

DISCUSSION PAPER

Economic and financial statistics

January 2017

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Preamble

The *Financial Sector (Collection of Data) Act 2001* (FSCODA) provides the Australian Prudential Regulation Authority (APRA) with the authority to collect information from financial sector entities, allowing it to fulfil its role as national statistical agency for the financial sector.

In this role, APRA collects data on the domestic operations of Authorised Deposit-taking Institutions (ADIs) and Registered Financial Corporations (RFCs) on behalf of the Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA). These data, which are used extensively for publication, analysis and policy purposes, are the focus of this discussion paper.

The forms on which APRA collects data on behalf of the ABS and the RBA have not been comprehensively reviewed or materially updated since the forms were introduced in the early 2000s. Over time, the number and volume of informal requests and surveys have grown as new priority areas have emerged. At the same time, some data items are now no longer a priority for the ABS and RBA.

In order to ensure that the data collected meet the needs of the ABS and RBA while not imposing unnecessary burden on reporting institutions, the collection must be modernised. The need to modernise has been given further impetus by frequent data resubmissions, some of which have been of sufficient magnitude and importance to complicate the analysis of significant policy issues. A comprehensive review will allow the ABS and RBA to improve the quality of the instructions to assist reporting institutions submit data that are fit for purpose.

This discussion paper outlines proposed changes to the existing data collected on behalf of the ABS and RBA. This data collection is being renamed the Economic and Financial Statistics (EFS) collection and is referred to as such throughout this document.

APRA invites comments on the proposals in this paper, the draft reporting forms and their accompanying instructions, the definition and quality reporting standards, and the guidance notes. Written submissions on this paper should be forwarded to APRA by 18 April 2017, preferably by email, to:

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Important

All information in submissions will be made available to the public on the APRA website unless a respondent expressly requests that all or part of the submission is 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 financial sector entity (as defined in the FSCODA) or any APRA regulated entity that is not in the public domain and that is identified as confidential will be protected by section 56 of the *Australian Prudential Regulation Authority Act 1998* (APRA Act) and therefore will ordinarily be exempt from production under the FOIA.

Executive summary

The Economic and Financial Statistics (EFS) collection – previously informally known as the Domestic Books collection – is administered on behalf of the ABS and the RBA by APRA in its role as national statistical agency for the financial sector. The data collected from ADIs and RFCs are used to compile key macroeconomic indicators for Australia and are used for analysis and policy purposes by the RBA. Aggregated data are used by other economic policy makers and to meet Australia's international reporting obligations.

This paper outlines proposed changes to the EFS collection to modernise the collection to meet the needs of the ABS and RBA. The proposed collection also includes data standards on repurchase agreements and securities lending to meet new reporting requirements introduced by the Financial Stability Board (FSB) to address data gaps made evident by the global financial crisis.

The proposed collection involves an increase in the amount of data collected from large institutions, and a substantial decrease in the amount of data collection from small institutions.

The proposed collection has been subject to extensive informal consultation with the larger reporting institutions in order to ensure that unnecessary reporting burden has been removed while still ensuring that the data requirements of the ABS and RBA are met. An outcome of the informal consultation is that the agencies have produced a data quality standard and a reporting concepts guidance document to accompany the proposed forms and instructions. It is anticipated that the improved forms, instructions, additional data quality standard and reporting guidance will increase reporting institutions' certainty about the expectations of the agencies and assist reporting institutions submit data that are fit for purpose.

The formal consultation provides industry with an opportunity to provide detailed cost information.

Glossary

ABS	Australian Bureau of Statistics
ADI	Authorised Deposit-taking Institution
ADTR	Australian Derivative Trade Repository
AFMA	Australian Financial Markets Association
Agencies	Refers to the ABS and the RBA
ANZSIC	Australian and New Zealand Standard Industrial Classification
APRA	Australian Prudential Regulation Authority
APRA Act	<i>Australian Prudential Regulation Authority Act 1998</i>
APS 113	<i>Prudential Standard APS 113 Capital adequacy: Internal ratings based approach to credit risk</i>
APS 310	<i>Prudential Standard APS 310 Audit and Other Matters</i>
ARF	ADI Reporting Form (RFCs will also report on ARFs in the proposed EFS collection)
ARS	ADI Reporting Standard (these standards will also be applicable to RFCs in the proposed EFS collection)
ASIC	Australian Securities and Investments Commission
ASNA	Australian System of National Accounts
Banking Act	<i>Banking Act 1959</i>
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
Domestic books	Unconsolidated view of the positions or transactions recorded on the Australian books of the reporting entity
D2A	Direct to APRA
EFS	Economic and Financial Statistics
FOIA	<i>Freedom of Information Act 1982</i>
FSB	Financial Stability Board

FSCODA	<i>Financial Sector (Collection of Data) Act 2001</i>
GDP	Gross Domestic Product
IMF	International Monetary Fund
MBS	Monthly Banking Statistics
MFSM	Monetary and Financial Statistics Manual
OECD	Organisation for Economic Cooperation and Development
QPEX	Quarterly ADI Property Exposures
RBA	Reserve Bank of Australia
RFC	Registered Financial Corporation – the common term for ‘registered entities’ as defined in the FSCODA
RRF	RFC Reporting Form
SBR	Standard Business Reporting
SESCA	Standard Economic Sector Classifications of Australia
SNA	System of National Accounts
SPV	Special Purpose Vehicle
XBRL	eXtensible Business Reporting Language

Chapter 1 – Introduction

Purpose of the economic and financial statistics (EFS) data collection

The EFS collection – previously the Domestic Books collection – is a series of reporting requirements administered on behalf of the ABS and the RBA by APRA in its role as national statistical agency for the financial sector. The collection focuses on the Australian (domestic) operations and activities of ADIs and RFCs.

Data provided in the EFS collection are key inputs to important macroeconomic data publications. The ABS uses the data in its compilation of Australia's National Accounts, which are used extensively, nationally and internationally, to monitor Australia's economic growth; produce economic forecasts; assess national and household income and wealth levels; and monitor investment activities. In Australia, the main users of the National Accounts data are the RBA, the Commonwealth and State Treasuries, market economists and researchers. The ABS also uses the data to produce leading indicators of lending activity in the monthly Housing and Lending Finance releases, which inform the decisions of policy makers.

The RBA uses the data to construct Australia's monetary and credit aggregates. These data sets are used by the RBA and other economic policy makers to monitor economic and financial activity, and in macroeconomic forecasting. The data are also used by the wider public for research, analysis and as a source of information on economic activity in Australia.

In addition, the data are used by the RBA for analytical and policy purposes, including to provide indicators of activity and risk in key markets; monitor trends and potential vulnerabilities in the composition of institutions' assets and liabilities; and track changes in institutions' funding composition and estimated funding costs, which are an important determinant of banks' lending rates and overall profitability. As such, these data on the domestic operations of financial institutions are essential inputs for the formulation of monetary and financial stability policy.

Data collected on the EFS forms are also available to APRA and are used by APRA for prudential supervision and other purposes. They are also used from time to time as inputs to briefings or submissions provided to parliamentary committees, inquiries (e.g. the recent Financial System Inquiry of 2014¹) and to state, territory and federal government departments. The availability of high quality, relevant data allows for a clear presentation of facts and contributes to informed public debate.

Data from the EFS collection are also used to satisfy reporting obligations to international agencies, including the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD) and the Bank for International Settlements (BIS). The

¹ For more information, see www.fsi.gov.au

provision of internationally comparable data contributes to the ability of international bodies to accurately assess developments in and risks to the global economy and financial system.

The EFS data are, therefore, a vital input for measuring and assessing both activity and risks in the financial sector and for the Australian economy more broadly. The data are also an input to global assessments of economic and financial activity and risks. The provision of relevant, timely and high quality EFS data will ensure that policy decisions are made using the best available information.

Motivations for the review

Modernisation

The most recent comprehensive review of the collection took place in the early 2000s, with reporting on the new basis commencing in 2002 for ADIs, and in 2003 for RFCs. In the following few years some small changes were made to the balance sheets and profits forms and a new housing loan reporting form was introduced. Because the changes to the collection over the past 15 years have been minimal, the data collected have not kept pace with an evolving financial sector and changes in the data priorities of the agencies or with international reporting requirements and standards.

Emerging issues and changes in priorities of the ABS and RBA have resulted in a growing disconnect between the data collected on the EFS forms and the data required by these agencies. Some parts of the forms are no longer required and these can be removed from the collection. In other cases, changing circumstances have highlighted data gaps that have required the agencies to use ad hoc or recurrent queries to obtain necessary information.

The global data standards that underpin the compilation of series such as Gross Domestic Product (GDP) have also been updated since the collection was last comprehensively reviewed, such that the current collection does not provide the data required to calculate some components of GDP in accordance with the Australian System of National Accounts (ASNA, the Australian version of the international standard). In addition, the current definition and scope of some items and concepts in the forms do not align with those requested by international organisations, making it difficult for the agencies to fulfil their international reporting requirements.

International reporting requirements have also been extended in areas where the global financial crisis highlighted information gaps in the data available to assess risk in the financial sector and the transmission of shocks between financial institutions, jurisdictions and the real economy. New Financial Stability Board (FSB) data standards on the reporting of repurchase agreements, securities lending and margin lending are a key example of new reporting requirements aimed at addressing international data gaps.

A key priority for the RBA is to improve the available data on interest rates. Timely data on interest rates allow for more accurate assessment of various important policy issues. These include: the transmission of monetary policy through to savers and borrowers; and movements in funding costs and bank margins. Improved data on interest rates will also enable the ABS to improve its calculation of the value of financial intermediation services

produced, an important determinant of the output of the financial sector, which is a significant component of GDP.

Data quality

Data quality concerns have also provided a key impetus for the review. Some forms in the collection have relatively high rates of resubmissions, and have been subject to large-scale data revisions over recent years. In some cases, these revisions have complicated the analysis of important policy issues.²

The review has sought to improve the structure of the forms, the clarity of the instructions and the understanding among reporting institutions of requirements for the accuracy of data reported. As part of this process, the agencies have developed a data quality standard and supporting quality guidance and reporting concepts guidance to accompany the new collection. The standard will set the required level of accuracy for data reported for the EFS collection while the guidance documents provide further information on how to meet the requirements. The reporting concepts guidance does this, in part, by expanding on the definitions and concepts in the reporting instructions. These documents take into account feedback about reporting institutions' existing information management systems. The reporting guidance document will be updated over time to reflect responses to requests for reporting advice.

We ask for comment from reporting institutions and from audit firms on the practicality of the data quality requirements including the audit requirement.

Structure of this paper

Chapter 2 provides a summary of the international standards underpinning the compilation of key macroeconomic data and their importance to the EFS collection.

Chapter 3 summarises the proposed approach to improving data quality.

The collection can be divided by topic; each of these topics is addressed in its own chapter in this discussion paper.

Chapter 4 covers proposed changes to the balance sheet forms.

Chapter 5 details the main changes to the finance commitments forms.

Chapter 6 explains the proposed forms on credit and funding liability stocks and flows and associated interest rates.

Chapter 7 summarises changes to the profits forms, including the introduction of a form on bank fees to replace an existing informal survey.

² See Lowe P (2015), 'Remarks at FINSIA Regulators Panel', 5 November.

Chapter 8 details the key aspects of the proposed derivatives form.

Chapter 9 explains the proposed implementation approach for the FSB's new data standards for global securities financing and outlines the changes to the repurchase agreements and securities lending form and the new margin lending form.

Chapter 10 contains the proposed implementation timeline.

Chapter 11 summarises the impact of changes to the existing collection in terms of APRA publications and addresses the question of overlap with other data collected by APRA.

Chapter 12 requests that ADIs, RFCs and any other interested parties submit cost-benefit analysis.

Appendix 1 contains lists of economic sectors and industry classifications in the existing and proposed forms.

Appendix 2 contains a list of the existing and proposed form codes and names.

Appendix 3 contains a summary of the reporting thresholds applying to each form.

Appendix 4 contains information on the proposed parallel run periods.

Appendix 5 contains a graphic of the proposed implementation timeline.

Chapter 2 – Reporting of economic concepts

Purpose

Data from EFS reporting forms are used to compile key macroeconomic statistics for Australia, such as GDP and credit aggregates. To enable international comparability and to meet Australia's international reporting obligations, these statistics are compiled in accordance with international standards.

This chapter outlines the key international standards that underpin the compilation of macroeconomic statistics in accordance with international best practice and their implementation in the EFS collection. This chapter explains the limitations of the current collection of data in relation to the established framework for compiling macroeconomic statistics in Australia – including residency and detail by industry and economic sector – and the proposed changes.

International standards for macroeconomic statistics

Australia's National Accounts – including measures such as GDP – are compiled by the ABS in accordance with the methodology outlined in the Australian System of National Accounts (ASNA). In turn, ASNA is based on the international standard for compilation of national accounts data – the System of National Accounts (SNA).

The National Accounts record the essential elements of the Australian economy: production, income and expenditure and the accumulation and outstanding levels of assets and liabilities. These elements comprise economic flows and stocks that are grouped and recorded, according to specified accounting rules, in a set of accounts for the economy as a whole and for various sectors and subsectors.

The IMF's standards for the compilation and reporting of monetary and financial statistics (outlined in the Monetary and Financial Statistics Manual (MFSM)) are closely aligned with the requirements of the SNA.

Australian economy

In accordance with international standards, one of the key principles underlying the compilation of Australia's National Accounts and financial aggregates is that of residency. For example, production by residents forms part of Australia's Gross Domestic Product (GDP) while that of non-residents does not. Accordingly, the distinction between residents and non-residents is crucial to the compilation of these macroeconomic statistics.

This has two key implications for the EFS collection:

1. ADIs and RFCs are required to report data on a domestic books basis. That is, the data reported must represent positions and/or transactions of the domestic entity and not those of offshore entities that are consolidated for statutory account purposes.³
2. For financial assets or liabilities such as loans, deposits, derivatives and securities, the residency of the counterparty is of fundamental importance.

