

APRA Stakeholder Survey - 2015
**Supplementary survey of directors of authorised
deposit-taking institutions and insurers**
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.

Australian Government Statistical Clearing House Approval Number: 02021-04

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. For the first time, APRA also invited executive and non-executive directors of authorised deposit-taking institutions (ADIs) and insurers to participate in the stakeholder survey process via an additional supplementary survey.

Data collection

The director survey was similar in style to the regulated institution stakeholder survey with a number of questions in common. Survey questions were developed by APRA and then refined by ASR, pilot participants and the Australian Bureau of Statistics Statistical Clearing House. The Statistical Clearing House approved the 2015 web survey as part of the suite of APRA stakeholder surveys.

A total of 1442 directors were invited either through a letter or a personal email, both of which contained a unique link to the web questionnaire. At the end of the survey period, 451 directors responded which was large enough to be a statistically representative sample of the defined population. The sample closely reflected the population by industry sector breakdown. All directors were asked to answer survey questions from a personal, and not an institutional, perspective.

Highest and lowest items

The director questionnaire contained 28 rated items which all used a five-point rating scale of some type. There was one multiple choice question about sources of guidance and several open-ended questions. All items scored above 3.0 (neutral) on a five-point scale and 16 of the 28 items had 75% or more positive (sum of top 2 positive rating points) responses.

The highest rated items were about meetings with APRA and supervision as well as clarity of standards and guidance materials. The lowest scoring items were about the usefulness of particular sources of guidance (which were only rated by users of these sources) and the reasonableness of board workload resulting from APRA requirements.

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

HIGHEST SCORING ITEMS – n=451	2015 MEAN	TOP 2 SCORE %
Meetings between APRA and my institution’s board are of value to the board	4.3	90.6
APRA's prudential framework is effective in achieving APRA's mission	4.2	94.2
APRA’s prudential standards and guidance material clearly communicate requirements for boards	4.1	88.0
APRA’s supervision of your institution is consistent with APRA’s mission	4.1	88.6
APRA discussions with my institution’s board are appropriate in terms of content	4.1	87.9
APRA’s supervision of your industry is consistent with APRA’s mission	4.1	86.3

LOWEST SCORING ITEMS – n=451 unless otherwise stated	2015 MEAN	TOP 2 SCORE %
Usefulness of speeches by senior APRA representatives n=309	3.5	54.9
Usefulness of interactions with other APRA staff (not supervisors) n=310	3.5	50.5
Usefulness of other information on APRA's website n=219	3.4	50.0
The workload that APRA requirements create for my institution’s board is reasonable	3.3	52.9

Comparison with regulated institutions' views

There were 16 comparable items between the director and regulated institution surveys. These comparable items covered the prudential framework and standards, APRA's supervision and risk assessment, risk identification and guidance materials. Seven of the comparable items were statistically significantly different at $p < 0.05$ (95% confidence level). Items with larger differences between mean scores included: *APRA's prudential standards and guidance material clearly communicate requirements for boards, where directors were more positive* and *the usefulness of your APRA supervision team, where regulated institutions were more positive*.

Conclusion

Overall, the results of this survey were positive. On average, directors endorsed APRA's framework, guidance material and supervision. A vast majority indicated that APRA's standards had a positive impact on their risk management practices. However, this came with the burden of heavy workload for many, particularly smaller institutions, and loss of focus on business direction for some.

Introduction

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. Historically, this survey focused on prudential contacts of regulated institutions and did not include directors.

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. For the first time in April 2015, APRA invited executive and non-executive directors of authorised deposit taking institutions (ADIs) and insurers to participate in the stakeholder survey process. Reflecting the particular role played by directors, the supplementary director survey had somewhat different topics and quite a few different questions compared with the regulated institution and knowledgeable observer surveys but was conducted, analysed and reported in a similar way.

This report outlines the methodology used in the survey as well as the key findings. Key findings for directors are presented from an overall perspective, as well as by type of director and industry sector. Where questions could be compared, comparative results between regulated institutions and directors are presented.

Methodology

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

Questionnaire

APRA proposed a range of questions, similar in style and concept and using similar scales to the other stakeholders surveys conducted with regulated institutions and knowledgeable observers. ASR worked with APRA and the Australian Bureau of Statistics Statistical Clearing House to refine the questions and, wherever possible, to reduce respondent burden. The survey was loaded in ASR's proprietary web surveying product SurveyManager and hosted in a high security data centre in Melbourne's CBD.

Because it was a new survey, the director survey was pilot tested in February 2015 with six non-executive directors of a range of regulated institutions, including small to large institutions as well as ADIs and insurers. As a result of pilot testing, the questionnaire was refined further. The Statistical Clearing House approved the director survey in March 2015, after the pilot test was completed. The survey has SCH approval until March 2019 on the condition that minimal changes are made to the concept and execution of the survey.

Data collection

Prior to going live with the full survey, APRA Chairman, Mr Wayne Byres, sent a letter to directors of ADIs and insurers (n=1442) advising them of the survey. APRA identified directors through its own databases. ASR followed this up with a hard copy letter invitation to directors where APRA only had a postal address as the contact information. The letter provided an online link and unique login ID and password to the online survey. In addition, ASR sent 691 personalised email invitations to the survey.

Where a person was a director of more than one regulated institution, they were invited once only. ASR randomly chose a regulated institution in these situations. This was done in order to assign them to an industry for the purpose of analysis and so that a director would only receive one email invitation.

Directors were asked to answer survey questions from a personal, and not institutional, perspective.

ASR tracked the response rate and sent one targeted letter reminder and several targeted email reminders 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 role and industry). 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, we have reported 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 % is the addition of the percent of respondents who 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 around or over 75-80% meaning that many 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 produce 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 below, 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 451 directors responded to the survey yielding a **response rate of 31.3%**. The sample was statistically representative of the stakeholder population as a whole at the 95% confidence level and the $\pm 4\%$ confidence interval (see note below explaining confidence interval and level).

The population and sample profiles for directors have been compared by industry sector to examine the representativeness of the response set. The population and sample response profiles were very similar—a good indicator of representativeness.

A breakdown of role (executive compared with non-executive director) is also provided but no population data was available for this comparison. However, the proportion of executive to non-executive directors is very similar to the make-up of boards in general— non-executive directors comprised 84% of ASX top 100 company boards in 2012 (Source: Australian Council of Superannuation Investors, *Board composition and NED pay in top 200 companies: 2012*, Sept 2013).

As a result of these profiles, **no weighting** was applied to the response sample.

