

25 October 2017

Manager Data Collection Design, Data Analytics  
Australian Prudential Regulation Authority  
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By email [DataAnalytics@apra.gov.au](mailto:DataAnalytics@apra.gov.au)

Dear Sir/Madam

## Consultation on Proposed Financial Claims Scheme Data Collection

The Australian Bankers' Association (**ABA**) appreciates the opportunity to provide APRA with comments on the consultation on proposed Financial Claims Scheme data collection.

With the active participation of its members, the ABA provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services. The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.

The ABA has identified a small number of inconsistencies in the definitions and terminology used in certain reporting concepts in the draft Reporting Standard ARS 910.0 in comparison with the final economic and financial statistics (**EFS**) reporting requirements. These have been summarised in the table in the appendix.

Where APRA intends definitions to remain different, it is recommended that the ARS 910.0 terminology be very specific on the reporting form and instructions from that used in other APRA reporting instructions. For example, the naming conventions could be updated to be "Non-transaction deposits, excluding specific criteria" on the ARS 910.0 and remain as "Non-transaction deposits" on the EFS.

However, given the nature of the definitional inconsistencies detailed in the appendix, it does not appear that these differences are intentional. The ABA recommends that APRA reconcile the final ARS 910.0 reporting standard, forms and instructions to the EFS consultation definitions and any other relevant APRA reporting forms.

### Section A: Deposits balance outstanding – by counterparty and deposit type

In regards to Section A of the draft reporting standard the ABA's interpretation is that the data request outlined in that section appears to be requesting data at the customer account level prior to the APS 910 solution being applied, i.e. before the single customer view is determined. Furthermore, the data request in Section A appears to align strongly to the data that will be reported in ARS 720-2A (excluding the FX accounts). It would be helpful if APRA confirms that the intention for ARS 910 is to expand on the ARS 720 data submission with a split between protected and non-protected accounts (which is also covered in the Section B data request).



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Section B of ARS 910 appears to be largely derived from the current reporting that is produced for APS 910, the key difference being the inclusion of non-protected accounts. For some institutions, the concept and classification of protected/non protected is applied as part of the APS 910 reporting run being performed (along with execution of single customer view) and non-protected account balances are currently not quantified.

### Timing and implementation

It is recognised that APRA has allowed information provided by an ADI under ARS 910.0 to be completed on a best endeavours basis for the reporting periods ending on or before 30 June 2019. There is a high degree of alignment between deposits information collected under ARF 910.0 Section A and the data collected under EFS, which commences for reporting periods ending on or after 31 March 2019. However, the commencement dates do not align, with ARS 910.0 commencing for reporting periods ending on or after 31 December 2018. This will effectively require the same data to be reported earlier for ARS 910.0 than under EFS.

In order to allow sufficient time to implement reporting under the new standard, as well as to accommodate reporting required under EFS, a commencement date of 18 months from issue of the final ARS 910.0 would be appropriate.

If you would like any further information, please contact me on 02 8298 0408.

Yours faithfully

*Signed by*

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Concept	ARF 910	ARS 701 (EFS Modernisation)
<p><b>Household</b></p> <p>Note: the additional 'report these under' exclusions highlighted in green do not relate to counterparties separately disclosed within 910.</p>	<p>Means persons whose dealings with other sectors are for personal or housing purposes.</p> <p>It includes:</p> <ul style="list-style-type: none"> <li>Family trusts that do not have a controlling ownership in one or more businesses.</li> </ul> <p>It excludes:</p> <ul style="list-style-type: none"> <li>Persons whose dealings with other sectors are for business purposes. Report these under non-financial businesses or financial institutions;</li> <li>Sole proprietors, partnerships, and any other unincorporated enterprises owned by households. Report these under <b>private unincorporated businesses or the relevant sector</b> in financial institutions;</li> <li>Family trusts that have a controlling ownership in one or more businesses. Report these under <b>private unincorporated businesses</b>;</li> <li>Self-managed superannuation funds. Report these as <b>self-managed superannuation funds</b>; and</li> <li>Incorporated businesses. Report these under non-financial businesses (other than unincorporated businesses) or financial institutions.</li> </ul>	<p>Means persons whose dealings with other sectors are for personal or housing purposes.</p> <p>It excludes:</p> <ul style="list-style-type: none"> <li>Persons whose dealings with other sectors are for business purposes. Report these under non-financial businesses or financial institutions;</li> <li>Sole proprietors, partnerships, and any other unincorporated enterprises owned by households. Report these under private unincorporated businesses or the relevant sector in financial institutions;</li> <li>Companies owned by households. Report these under private non-financial corporations;</li> <li>Family trusts. Report these under private unincorporated businesses or financial institutions as appropriate;</li> <li>Self-managed superannuation funds. Report these as self-managed superannuation funds; and</li> <li>Incorporated businesses. Report these under non-financial businesses (other than unincorporated businesses) or financial institutions.</li> </ul>
<p><b>Financial institutions</b></p>	<p>Means any institution engaged substantively in one or more of the following activities - banking; leasing; issuing credit cards; portfolio management (including asset management and funds management); management of securitisation schemes; equity and/or debt securities, futures and commodity trading and broking; custodial and safekeeping services; insurance (both general and life) and similar activities that are ancillary to the conduct of these activities.</p> <p>A financial institution includes any authorised NOHC or overseas</p>	<p>Means all corporations and notional institutional units mainly engaged in financial intermediation and the provision of auxiliary financial services.</p> <p>Holding companies with mainly financial corporations as their subsidiaries are also included, as are market not-for-profit institutions (NPIs) that mainly engage in financial intermediation or the production of auxiliary financial services.</p> <p>Financial institutions include (but are not limited to): the RBA, banks, nonbank ADIs, registered financial corporations, central borrowing authorities, life insurance corporations, other insurance corporations, self-</p>