Sectoral presentation

To present sectoral information for the accumulation of assets and liabilities, data are required that depict sectors' holdings against one another in a 'from whom to whom' presentation. Compiling this presentation structure requires a standard set of counterparties to be applied to a standard set of financial instruments.

The standard set of counterparties used in ASNA reflects the international standards contained in the SNA. The Standard Economic Sector Classifications of Australia (SESCA) is a framework that identifies and groups economic units that share common organisational and operational characteristics (such as households, non-financial businesses, general government and financial institutions) in accordance with the SNA.

Generally speaking, SESCO contains greater detail on the financial sector of the economy than on the non-financial sector. This is a result of the importance of these sectors to the accumulation of financial assets and liabilities as well as the variety of different economic characteristics of and functions carried out by these entities.

Industry classification

The industry classification on the existing forms consists of 13 high-level industry categories. The categories are based on the Australian and New Zealand Standard Industrial Classification (ANZSIC), which is a classification for grouping businesses carrying out similar production activities. ANZSIC was jointly developed by the Australian Bureau of Statistics (ABS) and Statistics New Zealand and based on the international standard – the International Standard Industry Classification (ISIC). The use of ANZSIC allows for standardised compilation of industry statistics that are comparable within Australia and New Zealand, as well as with the rest of the world.

Industry categories are used to compile the production-based measure of GDP. Data on lending to business by industry category are used by the RBA to assess lending by financial institutions to different industries. As with other lending data, these data can provide a leading indicator of business activity – for example, changes in investment and/or production

³ A further implication of the principles outlined in the 'sectoral presentation' section is that the ADI or RFC must only report data relating to the body corporate authorised to conduct banking business under the *Banking Act 1959* (Banking Act) or of the registered entity under the FSCODA, respectively. For example, an ADI reporting domestic books data on behalf of its insurance subsidiary would not allow for an appropriate sectoral presentation of economic flows and stocks by sector.

by industry. This decomposition of aggregate figures into figures for businesses involved in similar types of production activities provides important information on conditions in those industries that may be obscured at the aggregate level. As such, the published data are of interest to policymakers and researchers.

Issues and limitations

There have been updates to key international standards for the compilation of macroeconomic data since the existing forms were designed. This has resulted in some concepts and definitions in the existing forms that do not align with or are not sufficiently detailed to produce macroeconomic statistics that are consistent with best practice and, in the case of Australia's National Accounts, with the ASNA.

Key changes that have occurred since the EFS collection was last comprehensively reviewed are listed below.

SNA

The 2008 SNA was incorporated into an updated version of ASNA. The updated version of ASNA requires greater detail on a number of financial assets and liabilities – particularly derivatives, repurchase agreements and securities lending – than is available from current domestic books reporting forms.

In addition, the 2008 SNA included significant updates to institutional sectors that have been incorporated into the 2008 SESA. These changes reflect the growing importance of entities such as securitisers, self-managed superannuation funds (SMSFs) and trusts. Appendix 1 lists sector classifications on the existing and proposed forms.

The existing balance sheet forms are based on the outdated sectoral classifications and so do not contain sufficient detail by counterparty to be consistent with the current ASNA treatment.

Industry classifications

The EFS collection is still using 13 industry classifications based on ANZSIC 1993. These outdated classifications do not appropriately represent the structure and composition of the economy, and lessen international and domestic comparability of the data produced. As a result, the needs of data users are not currently being met.

A revised version of ANZSIC was released in 2006 to align with a then-forthcoming international standard, which was released two years later. The updated version of ANZSIC reflects changes in the structure and composition of the economy. For example, the large and diverse Property and Business Services division in ANZSIC 1993 has been rearranged into 3 separate divisions: Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; and Administrative and Support Services. A new Information Media and Telecommunications division was also introduced with ANZSIC 2006. Appendix 1 lists industry classifications on the existing and proposed forms.

Proposed changes

SNA, SESCA and Residency

The proposed forms, instructions and definitions incorporate the requirements of the revised ASNA, including updated economic sector classifications based on the 2008 updates to SESCA. Given the importance of sectoral data to the compilation of Australia's National Accounts, the agencies view the provision of a breakdown by economic sector based on SESCA 2008 as an important feature of the revised collection.

The new economic sector classifications introduced are private non-financial investment funds, money-market investment funds, non-money market financial investment funds, self-managed superannuation funds, securitisers and financial auxiliaries. Discussions with industry suggest some concern around providing the updated economic sector information; informal consultation suggests that some of the concerns around this expectation arise from a lack of rigour around the allocation of counterparties to the sectoral splits used for existing reporting while other concerns relate to the additional information required to identify some of the new counterparties, such as trusts.

The agencies welcome feedback on whether any of the new sectoral categories identified would be particularly difficult to implement given the information currently available to the ADI or RFC or that which could be collected feasibly. If ADIs or RFCs have concerns that one or more of the sectoral categories requested are not material for a particular class of assets or liabilities, the agencies would welcome data to support this.

The proposed forms, instructions and definitions also include updated definitions of residency for institutional units and financial instruments. Information on these changes is contained in Chapters 4 to 9.

The revised definitions and instructions meet the requirements of ASNA and more clearly define the concepts and classifications sought. Further detail on operationalising these concepts is also provided in the reporting guidance; this should provide greater certainty around agency requirements and reduce inconsistencies in reporting across institutions.

Industry classifications

Data by industry classification are only collected on the two business-focussed forms – *ARF 741.0 ABS/RBA Business Finance* (ARF 741.0) and *ARF 742.0 ABS/RBA Business Credit Stocks, Flows and Interest Rates* (ARF 742.0) – which are covered in Chapter 5 Finance commitments. The ARF 741.0 and ARF 742.0 are only reported by ADIs and RFCs with outstanding loans to businesses equal to or greater than \$2 billion.

The proposed ARF 741.0 and ARF 742.0 require reporting by 21 industry classifications that reflect the most recent version of ANZSIC. The reporting guidance provides additional information to assist institutions in classifying counterparties into the required categories.

The agencies welcome submissions on approaches to implementation to meet the requirements for reporting industry classifications on the proposed EFS forms, together with information on the cost and accuracy of those approaches.

For example, reporting institutions may consider the implications for cost and accuracy of collecting industry classification as required for the ARF 741.0 and ARF 742.0 (generally at the division level) in source systems (see Appendix 1). Another approach to consider may be a mapping from existing information to the industry classifications required for the ARF 741.0 and ARF 742.0 using ANZSIC 1993 to 2006 concordances in conjunction with other information held by the reporting institution.

In considering the cost and accuracy implications of various approaches, reporting institutions are encouraged to refer to the reporting concepts guidance document, which, to aid implementation, provides details of mapping assumptions that can be used to meet the agencies' data quality requirements for pre-existing counterparties.

Any approach ultimately implemented would be required to meet the accuracy requirements in the ARS 702.0 standard (see Chapter 3).

In providing cost information, note that full implementation of ANZSIC codes at the most detailed level is not required for reporting on the new EFS collection. While reporting institutions may consider various options for meeting the new requirements, it is important that respondents do not cost a solution above what is required by the proposed EFS collection.

Chapter 3 – Data quality

Purpose

Over recent years, relatively high rates of resubmission for some forms in the EFS collection have led to concerns about the quality of data provided. Key shortcomings identified relate to reporting institutions' understanding of the agencies' requirements for data quality, and reporting institutions' understanding of key economic concepts reported on the forms. There was scope for improvement in the structure of forms and the clarity and detail provided in the instructions.

This chapter explains why data quality is important, summarises the limitations of the current collection in facilitating data quality, and explains the requirements and guidance to be included in the EFS collection to improve data quality. Feedback from audit firms and reporting institutions has been particularly useful in compiling the proposed changes.

Why data quality is important

Data from the EFS collection need to meet minimum accuracy requirements, because the data are used by the ABS to compile key macroeconomic series, including GDP, and are used by the RBA for policy purposes. The published data are also used by other policy makers. As such, obtaining relevant, timely and accurate data that are fit for purpose is very important to the agencies and to the broader Australian public through the use of these data in macroeconomic policy decisions.

Issues and limitations

Reporting forms and instructions

The structure of some of the current forms and the quality of the related instructions do not always facilitate high-quality reporting. For example, related information on some concepts is spread across multiple forms in the collection, making consistent reporting and reconciliation difficult for both data users and financial institutions. Feedback from reporting institutions indicates that the current instructions are often insufficiently detailed and, at times, ambiguous and/or inconsistent across forms, making it difficult for reporting institutions to report consistent data and for the agencies to interpret developments. Reporting institutions have indicated support for more detailed instructions to assist them in reporting higher quality data, including on a more consistent basis with one another.

Quality assurance and guidance

The size and frequency of resubmissions demonstrate a need to set quantitative requirements on the accuracy with which institutions report.

This approach was supported in discussions with external audit firms, where participants underlined the need for agencies to clarify their requirements around the accuracy of the data reported. Specifically, further guidance was recommended on the following issues:

- requirements around the verifiability of reporting concepts; and
- materiality benchmarks for acceptable reporting deviations.

This feedback was echoed in discussions with industry bodies and reporting institutions.

Greater clarity around the agencies' requirements for data quality on particular forms and concepts will provide reporting institutions with increased certainty and assist in targeting data improvement efforts; it will also increase the agencies' confidence in the accuracy of the data provided.

Reporting of economic concepts

Discussions with reporting institutions indicate that the reporting of a number of important economic concepts is inconsistent across institutions, and/or not well aligned to the economic concepts required. These issues tend to occur where the economic concepts sought differ from how financial institutions typically view their operations.

Additionally, some updates to the key classification structures used extensively for economic purposes have not yet been incorporated into the EFS collection (e.g. sectoral and industry classifications as explained in Chapter 2). This limits the comparability of the data with information from other sources, domestically and internationally, and hence the quality of analysis that can be conducted.

Proposed improvements

In light of the issues identified and feedback received to date, agencies are proposing a number of changes to the current reporting framework. The proposed changes aim to improve the quality of data submitted and to clarify the level of data quality assurance required.

Reporting forms

The proposed collection involves the restructuring of a number of forms to improve the grouping of related concepts – for example, collecting data on housing loans to investors and owner-occupiers on the same form. Following industry feedback, changes have also been made to one of the larger reporting forms (*ARF 320.0 Statement of Financial Position (Domestic Books)* (*ARF 320.0*) / *RRF 320.0 Statement of Financial Position (RFCs)* (*RRF 320.0*)): the form has been redesigned to facilitate more targeted ownership and review by business units. These changes should improve reporting consistency and the ease of verification and reconciliation.

Reporting instructions and guidance

The agencies have revised the reporting instructions to provide greater detail and clarity around concepts that are currently not well defined. As a part of this initiative, common definitions have been moved from the individual reporting instructions to a centralised glossary standard (*Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* [ARS 701.0]). This should enhance consistency across the collection and assist in improving data quality.

In addition, and in response to feedback, a reporting concepts guidance document has been developed to support the reporting instructions. The reporting concepts guidance provides:

- a centralised source of expanded information on the definitions and concepts identified in the instructions;
- information on how key concepts may be verified; and
- guidance on keeping reporting categorisations accurate over time.

This detail will provide reporting institutions with greater certainty about the concepts to be reported and will assist in data quality assurance.

The reporting concepts guidance will be updated periodically to reflect responses to requests for reporting advice and, as such, will ensure that all reporting institutions have access to the same information on reporting expectations.

Data quality requirements and guidance

Much of the data in the EFS collection is a more detailed breakdown of data recorded in the general ledger, while some is not recorded in the general ledger at all. It is acknowledged that this difference can create difficulties for producing accurate data, as well as for traditional audit processes, both internal and external.

Notwithstanding these difficulties, it is important that the EFS data are produced to a standard of accuracy that is fit for the purposes of the ABS and the RBA. Reporting institutions may compile data in ways that mean they are not fully accurate where this would be difficult or costly to achieve, for example by using estimation approaches or proxies. However, it is expected that reporting institutions ensure they have invested in processes, systems and governance such that they can deliver data to the level of accuracy specified to ensure that the data submitted are fit for use by the ABS and the RBA. To assist reporting institutions, the agencies have developed a draft *Reporting Standard ARS 702.0 ABS/RBA Data Quality for the EFS Collection* [ARS 702.0] and supporting quality guidance.

ARS 702.0 sets out:

- the required level of accuracy, including the relative priority attached to accuracy for different series; and
- the degree of assurance required across forms within the EFS collection.

The quality requirements are primarily intended as a tool to assist reporting institutions understand the required quality of data they are responsible for meeting. However, to assist

reporting institutions determine whether they are meeting the quality thresholds, audit requirements are also included in ARS 702.0. The audit requirements for data in the EFS collection are intended to stand independent of *APS 310 Audit and Related Matters*. APRA acknowledges that there is potential interaction between the audit requirements in ARS 702.0 and APS 310, and APRA and the agencies will be further considering this interaction following formal consultation.

Requirements regarding data accuracy (including materiality) have been calibrated according to the priority of the concept or series for the agencies' use of the data, as well as feedback on the current ability of reporting institutions to report the concept or series with a high degree of accuracy. Accordingly, data quality requirements will vary across data items, concepts and forms, with a higher degree of accuracy required for concepts and items that agencies deem of high importance and/or items that are more easily reconcilable with statutory accounts.

The required degree of accuracy also differs according to the size of the ADI or RFC. Because the largest institutions have a proportionately larger effect on the system-wide aggregates that are often of high importance, a higher relative level of accuracy in reporting by these institutions is particularly crucial to the reliability of the compiled macroeconomic statistics.

