



Discussion Paper

Changes to ADI statistical publications


20 December 2012

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Preamble

The Australian Prudential Regulation Authority (APRA) is a national statistical agency for the Australian financial sector, as well as the prudential regulator. APRA has for many years collected data, including bank and credit union and building society (CUBS) data, and released statistical publications.

APRA proposes to revise its bank and CUBS statistical publications to include more statistics and to make some statistics available to users sooner.

This discussion paper outlines proposed changes to APRA's bank and CUBS statistical publications, and seeks comments and suggestions from interested parties.

Next steps

Written submissions should be forwarded by 15 February 2013, preferably by email to:

Manager, Banking Statistics
Australian Prudential Regulation Authority
GPO Box 9836
Sydney NSW 2001
Email: statistics@apra.gov.au

Important

All information in submissions will be made available to the public on the APRA website unless you indicate that you would like all or part of your submission to remain in confidence. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain in confidence should provide this information marked as confidential in a separate attachment.

Submissions may be the subject of a request for access made under the *Freedom of Information Act 1982* (FOIA). APRA will determine such requests, if any, in accordance with the provisions of the FOIA. Information in the submission about any APRA regulated entity which is not in the public domain and which is identified as confidential will be protected by section 56 of the *Australian Prudential Regulation Authority Act 1998* and therefore will ordinarily be exempt from production under the FOIA.

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Executive summary

In response to developments in the Authorised Deposit-taking Institution (ADI) industry and feedback from users of APRA's ADI statistical publications, APRA proposes to revise its ADI statistical publications to include more statistics and to make some statistics available to users sooner.

To help users more easily analyse the statistics that it publishes, APRA proposes to combine the quarterly bank and CUBS statistical publications into a quarterly ADI statistical publication. APRA also proposes to introduce a supplementary quarterly publication on ADI property exposures to promote a better understanding of property exposures across the ADI industry.

APRA intends to include data previously published in APRA's *Insight* publication in these quarterly ADI statistical publications. Statistics to be transferred from *Insight* cover impaired facilities, capital adequacy, liquidity and commercial property exposures.

To reflect industry trends, APRA proposes to publish selected aggregate statistics covering either mutual banks or mutual ADIs (depending on industry feedback) in the quarterly ADI statistical publication.

APRA believes that the proposed improvements to the ADI statistical publications will promote a better understanding of the ADI industry. The proposed publications will assist research, public discussion on policy issues and well-informed decision making about the ADI industry by regulators, policymakers, industry and the public.

This discussion paper contains an overview of APRA's current ADI statistical publications and its obligations to protect the confidentiality of data submitted by ADIs. This is followed by a description of APRA's proposed changes to its statistical publications, and the benefits to users of these changes.

Chapter 1 – Description of bank and CUBS statistical publications

This chapter provides a description of APRA's current ADI statistical publications, and the format in which these publications are released.

APRA's bank and CUBS statistical publications

APRA publishes bank and CUBS statistics in four publications: the *Quarterly Bank Performance Statistics*; the *Quarterly Credit Union and Building Society Performance Statistics*; the *Monthly Banking Statistics*; and the *ADI Points of Presence*. These publications can be viewed on APRA's website: <http://www.apra.gov.au/adi/Pages/Authorised-Deposit-taking-Institutions-Statistics.aspx>

The *Quarterly Bank Performance Statistics* publication provides aggregate bank statistics. The statistics cover financial performance, financial position, and key financial performance ratios. The publication includes 15 tables covering all banks and four bank segments: *major banks*, *other domestic banks*, *foreign subsidiary banks* and *branches of foreign banks*. The statistics are sourced from quarterly returns submitted to APRA.

The quarterly bank publication is published in the third week of each of February, May, August and November, for the quarterly reference period ending five months prior. APRA currently delays the release of the publication to five months after the reference period to ensure the publication of aggregate statistics does not inadvertently allow users of the data to calculate an individual bank's profit prior to its public announcement.