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

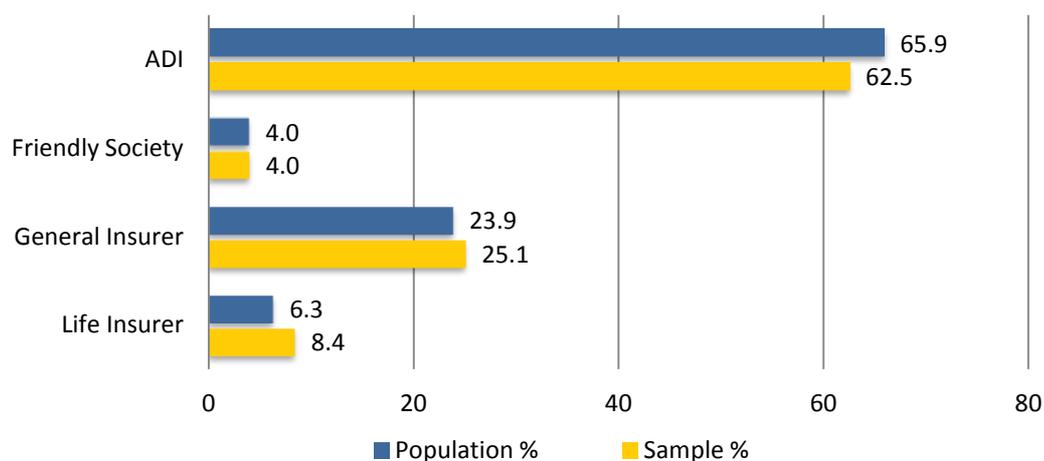
The response sample breakdowns are displayed in the following tables and chart.

TYPE OF DIRECTOR	RESPONSE SAMPLE	
	<i>Freq</i>	<i>%</i>
Executive director	57	12.6
Non-executive director	394	87.4
Total	451	100.0

INDUSTRY SECTOR	POPULATION		RESPONSE SAMPLE		CONFIDENCE INTERVAL
	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>	$\pm\%$
ADI	950	65.9	282	62.5	± 4.9
Friendly Society	57	4.0	18	4.0	± 19.0
General Insurer	344	23.9	113	25.1	± 7.8
Life Insurer	91	6.3	38	8.4	± 12.2
Total	1442	100.0	451	100.0	± 3.8

Directors - Industry sector profile

% breakdown by population and sample



Key findings

This section outlines the key findings for directors by topic. For each topic, the mean and top 2 scores are presented along with the frequency distribution for each item. Role and industry sector differences are covered in later sections, as are comparisons with regulated institutions.

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 and supervisory requirements

On average, respondents agreed with the items presented—a strong endorsement of APRA’s framework and purpose. However, while rating highly, alignment of APRA’s institutional risk assessment with personal views was not viewed as positively as the other items in this topic. The table below displays the mean scores for items related to prudential and supervisory requirements.

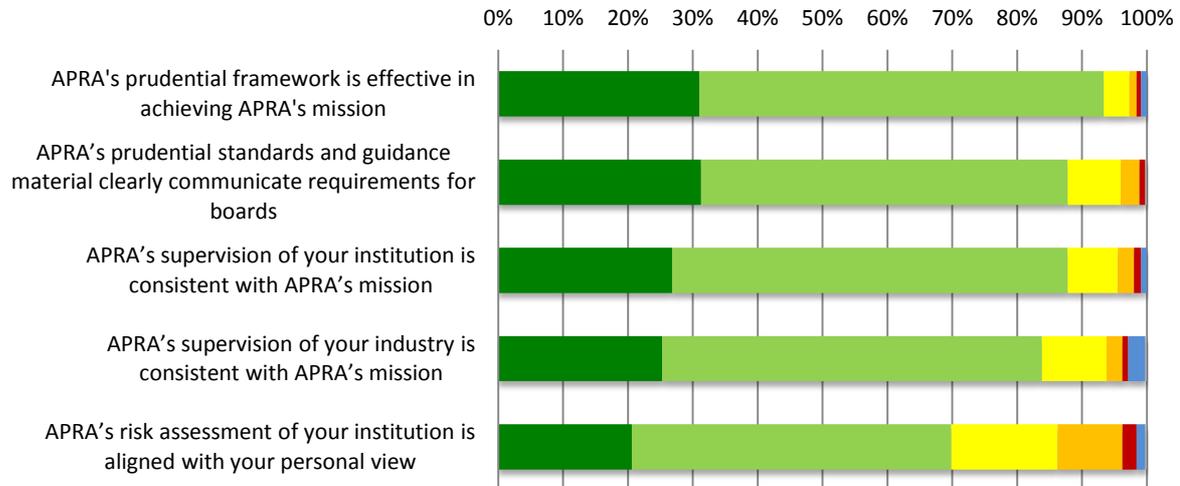
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

PURDENTIAL AND SUPERVISORY REQUIREMENTS – n=451	2015 MEAN	TOP 2 SCORE %
APRA's prudential framework is effective in achieving APRA's mission	4.2	94.2
APRA’s prudential standards and guidance material clearly communicate requirements for boards	4.1	88.0
APRA’s supervision of your institution is consistent with APRA’s mission	4.1	88.6
APRA’s supervision of your industry is consistent with APRA’s mission	4.1	86.3
APRA’s risk assessment of your institution is aligned with your personal view	3.8	70.9

The chart on the following page displays the frequency distribution of ratings for each item in the topic. All items had a majority of positive (agree) ratings.

Prudential and supervisory requirements

% of respondents choosing a rating point; n=451



	APRA's risk assessment of your institution is aligned with your personal view	APRA's supervision of your industry is consistent with APRA's mission	APRA's supervision of your institution is consistent with APRA's mission	APRA's prudential standards and guidance material clearly communicate requirements for boards	APRA's prudential framework is effective in achieving APRA's mission
Strongly agree	20.6	25.3	26.8	31.3	31.0
Agree	49.2	58.5	61.0	56.5	62.3
Neutral	16.4	10.0	7.8	8.2	4.0
Disagree	10.0	2.4	2.4	2.9	1.1
Strongly disagree	2.2	0.9	1.1	0.9	0.7
Don't know	1.3	2.7	0.9	0.0	0.9
No answer	0.2	0.2	0.0	0.2	0.0

APRA's impact

On average directors indicated that APRA's supervision had a positive impact on their institutional risk management practices, but fewer indicated that APRA's impact was positive on financial management.