Maintaining and strengthening quality over time

Based on feedback through informal discussions with reporting institutions, the agencies are also considering the value of the following options for maintaining and strengthening the quality of data submitted over time:

- themed audits of particular forms on a rotating basis;
- holding regular industry workshops on reporting guidance and issues;
- conducting site visits; and
- implementing further validation rules in D2A.

Agencies would welcome further feedback on the desirability and feasibility of these options.

Request for feedback

Informal consultation discussions indicated that, for some institutions, a subset of the data required may not be able to be provided with a high degree of accuracy without very costly upgrades to systems.

Particular examples of this include:

- the reporting form requesting detail on fees charged;
- the transactions and revaluations columns on the derivatives reporting form; and/or
- the statement of financial performance data on a domestic books basis for those entities that have offshore branches and/or subsidiaries.

The agencies welcome feedback from reporting institutions as to whether some of these items require adjustments to the general data quality framework along with clear examples of why the proposed framework should be altered for these items.

In addition, the agencies would welcome feedback on the desirability and feasibility of the various options listed for maintaining and strengthening data quality over time.

Chapter 4 – Balance sheets

Purpose

This chapter gives an overview of the purpose of the balance sheet data collection, explains the limitations of the existing collection, and the changes proposed under the new collection.

Reasons for collecting balance sheet data

Information on the balance sheet forms is primarily used by the ABS and the RBA to construct macroeconomic data series for publication. The ABS uses the data in its compilation of Australia's National Accounts. The RBA uses the data to construct Australia's credit and monetary aggregates. Both of these data sets are used extensively by the RBA and other economic policy makers to monitor economic and financial activity, assist with assessing potential risks, and resilience against these risks, to the stability of the financial system and in macroeconomic forecasting.

In addition, the data on the balance sheets are used by the RBA to monitor trends and potential vulnerabilities in the composition of institutions' assets and liabilities. The data in these forms are used to meet international reporting obligations, and may be used on an ad hoc basis by other domestic agencies such as APRA and Treasury and international agencies such as the IMF.

Existing collection

The existing collection consists of the following domestic books balance sheet reporting forms:

- *ARF 320.0 Statement of Financial Position (Domestic Books)* (ARF 320.0);
- *RRF 320.0 Statement of Financial Position (RFCs)* (RRF 320.0); and
- *ARF 323.0 Statement of Financial Position (Licensed ADI)* (ARF 323.0) (monthly version only).

The existing collection also contains a set of supplementary balance sheet reporting forms that provide more detail on particular aspects of the balance sheet:

- *ARF 320.1 Debt Securities Held* (ARF 320.1);
- *RRF 320.1 Debt Securities Held* (RRF 320.1);
- *ARF 320.2 Equity Securities Held* (ARF 320.2);
- *RRF 320.2 Equity Securities Held* (RRF 320.2);
- *ARF 320.3 Debt Securities on Issue* (ARF 320.3);
- *RRF 320.3 Debt Securities on Issue* (RRF 320.3);
- *ARF 320.4 Bill Acceptances and Endorsements* (ARF 320.4);

- *RRF 320.4 Bill Acceptances* (RRF 320.4); and
- *ARF 320.9 Intra-group Receivables and Payables* (ARF 320.9).

Issues and limitations

Overview

The balance sheet forms have not been revised within the past 10 years, with the majority of reporting forms unchanged since 2002. Due to changes in agency data requirements and in international reporting obligations, as well as developments in the financial sector, these forms no longer fully meet the agencies' data needs. Additionally, some of these forms have had relatively high rates of resubmission over recent years, including a number of large-scale revisions. As discussed in Chapter 3, this has created difficulties in accurately interpreting developments in key series.

System of National Accounts

As discussed in Chapter 2, there have been updates to ASNA requirements since the current APRA forms were designed. Accordingly, some concepts and definitions in the existing forms do not align with and/or are not sufficiently detailed to produce a satisfactory set of statistics for the updated ASNA. In particular, the existing balance sheet forms are based on outdated sectoral classifications and so do not contain sufficient detail by counterparty to be consistent with the current ASNA treatment.

Reporting by RFCs

The global financial crisis highlighted the importance of improving the data collected on the shadow banking sector. As credit intermediaries outside the perimeter of APRA's prudential regulation, RFCs are some of the institutions most readily considered 'shadow banks' in Australia.

The RBA uses RFCs' balance sheet data to monitor shadow banking activity, report to the Council of Financial Regulators and the FSB on developments in the Australian financial system and to produce the monthly credit and monetary aggregates. Data on RFCs' holdings of securities and their financial performance are also used by the ABS to produce the National Accounts.

The existing balance sheet data for RFCs collected through APRA have several shortcomings for the agencies' monitoring and reporting purposes. For example, RFCs currently report 'deposits and placements' in aggregate on RRF 320.0, which provides limited scope to understand RFCs' sources of funding and the extent to which they have deposit-like liabilities. Furthermore, the limited counterparty and item details on the existing RFC forms constrain the RBA in meeting its reporting requirements to the IMF.

Consistency across institution types

There are differences between data reported on ARF 320.0, ARF 323.0 and RRF 320.0, each of which are reported by different segments of the ADI and RFC industry. Harmonising the balance sheet data collected across the ADI and RFC industry will ensure consistent data on loans and deposits are used to compile credit and monetary aggregates.

Harmonising these reporting forms will also assist the agencies to meet their own reporting obligations to international agencies. In particular, the RBA provides separate aggregated balance sheets for depository corporations, other financial corporations and the central bank to the IMF. These aggregated balance sheets should be compiled using consistent data; however, the differences in the existing balance sheet forms do not allow for this.

Securitisation

In the United States, the financial crisis in the late 2000s demonstrated that institutions reliant on securitisation funding are susceptible to market dislocation, owing to their reliance on wholesale financial markets. Given this, the RBA monitors developments in securitisation closely to assess financial stability and financial market functioning. In addition, the ABS and RBA measure securitisation activity as a component of aggregate system credit, and the RBA also uses data on securitisation to monitor the composition of banks' funding. However, there are several shortcomings in the existing data.

Institutions' on-balance sheet securitisation, including securities created exclusively for accessing RBA liquidity facilities (self-securitisation), is not currently identified on the balance sheet forms. As a result, the ABS and RBA have difficulty accurately quantifying the total amount of securitisation, which can lead to double-counting of securitised assets in Australia's National Accounts as these assets are recorded on both the special purpose vehicle's (SPV's) and the reporting institution's balance sheets.

The ABS and RBA partly overcome this by querying a set of institutions each month on their stock of self-securitised housing loans and, more recently, each quarter on all securitised assets and related asset-backed securities held. Adjusting the forms and instructions to collect the data required would allow for a more consistent and controlled framework for reporting these data.

Deposits

The existing deposit decomposition on the ARF 320.0 comprises four types: cheque; other payment methods; notice of withdrawal, savings and other accounts; and term deposits. Separately identifying cheque deposits has become less relevant over time as the payment system has evolved. Moreover, the existing distinction between transaction and non-transaction deposits does not fully align with the IMF's classification of transferable and non-transferable deposits, which is used in the compilation of the National Accounts, the monetary aggregates and for other reporting requirements.

International linkages

The financial crisis has highlighted that the interconnectedness of financial markets has important implications for financial stability. For example, the IMF, FSB and BIS have concluded that there has been a failure, globally, to fully monitor the integration of global markets and the strengthening of linkages between institutions prior to the financial crisis, due to a number of data gaps.

The agencies propose to collect some further detail on assets and liabilities with non-residents and related parties and those denominated in foreign currency to better capture the domestic ADIs' and RFCs' exposures and funding linkages to foreign entities.

Downstream data users

Data from the balance sheet forms are used to meet reporting obligations to international agencies, including the BIS and the IMF. However, the existing forms contain insufficient detail to adequately satisfy these reporting obligations. For example, detail on foreign-currency-denominated components of the balance sheet on the ARF 320.0/RRF 320.0 is currently insufficient to meet IMF reporting requirements.

Incorporating survey data

Insufficient detail on some important aspects of the balance sheet has resulted in recurring queries and ad hoc requests from time to time in an attempt to fill information gaps. For example, every month the RBA requests data on conduit lending through the query process for the compilation of the monthly credit aggregates. Incorporating these data requests into the forms would streamline the reporting process for agencies and reporting institutions.

Proposed changes

The proposed suite of forms updates the existing forms and incorporates some other data currently collected on a regular basis through the query process or surveys. The revised data will better meet the requirements of the agencies. Improved consistency in reporting across forms and greater clarity around definitions and instructions is also expected to simplify reporting for ADIs and RFCs.

Reporting forms

For the proposed EFS collection, the distinction between ARF and RRF forms will be removed and all RFCs will commence reporting on the applicable ARF forms.

The proposed collection consists of the following balance sheet forms:

- *ARF 720.0A/B ABS/RBA Statement of Financial Position (Banks and RFCs)/(Non-bank ADIs)* (ARF 720.0A/B);
- *ARF 720.1A/B ABS/RBA Loans and Finance Leases (Banks)/(Non-bank ADIs and RFCs)* (ARF 720.1A/B);

- *ARF 720.2A/B ABS/RBA Deposits (Banks)/(Non-bank ADIs and RFCs)* (ARF 720.2A/B);
- *ARF 720.3 ABS/RBA Intra-group Assets and Liabilities* (ARF 720.3);
- *ARF 720.4 ABS/RBA Debt Securities Held* (ARF 720.4);
- *ARF 720.5 ABS/RBA Equity Securities Held* (ARF 720.5);
- *ARF 720.6 ABS/RBA Securities Issued* (ARF 720.6); and
- *ARF 720.7 ABS/RBA Bill Acceptances and Endorsements* (ARF 720.7).

ARF 321.0 Statement of Financial Position (Offshore Operations) (ARF 321.0) is no longer required by the agencies and will be discontinued following the formal consultation period.

Reporting coverage and frequency

All banks will be required to report on ARF 720.0A, ARF 720.1A, ARF 720.2A, ARF 720.3, ARF 720.4, ARF 720.6 and ARF 720.7 monthly, and on the ARF 720.5 quarterly.

Non-bank ADIs with assets of greater than or equal to \$200 million will be required to report on the ARF 720.0B, ARF 720.1B and ARF 720.2B monthly. Non-bank ADIs with assets below \$200 million will not be required to report on the proposed EFS forms.

RFCs will report on the balance sheet forms as follows:

- RFCs with assets of greater than or equal to \$500 million will be required to report on ARF 720.0A, ARF 720.1B and ARF 720.2B monthly, and on the ARF 720.3, ARF 720.4, ARF 720.5, ARF 720.6 and ARF 720.7 quarterly.
- RFCs with assets greater than or equal to \$200 million but less than \$500 million will be required to report on ARF 720.0A, ARF 720.1B and ARF 720.2B monthly.
- RFCs with assets greater than or equal to \$50 million but less than \$200 million will be required to report on ARF 720.0A, ARF 720.1B and ARF 720.2B annually.
- RFCs with assets of less than \$50 million will not be required to report on the proposed EFS forms.

Structure of ARF 720.0A/B

Feedback received from industry during informal consultation suggested that data quality would be improved by more targeted ownership of reporting forms, with a preference for a given number of data items to be distributed over several forms rather than a single large return (which may need to have multiple owners). As such, the deposits and loans items on the ARF 320.0 have been moved onto two new accompanying returns: ARF 720.1A/B for loans and ARF 720.2A/B for deposits.

In response to feedback, the ARF 720.0A/B has been aligned with other balance sheet reporting with respect to the treatment of non-residents and related parties. In order to accommodate this, asset and liability positions with respect to non-residents have been incorporated into the headline items. As such, some non-resident sub-items have been added to the ARF 720.0A/B, ARF 720.1A/B and ARF 720.2A/B. The headline items on

ARF 720.0A/B also now exclude positions with related parties. In order to accommodate this, the headline items on the ARF 720.0A have also been replicated on the ARF 720.3 for intra-group assets and liabilities.

The identification of non-resident and intra-group counterparty positions will improve the agencies' understanding of domestic institutions' exposures and funding linkages to other entities and their ability to meet international reporting obligations.

This approach also allows for increased consistency with the high-level data on the consolidated balance sheet *ARF 322.0 Statement of Financial Position (Consolidated)* (ARF 322.0).

System of National Accounts

The counterparty breakdowns on the proposed balance sheet forms have been revised to meet the ASNA requirements. The instructions and guidance have also been improved to provide institutions with greater clarity around how to classify counterparties by sector to help improve data quality.

Consistency across institution types

The proposed main balance sheet form (ARF 720.0A/B), instructions and guidance for banks, non-bank ADIs and RFCs are consistent, allowing for more accurate aggregation and comparability of the data. The additional data items for RFCs will assist the RBA in monitoring the shadow banking sector, and to better meet reporting obligations to the IMF.

The data, instructions and guidance collected on the proposed ARF 720.1A/720.1B and ARF 720.2A/720.2B forms are also more consistent across banks, non-bank ADIs and RFCs for loans and deposits. This will result in more accurate calculation of Australia's National Accounts, credit aggregates and monetary aggregates, as well as greater comparability across these product types.

Securitisation

Detail of on- and off- balance sheet securitisation (including self-securitisation), positions with SPVs for the purposes of securitisation, and holdings of securities issued by these SPVs has been enhanced on the balance sheet forms to provide agencies with the required information on securitisation. This should eliminate the need for agencies to conduct monthly, quarterly and other ad-hoc queries on securitisation.

The agencies have also removed the 'securitisation deconsolidation principle'. Reporting of securitised loans will therefore follow accounting treatment, with appropriate adjustments for the level of consolidation.

The reporting instructions and supporting guidance regarding the reporting of securitisation have also been clarified to reflect these changes.

Deposits

The definitions of the different types of deposits (transaction, term and other non-transaction) have been amended to provide greater clarity and alignment with the concept of transferability required by ASNA and the IMF's MFSM. Cheque deposits are no longer required to be separately identified.