The *Quarterly Credit Union and Building Society Performance Statistics* publication provides aggregate credit union and building society statistics. The statistics cover financial performance, financial position, and key financial performance ratios. The publication includes six tables across two industry segments: *credit unions* and *building societies*. The statistics in the publication are sourced from quarterly returns submitted to APRA.

The quarterly CUBS publication is published in the fourth week of each of February, May, August and November, for the reference period ending two months prior.

The *Monthly Banking Statistics* publication contains select information on the business of individual banks. The publication includes high-level breakdowns of the domestic assets and liabilities for each bank and apportions loans and deposits to the different sectors of the economy (e.g. households, non-financial corporations, general government) as well as information on securitisation activities. The statistics in the publication are sourced from monthly returns submitted to APRA.

The *Monthly Banking Statistics* publication is published on the last business day of each month for the previous month.

The *ADI Points of Presence* publication provides a detailed annual listing of the banking services provided within Australia by ADIs. The publication includes a summary of trends and changes of many types of service channels, including face-to-face and electronic banking facilities, and branch numbers of each Australian ADI. The statistics in the publication are sourced from annual returns submitted to APRA.

The *ADI Points of Presence* publication is published in August.

APRA currently publishes statistical publications in two electronic versions: Adobe PDF for printing and Microsoft Excel for analysis. The design and layout of all the statistical tables are the same for both PDF and Excel versions. The Excel versions of publications contain additional historical data.

Prior to 2012, APRA's *Insight* publication contained regular ADI statistics on assets, liabilities, commercial property exposures (banks only), impaired facilities, capital adequacy, profitability (CUBS only) and liquidity (CUBS only).

APRA ceased publishing standard regular ADI statistics in *Insight* in April 2012.

Confidentiality of APRA data

Banks' and CUBS' data are collected by APRA under the *Financial Sector (Collection of Data) Act 2001* (FSCOD Act). These data are protected under section 56 of the *Australian Prudential Regulation Authority Act 1998* (APRA Act). The APRA Act allows the release of protected data under certain circumstances. APRA may release protected data, in statistical publications and other formats if, for example:

- the information is in the form of a summary, or collection of information that is prepared, so that information relating to any particular institution cannot be discovered from it; or
- the institution to whose affairs the information relates has agreed in writing to the disclosure or production of the information; or
- the information has been determined non-confidential under section 57 of the APRA Act.

Data collected by APRA are not considered to be protected information if they have already been lawfully made available to the public from other sources.

Where data have not been determined non-confidential or been made available to the public, APRA applies a set of confidentiality protection measures to its statistical publications to ensure that information relating to an individual institution cannot be discovered. These protection measures state that a summarised data item is potentially unable to be released if:

1. it has less than three contributing institutions; or
2. one institution makes up more than 85 per cent of the value of the data item; or
3. two institutions make up more than 90 per cent of the value of the data item.

Where a data item is outside the confidentiality protection measures, APRA may mask the data item. Where a data item is masked due to the confidentiality protection measures, other data items may also be masked so that the value of the primary masked data item cannot be otherwise derived from totals.

The application of the confidentiality protection measures to the statistics may therefore result in the publication of incomplete and therefore less informative statistics. In these cases, APRA may seek the consent of the affected institution to publish the data. By providing consent to publish data within an aggregated value, the affected institution enables APRA to publish more complete and informative statistics, leading to more informed analysis by users.

APRA currently delays publication of the quarterly bank publication to ensure that financial performance data cannot be attributed to an individual bank prior to its public profit announcement.

Chapter 2 – APRA’s proposals and changes to bank and CUBS statistical publications

This chapter describes APRA’s proposals and changes to its bank and CUBS statistical publications.

