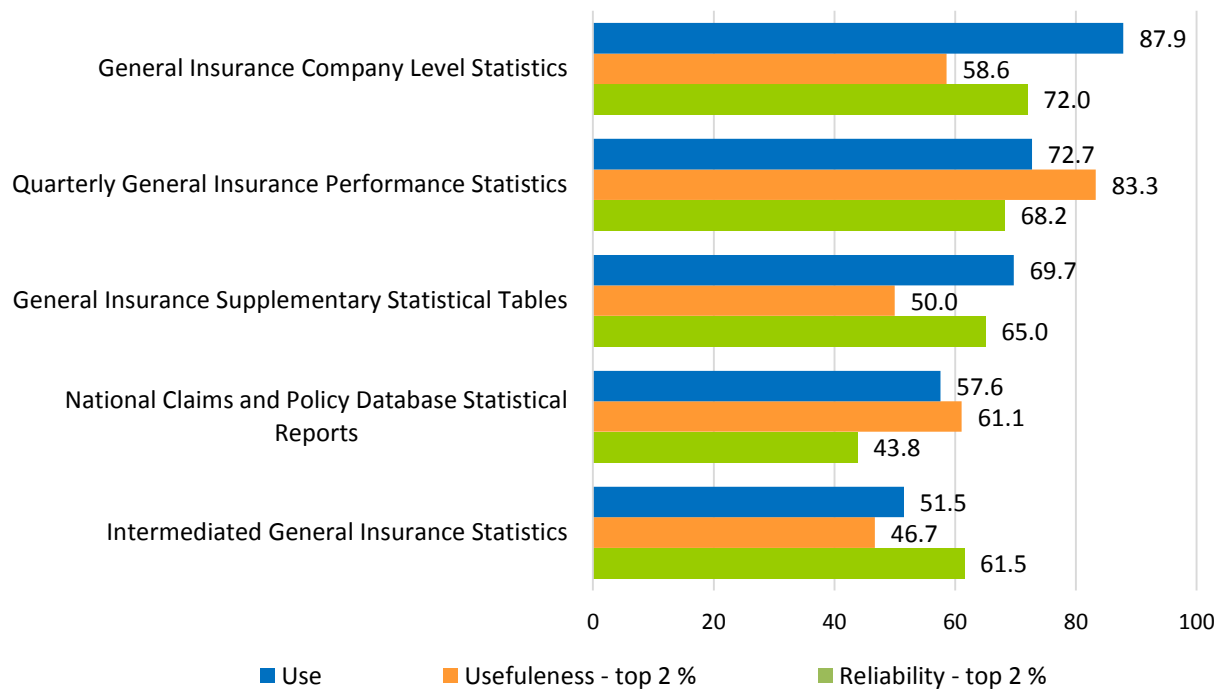
### KO - Use, usefulness and reliability of ADI publications

% of respondents choosing an item and rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=15