International linkages

The proposed balance sheet forms include additional detail on assets and liabilities denominated in foreign currency to improve information of the financial system's exposure to conditions in global financial markets. These data will also allow agencies to improve compliance with reporting obligations to international agencies, such as the IMF.

Specific provisions

Detail on specific and general provisions for loans has been updated to individual and collective provisions on the proposed ARF 720.0A/B, ARF 720.1A/B and ARF 720.3. These data are used for the compilation of ASNA and credit aggregates and will improve the quality of these statistics.

Ceasing ad hoc surveys

Detail on conduit lending and on housing credit by state and territory has been incorporated into the ARF 720.1A/B with a view to eliminate the need to collect additional data on an informal basis. The instructions and guidance around conduit lending have also been clarified to improve reporting of these data.

Data on loans in arrears have been added to ARF 720.1A/B. This replaces the current monthly survey on household arrears completed by the major banks. The collection coverage for these data has been expanded to also include the non-major banks to allow for a more comprehensive view of the market.

ARF 321.0 Statement of Financial Position (Offshore Operations)

The *ARF 321.0 Statement of Financial Position (Offshore Operations)* (ARF 321.0) will be discontinued. This form, which collects data on the offshore operations of the ADI, is no longer of priority to the agencies and can be revoked.

ARF 323.0 Statement of Financial Position (Licensed ADI)

Non-bank ADIs will be required to continue reporting ARF 323.0 quarterly to meet APRA's reporting requirements for prudential supervision. There will be changes to the quarterly reporting requirements from the time when the proposed EFS collection takes effect. Non-bank ADIs which fall below the thresholds for ARF 720.0B / ARF 720.1B / ARF 720.2B will be required to report ARF 323.0 quarterly.

Under the proposed EFS collection, non-bank ADIs with assets of \$200 million or more which currently report the ARF 323.0 monthly would instead report ARF 720.0B, ARF 720.1B and ARF 720.2B monthly.

Although the ARF 323.0 and ARF 720.0B are similar, the forms have different purposes and separating the forms provides greater clarity for reporting institutions around the ultimate use of the data and allows APRA to make changes to ARF 323.0 in the future without reference to the data requirements of the ABS and RBA. ARF 720.0B ensures that data collected for the ABS and RBA on the EFS collection is more comparable across institutions, including through the use of common definitions.

Chapter 5 – Finance commitments

Purpose and structure of chapter

This chapter gives an overview of the purpose of the finance commitments data collection, explains the limitations of the existing collection, and summarises the changes proposed under the new collection.

Reasons for collecting finance commitments data

Data on household and business finance applications and commitments provide policy makers with timely gauges of activity in different sectors of the economy. They also provide an indication of the drivers of future credit growth, current financial and economic conditions, and the effect of monetary policy on credit demand and supply.

Developments in the household and business sectors have implications for the RBA's conduct of monetary policy and assessment of risks to financial stability. The ABS also uses these data to publish aggregated data on lending activity that are used as leading indicators of economic activity by economic policymakers, such as the Treasury. From time to time these data are also used by other agencies, including APRA.

Existing collection

Business finance forms:

- Commercial Finance by state and territory: ARF/RRF 391 series; and
- Lease Finance by state and territory: ARF/RRF 393 series.

Household finance forms:

- Housing Finance by state and territory: ARF/RRF 392 series;
- Personal Finance by state and territory: ARF/RRF 394 series; and
- Housing Loan Reconciliation: ARF 320.8.

Issues and limitations

Overview

The bulk of the finance forms have not been substantially revised within the past 15 years, despite a rapidly evolving financial sector and changes in agency data requirements. As a result, these forms are not currently meeting the agencies' data needs.

Insufficient detail on important aspects of household and business finance has resulted in ad hoc requests from time to time in an attempt to address information gaps. In addition, some data reported are now no longer required by the agencies.

Collection structure

The existing forms are not well structured for current requirements, with related information scattered across multiple forms. The dispersion of related data across forms can lead to reduced consistency, which makes comparison and aggregation of data difficult. For instance, some of the detail on investor housing differs from that on owner-occupied housing, with the two activities currently captured on different forms.

Detail on counterparty and purpose

The current forms are not sufficiently detailed to produce a satisfactory set of credit statistics covering monthly credit commitments. For example, the purpose of around one-quarter of monthly business finance commitments is currently reported in the 'other' category.

The current finance forms lack data on commitments to small businesses. The Australian Government is particularly interested in more detailed information on small business lending.

Detail on non-resident and intra-group lending would improve the RBA's understanding of institutions' exposures to foreign entities and linkages between financial institutions. This would also allow for greater comparability with data reported on the balance sheet forms, Australia's National Accounts and the credit aggregates.

ANZSIC

The current finance forms use industry classifications based on the 1993 version of ANZSIC despite the revised standard having been released in 2006. The outdated industry classification makes comparison across industries with other macroeconomic indicators difficult.

Measuring credit demand and supply

The existing finance forms lack data on credit applications, which provide a gauge of the demand for and supply of credit. Credit applications received is a useful concept for measuring the demand for credit in the economy. Applications can then either be approved or declined by institutions, which indicates the extent to which the institutions are willing to supply that credit.

Understanding whether movements in credit are driven by changes in credit supply or demand is important for assessing the implications for the economy, and is relevant for monetary policy decision making.

These data would also provide the RBA with insight into changes in institutions' lending practices, which may inform financial stability policy.

Internal refinancing

Data on internal refinancing (i.e. when a borrower refinances with the same institution that originated the loan) are not currently collected. This could distort the measure of 'new lending' to the extent that increases in credit limits on these accounts are not captured.

Reconciling repayments, offset and redraw balances

The stock of offset accounts and available redraw balances on term facilities can provide information on the financial buffer borrowers have developed on their outstanding loan balances. For instance, these items would be used to measure the extent to which financial buffers on housing loans may reduce the likelihood that households would experience financial distress should they suffer a temporary income or other shock. They can also provide information about the sensitivity of household spending to changes in interest rates. However, the current forms only provide information on aggregate buffers. There is insufficient data to translate this into estimates of the distribution of repayment buffers.

Proposed collection

The revised draft household and business finance forms address the shortcomings listed above and other issues identified. The proposed suite of forms updates the existing forms, removing the need for other data currently collected on a regular basis through the query process.

Business finance form

The existing suite of Business Finance forms by state and territory will be reduced to a single form – *ARF 741.0 ABS/RBA Business Finance* (ARF 741.0) – with only a small number of items still collected by state and territory.

The Lease Finance suite will be discontinued, as much of the detail is no longer needed. Some high-level items have been moved to the new ARF 741.0 form for leasing to businesses, and to the new ARF 745.0 for leasing to households.

Household finance forms

The existing suite of Housing Finance forms by state and territory will be reduced to a single form – *ARF 743.0 ABS/RBA Housing Finance* (ARF 743.0) – although a number of items will still be collected by state and territory.

The Housing Loan Reconciliation form (ARF 320.8) is proposed to be discontinued, with some items moved to the new *ARF 743.0 ABS/RBA Housing Finance* form, the new *ARF 744.0 ABS/RBA Housing Credit Stocks, Flows and Interest Rates* form, and APRA's new prudential *ARF 223.0 Residential Mortgage Lending* (ARF 223.0) form. The cessation of the *ARF 320.8 Housing Loan Reconciliation* form is contingent upon implementation of APRA's proposed ARF 223.0 (which is not part of the EFS collection).

The existing suite of Personal Finance forms by state and territory will be reduced to a single form – *ARF 745.0 ABS/RBA Personal Finance* (ARF 745.0) – with no state or territory breakdowns.

Reporting coverage and frequency

Reporting on the new forms will only be required for institutions with assets greater than or equal to specified threshold. The proposed thresholds of the relevant asset metric (on the domestic books balance sheet) are:

- \$2 billion of business credit for ARF 741.0;
- \$2 billion of housing credit for ARF 743.0; and
- \$500 million of personal credit for ARF 745.0.

The aim is to minimise the burden on reporting institutions while ensuring sufficient, timely coverage to produce high-quality statistics and analysis.

ADIs or RFCs with assets greater than or equal to the threshold will be required to report the relevant form(s) monthly.

Changes common across forms

Instructions have been updated to improve consistency in reporting. This includes clarifying the instructions to emphasise that the categorisation of loans should be based on loan purpose in the first instance rather than the underlying security or loan product. Greater consistency in the concepts reported across forms and greater clarity around definitions and instructions should simplify reporting for ADIs and RFCs. Reporting guidance has also been provided.

Information on internal refinances – when a borrower takes out a new loan (or changes their existing loan) but intends to use the funds for the same purpose – has been added where this would result in an increased credit limit. This will provide improved information on the withdrawal of housing equity and improve the value of finance commitments data as a leading indicator of credit growth.

Non-resident activity is now clearly identified across the finance forms. This will facilitate more consistent comparisons with the credit measures compiled by the RBA. This detail will also assist in assessing the financial system's exposure to conditions in global markets and the supply of credit to non-residents.

At the request of reporting institutions, key product lines have been distinguished to allow for better alignment with institutions' internal reporting.

Business finance form

The industry classification has been updated to be consistent with ANZSIC 2006. Additional categories for key financial industry SESA categories and related parties have also been added to allow for greater comparability with the measure of business credit used in the credit aggregates.

A small/medium/large business categorisation based on turnover and exposure has been incorporated into the ARF 741.0. This will provide greater insight into lending conditions across borrower types, particularly for small businesses. For ADIs and RFCs using the small- and medium-sized enterprises (SME) retail/SME corporate/Corporate classification used in the Internal Ratings Based (IRB) accredited ADIs' Pillar 3 reporting and in *Prudential Standard APS 113 Capital adequacy: Internal ratings based approach to credit risk* (APS 113), these categorisations may be used as direct proxies.⁴

The scope of finance commitments to be reported has been expanded to include commercial paper, to be consistent with the measure of business credit in the credit aggregates. The instructions have been clarified to make it clear that acceptances of bills of exchange should be reported on ARF 741.0.

In acknowledgement of the difficulties in reporting the purpose of finance commitments to large corporates, much of the detail on the primary purpose of the finance and the state or territory that the funds will be used in has been removed for these borrowers.

Housing finance

Where possible, information on housing finance currently collected on other forms has been moved to the new ARF 743.0 form. This includes items on residential land and housing finance for investment purposes from the existing personal finance form; the reconciliation of fixed-term housing loans from the current Housing Loan Reconciliation form (ARF 320.8); and items on applications currently collected from the major banks in a quarterly survey. This is expected to simplify form ownership and encourage consistency of reporting.

Information on finance commitments for investment housing has been updated to be consistent with the data collected on finance commitments for owner-occupied housing to provide agencies with a complete view of the housing market. The new ARF 743.0 form also incorporates data on the switching of the purpose of lending between owner-occupier and investor purpose types. These changes will eliminate the need for these data to be collected through the query process.

Detail on lending to first-home buyers by purpose type has been added to meet the needs of users of ABS publications, who require measures of housing affordability.

In addition to lending to non-residents, a concept of loans for which foreign income was used in the serviceability assessment has been introduced to provide greater detail on exposures to international conditions.

Data on offset accounts, redraw accounts and other excess repayments of loans, similar to data collected on the current ARF 320.8, has been enhanced with additional information on the distribution of these balances scaled by the size of monthly repayments on the loan. This

⁴ The SME Retail/SME Corporate/Corporate categorisations are not currently required to be used by ADIs employing the standardised approach to credit risk (and indeed, are not required for reporting on the EFS collection); however, the most recent Basel Committee on Banking Supervision (BCBS) consultation document on revisions to the standardised approach to credit risk raised the likely implementation of these categories as part of the international standard.

information provides an indication of households' abilities to withstand income and other shocks and/or the expected response of household spending to a change in interest rates.

Personal finance

Some detail on commitments by purpose has been removed as it is no longer required by the agencies. For example, detail on commitments for motor vehicle finance has been reduced.

Chapter 6 – Interest rates, stocks and flows

Purpose

This chapter explains why interest rates, stocks and flows data are needed, explains the limitations of the existing collection, and explains the changes proposed under the new collection.

Reasons for collecting interest rates, stocks and flows data

One of the key priorities for the RBA in the EFS collection review is to improve the available data on interest rates.

Accurate and timely measurement of the interest rates faced by borrowers and savers is important for the assessment of financial conditions and of the transmission of monetary policy. Likewise, accurate and timely measurement of changes in financial institutions' funding mix, costs and margins provide information about factors driving changes in rates faced by customers.

Policymakers outside the RBA also have a need for summary indicators of interest rates paid to or received by customers. Data on interest rates are required to meet the RBA's monthly data obligations to the BIS and are used by the IMF and Treasury. Improved data on interest rates would also enable the ABS to enhance its calculation of Financial Intermediation Services Indirectly Measured (FISIM), which is used to construct estimates of the output of the financial sector and GDP. Increasing the aggregated interest rates data published would increase transparency around the rates being charged and paid by financial institutions.

Existing collection

Data on interest rates are only formally reported for commercial lending (*ARF 395.0 Business Finance Statistics*). Some additional data on the major banks' interest rates and cost of funds are also collected on a quarterly basis in an informal survey conducted by APRA.

Issues and limitations

Overview

The existing collection only provides a narrow snapshot of interest rates. This has resulted in ad hoc requests; however, notwithstanding these requests, the data obtained on interest rates do not currently meet the agencies' needs.

Reporting coverage and frequency

The existing formal and informal collections are reported quarterly. This limits their use as inputs to the monetary policy decision making process, which occurs monthly.

Agencies do not receive information from financial institutions on funding costs and interest rates for deposits and household finance on a formal basis.