Background

In April 2012, APRA ceased publishing regular statistics in *Insight* as many statistics were reported in other statistical publications. The regular ADI statistics within *Insight* that were not duplicated in other APRA ADI statistical publications covered impaired facilities, capital adequacy, banks’ commercial property exposures and CUBS’ liquidity.

APRA committed to transfer these statistics to other statistical publications.¹

Since September 2011, following appropriate prudential consideration, APRA has approved seven CUBS to use the word ‘bank’. As a consequence, these seven CUBS are now classified as banks in APRA’s statistical publication. Most credit unions and building societies are mutuals. The approval to use the word bank has therefore led to the emergence of ‘mutual banks’...

APRA has received requests for separate statistics on mutual banks.

APRA conducts surveys of its stakeholders as part of its service charter commitments. APRA conducted a survey of APRA-regulated institutions and other stakeholders in 2011. The results indicated a desire for more timely statistics, for APRA to publish more of the data it collects and to publish these statistics in a more appropriate format for detailed analysis.

APRA’s proposals to address these developments and requests are described below.

Proposal 1: Combine and expand the quarterly bank and CUBS publications

To enable users to analyse statistics across the whole ADI industry, APRA proposes to consolidate the quarterly bank and CUBS publications into a combined ADI industry publication: the *Quarterly ADI Performance Statistics*. Through consolidation of the two publications, users will be able to access statistics for banks and CUBS in one publication and more easily perform ADI industry analysis.

¹ APRA Insight issue one 2012

The proposed publication would include statistics for the same ADI industry segments published in the *Quarterly Bank Performance Statistics* and the *Quarterly CUBS Performance Statistics*:

- All banks, which comprise
 - Major banks,
 - Other domestic banks,
 - Foreign subsidiary banks, and
 - Foreign branch banks;
- Building societies; and
- Credit unions.

The proposed publication would also include aggregate statistics for the whole ADI industry (with the exception of several specific purpose ADIs, such as Specialist Credit Card Issuers).

The proposed *Quarterly ADI Performance Statistics* includes information on financial performance and financial position as previously published in the banks and CUBS quarterly publications, as well as statistics on impaired facilities, capital adequacy and liquidity (for CUBS only²) that were previously published in *Insight*.

Capital adequacy statistics in the proposed *Quarterly ADI Performance Statistics* will incorporate the new terminology for, and definitions of, regulatory capital introduced under the Basel III reforms³. In particular, APRA proposes to publish ‘Common Equity Tier 1 capital’, ‘Additional Tier 1 capital’ and regulatory adjustments⁴ to Tier 1 and Tier 2 capital. The capital adequacy time-series will cover the Basel I, Basel II and Basel III regulatory frameworks. The Basel I regulatory framework will be captured in pre-2008 statistics, Basel II from 2008 to 2012, and Basel III from March 2013.

² CUBS are required to report under APRA’s Minimum Liquidity Holdings (MLH) approach and submit standardised liquidity reports. Most banks, on the other hand, are classified as ‘scenario ADIs’. Scenario ADIs submit non-standard liquidity information to APRA, which cannot be meaningfully aggregated.

In November 2012, APRA released a discussion paper on ‘Liquidity reporting requirements for authorised deposit-taking institutions’. In the paper, APRA proposed to introduce standardised reporting for all ADIs in addition to scenario reporting for scenario ADIs, and enhancements to the reports for ADIs subject to the MLH regime. More detail is on the APRA website: http://apra.gov.au/MediaReleases/Pages/12_28.aspx

³ Basel III reforms will be implemented on 1 January 2013.

⁴ Capital deductions are referred to as regulatory adjustments under Basel III. More detail is on the APRA website: http://www.apra.gov.au/adi/PrudentialFramework/Documents/120928-APS-111_FINAL.pdf

The *Quarterly ADI Performance Statistics* would present the data previously published in *Insight* as aggregate dollar amounts and ratios, consistent with the presentation of financial performance data in the current quarterly publications, and not as percentiles of proportions, as previously shown in *Insight*. Feedback from stakeholders suggests that the simpler dollar-aggregates and ratios are easier to understand and use than the percentiles of proportions. The *Quarterly ADI Performance Statistics* would contain time series for all data as users' feedback suggested that this would be useful.