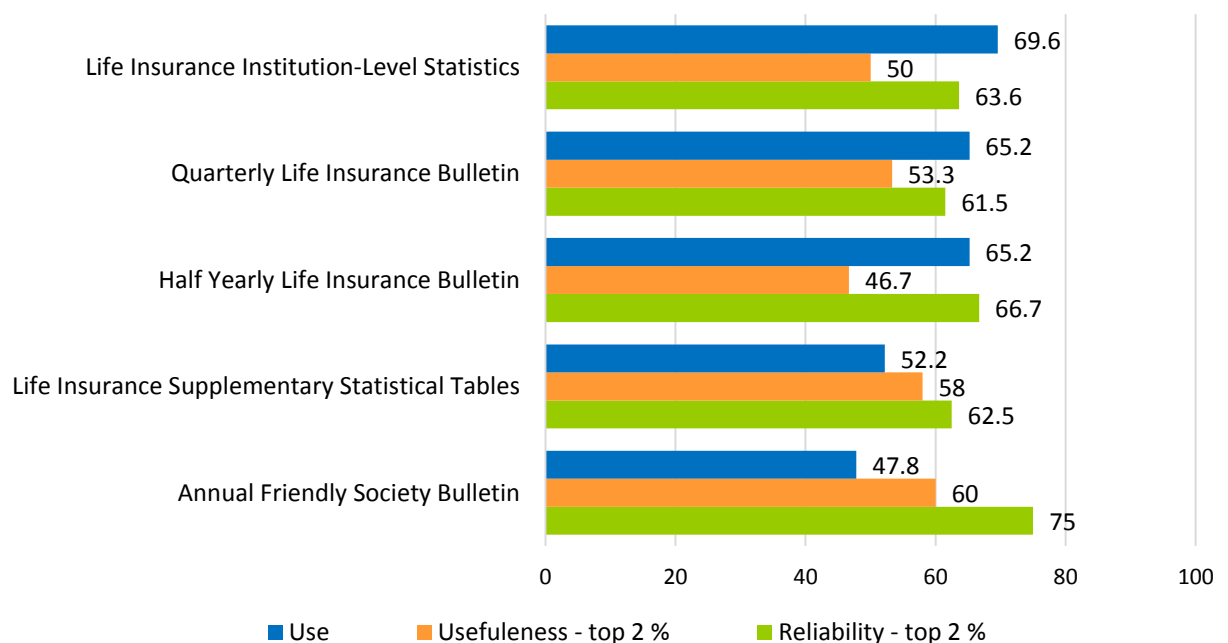
### KO - Use, usefulness and reliability of General Insurance publications

% of respondents choosing an item and rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=33



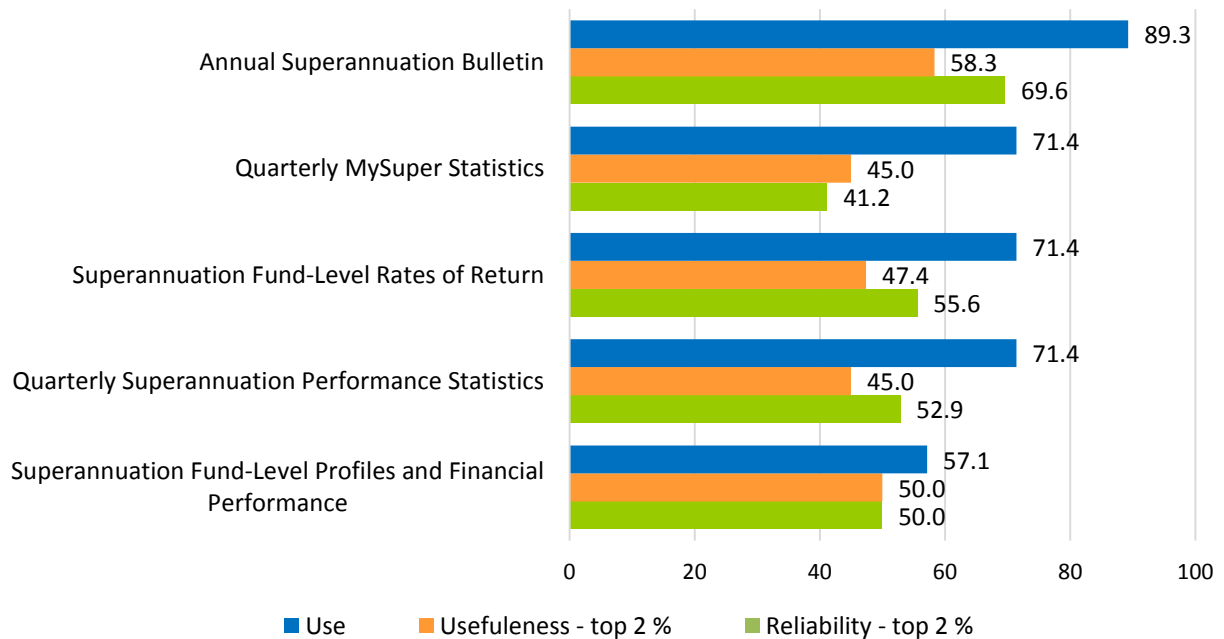
### KO - Use, usefulness and reliability of Life Insurance publications