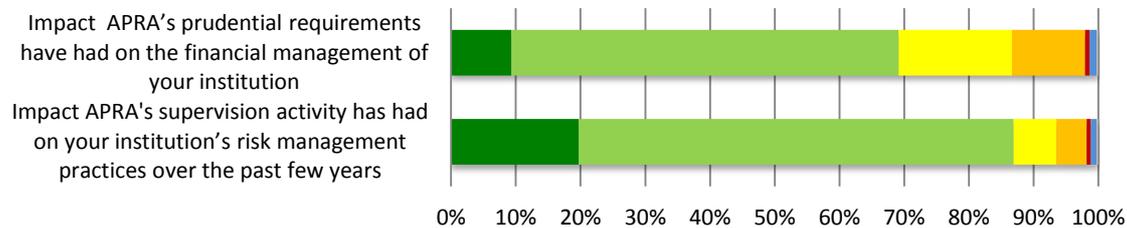
Scale legend: 1=strongly negative, 2=negative, 3=no impact, 4=positive, 5=strongly positive

IMPACT ON RISK AND FINANCIAL MANAGEMENT – n=451	2015 MEAN	TOP 2 SCORE %
Impact APRA's supervision activity has had on your institution's risk management practices over the past few years	4.0	87.9
Impact APRA's prudential requirements have had on the financial management of your institution	3.7	70.1

The chart on the following page displays the frequency distribution of ratings for each item in the topic. Both items had a large majority of positive (agree) ratings.

APRA's impact on risk and financial management

% of respondents choosing a rating point; n=451



	Impact APRA's supervision activity has had on your institution's risk management practices over the past few years	Impact APRA's prudential requirements have had on the financial management of your institution
Very positive impact	19.7	9.3
Positive impact	67.2	59.9
No impact	6.7	17.5
Negative impact	4.7	11.3
Very negative impact	0.7	0.7
Don't know	0.9	1.1
No answer	0.2	0.2

Other impacts of APRA's requirements

Overall, directors agreed about the importance of the international alignment of standards. While more than 70% of respondents agreed that the framework distinguished between board and management responsibilities, a considerable number commented on the overlap between the two sets of responsibilities.

Only a slim majority of directors agreed that APRA's requirements created a reasonable work load.

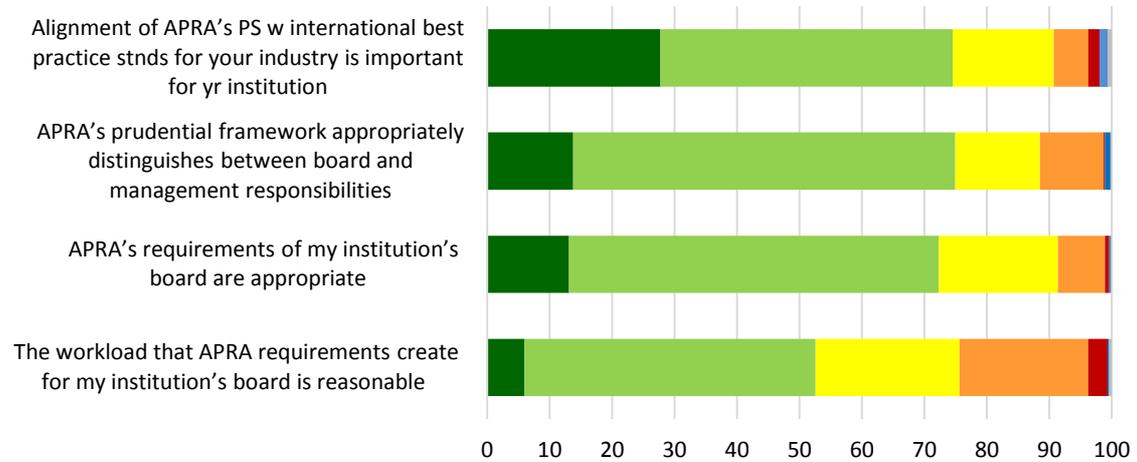
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

OTHER IMPACT'S OF APRA REQUIREMENTS – n=451	2015 MEAN	TOP 2 SCORE %
Alignment of APRA's Prudential Standards with international best practice standards for your industry is important for your institution	4.0	76.0
APRA's prudential framework appropriately distinguishes between board and management responsibilities	3.8	75.8
APRA's requirements of my institution's board are appropriate	3.8	72.6
The workload that APRA requirements create for my institution's board is reasonable	3.3	52.9

The chart below displays the frequency distribution of ratings for each item in the topic. Both items had a large majority of positive (agree) ratings except for the workload item.

Other impacts of APRA's requirements

% of respondents choosing a rating point; n=451



	The workload that APRA requirements create for my institution's board is reasonable	APRA's requirements of my institution's board are appropriate	APRA's prudential framework appropriately distinguishes between board and management responsibilities	Alignment of APRA's PS w international best practice stnds for your industry is important for yr institution
■ Strongly agree	6.0	13.1	13.7	27.7
■ Agree	46.6	59.2	61.2	46.8
■ Neutral	23.1	19.1	13.5	16.2
■ Disagree	20.6	7.5	10.2	5.5
■ Strongly disagree	3.1	0.7	0.2	1.8
■ Don't know	0.2	0.2	0.9	1.3
■ No answer	0.4	0.2	0.2	0.7

Interactions with APRA

Directors rated all items in the table below relating to APRA board meetings, discussions and communications very positively.