Information gaps

The limited detail in the existing collections presents challenges for:

- Monitoring interest rates. Limited coverage and detail on the interest rates facing households, businesses and financial institutions result in the use of proxy measures that are both time intensive to collate and subject to discrepancies with the data of interest.
- Assessing financial conditions and monetary policy transmission. Limited information on the distribution of interest rates makes it difficult to accurately assess changes in financial conditions or the transmission of monetary policy to households, businesses and financial institutions. This information is also useful for assessing the financial position of households, businesses and financial institutions, and their responsiveness to movements in interest rates or other shocks.
- Monitoring competition. Data on interest rates by product type and borrower characteristics are also useful in assessing competition in lending, deposits and wholesale funding markets.
- Estimating funding costs. There are no data formally collected on the interest rates paid on deposits or other funding sources. Collecting these data directly from institutions through a framework with robust data quality expectations would provide more accurate information.

Limitations of alternative data sources

Given the limitations of the current collections, the RBA supplements the current data with publicly available advertised rates and data purchased from private providers.

A key shortcoming of this approach is that it provides indicator or advertised rates, rather than rates actually paid. Indicator or advertised interest rates will differ from interest rates paid for many reasons, including: the use of negotiated premiums or discounts; contractual arrangements that mean that the interest rate the customer pays or received is conditional (e.g. credit cards or bonus deposit accounts); or other differential pricing.

Proposed collection

The proposed changes address the information gaps and other issues outlined above. The forms build on the dimensions and items reported in the existing informal survey of major banks, to better meet the requirements of agencies.

The Business Finance Statistics form (ARF 395.0) will be discontinued and the major banks will no longer report on the informal quarterly survey.

Reporting forms

- *ARF 742.0 ABS/RBA Business Credit Stocks, Flows and Interest Rates;*
- *ARF 744.0 ABS/RBA Housing Credit Stocks, Flows and Interest Rates;*
- *ARF 746.0 ABS/RBA Personal Credit Stocks, Flows and Interest Rates;*
- *ARF 747.0 ABS/RBA Deposit Stocks, Flows and Interest Rates; and*
- *ARF 748.0 ABS/RBA Wholesale Funding Stocks, Flows and Interest Rates.*

Reporting coverage and frequency

Reporting on the new forms will only be required for institutions with assets or liabilities greater than or equal to a specified threshold. The proposed thresholds of the relevant asset or liability metric (on the domestic books balance sheet) are:

- \$2 billion of business credit for ARF 742.0;
- \$2 billion of housing credit for ARF 744.0;
- \$500 million of personal credit for ARF 746.0; and
- \$2 billion of deposits for ARF 747.0 and ARF 748.0.

The aim is to minimise the burden on reporting institutions while ensuring sufficient coverage to produce high-quality statistics and analysis.

ADIs or RFCs with assets or liabilities greater than or equal to the threshold will be required to report the relevant form(s) monthly.

Interest rates and the cost (value) of funds

Data on the interest rates facing households and businesses are required along a number of dimensions. This is in order to facilitate a more comprehensive and accurate assessment of the rates faced by different types of customers, which would reflect differences in the transmission of monetary policy (and other changes in interest rates) to these different customers.

Data on the cost (value) of funds are required along dimensions of particular interest to the RBA. These data will enable measurement of institutions' internal margins and how these are likely to affect interest rates faced by households and businesses.

Stocks and flows

The proposed forms distinguish between the outstanding stock of credit or funding and new flows funded or issued in the month. This distinction is relevant to the agencies' understanding of how changes in current lending and funding conditions influence new flows and contribute to changes in the stock over time. For example, these data could be used to measure whether a change in the average interest rate on the stock was being driven by discounts to new borrowers or changes in interest rates for existing borrowers.

Data on the interest rates applicable to drawdowns of business credit will also be required. This is relevant to assessing the incentives to apply for new finance rather than draw down existing facilities.

Number and value of facilities

The number and/or value of facilities are required in combination with the interest rate data across the suite of forms to allow agencies to identify and appropriately weight the respective contributions of different components of credit or funding. When combined, these data points also allow agencies to calculate average balances.

Counterparty characteristics

Counterparty characteristics incorporated include:

- business size;
- industry, consistent with ANZSIC 2006;
- residency;
- related-party status; and
- counterparty sector, consistent with SESCA 2008 (for deposits).

Information on interest rates by counterparty characteristic is useful for assessing the distribution of interest rates and outstanding balances. For business lending it also allows agencies to better understand the access of small businesses to finance, financial institutions' assessment of business risk profiles and the appetite for exposures to different industries over the business cycle.

Product characteristics

Detail on product characteristics includes:

- interest rate type;
- repayment type;
- term;
- finance type (e.g. credit cards, margin lending, leasing or loans);
- facility type (e.g. fixed-term or revolving);
- deposit type (e.g. fixed-term, interest-bearing, transaction or non-transaction);
- security type (e.g. negotiable certificates of deposit, covered bonds or senior unsecured debt); and
- currency of issuance.

These dimensions are useful for a variety of purposes. For example, understanding the composition of housing lending by interest rate type and term is important in assessing the likely speed of the transmission of monetary policy to borrowing rates, including the effect on borrowers with fixed interest rates as their rates are reset.

More comprehensive data on the term of deposits on a domestic books basis will also facilitate a more accurate assessment of the liquidity positions of Australian households and businesses.

Collateral

The extent of collateralisation affects the expected loss on a loan and the lending rate charged. Consequently, some detail on whether lending is secured has been added for business and personal lending, including the extent of collateralisation (i.e. fully secured, partially secured or unsecured) and whether it is secured by residential property. These data are relevant in disentangling the effect of collateralisation from other factors that impact lending rates, and in assessing small businesses' access to finance. Information is sought on loans secured by residential property in particular as this provides an aggregate picture of the value of credit extended that is backed by the residential property market, and because this is often a key source of collateral for small businesses. Detail on loan-to-valuation ratios has been added for housing lending.

The agencies were interested in obtaining data on interest rates by a more accurate indicator of the risk of the loan to the lender (for example, by expected loss buckets); however, informal consultation with industry indicated that this information would be difficult to obtain. Accordingly, this information has been removed from the proposal.

Loan purpose

For housing lending, detail on the purpose of the loan (i.e. owner-occupation or investment) is required in combination with a number of other dimensions to obtain a better view of activity in the mortgage market.

Similarly, interest rates on loans to households and businesses for the construction of residential dwellings are required; this will enable a better understanding of the cost of financing new housing and lenders' assessments of risks in this area.

Facility size

Detail on the distribution of deposit account balances, on the value of credit outstanding and on finance extended during the month provide agencies with an insight into borrowers' risk appetite and their deposit balances by sector (e.g. households and businesses).

Interaction between dimensions

Collectively, the above dimensions and their interactions will allow the RBA to more accurately assess the rates faced by savers and borrowers, measure the degree of variability across sectors when there are changes in financial conditions or policy, and to identify market segments where access to finance is constrained. This detail can also be used to monitor competition in the financial sector, which is relevant to financial stability.

Chapter 7 – Profits and fees

Purpose

This chapter explains why profits and fees data are collected, outlines the limitations of the existing collection, and explains the changes proposed under the new collection.

Reasons for collecting profits and fees data

The ABS and the RBA use data on the financial performance of and fees charged by reporting institutions for a variety of purposes.

The ABS uses these data to compile the Quarterly and Annual National Accounts. The data series produced using this information include industry value added of the finance industry, intermediate and final consumption of financial services, sectoral interest income and expenses, and the gross operating surplus of financial corporations, which contribute to the compilation of main macroeconomic indicators such as GDP and household saving. National Accounts data sets are used extensively by the RBA and other economic policy makers to monitor economic and financial activity and in macroeconomic forecasting.

The RBA analyses the profits of financial intermediaries, since their financial performance influences how they respond to changes in market interest rates. Data on their financial performance are also used to evaluate the state of competition and stability in the banking industry.

The RBA also conducts an annual survey on bank fees to monitor developments and provide aggregate information to the public. Data on bank fees are also used by the ABS in compiling Australia's National Accounts.

Existing collection

The existing EFS collection profits forms consist of:

- *ARF 330.3 Other Operating Expenses* (ARF 330.3);
- *ARF/RRF 331.0 Selected Revenues and Expenses* (ARF 331.0); and
- *ARF/RRF 332.0 Statement of Economic Activity* (ARF 332.0).

Issues and limitations

The data collected in the existing profits collection are more comprehensive and timely than those that are publicly available; however, they have a number of shortcomings that reduce their usefulness to the ABS and RBA.

Consolidation Basis

There are insufficient data available on a domestic books consolidation basis in the existing profits forms. Currently, the ABS uses the prudential forms – which are reported on a consolidated group or licensed ADI level and, as such, can include offshore operations and/or entities from different economic sectors – as a proxy measure in deriving GDP estimates. Additional data on a domestic books basis would improve the National Accounts data, and would allow the agencies to be able to assess developments specifically in the Australian market.

System of National Accounts

ASNA requirements have been updated to reflect changes to international standards and classifications since the existing profits forms were designed. As such, some concepts and dimensions in the existing forms do not align with and are not sufficiently detailed to produce a satisfactory set of statistics for the National Accounts. For example, the counterparty classifications on the existing forms do not reflect changes made to SESCA in 2008 that are used for the compilation of Australia's National Accounts.

Incorporating survey data into collection

Detail on bank fee income is currently collected in the RBA's annual Bank Fee Survey, which is sent directly to institutions in Excel format. Moving this survey to a form submitted via D2A (direct to APRA) should increase consistency between these data and other EFS collection data, and streamline the data collection and query process.

Proposed collection

The proposed forms address the shortcomings and other issues outlined above. Greater consistency in reporting across forms and greater clarity around definitions and instructions should assist institutions to meet the new reporting requirements.

Reporting forms

The agencies are proposing to replace the ARF/RRF 331.0 and ARF/RRF 332.0 with a new profits form introduced on a domestic books basis – *ARF 730.0 ABS/RBA Statement of Financial Performance* (ARF 730.0). The proposed ARF 730.0 form will be reported quarterly by all ADIs and RFCs with assets greater than or equal to a specified threshold. The proposed thresholds are \$5 billion in total assets for ADIs and \$500 million in total assets for RFCs.

While the ABS and RBA will have no need of the ARF 330.3 once the ARF 730.0 is introduced, APRA is interested in continuing this form given that it is currently being used for prudential purposes and the ARF 730.0 replacement will not meet APRA's needs. The ARF 330.3 will not form part of the EFS collection.

The bank fee survey conducted by the RBA will be replaced by a new form – *ARF 730.1 ABS/RBA Fees Charged* (ARF 730.1). The proposed ARF 730.1 will be reported annually by banks with assets greater than or equal to a specified threshold. The proposed threshold is \$10 billion in total assets. Data reported will be for flows over the standardised financial year.

Consolidation basis

The proposed ARF 730.0 will include concepts similar to those reported on the existing profits forms in the EFS collection, with some detail reduced, such as the sectoral counterparty, interest income and expense, and some non-interest items. It will also include additional items that are similar to those reported on the prudential profits forms (ARF 330.0, ARF 330.1 and ARF 330.2), but which will be reported on a domestic books basis to meet the data requirements for ASNA.

System of National Accounts

Additional concepts and detail have been included to meet the requirements of ASNA, including detail on capital expenditure, more practical disaggregation of interest income and expense and income from dividends.

Incorporating survey data

The RBA's annual Bank Fee Survey will be replaced by the ARF 730.1. The layout of the form has changed, but the information sought is broadly unchanged except as noted below.

Consistency with other collections

Where possible, concepts on the proposed forms have been aligned with other forms to allow for greater comparability and reduce difficulties in reporting. For example, data on interest-earning assets and interest-bearing liabilities are consistent with concepts reported on the proposed balance sheet forms.

Additionally, the measures of business size on ARF 730.1 (currently reported as 'small' and 'large' on the Bank Fee Survey) have been updated to small/medium/large to be consistent with the classification on the business finance (ARF 741.0) and interest rate (ARF 742.0) forms.

Chapter 8 – Derivatives

Purpose

This chapter explains why derivatives data are needed, summarises the limitations of the existing collection, and explains the changes proposed under the new collection.

Reasons for collecting derivatives data

The ABS requires information on derivatives for the compilation of Australia's National Accounts. In particular, these data would be used to measure the sectoral accumulation and positions of financial assets and liabilities and their contribution to the nation's and individual sectors' net lending and borrowing positions and flows. The data collected on this form may also be used by APRA and the RBA for prudential, policy and publication purposes.

Issues and limitations

The existing data on derivatives are not meeting the data requirements under ASNA. Aligning the data on derivatives with the ASNA requirements would improve the quality of the ASNA estimates.

Gross presentation

A gross presentation – where the term 'gross' denotes that contracts with positive and negative values are not netted against each other – of derivatives information is not available. For example, derivatives information collected on the balance sheet (ARF 720.0A/B) will not meet the requirements of ASNA as the data are collected on a net basis, as per the Australian Accounting Standards.

Net transactions, revaluation and counterparty

Detail on net transactions, revaluation and counterparty sector (based on 2008 SESCA) is required for ASNA. The appropriate level of detail is not collected on the existing forms.

Domestic books basis

ASNA also requires data to be collected on a domestic books basis. The existing forms do not have the appropriate level of detail on derivatives on a domestic books basis to meet ASNA requirements.

Full spectrum of derivatives

Limited data are available on the full spectrum of derivatives activity undertaken by institutions: that is, both over-the-counter (OTC) and exchange-traded derivative information, which is required for ASNA.

The OTC derivatives data collected through the Australian Securities and Investments Commission (ASIC) – the Australian Derivative Trade Repository (ADTR) – cannot be used to fulfil the requirements for ASNA because it does not provide data on exchange-traded derivatives, it is not collected on a domestic books basis and there is limited counterparty information.