% of respondents choosing an item and rating use/reliability with top 2 score; n displayed is number of respondents indicating use; % of use calculated on base of n=23



### KO - Use, usefulness and reliability of Superannuation publications

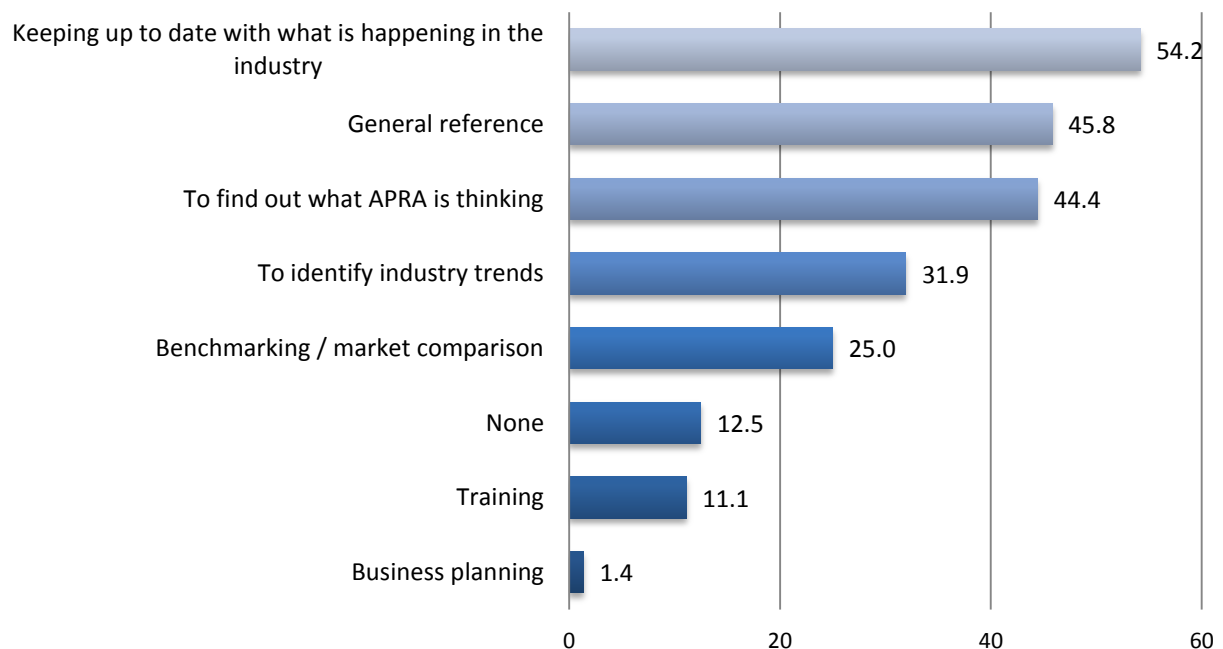
*% of respondents choosing an item and rating use/reliability with top 2 scores; n displayed is number of respondents indicating use; % of use calculated on base of n=28*



