

18 December 2018

Ms Alison Bliss
General Manager, Data Analytics
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Sydney NSW 2001

via email: dataanalytics@apra.gov.au

Dear Ms Bliss

Changes to Monthly Banking Statistics

Thank you for the opportunity to comment on the proposal in [APRA's 1 November letter to ADIs on changes to Monthly Banking Statistics](#).

COBA is the industry association for mutual banks, credit unions and building societies. Collectively, our sector has \$116 billion in assets, 10 per cent of the household deposits market and 4 million customers. Customer owned banking institutions account for around three quarters of the total number of domestic Authorised Deposit-taking Institutions (ADIs).

APRA proposes to extend the coverage of this series to credit unions and building societies on the basis that it would only disclose information for ADIs that report against these forms (i.e. those with more than \$200 million in assets). COBA is generally supportive of greater transparency, subject to a consideration of regulatory costs and potential unintended consequences. In this case, the relevant credit unions and building societies will be reporting this data to APRA so there is no additional reporting burden.

In our view APRA should expand the coverage of this series to include registered financial corporations (RFCs).

APRA's letter notes that the rationale for its publication is:

"MBS is a popular APRA statistical publication that has been published since 2004 and is used by banks, industry analysts, researchers, policy makers and the general public. It provides key balance sheet information about individual banks including selected assets, loans and advances, liabilities and deposits on a monthly basis. Publishing individual bank data improves transparency of the banking industry and complies with government open data policies"

COBA notes that publishing this data for RFCs would improve transparency for the broader financial sector and will also comply with government open data policies.

Most items published in the MBS are based on data from the balance sheet forms 720.0A/B and 720.1A/B. According to APRA's July 2018 EFS publications, this data will be collected for RFCs.

Table of reporting requirements

	ADI Reporting Category A	ADI Reporting Category B	RFCs
ARF 720.0A ¹	No	Yes	Yes if total assets ≥ \$50m
ARF 720.0B	Yes if total assets ≥ \$200m	No	No
ARF 720.1A ²	No	Yes	No
ARF 720.1B	Yes, if total assets ≥ \$200m	No	Yes, if total assets ≥ \$50m

There is a good a case for greater transparency around RFC data. The “banks, industry analysts, researchers, policy makers and the general public” noted as users of this publication are likely to be interested in the same statistics for RFCs. It is unlikely that stakeholders would solely be focused on the ‘banking’ sector and not have a broader interest in the financial sector which includes RFCs. Concerns about financial stability and safety extend beyond just the ADI and APRA-regulated sector.

We accept that it is arguable that institutions that are not ADIs do not naturally fit in a ‘banking statistics’ publication. However, they can be appropriately included with the caveat that they are not regulated by APRA but rather included under APRA’s capacity as the statistical agency for the financial services sector. There is little risk that a depositor would consider an institution’s inclusion in this publication as an indication that they are regulated by APRA. This is not likely to be a publication read by consumers.

The recent (and inaugural) quarterly statement by the Council of Financial Regulators (CFR) observed that non-ADI lending for housing has been growing significantly faster than ADI housing lending and there is some evidence that non-ADI lending for property development is also increasing quickly. “The Council supported efforts to expand the coverage of data on non-ADI lenders, drawing on new data collection powers recently granted to APRA,” the CFR Quarterly Statement said.

The RBA’s financial stability review publication has also noted the growth of non-ADI lenders relative to the regulated ADI sector. The current paucity of public data on non-ADIs can be addressed by APRA’s publication of these figures in the MBS. This public transparency will complement APRA’s broader data collection from larger non-ADIs. COBA notes that if there are concerns for smaller RFCs then APRA could limit this disclosure to RFCs with more than \$200 million in assets in line with the ADI disclosure requirements.

Thank you for the opportunity to comment on this proposal. Please contact Mark Nguyen on 02 8035 8443 or mnguyen@coba.asn.au if you have any questions.

Kind Regards



Luke Lawler
Director - Policy

¹ Reporting Standard ARS 720.0 ABS/RBA Statement of Financial Position
https://www.apra.gov.au/sites/default/files/ars_720.0_absrba_statement_of_financial_position.pdf

² Reporting Standard ARS 720.1 ABS/RBA Loans and Finance Leases,
https://www.apra.gov.au/sites/default/files/ars_720.1_absrba_loans_and_finance_leases.pdf