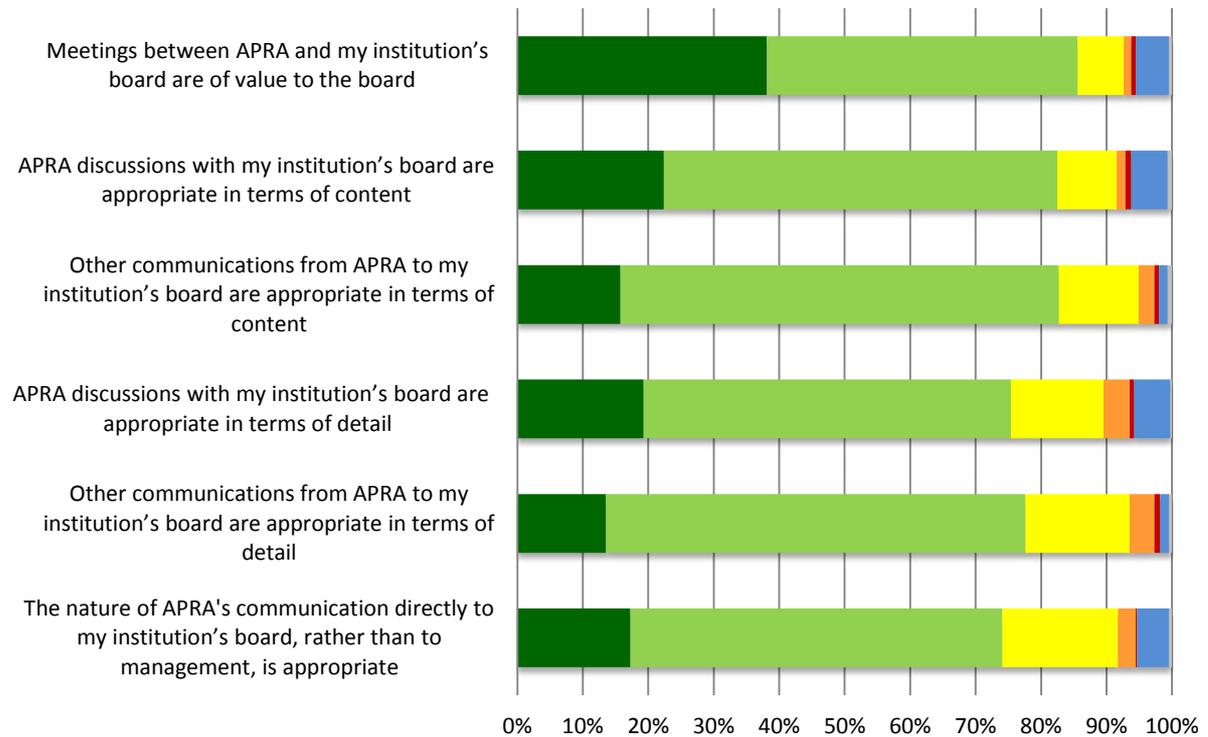
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree

INTERACTIONS WITH APRA – n=451	2015 MEAN	TOP 2 SCORE %
Meetings between APRA and my institution’s board are of value to the board	4.3	90.6
APRA discussions with my institution’s board are appropriate in terms of content	4.1	87.9
Other communications from APRA to my institution’s board are appropriate in terms of content	4.0	84.4
APRA discussions with my institution’s board are appropriate in terms of detail	3.9	80.0
Other communications from APRA to my institution’s board are appropriate in terms of detail	3.9	79.0
The nature of APRA's communication directly to my institution’s board, rather than to management, is appropriate	3.9	78.2

The chart below displays the frequency distribution of ratings for each item in the topic. Note that some items had around 5% *don't know* answers. While small, it could be of concern that a segment of directors don't have enough information to have views on these matters.

Interactions with APRA

% of respondents choosing a rating point; n=451



	The nature of APRA's communication directly to my institution's board, rather than to management, is appropriate	Other communications from APRA to my institution's board are appropriate in terms of detail	APRA discussions with my institution's board are appropriate in terms of detail	Other communications from APRA to my institution's board are appropriate in terms of content	APRA discussions with my institution's board are appropriate in terms of content	Meetings between APRA and my institution's board are of value to the board
■ Strongly agree	17.3	13.5	19.3	15.7	22.4	38.1
■ Agree	56.8	64.1	56.1	67.0	60.1	47.5
■ Neutral	17.7	16.0	14.2	12.2	9.1	7.1
■ Disagree	2.7	3.8	4.0	2.4	1.3	1.1
■ Strongly disagree	0.2	0.9	0.7	0.7	0.9	0.7
■ Don't know	4.9	1.3	5.5	1.3	5.5	5.1
■ No answer	0.4	0.4	0.2	0.7	0.7	0.4

APRA’s guidance and risk assessment

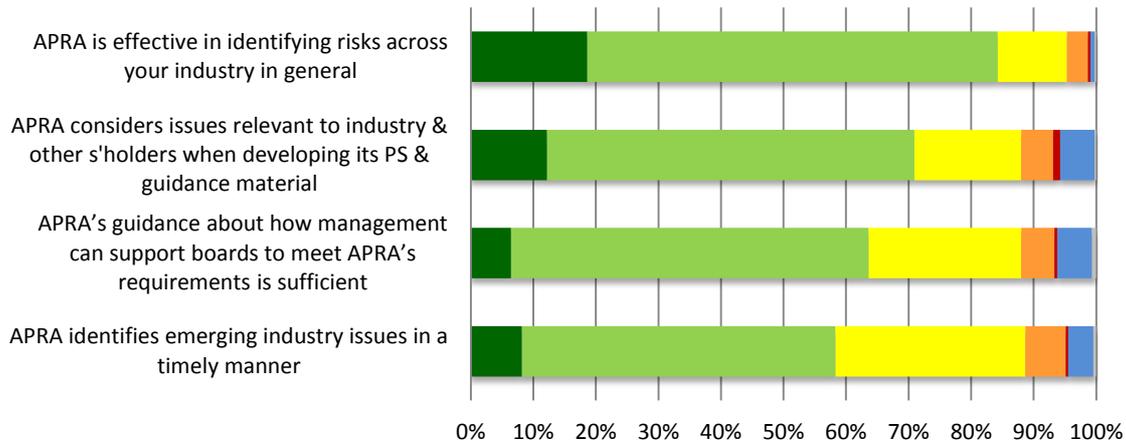
Directors agreed that APRA effectively identifies industry risks, but it could be more timely in identifying emerging issues. Some directors indicated that APRA could provide more guidance around management support of boards. However, on average, all ratings were at the agree point for this topic.

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

GUIDANCE & RISK ASSESSMENT – n=451	2015 MEAN	TOP 2 SCORE %
APRA is effective in identifying risks across your industry in general	4.0	85.0
APRA considers issues relevant to industry & other stakeholders when developing its prudential standards & guidance material	3.8	75.3
APRA’s guidance about how management can support boards to meet APRA’s requirements is sufficient	3.7	67.8
APRA identifies emerging industry issues in a timely manner	3.6	61.0

The chart below displays the frequency distribution of ratings for each item in the topic. Note again that around 5% of respondent’s did not have enough information to have a view for three of the four items in this topic.