### Purpose/s for using APRA Insight

*% respondents choosing an answer.*

*Multiple answers allowed so total may be >100%; % based on n=72*

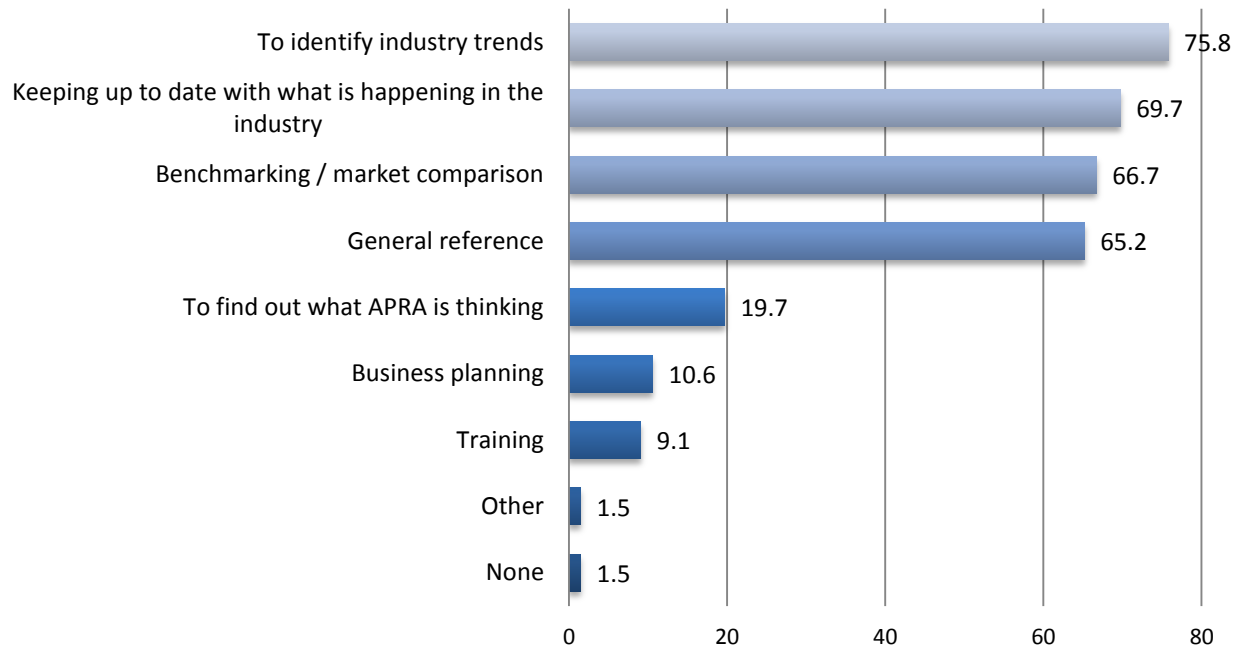




### Purpose/s for using APRA statistical publications

*% respondents choosing an answer.*

*Multiple answers allowed so total may be >100%; % based on n=66*



## Conclusions

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- Overall the results of this survey are positive. On average, regulated institutions and knowledgeable observers support APRA's framework and regulatory approach of principles-based supervision. A majority of respondents agreed that APRA effectively enforced its prudential requirements and believed that APRA had a positive impact on their industry and risk management practices.
- Over time there have been no major movements in results, indicating that APRA has maintained a very stable method of operation and interaction with stakeholders. However, this year has seen a slight increase in many areas and many of these increases were statistically significant. Notable positive changes were around principles versus prescription (which still has some way to go), appropriately identifying material issues during reviews and several aspects of supervision.
- We note that there was less commentary about inconsistency in supervision and more commentary about positive aspects of supervision.
- In contrast, ratings for D2A declined significantly and a number of institutions questioned the effort versus benefit balance of data collection as it currently stands.
- Cost of compliance continued to receive by far the lowest score across regulated institutions and the view was reiterated by knowledgeable observers.
- Consultation appears to be working well, overall, and suggestions were offered around seeking a broader range of stakeholder input and meeting more personally in both small and large meeting forums. Starting consultation periods earlier on in the process and finishing later may also be considered.
- There were few differences between industry and sizes of institutions. Being part of a regulated group or not affects views about APRA more than the other two attributes. Group institutions tended to have more positive views about APRA and its regulatory activities and the impact on their institution.
- Knowledgeable observers had very similar views to regulated institutions on most comparable areas, but continued to have more negative views about ARPA staff than institutions.
- Overall there appears to be a greater acceptance of the regulatory framework and APRA's activities, except from smaller institutions and mutuals, countered by universally low ratings for the cost of compliance.