Proposed collection

The agencies are proposing to introduce a new derivatives form on a domestic books basis – *ARF 722.0 ABS/RBA Derivatives*. The proposed ARF 722.0 will be reported by ADIs and RFCs on a quarterly basis. The proposed ARF 722.0 overcomes the shortcomings outlined above, and will meet the requirements of ASNA.

Only ADIs and RFCs with a derivatives position (as reported on the ARF 720.0A/B) greater than or equal to a specified threshold will be required to report on this form. The proposed threshold is \$1 billion of the sum of derivative assets and (the absolute value of) derivative liabilities. The proposed ARF 722.0 form will be reported on a quarterly basis.

Proposed changes

The proposed derivatives form will be reported on a gross presentation basis – that is, both gross positive and gross negative market values will be reported.

It also incorporates net transaction and revaluation data for each counterparty sector, as required by ASNA.

Where possible, concepts on the proposed form have been aligned with other forms to allow for greater comparability and reduce difficulties in reporting. For example, reporting by counterparty is consistent with sectors reported on other forms in the EFS collection, including the revised ARF 720.0A/B.

Chapter 9 – FSB data standards on repos, securities lending and margin lending

Purpose

This chapter explains the Financial Stability Board (FSB) requirements for data on repurchase agreements, securities lending and margin lending, details the limitations of the existing collection, and explains the changes proposed under the new collection.

FSB standards for globally consistent data

As part of the work on strengthening financial stability frameworks following the global financial crisis, the FSB released a set of global data standards for securities financing transactions in November 2015.⁵ These data standards are intended to provide globally consistent data on repurchase agreements (repos), securities lending and margin lending activity in order to enable authorities to identify and manage risks to the financial system arising from these activities.

The data standards have been in development since 2013, with the Australian Financial Markets Association (AFMA) involved in providing feedback on the standards. The standards set a minimum requirement of monthly reporting of an extensive set of data, with official data collection and aggregation on a global basis due to commence by the end of 2018.

Existing collection

Institutions are already reporting some data to APRA on repos and securities lending on the existing *ARF/RRF 320.5 Repos and Stock Lending and Borrowing* (ARF/RRF 320.5). These data are published by the RBA (Statistical table B3).⁶ The RBA also runs a quarterly bond and repo survey, but does not publish the data. The RBA uses the data primarily to monitor activity in the broader repo market.

The ABS uses data on repos and securities lending in compiling the financial accounts for institutional sectors. These accounts show cross-holdings of assets and liabilities across institutional sectors resulting from financial transactions with each other; they depict how the surplus resources of one sector can be made available for use by other sectors. The financial accounts are compiled in accordance with international standards contained in the ASNA and are published on a quarterly basis in *Australian National Accounts: Finance and Wealth* (cat. no. 5232.0).

⁵ Available at <<<http://www.fsb.org/2015/11/standards-and-processes-for-global-securities-financing-data-collection-and-aggregation-3/>>>.

⁶ The RBA commenced publication of high-level aggregate data on repos and securities lending activity in 2016 in order to provide greater transparency to these markets.

The RBA also conducts a quarterly survey on margin lending, which is used to monitor activity and for publication (Statistical table D10).

Issues and limitations

In addition to the new FSB data standards, which require more extensive data than those currently collected, the existing collection of data on repos and securities lending is also insufficient to meet the needs of the ABS.

National Accounts

Unlike the accounting treatment of repos and securities lending, ASNA treats repos and securities lending transactions as outright sales of securities. Consequently, detailed data on the institutional sector of counterparties and on the type of securities lent or used as collateral is important for compiling the financial accounts.

The ABS uses the data on the existing ARF/RRF 320.5 to allocate ownership of securities to appropriate institutional sectors according to the ASNA treatment. However, the existing data does not provide sufficient detail on counterparty sectors or types of securities to achieve an accurate reallocation of securities when compiling balance sheets for institutional sectors. Further detail on the types of securities sold under repo, the types of securities lent and the types of collateral received in securities lending is required.

Proposed changes

Repurchase agreements and securities lending

Consistent with feedback received in informal consultation, the agencies are proposing two alternative versions of the repurchase agreements and securities lending form: Option A, which will collect transaction-level data on repos and securities lending activity for all positions outstanding at the end of the month; and Option B which will collect aggregated data broken down along key dimensions. During informal consultation, most reporting institutions indicated a strong preference for Option A; however, some reporting institutions are likely to find reporting on Option B more straightforward.

For each repo, reverse repo, securities lending and securities borrowing position outstanding at the end of the month, reporting entities will be required to provide detail on the characteristics of the loan and of the underlying collateral. For securities lending activity, some further aggregate information will be collected on the reinvestment of cash collateral as feedback indicates this is not reportable at a transaction level.

Only reporting institutions with an outstanding stock of repos, reverse repos, securities lending and/or securities borrowing greater than or equal to a specified threshold will be required to report on this form. The proposed threshold is \$100 million.

When the new repo and securities lending form (*ARF 721.0 ABS/RBA Repurchase Agreements and Securities Lending*) is introduced, the existing ARF/RRF 320.5 form and quarterly RBA repo survey will be discontinued.

Margin lending

The agencies are proposing a quarterly margin lending form (*ARF 723.0 ABS/RBA Margin Lending Facilities*) that is very similar to the existing survey conducted by the RBA. A few extra items have been added to address aspects of the new FSB standards, and some concepts have been aligned with other proposed forms within the EFS collection.

Only reporting institutions with margin lending greater than or equal to a specified threshold will be required to report on this form. The proposed threshold is \$100 million.

The RBA's quarterly margin lending survey will be discontinued following the introduction of the new form.

Chapter 10 – Proposed implementation timeline

Purpose

To assist reporting institutions in the transition to the new reporting forms, the agencies propose to implement the new forms in phases. This chapter explains the proposed implementation phasing.

Phasing overview

A phased approach will ensure that those forms that can be implemented earlier by reporting institutions will be available to report data for the agencies' use, while allowing more time to develop forms that are less time critical and/or more complex. This approach will also minimise overlap in parallel reporting.

The proposed order in which the new forms are introduced is based on a number of factors: the value of implementing closely related forms at the same time; the need to ensure that validation/reconciliation points are able to be met; the data priorities of the agencies; feedback from reporting institutions received during informal consultation about which forms are likely to require a longer build; and international reporting requirements.

Phase 1

Phase 1 is proposed to take effect 1 July 2018. The forms of Phase 1 comprise:

- *Main balance sheet forms (ARF 720.0A/B, ARF 720.1A/B, ARF 720.2A/B, ARF 720.3)*: The main balance sheet forms would need to be implemented before most of the other forms as many of the reconciliation points are back to these forms.
- *Other balance sheet forms (ARF 720.4, ARF 720.5, ARF 720.6 and ARF 720.7)*: The supporting balance sheet forms are closely related to the main balance sheet forms and are used by the agencies for the same purposes, so it would be advantageous to implement these at the same time.
- *Repurchase agreements and securities lending (ARF 721.0A/B)*: The FSB requires that data be reported to the global aggregator by the end of 2018. In order to ensure that viable data are sent to the global aggregator this form will need to be implemented as early as possible.

Phase 2

Phase 2 is proposed to take effect 1 January 2019. The forms of Phase 2 comprise:

- Data on interest rates and finance commitments are a high priority for the agencies. However, the agencies acknowledge feedback that the interest rates forms may take longer for reporting institutions to implement and so the agencies propose scheduling them in Phase 2. Given shared reporting concepts across the interest rate forms and the

associated finance commitment forms, it would be useful to implement the finance forms at the same time.

- Household finance (ARF 743.0, ARF 745.0) and household interest rates (ARF 744.0, ARF 746.0)
- Business finance (ARF 741.0) and business interest rates (ARF 742.0)
- Deposit interest rates (ARF 747.0) and wholesale funding (ARF 748.0)
- *Profits (ARF 730.0)*: This form is of high priority for the National Accounts as the necessary information on these forms is not currently available. However, as a result of feedback that implementation of this form by reporting institutions may require a longer timeframe, this is proposed to be implemented in Phase 2.

Phase 3

Phase 3 is proposed to take effect 1 July 2019. The forms of Phase 3 comprise:

- *Derivatives (ARF 722.0)*: This form is of high priority for the National Accounts as the necessary information on the form is not currently available; however, given that similar data are not currently produced, a longer lead-in period is considered to be warranted.
- *Margin lending (ARF 723.0)*: The implementation of this form is of a lower priority as it does not differ substantially from the existing survey.
- *Fee income (ARF 730.1)*: The implementation of this form is of a lower priority as it does not differ substantially from the existing survey.

Parallel run

A parallel run is where reporting institutions report accurate data on both existing forms and new forms for the same period. A parallel run is required to allow agencies to make adjustments – including break-adjustments, back-casting and changes to seasonal adjustment patterns – where definitions or concepts have changed between the forms. This is particularly important for the long-running indicators published by the agencies, such as the National Accounts, financial aggregates and monthly indicators of housing and lending finance.

Reporting institutions will be required to provide accurate data on the new forms for the entire period of the parallel run. If any issues are identified during the parallel run stage, then these will need to be resolved, and data resubmitted with corrections, before the existing forms are ceased.

Format of parallel run

Conceptually, the submission of parallel run data can be approached in two ways: forward looking and backward looking.

Forward looking: data on the new forms are submitted for the same reporting period at or close to the same time as the existing forms. For example, the existing ARF 320.0 and new ARF 720.0A/B for January 2018 are both submitted in February 2018. This process would

continue each month for 12 months, and then the existing ARF 320.0 would cease to be reported.

Backward looking: data on the new forms for a specified number of reporting periods are submitted in a batch, akin to the standard data resubmission process. For example, the existing ARF 320.0 is submitted on a monthly basis as usual up to July 2018 (for end June 2018). In July 2018, a batch of data for the new ARF 720.0A/B is also submitted for the period July 2017 to June 2018. Provided these data are accurate, the existing ARF 320.0 would then cease to be reported.

In practice, a backward-looking approach would likely require a combination of the forward-looking and backward-looking approaches – a hybrid approach.

Hybrid: backward-looking data are submitted for some portion of the required parallel run period (e.g. half of the required parallel run) for early assessment by the agencies. Additional forward-looking data are then submitted each period for the remainder of the required parallel run, in conjunction with normal reporting on the existing forms. If any errors are identified as a part of the early assessment or the forward-looking parallel run period, then these must be resolved and the data on the new forms resubmitted in order for the parallel run period to conclude.

For example, six months of backward-looking data on the new ARF 720.0A/B form are submitted in July 2018 (for the period covering January to June 2018). From August 2018 to January 2019 the existing ARF 320.0 and the new ARF 720.0A/B data are both submitted each month. If any issues with the new ARF 720.0 A/B data are uncovered, all affected parallel run data would need to be resubmitted to ensure that the agencies have correct and accurate data on the new form for the entire period of the parallel run. The existing ARF 320.0 would then cease to be reported.

Based on feedback from reporting institutions involved in the informal consultation, the hybrid approach is preferred to a purely forward-looking approach as it reduces the period of time for which systems need to be run in parallel. It should be noted, however, that this may complicate the reporting of some data items – for example, flows data.

Implementation of parallel run

Appendix 4 provides information on the required parallel run periods. Appendix 5 provides information on the proposed implementation timeline.

In response to suggestions from informal consultation participants, the agencies are also prepared to allow for staggered submission dates within the month for the existing forms and new forms during the parallel run period to assist reporting institutions in managing their pool of resources.

- Monthly: existing forms on a monthly basis are submitted on business day 10. During the parallel run period, new monthly forms may be submitted on calendar day 25, and revert to calendar day 15 or 20, as applicable, when the parallel run period finishes.

- Quarterly: existing forms on a quarterly basis are submitted on business day 20. During the parallel run period, new quarterly forms may be submitted on calendar day 40, and revert to calendar day 28 when the parallel run period finishes.

For some of the forms that require 12 months of parallel run, there may be scope to reduce the frequency of reporting on the current forms to quarterly once at least 6 months of accurate data are provided. Reporting institutions are encouraged to indicate whether this option is preferred.

Impact on published statistics

The format and timing of parallel run implementation across the EFS collection may also affect when changes appear in the ABS and RBA's published statistics, as well as in APRA's *Monthly Banking Statistics* (MBS). See Chapter 11 for more information on the impact on APRA publications.

Trial period

Trial runs of the new forms prior to implementation would be of value. These processes would provide reporting institutions and agencies with the opportunity to identify issues and for reporting institutions to resolve these issues before submitting data for the parallel run. This should increase the quality of the data submitted and ensure it is up to standard before the commencement of the parallel run period.

It is proposed that for trial purposes, reporting institutions submit a sample of the new form 3 months prior to the first required parallel run submission. For the balance sheet forms, this would be 3 months into the backward-looking parallel run period.

Chapter 11 – Impact of changes to existing collection

Purpose

This chapter explains which forms will cease and notes the impact on the data published by APRA. This chapter acknowledges that some elements of the EFS collection are similar to data collected in other ADI data collections, and explains why both collections are needed. Changes to the required timing of submissions are noted, and a general overview of the change in reporting burden is provided.

Ceasing forms

A list of the forms that will be discontinued following the completion of the parallel run periods is available in Appendix 2. The parallel run periods are outlined in Chapter 10, and in Appendices 4 and 5.

Note that ARF 323.0 will continue to be reported quarterly and the ARF 330.3 will also be retained by APRA.

Publications

APRA publishes a variety of data reported by ADIs in its regular statistical releases. The majority of these data are sourced from data collected for prudential purposes, however a portion are sourced from forms collected on behalf of the ABS and RBA, and thus may be subject to change.

The proposed data collection changes will affect the *Monthly Banking Statistics* (MBS). MBS includes entity-level financial position information for all banks, including total resident assets, high-level details of loan balances, selected liabilities and details of deposits. These 33 data items relate to positions with Australian residents, and are collected on the current ARF 320.0. MBS is highly cited outside APRA, for example, it is used to measure growth of loan portfolios and calculate market shares. As the proposed EFS will impact the data used to publish MBS, APRA will review MBS prior to introduction of the EFS forms.