APRA's guidance and risk assessment
% of respondents choosing a rating point; n=451

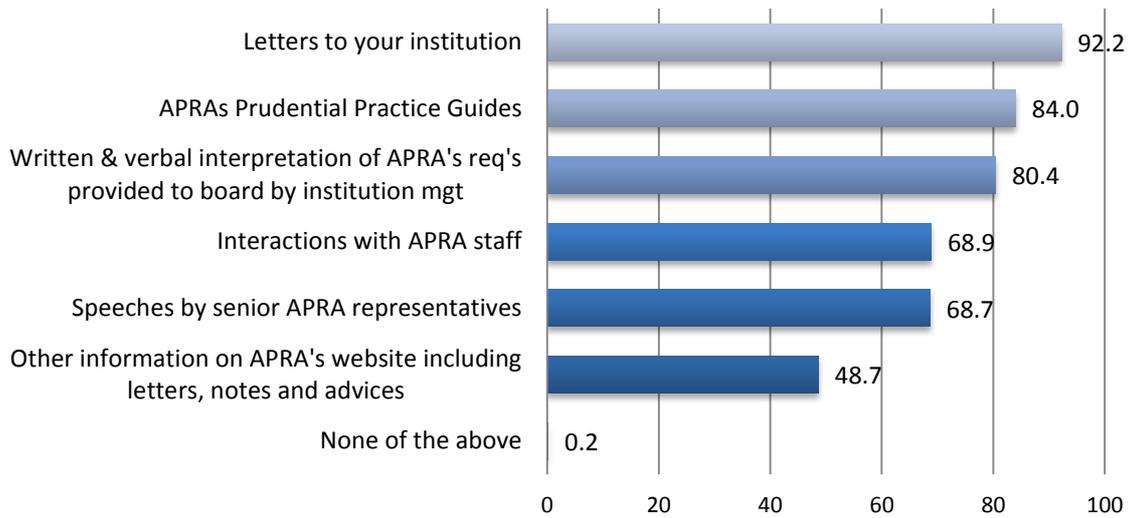


	APRA identifies emerging industry issues in a timely manner	APRA’s guidance about how management can support boards to meet APRA’s requirements is sufficient	APRA considers issues relevant to industry & other s’holders when developing its PS & guidance material	APRA is effective in identifying risks across your industry in general
Strongly agree	8.2	6.4	12.2	18.6
Agree	50.1	57.2	58.8	65.6
Neutral	30.4	24.4	17.1	11.1
Disagree	6.4	5.3	5.1	3.3
Strongly disagree	0.4	0.4	1.1	0.4
Don't know	4.0	5.5	5.5	0.7
No answer	0.4	0.7	0.2	0.2

Sources of guidance

Directors used many sources of APRA guidance information, but most commonly written information and within that most commonly letters to their institution. Other information on APRA's website was less used than any other source offered.

APRA sources of guidance used in past 12 months
% of respondents choosing a source
Multiple answers allowed so total may be >100%; % based on n=451

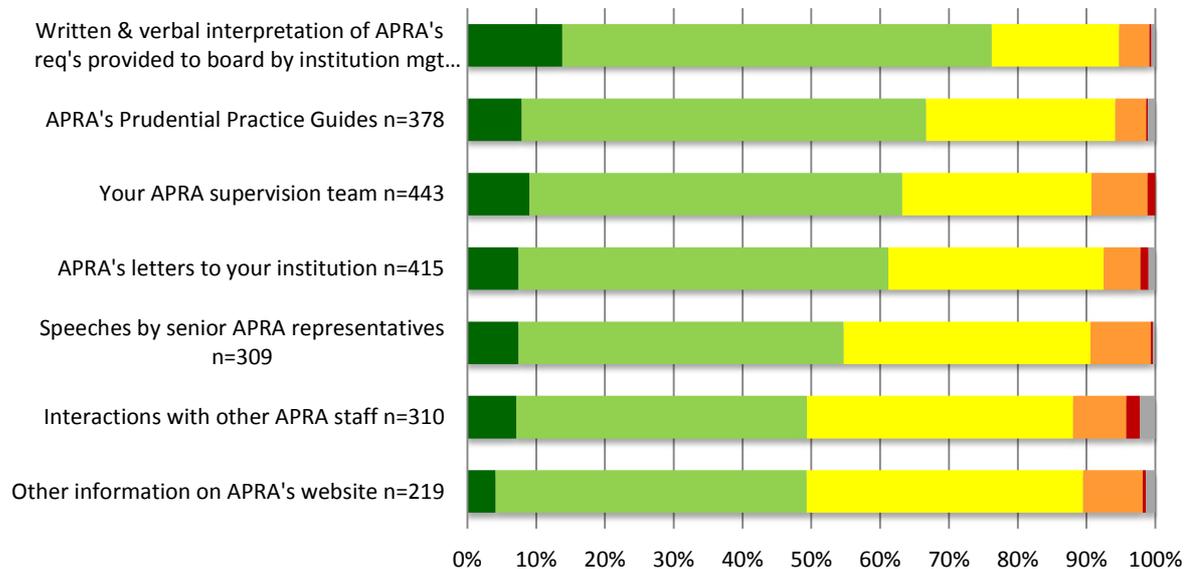


Directors who indicated using a particular source of guidance were asked to rate its usefulness. The table and chart below indicate that internal management's interpretations of APRA's requirements received higher scores, followed by APRA's Prudential Practice Guidelines. Some sources (speeches, other website information and non-supervisory interactions with APRA staff) had lower scores for usefulness and were amongst the lowest scoring items in the director survey.

USEFULNESS OF GUIDANCE SOURCES – n varies	2015 MEAN	TOP 2 SCORE %
Written & verbal interpretation of APRA's requirements provided to the board by management of your institution n=362	3.9	76.7
APRA's Prudential Practice Guides n=378	3.7	67.4
Your APRA supervision team n=443	3.6	63.2
APRA's letters to your institution n=415	3.6	61.8
Speeches by senior APRA representatives n=309	3.5	54.9
Interactions with other APRA staff n=310	3.5	50.5
Other information on APRA's website n=219	3.4	50.0

Usefulness of APRA guidance

% of respondents choosing a rating point; n varies



	Other information on APRA's website n=219	Interactions with other APRA staff n=310	Speeches by senior APRA representatives n=309	APRA's letters to your institution n=415	Your APRA supervision team n=443	APRA's Prudential Practice Guides n=378	Written & verbal interpretation of APRA's req's provided to board by institution mgt n=362
Extremely useful	4.1	7.1	7.4	7.5	9.0	7.9	13.8
Very useful	45.2	42.3	47.2	53.7	54.2	58.7	62.4
Moderately useful	40.2	38.7	35.9	31.3	27.5	27.5	18.5
Slightly useful	8.7	7.7	8.7	5.3	8.1	4.5	4.4
Not useful at all	0.5	1.9	0.3	1.2	1.1	0.3	0.3
No answer	1.4	2.3	0.3	1.0	0.0	1.1	0.6

Comparisons

Three comparisons were conducted: by industry sector, by type of director and between directors' personal views and regulated institutions' organisational views. The industry and type of director showed minimal differences, indicating that board members have very consistent perceptions of APRA and therefore, we can assume, very consistent experiences with APRA. There are however, greater differences between board members' personal views and regulated institutions' organisational views.