Statistics in the proposed *Quarterly ADI Performance Statistics* will be protected under section 56 of the APRA Act. APRA will apply its confidentiality protection measures to ensure that information relating to an individual institution cannot be derived from the proposed publication where the data have not already been determined non-confidential or otherwise been made available to the public. As a result, APRA may need to mask the most recent period of certain performance statistics for some bank segments (e.g. major banks and other domestic banks) in the publication.

The proposed *Quarterly ADI Performance Statistics* will be published in the fourth week of February, May, August and November for the reference period ending two months prior.

APRA proposes to release the first edition of the *Quarterly ADI Performance Statistics* for the March 2013 reference period. APRA will publish PDF and Excel versions of the publication.

Appendix A contains a draft of the proposed *Quarterly ADI Performance Statistics*.

APRA welcomes feedback on the usefulness of the proposed consolidation of current quarterly ADI statistical publications. APRA also seeks feedback on how masking the most recent period of certain performance statistics for some bank segments would impact the usefulness of the statistics. This feedback will guide APRA's efforts to seek consent from affected institutions to publish complete and informative statistics.

Proposal 2: Introduce aggregate statistics for mutual ADIs

In response to requests from users, and to reflect the changing nature of the ADI industry, APRA proposes to publish selected aggregate statistics for mutual ADIs in the *Quarterly ADI Performance Statistics*.

APRA proposes that a mutual (whether a bank, CUBS or ADI) will be defined as an institution where each member is issued one share and each member has one vote. This definition is consistent with *ASIC Regulatory Guide PS 147 on Mutuality – Financial*.

APRA welcomes feedback on the proposed definition of a mutual.

APRA has two main options to include aggregate statistics for mutual ADIs: either statistics comprising 'mutual banks' only or statistics comprising all 'mutual ADIs'.

Mutual banks currently only includes former CUBS that have been authorised by APRA to use the word 'bank'.

An example of the statistics for 'mutual banks' is provided in Appendix A (Tables 9a-9e).

Mutual ADIs currently comprise mutual banks as well as all mutual CUBS. Almost all CUBS are mutual institutions. The small number of CUBS that do not meet the definition of a mutual, would not be included in 'mutual ADIs'.

An example of the statistics for 'mutual ADIs' is provided in Appendix A (Tables 9a-9e).

APRA cannot publish aggregate statistics separately for both 'mutual banks' and 'mutual ADIs' as a result of its obligations to protect institutions' data under s56 of the APRA Act. In particular, a user may be able to discover or attribute data to the few individual CUBS that are not mutuals.

APRA will apply its confidentiality protection measures to 'mutual banks' or 'mutual ADIs' statistics (and all other statistics) in the proposed *Quarterly ADI Performance Statistics*, to ensure that individual mutuals' data are not disclosed where the data have not already been determined non-confidential or been made available to the public. As both 'mutual banks' and 'mutual ADIs' are comprised of a small number of institutions, it is very likely that APRA would need to mask a significant proportion of mutuals' data to ensure that information relating to an individual ADI cannot be derived. In the first instance however, APRA will seek the consent of the affected ADIs that are flagged by APRA's confidentiality protection measures in order to release as much data as possible.

By publishing 'mutual banks' or 'mutual ADIs' statistics, APRA would meet users' requests. APRA seeks feedback on the preferred presentation of mutuals' statistics, in particular whether 'mutual banks' or 'mutual ADIs' would be most useful.

Proposal 3: Introduce a Quarterly ADI Property Exposure Statistics publication

APRA proposes to introduce a new Quarterly ADI Property Exposure Statistics publication, which will include statistics on commercial property exposures, residential property exposures and new housing loan approvals.