The *Quarterly ADI Property Exposures* (QPEX) will also experience change. QPEX contains statistics on ADIs' housing loans, including the balance of existing loans and new loan approvals. These data are sourced from ARF 320.8. As part of the review of EFS forms, and with the proposed introduction of ARF 223.0, ARF 320.8 will be ceased.

APRA will consult on changes to its statistical publications arising from the proposed changes to the EFS collection. Where necessary, APRA will consult industry on confidentiality further to s.57 of the APRA Act.

Overlap with other collections

APRA acknowledges that there are data items in existing forms outside the EFS collection that are similar to data items in the proposed EFS collection. However, the proposed EFS collection, being on a domestic books basis, is specific to the statistical needs of the ABS and the RBA.

APRA has identified existing collections which have similar data items to forms in the proposed collection. However, most of these collections are to be reviewed, including profit forms, consolidated balance sheet, impaired facilities and liquidity forms. There is minimal duplication in international exposures and credit risk.

As noted in Chapters 4 and 7, there will be some duplication in the data collected for EFS purposes in ARF 720.0B/ARF 720.1B/ARF 720.2B and in ARF 730.0 with that collected for prudential purposes in ARF 323.0 and ARF 330.3.

There is some overlap at the highest level of items collected on the proposed international exposures forms (the ARF 731.1, ARF 731.3a/b and ARF 731.4) – for example, at the level of total claims and total liabilities. However, information collected on the international exposures collection relates to the ADI's external position, while the EFS collection primarily relates to the ADI's positions and transactions with domestic counterparties.

Some other forms collected for APRA's prudential purposes contains items that are similar in nature to those collected on the current and/or proposed EFS collections (for example, the prudential profit forms, the consolidated statement of financial position, and the liquidity, credit risk and impaired facilities reporting forms). Being for prudential purposes, these data are collected at a different level of consolidation (Level 1, Level 2 or Consolidated) and have a different treatment of positions with securitisation vehicles as APRA's securitisation deconsolidation principle is applied. In addition, as a result of the different purposes of these forms (particularly the liquidity, impaired facilities and credit risk forms), the focus of the detail, the counterparty sectors used and the lack of consistency with the rest of the EFS collection all contribute to these data sources not meeting the needs of the ABS and RBA, and their downstream data users.

Timing of submissions

APRA is phasing in a calendar-day basis for reporting form due dates rather than expressing due dates as business days from the end of a reporting period. For example, ADI liquidity forms are due 28 calendar days from the end of the reporting period, as are many reporting requirements in other industries.

This change is being made because using business days creates complexity in calculating due dates and unpredictability in the availability of data to meet needs that are driven by calendar days.

For the proposed EFS collection, monthly forms will fall due 15 or 20 calendar days from the end of the reporting period (see Appendix 2 for details), while quarterly forms will fall due 28

calendar days from the end of the reporting period. The annual bank fee income form will fall due 80 calendar days from the end of the reporting period.

Change in reporting burden

An approximate indication of the change in reporting burden will be given here by comparing the number of forms in the existing collection with the proposed EFS collection, and the number of data items reported under the existing collection compared with the proposed EFS collection. Counting forms and data items does not give a complete understanding of burden, but does allow comparison between the existing and proposed collection. Imposts on reporting institutions, including monetary costs, are requested through this formal consultation.

Number of forms

The current domestic books collection consists of 45 ARF reporting forms, 40 RRF reporting forms and a number of informal data collections and recurring queries. The RBA also conducts a number of surveys that collect data from financial institutions on a domestic books basis.

The changes in the proposed EFS collection replace 45 existing ADI Reporting Forms (ARFs) with 18 forms; discontinue 10 of the existing ARFs; introduce 7 new ARFs; and change one form's primary user from the ABS to APRA. The latter form will be continued with APRA as the primary user and an additional ARF form that is not part of the domestic books collection will also be discontinued. All of the RFC Reporting Forms (RRFs) will be discontinued, with RFCs to report on nominated ARF forms.

The proposed collection will:

- discontinue a number of forms that are no longer high priority to the agencies;
- incorporate a number of informal data collections, recurring queries and surveys. These include data on margin lending, bank fees and housing credit by state; and
- expand the data collected on priority areas that are underrepresented in the current data collection. For example, data on deposits and wholesale funding, on interest rates, on derivatives, and on repos and securities lending.

This new collection will consist of 25 reporting forms (applying to both ADIs and RFCs), with a maximum of 21 filled out by any one institution.

To ensure that the agencies are obtaining an accurate picture of the market while minimising reporting burden across the industry, the bulk of the proposed reporting forms will only be reported by institutions that have assets or liabilities above a certain threshold. Accordingly, the largest institutions will experience an increase in reporting burden, with around one-quarter of institutions required to report on forms other than the balance sheet and profits forms.

Around two-thirds of institutions will only be required to submit the balance sheet and profits forms (between 3 and 9 forms depending on institution type), which will be a significant

decrease in burden for a number of these institutions. For RFCs with assets below \$200m, reporting of balance sheet forms will be reduced to an annual frequency. Non-bank ADIs with assets below \$200m will not be required to report within the EFS collection.

For a list of the forms to be revoked and/or replaced, see Appendix 2. A summary of the reporting thresholds applicable to each form is available in Appendix 3.

Number of data items reported

Measured as the number of data items reported across the industry per annum, across the industry there will be an overall decline in the reporting burden of about 10 per cent, or 400,000 data items per year. This figure excludes current and proposed reporting on repos and securities lending, as informal consultation indicates that the trade-level reporting option – which does not lend itself to counting data items – is the preferred option among reporting institutions.⁷

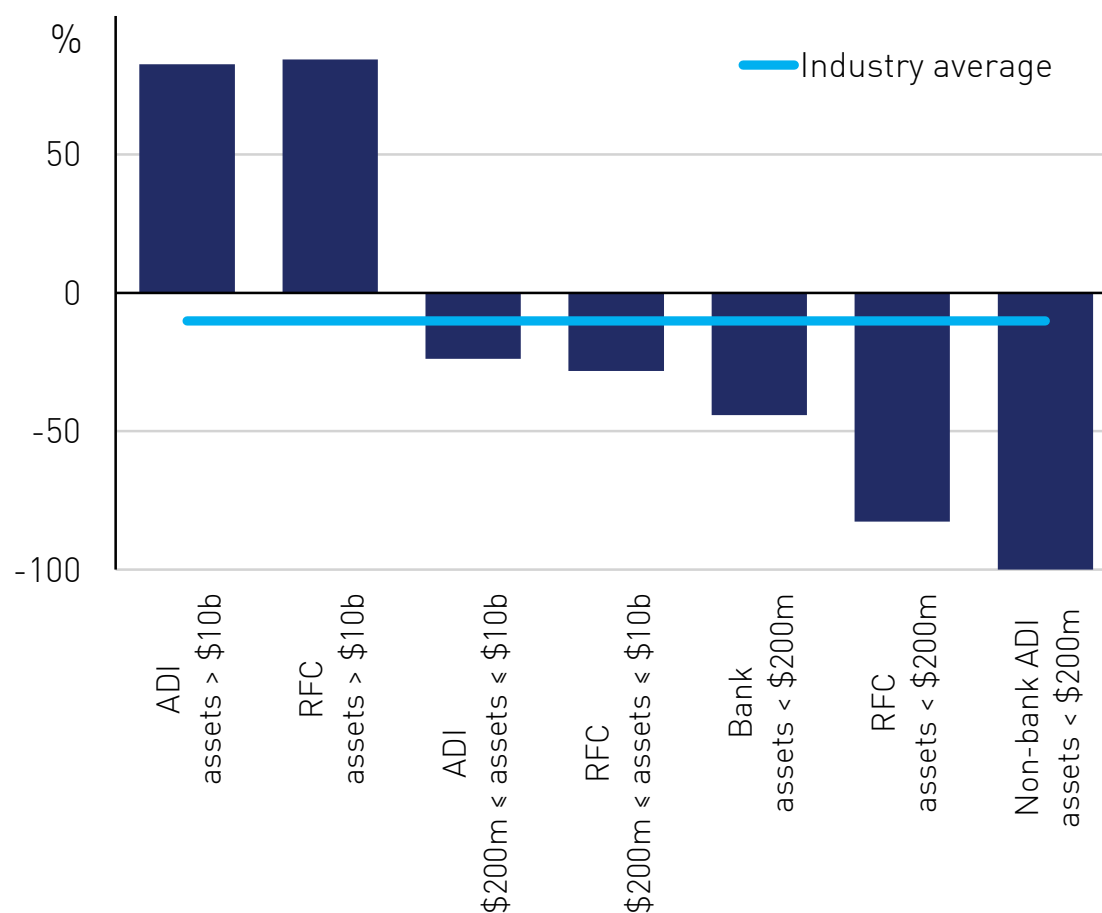
The aggregate picture contains some notable differences between institution sizes and types. Because higher reporting thresholds have been introduced for all of the forms other than the balance sheet forms, the ongoing reporting burden is expected to decrease for smaller institutions. Conversely, larger reporting institutions will be reporting a larger number of items on an ongoing basis.

Figure 1 provides information on an indicative expected change in reporting burden for various categories of institutions. Larger institutions with more than \$10 billion in domestic books assets will report significantly more items per annum. These institutions represent 5 per cent of the RFC reporting population by number and 15 per cent of the ADI population. Other categories of reporting institutions – representing 95 per cent of RFCs and 85 per cent of ADIs – will report fewer items per annum. Non-bank ADIs with less than \$200m in assets – representing some 45 per cent of non-bank ADIs – will not report within the EFS collection. The agencies are of the view that the implementation of these thresholds ensures that the burden on reporting institutions reflects their importance to the various finance provision and securities markets.

⁷ The current figures include data items reported on informal data collections, recurring queries and surveys that will be discontinued under the proposed EFS collection.

Figure 1: Indicative change in annual reporting burden by institution size

Indicative change in annual reporting burden by institution size



Sources: ABS; APRA; RBA estimates

Chapter 12 – Request for cost-benefit information

Purpose

In order to perform a cost-benefit analysis, APRA welcomes information from interested parties on the financial impact of the proposed changes outlined in this discussion paper. This chapter explains what kind of information would be most useful in assisting the agencies in conducting the cost-benefit analysis to compare the cost to industry of the proposed EFS collection with the benefit of implementing the changes.

Costs

The agencies seek feedback on the implementation and ongoing costs of reporting under the proposed collection, and whether these costs are expected to increase or decrease over time.

The agencies expect that system changes will be required in order to bring reporting on the EFS collection up to standard. However, once implemented, the agencies do not expect the proposed data to be collected on the new forms to impose a large additional reporting burden on ADIs and RFCs.

Compare ongoing costs of current collection with proposed EFS collection

Respondents are encouraged to provide a comparison between the ongoing – or operational – costs of the current collection, and the ongoing – or operational – costs of the proposed EFS collection. To allow the agencies to compare at a granular level the ongoing cost with the benefits of the proposed EFS collection, reporting institutions are encouraged to break down costs by the topics covered by the proposed collection, according to these chapters in this discussion paper:

- Chapter 2 – Reporting of economic concepts
- Chapter 3 – Data quality
- Chapter 4 – Balance sheets
- Chapter 5 – Finance commitments
- Chapter 6 – Interest rates, stocks and flows
- Chapter 7 – Profits and fees
- Chapter 8 – Derivatives
- Chapter 9 – FSB data standards on repos, securities lending and margin lending
- Chapter 10 – Proposed implementation timeline
- Chapter 11 – Impact of changes to existing collection

The ABS, APRA and RBA welcome a further identification of costs attributable to particular elements of these chapters where costs are driven by one or more particular aspects of the proposed package.

Implementation costs of proposed EFS collection

Respondents are encouraged to provide the once-off implementation costs of the proposed EFS collection. Responses which break down costs by the topics covered by the proposed collection, according to the chapters listed above, will allow the agencies to compare implementation costs with benefits at a granular level. Respondents are encouraged to support this cost information by the availability of the data for regulatory reporting purposes as explained below under the heading 'Data availability'.

Respondents are encouraged to provide the once-off implementation cost of reporting under the economic sectors and industry classifications on the business finance forms ARF 741.0 and ARF 742.0.

Respondents are encouraged to provide any once-off implementation costs expected to be incurred in order to be able to adhere to ARS 702.0.

Data availability

To assist the agencies in understanding which data items are more or less difficult to provide, the agencies also request that respondents provide some information to this effect. One option for doing so would be to provide an indication at the form level of which:

- data are currently collected and available in the required format to be extracted for reporting;
- data are currently collected and available, but not available in the required format to be extracted for reporting;
- data are currently collected but not readily available to be extracted for reporting; and
- data are not currently collected.

Information on the availability of data will be a key input into final decisions about the sequence and timing of implementation decisions, as well as a useful tool for understanding the costs information provided.

XBRL and SBR

The proposed data collection will utilise XBRL (eXtensible Business Reporting Language) and the Standard Business Reporting (SBR) taxonomy, to reduce reporting burden. ADIs and RFCs that use XBRL and the SBR taxonomy to map or tag their financial information can streamline their reporting processes and reduce the manual intervention required. There are several concepts on the EFS forms that overlap those of other APRA reporting, allowing for the re-use of existing SBR taxonomy tagging on source data systems.

When preparing the cost-benefit analysis, APRA encourages ADIs and RFCs to consider the business case for implementing the Standard Business Reporting (SBR) framework.⁸ There may be long-term cost and efficiency gains from implementing SBR that may also dramatically reduce the cost of future reporting changes, both for economic and financial statistics and for prudential reporting.