Industry sectors

When providing the respondent file for this survey, APRA allocated regulated institutions to one of four industry sub-sectors: ADIs, friendly societies, general insurers and life insurers. When items were compared by sub-sector there were **no statistically significant** differences between sectors, unlike results for regulated institutions.

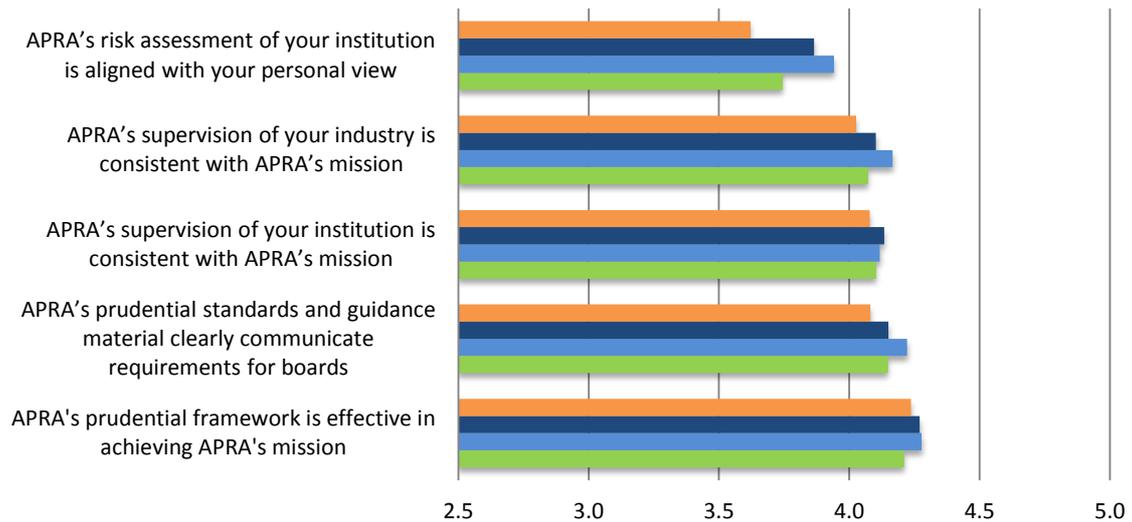
The sample sizes for life insurers and friendly societies were quite small compared with the other two sub-sectors (see previous section on sample profile), so results for these sub-sectors should be treated with caution and as indicative only for these two industry groups.

Because there were no differences, only charts have been presented of the sector results.

Prudential and supervisory requirements

Industry mean score

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

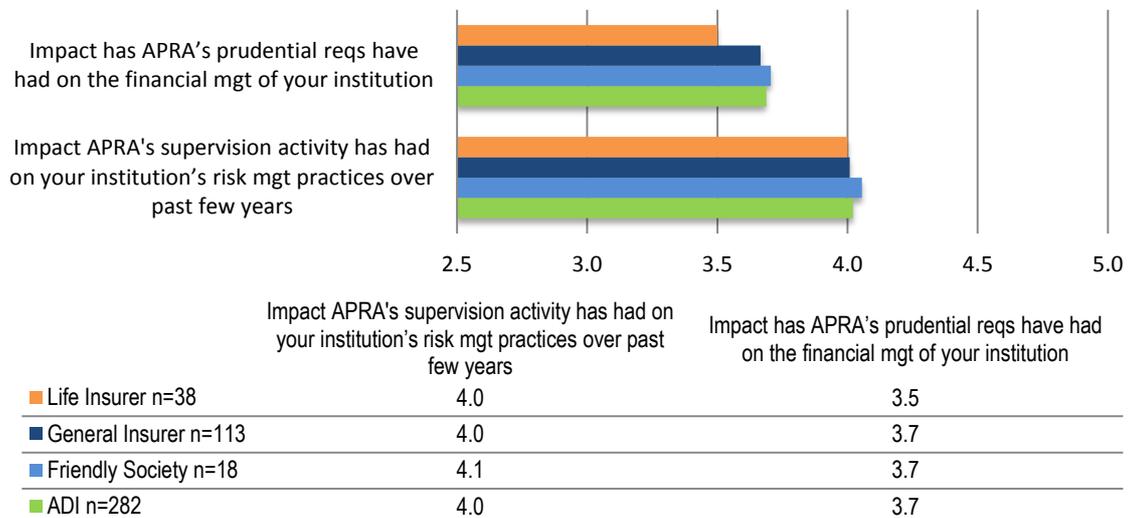


	APRA's prudential framework is effective in achieving APRA's mission	APRA's prudential standards and guidance material clearly communicate requirements for boards	APRA's supervision of your institution is consistent with APRA's mission	APRA's supervision of your industry is consistent with APRA's mission	APRA's risk assessment of your institution is aligned with your personal view
Life Insurer n=38	4.2	4.1	4.1	4.0	3.6
General Insurer n=113	4.3	4.2	4.1	4.1	3.9
Friendly Society n=18	4.3	4.2	4.1	4.2	3.9
ADI n=282	4.2	4.1	4.1	4.1	3.7