APRA proposes to publish a breakdown of residential property exposures and new housing loan approvals into owner-occupied and investment loans, as well as by loan type⁵. APRA also proposes to publish a breakdown of new housing loan approvals by loan-to-value ratio buckets.

By publishing statistics on commercial property exposures, as well as statistics on impaired facilities, capital adequacy and liquidity, APRA will have transferred all statistics previously published in Insight to other statistical publications as foreshadowed.

The proposed *ADI Property Exposure Statistics* will be published in conjunction with the proposed *Quarterly ADI Performance Statistics* (i.e. in the fourth week of February, May, August and November for the reference period two months prior).

APRA proposes to release the first edition of the ADI Property Exposure Statistics for the June 2013 reference period. APRA will publish PDF and Excel versions of the publication.

Appendix B contains a draft of the proposed *Quarterly ADI Property Exposure Statistics*.

APRA welcomes feedback on the proposed publication of property exposure statistics.

⁵ Only ADIs with at least \$1bn in housing loans are required to report residential property exposures and new housing loan approvals data to APRA on ARF 320.8.

Chapter 3 – Benefits of the proposed changes

This chapter describes the benefits of the proposed changes to APRA's bank and CUBS statistical publications.

APRA seeks to provide comprehensive and consistent statistics on ADIs that are publicly useful and deservedly trusted. APRA believes that the proposed changes to the bank and CUBS statistical publications will promote a better understanding of the ADI industry. The revised statistical publications will assist research, public discussion on policy issues and well-informed decision making about the ADI sector by regulators, policymakers, industry and the public.

Benefits

APRA believes that the proposed changes will increase the breadth of statistics to users, as well as improving the timeliness and useability of the data for ADI industry analysis.

More statistics

The proposed *Quarterly ADI Performance Statistics* and *Quarterly ADI Property Exposure Statistics* will provide more statistics for users. APRA proposes to introduce 17 new tables for those removed from *Insight*. APRA would also introduce additional tables of mutuals' statistics.

By publishing new tables of statistics in the proposed *Quarterly ADI Property Exposures Statistics*, APRA intends to promote a better understanding of property exposures in the ADI industry. As at September 2012, around 45 per cent of the ADI industry's assets are exposed to residential or commercial property. Timely and relevant statistics on property exposures will assist understanding and research, public discussion and well-informed decision making about the industry.

More timely statistics

The proposed changes will make some statistics available to users sooner. The transfer of statistics from *Insight* to the *Quarterly ADI Performance Statistics* publication will enable users to access these statistics within two months of the reference period.

The statistics will be released to a preannounced timetable and published four times a year. Users will benefit from being able to incorporate the future release dates of the publications into their plans.

Some financial performance statistics for banks will be made available three months earlier than previously available in the quarterly bank publication. The proposed changes will enable users to perform more timely analysis and more readily discern changes in trends.

More useable format

The proposed changes will provide users with statistics in a more useful format for analysis of the ADI industry. By combining the quarterly bank and CUBS publications into combined ADI industry publications, users will be able to access statistics for banks and CUBS in one publication and more easily perform ADI industry analysis across the time series.

These improvements to the format of statistics previously published in *Insight* will make it easier for users to analyse trends over time in the proposed *Quarterly ADI Performance Statistics* publication.

Response to requests from users

Feedback from the 2011 APRA stakeholders' survey showed that users have a desire for more timely statistics, for APRA to publish more of the data it collects and to publish these statistics in a more appropriate format for analysis.

APRA seeks feedback from users on the proposed changes to bank and CUBS statistical publications.

In addition, APRA welcomes further suggestions on potential ways to improve or expand the statistics that APRA publishes.

All comments on the publication of *Quarterly ADI Performance Statistics* and *ADI Property Exposure Statistics* should be sent, preferably in email, to:

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