

26 October 2017

Ms Katrina Ellis
General Manager
Data Analytics
Australian Prudential Regulation Authority

Email: dataanalytics@apra.gov.au

Dear Ms Ellis

Consultation on Proposed Financial Claims Scheme Data Collection

COBA is the industry association for Australia's customer owned banking institutions—mutual banks, credit unions, and building societies. Collectively, the sector we represent has \$108 billion in assets and more than 4 million customers. The customer-owned banking sector holds more than \$90 billion in deposits.

Underlying purpose of this collection

APRA's letter to ADIs notes that the purpose of this FCS reporting form is to "collect FCS deposit data". It goes on to state this data will assist APRA to "provide estimated aggregate FCS contingent liability data to the government and to other international organisations as and when needed."

The proposed reporting form should focus on its FCS-related purpose. In line with this, APRA should consider narrowing the scope of Section A. Sections B, C and D provide sufficient information in order to meet the use outlined above. Any further data collection should ensure that it is collected on a clear needs basis and not on a 'nice to have' basis.

Section A — Deposits balance outstanding

COBA notes that some of this data may not be directly relevant to the main purpose of the Financial Claims Scheme. Some of this data may also be collected through other collections.

This section could require reporting of up to 576 data items¹ — many which may not be necessary for FCS purposes. APRA should clarify whether this information is collected for individual supervisory purposes or sectoral estimation purposes (e.g. to calibrate a model). In the latter case, it may be more appropriate to narrow collection to smaller number of entities to reduce sectoral reporting burden.

¹Based on 6 counterparty groupings, 8 deposit types, 6 deposit balance bands and 2 dimensions.

For example, in term of deposit types, for FCS purposes it should not matter if a customer holds their deposits in a transaction, fixed term or offset account. Additionally, it should not matter which band the balance is in, other than if the value is greater than \$250,000.

COBA notes that similar data items may already be proposed to be collected under *ARS 747 ABS/RBA Deposit Stocks, Flows and Interest Rates* for some ADIs. This information should be utilised for FCS purposes where appropriate.

If APRA seeks further information regarding FCS deposits, it should align with data items that ADIs are readily able to report on request under *APS 910* (similar to the data items in Section B & C).

Sections B, C and D – FCS-specific, prescribed accounts and core banking systems

COBA believes that the data items in Sections B, C and D are in line with the purpose of the FCS collection. These data items should readily be able to be generated as they are required for the reports under *APS 910*.

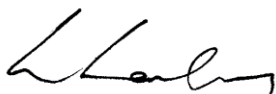
COBA would like to raise the following member comments.

One member notes that the collection requests millions of dollars to 3 decimal places and that this is inconsistent with other APRA reporting which is in millions of dollars to 1 decimal place.

One member also notes that the information is requested to be reported twice a year on 30 June and 31 December – which are the busiest reporting times of the year for ADIs. APRA should consider whether this FCS reporting information is time critical and whether alternative dates or extended reporting deadlines (i.e. beyond 30 business days) may provide greater flexibility for ADIs while meeting APRA’s data requirements.

If you have any questions about our submission, please do not hesitate to contact Mark Nguyen, Policy Adviser on 02 8035 8443 or mnguyen@coba.asn.au.

Yours sincerely



LUKE LAWLER
Director - Policy