APRA's impact on risk and financial management

Industry mean score

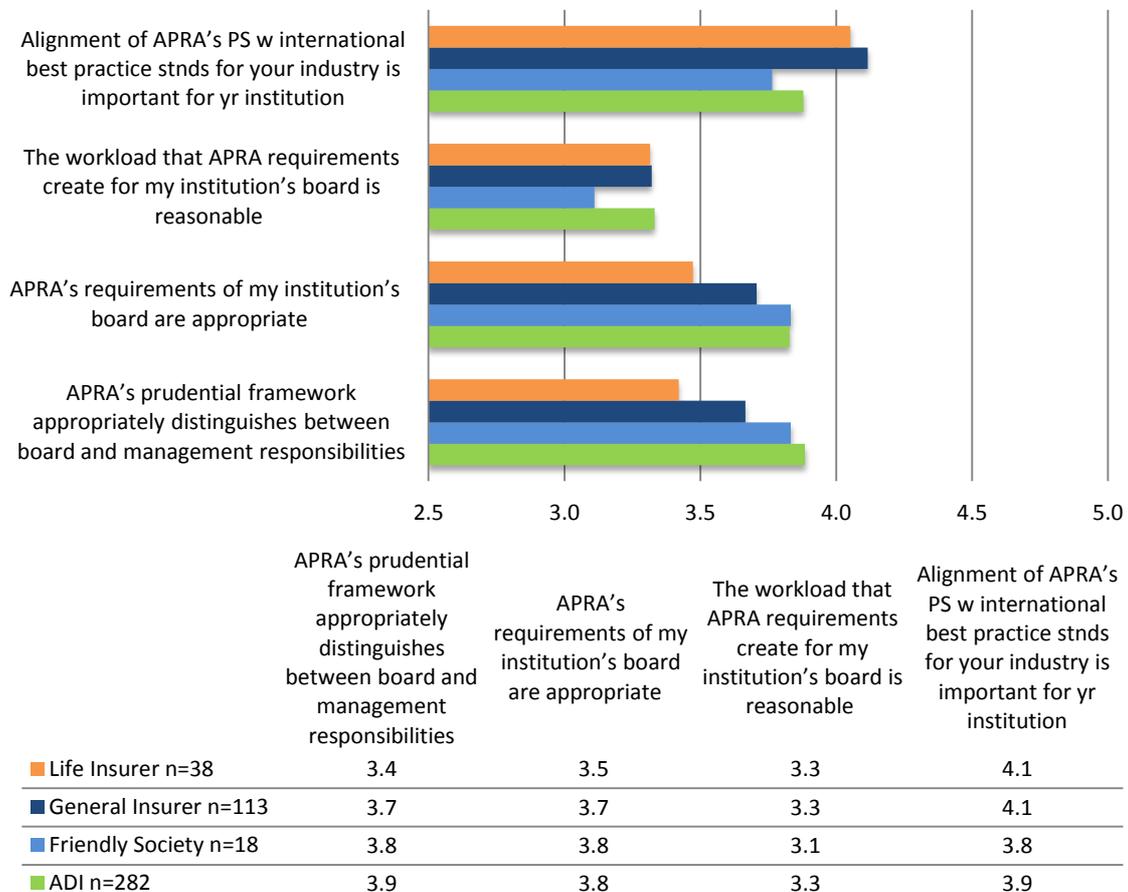
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree



Other impacts of APRA's requirements

Industry mean score

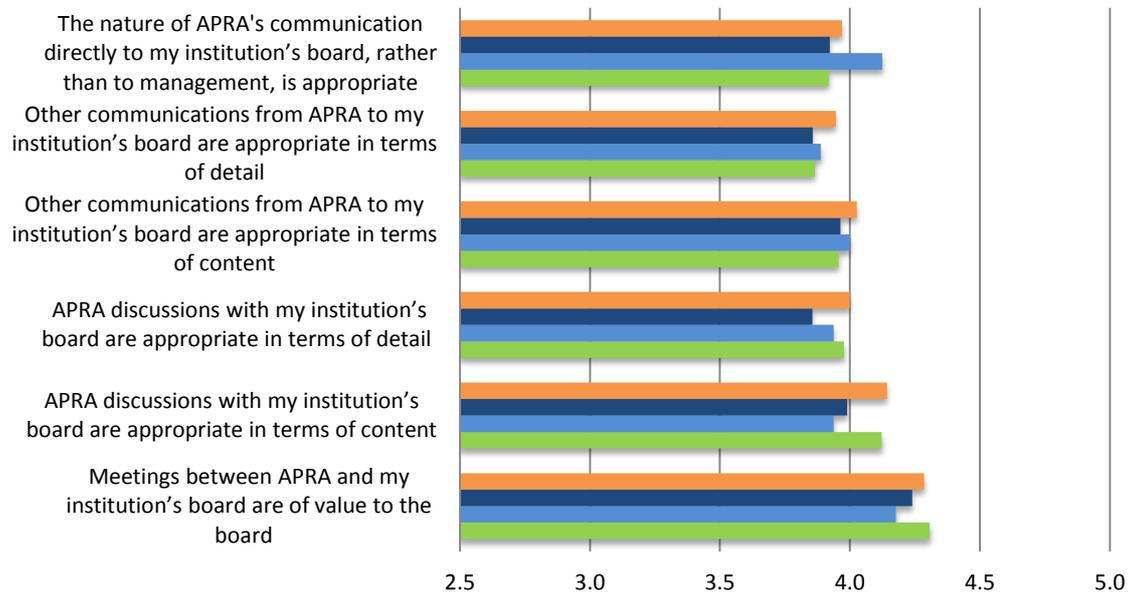
Scale legend: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree



Interactions with APRA

Industry mean score

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

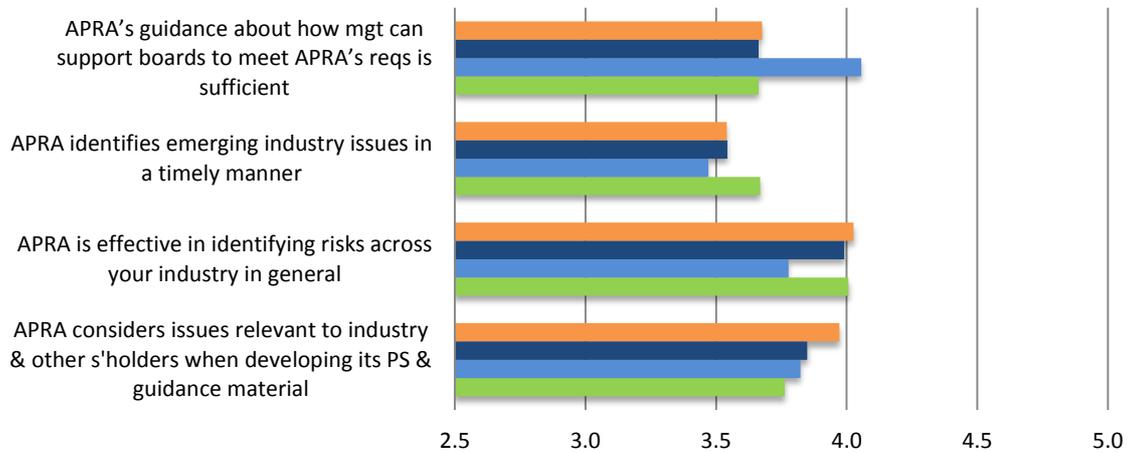


	Meetings between APRA and my institution's board are of value to the board	APRA discussions with my institution's board are appropriate in terms of content	APRA discussions with my institution's board are appropriate in terms of detail	Other communications from APRA to my institution's board are appropriate in terms of content	Other communications from APRA to my institution's board are appropriate in terms of detail	The nature of APRA's communication directly to my institution's board, rather than to management, is appropriate
Life Insurer n=38	4.3	4.1	4.0	4.0	3.9	4.0
General Insurer n=113	4.2	4.0	3.9	4.0	3.9	3.9
Friendly Society n=18	4.2	3.9	3.9	4.0	3.9	4.1
ADI n=282	4.3	4.1	4.0	4.0	3.9	3.9