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	equivalent.	managed superannuation funds, other superannuation funds, financial auxiliaries, securitisers, money-market investment funds and non-moneymarket financial investment funds.
<b>Non-financial institutions</b>	Definition is consistent - called "Non-financial businesses" in the EFS collection	
<b>Retirement savings accounts</b>	Has the same meaning as in <i>Banking Regulation 2016</i> .	Means low risk/low return capital guaranteed products that are subject to the same restrictions as other superannuation products. Only an ADI, life insurance corporation or a prescribed financial institution can be approved by APRA to act as an RSA under the Retirement Savings Act 1997. RSAs are specifically approved non-trustee institutions.
<b>Non-transaction deposits</b>	Means all customers' deposits, other than transaction deposits. Non-transaction deposits have limited access (e.g. only a limited number or value of withdrawals may be made from the account in a given period), incur penalties or fees (e.g. the loss of bonus interest, withdrawal fees), or have other restrictions on use of funds for payment or withdrawal. It includes:· fixed-term deposits;· notice of withdrawal accounts, for which there is no fixed term but for which written notice is required at least the day before funds can be withdrawn or transferred out of the account;· savings deposits with restrictions or limitations on payments or withdrawals; and· money-market deposit accounts. It excludes savings deposits linked to an account from which payments may be made to third parties (e.g. Automated Teller Machines, debit card or another electronic device) where funds may be transferred to the linked account almost instantaneously and subsequently withdrawn or transferred to a third party on demand.	Means all customers' deposits, other than transaction deposits. Non-transaction deposits have limited access (e.g. only a limited number or value of withdrawals may be made from the account in a given period), incur penalties or fees (e.g. the loss of bonus interest, withdrawal fees), or have other restrictions on use of funds for payment or withdrawal.  It includes: fixed-term deposits;· notice of withdrawal accounts, for which there is no fixed term but for which written notice is required at least the day before funds can be withdrawn or transferred out of the account;· savings deposits with restrictions or limitations on payments or withdrawals; and· money-market deposit accounts.  It excludes: savings deposits linked to an account from which payments may be made to third parties (e.g. Automated Teller Machines, debit card or another electronic device) where funds may be transferred to the linked account almost instantaneously and subsequently withdrawn or transferred to a third party on demand. In practice, classify a deposit as non-transaction deposits where any of the following criteria are met:· more than 24 hours' notice is required to withdraw or transfer funds from the account;· the funds cannot be directly withdrawn, used for payment to a third party, or instantaneously transferred to a linked account from which either of these types of transactions can be conducted;· there is a restriction on the number of withdrawals or transfers than can be made (e.g. maximum of two withdrawals a month) or the rate of interest charged on the deposit differs



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		based on whether a certain number of withdrawals have been made (e.g. bonus savings accounts); or there is a restriction on or penalty charged for early withdrawal or transfer of funds (such as loss of interest earned on the remaining funds or a penalty fee other than a transaction fee). If none of the above criteria are met, classify the deposit as a transaction deposit.
<b>Personal</b>	Means individuals, or groups of individuals whose dealings with other sectors are for personal (i.e. non-business) purposes.	Means transactions by persons within the household sector whose dealings with other sectors are for purposes other than business purposes or housing purposes.
<b>Related parties</b>	Means a parent entity, controlled entity, associated entity, joint venture entity and other branches or entity under the same parent entity.	Means a parent entity, controlled entity, associated entity, joint venture entity and any other entity under the same parent entity.