APRA 's guidance and risk assessment

Industry mean score

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

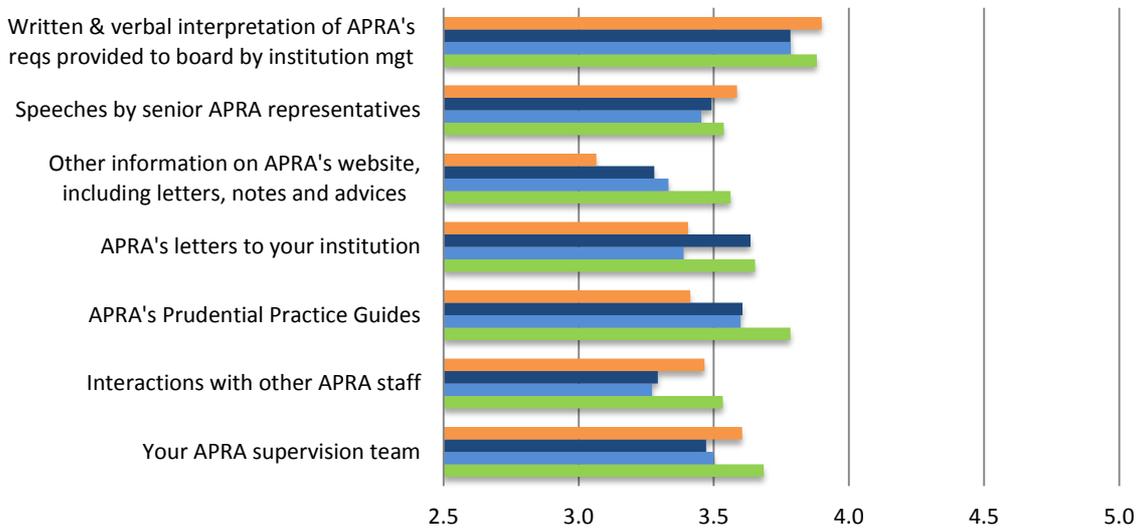


	APRA considers issues relevant to industry & other s'holders when developing its PS & guidance material	APRA is effective in identifying risks across your industry in general	APRA identifies emerging industry issues in a timely manner	APRA's guidance about how mgt can support boards to meet APRA's reqs is sufficient
Life Insurer n=38	4.0	4.0	3.5	3.7
General Insurer n=113	3.8	4.0	3.5	3.7
Friendly Society n=18	3.8	3.8	3.5	4.1
ADI n=282	3.8	4.0	3.7	3.7

Usefulness of APRA guidance

Industry mean score

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



	Your APRA supervision team	Interactions with other APRA staff	APRA's Prudential Practice Guides	APRA's letters to your institution	Other information on APRA's website, including letters, notes and advices	Speeches by senior APRA representatives	Written & verbal interpretation of APRA's reqs provided to board by institution mgt
Life Insurer n=38	3.6	3.5	3.4	3.4	3.1	3.6	3.9
General Insurer n=113	3.5	3.3	3.6	3.6	3.3	3.5	3.8
Friendly Society n=18	3.5	3.3	3.6	3.4	3.3	3.5	3.8
ADI n=282	3.7	3.5	3.8	3.7	3.6	3.5	3.9

Directors and regulated institutions

There were 16 comparable items between the director and regulated institution surveys and seven of these items were statistically significantly different at $p < 0.05$ (95% confidence level). Refer to table below.

Some of the differences were relatively small but others, like APRA's *prudential standards and guidance material clearly communicate requirements for boards* (boards more positive than institutions) and the *usefulness of your APRA supervision team* (institutions more positive than boards) were considerable. This difference is most likely explained by regulated institutions having more interactions with their APRA supervision teams.

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

COMPARABLE ITEMS	DIR MEAN n=451	RI MEAN n=287
APRA's prudential framework is effective in achieving APRA's mission	4.2	4.2
APRA's prudential standards and guidance material clearly communicate requirements (for boards)*	4.1	3.8
APRA's supervision of your institution is consistent with APRA's mission	4.1	4.1
APRA's risk assessment of your institution is aligned with your personal view	3.8	3.9
The impact APRA's supervision activity has had on your institution's risk management practices over the past few years^	4.0	4.2
The impact APRA's prudential requirements have had on the financial management of your institution^	3.7	3.7
The alignment of APRA's prudential standards with international best practice standards for your industry is important for your institution	4.0	4.0
APRA considers issues relevant to industry and other stakeholders when developing its prudential standards and guidance material	3.8	3.9
APRA is effective in identifying risks across your industry in general	4.0	4.0
APRA identifies emerging industry issues in a timely manner	3.6	3.7
Usefulness of your APRA supervision team	3.6	4.1
Usefulness of interactions with other APRA staff	3.5	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	3.5	3.4

* The words "for boards" were only displayed for director and not regulated institutions

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

Conclusions

- Overall, the results of this survey are positive. On average, directors endorsed APRA's framework, guidance material and supervision.
- A vast majority indicated that APRA had a positive impact on their risk management practices but fewer indicated a positive impact on financial management of their institution. There was some commentary on the amount of regulation and the focus on risk management taking the board's attention away from business strategy and development.
- While on average most agreed that the framework distinguished between board and management responsibilities, some directors commented on a blurring of roles, with directors moving more into operational areas.
- The item around APRA's requirements creating a reasonable board workload was the lowest scoring in the survey with a very slim majority answering positively. Commentary indicated that this was particularly the case for small institutions.
- Directors were very positive about interactions with APRA, particularly meetings.
- The emerging risks that directors identified were fairly similar to regulated institutions' views, but with a greater emphasis on capital and liquidity. Cyber-related risks were next most commonly mentioned. While APRA was considered effective in identifying risks, lower scores suggest that a number of directors believe that APRA could be more timely in identifying these risks.
- In terms of guidance material, APRA's letters to institutions were most commonly used, but internal written and verbal interpretations of APRA's requirements received higher scores for usefulness.
- While directors and the regulated institutions shared many common views, some appeared to have different experiences, particularly in relation to APRA's supervision teams where regulated institutions were significantly more positive. Conversely, directors were more positive than regulated institutions around the clarity of guidance material.