APRA would also welcome specific feedback on the SBR accounting types specified for data items throughout the EFS instructions and whether these align with institutions' internal treatment of these data items.

Template for compliance cost savings

Feedback on compliance cost savings to be realised under the proposed changes can be provided to APRA using the template for costings available on the APRA website at:

www.apra.gov.au/adi/Documents/Template-for-cost-savings-2015.xlsx

The template is designed to capture the relevant costs in a structured way, including a separate assessment of upfront costs and ongoing costs.

The agencies also seek specific feedback on any barriers to or associated costs of implementing the changes within the proposed timeframes.

Respondents may also wish to indicate whether there are any other reporting requirements relating to the EFS collection that could be improved or removed to reduce compliance costs.

Benefits

The proposed changes will bring a number of important benefits:

- Better quality National Accounts statistics, including improved GDP estimates. Policy makers and other data users will be able to use these data with enhanced confidence. The data will also be more comparable with the data produced by our international counterparts.
- Improved data on interest rates to better inform the RBA's monetary policy decisions. Better indicators of the transmission of monetary policy to the real economy and greater visibility over the transmission of wholesale funding rates to customer interest rates and bank profits will improve the information set available to the RBA when making policy decisions that affect all Australians. Publication of aggregate interest rates data would also increase transparency of the average rates faced by customers.
- Compliance with international standards, taking into account specifics of the Australian market. Australia, as a member of the G-20 and FSB, plays an important role in ensuring the availability of internationally comparable data of relevance to policymakers. These

⁸ For more information, see www.sbr.gov.au

proposals already contain the outcome of the ABS and RBA's assessment of which international statistical standards and reporting requirements are of importance to Australia. The new forms will enable Australia to meet an important part of the FSB's new *Standards and Processes for Global Securities Financing Data Collection* and to improve the data submitted under international reporting obligations to bodies such as the IMF.

- More reliable data to inform economic research and policymaking. Improved reporting instructions and form structuring, guidance documents and quality standard will increase the certainty of reporting institutions about the requirements for the data submitted. In turn, this will improve data quality and enhance the ABS and RBA's confidence in the data submitted. This will enable policymakers to more confidently make decisions based on these data, reducing the risk that decisions are based on false signals, or that required policy actions are delayed because there is uncertainty over whether the signal is accurate. The ability of policymakers to make decisions based on timely and accurate information is of benefit to all Australians.

More specifically of interest to reporting institutions, the new collection will contribute to a better informed, and therefore more sound, policy environment for industry to operate in. It will also enable a review of published data, such as in APRA's *Monthly Banking Statistics*, which offers the potential for the publication of more information that is indispensable to industry in running financial services businesses.

Analysis of costs versus benefits

APRA will consider any feedback received when finalising any changes to reporting requirements.

APRA will implement the proposed changes to the EFS forms if the benefits from the implementation of the modernisation and data quality improvements outweigh the ongoing marginal compliance costs of submitting data on the proposed forms.

Appendix 1 – Sector and industry classifications

Economic sector classifications

Sectors in current forms based on SESCA 2002⁹

Households

Community service organisations / non-profit institutions serving households

Non-financial corporations

- Private trading corporations
- Private unincorporated businesses
- State, territory and local government non-financial corporations
- Commonwealth Government non-financial corporations

General government

- State, territory and local government
- Commonwealth Government

Financial corporations

- RBA
- Banks
- Other ADIs
- Registered financial corporations
- Central borrowing authorities
- Life insurance corporations
- Other insurance corporations
- Pension funds
- Financial auxiliaries
- Other financial institutions

Sectors in proposed forms based on SESCA 2008¹⁰

Households

Community service organisations

Non-financial businesses

- Private non-financial investment funds
- Other private non-financial corporations
- Private unincorporated businesses

⁹ For more information on SESCA 2002, see

<http://www.abs.gov.au/ausstats/abs@.nsf/latestproducts/3F022BCAAE48CA19CA25726B00126BD1>

¹⁰ For more information on SESCA 2008, see <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1218.0>

- State, territory and local government non-financial corporations
- Commonwealth Government non-financial corporations

General government

- State, territory and local general government
- Commonwealth general government

Financial institutions

- RBA
- Banks
- Non-bank ADIs
- Registered financial corporations
- Central borrowing authorities
- Life insurance corporations
- Other insurance corporations
- Self-managed superannuation funds
- Other superannuation funds
- Financial auxiliaries
- Securitisers
- Money-market investment funds
- Non-money-market financial investment funds
- Financial institutions, not elsewhere classified

Industry classifications

Industry classifications in current forms based on ANZSIC 1993¹¹

The relevant division code(s) is provided in brackets.

1. Agriculture, forestry and fishing (A)
2. Mining (B)
3. Manufacturing (C)
4. Construction (E)
5. Wholesale trade (F)
6. Retail trade (G)
7. Transport and storage (I)
8. Finance and insurance (K)
9. Property and business services (L)
10. Cultural, recreational, personal and other services (P + Q)

¹¹ For more information on ANZSIC 1993, see <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1292.0.15.001>

11. Government administration and defence (M)
12. Health and community services (O)
13. Other industries (D + H + J + N)

Industry classifications in proposed EFS forms based on ANZSIC 2006¹²

The relevant code is given in brackets.

1. Agriculture, forestry and fishing (A)
2. Mining (B)
3. Manufacturing (C)
4. Electricity, gas, water and waste services (D)
5. Construction (E) – Residential building (301)
6. Construction (E) – Non-residential building (302)
7. Construction (E) – Other (31 + 32)
8. Wholesale trade (F)
9. Retail trade (G)
10. Accommodation and food services (H)
11. Transport, postal and warehousing (I)
12. Information media and telecommunications (J)
13. Financial and insurance services (K)
14. Rental, hiring and real estate services (L)
15. Professional, scientific and technical services (M)
16. Administrative and support services (N)
17. Public administration and safety (O)
18. Education and training (P)
19. Health care and social assistance (Q)
20. Arts and recreation services (R)
21. Other services (S)

¹² For more information on ANZSIC 2006, see <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1292.0>

Appendix 2 – Existing and proposed EFS forms

Current code	Current name	Replaced / Discontinued	New code	New name	New reporting population	New reporting frequency & submission date
ARF/RRF 320.0	Statement of Financial Position (Domestic Books) / (RFCs)	Replaced	ARF 720.0A	ABS/RBA Statement of Financial Position (Banks & RFCs)	Banks and RFCs ^(a)	Monthly, 15cd ^(a)
ARF 323.0 (monthly version only)	Statement of Financial Position (Licensed ADI)	Replaced	ARF 720.0B	ABS/RBA Statement of Financial Position (Non-bank ADIs)	Non-bank ADIs ^(a)	Monthly, 15cd
			ARF 720.1A	ABS/RBA Loans and Finance Leases (Banks)	Banks	Monthly, 15cd
			ARF 720.1B	ABS/RBA Loans and Finance Leases (Non-bank ADIs & RFCs)	Non-bank ADIs and RFCs ^{(a)(b)}	Monthly, 15cd ^(a)
			ARF 720.2A	ABS/RBA Deposits (Banks)	Banks	Monthly, 15cd
			ARF 720.2B	ABS/RBA Deposits (Non-bank ADIs & RFCs)	Non-bank ADIs and RFCs ^{(a)(b)}	Monthly, 15cd ^(a)
ARF 320.9	Intra-group Receivables and Payables	Replaced	ARF 720.3	ABS/RBA Intra-group Assets and Liabilities	Banks and RFCs ^(c)	Monthly, 15cd
ARF/RRF 320.1	Debt Securities Held	Replaced	ARF 720.4	ABS/RBA Debt Securities Held	Banks and RFCs ^(c)	Monthly, 15cd
ARF/RRF 320.2	Equity Securities Held	Replaced	ARF 720.5	ABS/RBA Equity Securities Held	Banks and RFCs ^(c)	Quarterly, 28cd
ARF/RRF 320.3	Debt Securities on Issue	Replaced	ARF 720.6	ABS/RBA Securities on Issue	Banks and RFCs ^(c)	Monthly, 15cd
ARF/RRF 320.4	Bill Acceptances (and Endorsements)	Replaced	ARF 720.7	ABS/RBA Bill Acceptances and Endorsements	Banks and RFCs ^(c)	Monthly, 15cd
ARF/RRF 320.5	Securities Subject to Repurchase and Resale and Stock Lending and Borrowing	Replaced	ARF 721.0A/B	ABS/RBA Repurchase Agreements and Securities Lending	ADIs and RFCs greater than or equal to threshold ^(d)	Monthly, 20cd
			ARF 722.0	ABS/RBA Derivatives	ADIs and RFCs greater than or equal to threshold ^(d)	Quarterly, 28cd

Current code	Current name	Replaced / Discontinued	New code	New name	New reporting population	New reporting frequency & submission date
			ARF 723.0	ABS/RBA Margin Lending	ADIs and RFCs greater than or equal to threshold ^(d)	Quarterly, 28cd
ARF 321.0	Statement of Financial Position (Offshore Operations)	Discontinued				
ARF 330.3	Other Operating Expenses	APRA to become primary user				
ARF/RRF 331.0	Selected Revenues and Expenses	Replaced	ARF 730.0	ABS/RBA Statement of Financial Performance	ADIs and RFCs greater than or equal threshold ^(d)	Quarterly, 28cd
ARF/RRF 332.0	Statement of Economic Activity	Discontinued				
			ARF 730.1	ABS/RBA Fees Charged	Banks greater than or equal threshold ^(d)	Annual, 80cd
ARF/RRF 391.0.1-8	Commercial Finance by state and territory	Replaced	ARF 741.0	ABS/RBA Business Finance	ADIs and RFCs greater than or equal threshold ^(d)	Monthly, 15cd
ARF 395.0	Business Finance Statistics	Replaced	ARF 742.0	ABS/RBA Business Credit Stocks, Flows and Interest Rates	ADIs and RFCs greater than or equal threshold ^(d)	Monthly, 20cd
ARF/RRF 392.0.1-8	Housing Finance by state and territory	Replaced	ARF 743.0	ABS/RBA Housing Finance	ADIs and RFCs greater than or equal threshold ^(d)	Monthly, 15cd
ARF 320.8	Housing Loan Reconciliation	Discontinued ^(e)				
			ARF 744.0	ABS/RBA Housing Credit Stocks, Flows and Interest Rates	ADIs and RFCs greater than or equal threshold ^(d)	Monthly, 20cd
ARF/RRF 393.0.1-8	Lease Finance by state and territory	Discontinued				
ARF/RRF 394.0.1-8	Personal Finance by state and territory	Replaced	ARF 745.0	ABS/RBA Personal Finance	ADIs and RFCs greater than or equal threshold ^(d)	Monthly, 15cd

Current code	Current name	Replaced / Discontinued	New code	New name	New reporting population	New reporting frequency & submission date
			ARF 746.0	ABS/RBA Personal Credit Stocks, Flows and Interest Rates	ADIs and RFCs greater than or equal threshold ^(a)	Monthly, 20cd
			ARF 747.0	ABS/RBA Deposit Stocks, Flows and Interest Rates	ADIs and RFCs greater than or equal threshold ^(a)	Monthly, 20cd
			ARF 748.0	ABS/RBA Wholesale Funding Stocks, Flows and Interest Rates	ADIs and RFCs greater than or equal threshold ^(a)	Monthly, 20cd

(a) RFCs that have \$50 million or more in assets but less than \$200 million are to report this form on an annual basis; RFCs with less than \$50 million in assets are not required to report this form.

(b) Non-bank ADIs with less than \$200 million in assets are not required to report this form.

(c) RFCs that have \$500 million or more in assets are to report this form on a quarterly basis; RFCs with less than \$500 million in assets are not required to report this form.

(d) See Appendix 3 for proposed reporting thresholds.

(e) Subject to the introduction of proposed APRA *ARF 223.0 Residential Mortgage Lending* (ARF 223.0).

Sources: ABS; APRA; RBA

Appendix 3 – Reporting populations

New form(s)	ADI				RFC	
	Bank		Non-Bank			
Balance Sheets						
ARF 720.0A	Monthly	All	n/a	Monthly	Total assets ≥\$200m	
				Annually	\$50m ≤ Total assets < \$200m	
ARF 720.0B		n/a	Monthly	Total assets ≥\$200m		n/a
ARF 720.1A	Monthly	All		n/a		n/a
ARF 720.1B		n/a	Monthly	Total assets ≥\$200m	Monthly	Total assets ≥\$200m
					Annually	\$50m ≤ Total assets < \$200m
ARF 720.2A	Monthly	All		n/a		n/a
ARF 720.2B		n/a	Monthly	Total assets ≥\$200m	Monthly	Total assets ≥ \$200m
					Annually	\$50m≤ Total assets < \$200m
ARF 720.3	Monthly	All		n/a	Quarterly	Total assets ≥\$500m
ARF 720.4	Monthly	All		n/a	Quarterly	Total assets ≥\$500m
ARF 720.5	Quarterly	All		n/a	Quarterly	Total assets ≥\$500m
ARF 720.6	Monthly	All		n/a	Quarterly	Total assets ≥\$500m
ARF 720.7	Monthly	All		n/a	Quarterly	Total assets ≥\$500m
ARF 721.0A or ARF 721.0B	Monthly	Repos & Securities Lending ≥\$100m	Monthly	Repos & Securities Lending ≥\$100m	Monthly	Repos & Securities Lending ≥\$100m
ARF 722.0	Quarterly	Total derivatives ≥\$1b	Quarterly	Total derivatives ≥\$1b	Quarterly	Total derivatives ≥\$1b
ARF 723.0	Quarterly	Margin lending ≥\$100m	Quarterly	Margin lending ≥\$100m	Quarterly	Margin lending ≥\$100m
Profits						
ARF 730.0	Quarterly	Total assets ≥\$5b	Quarterly	Total assets ≥\$5b	Quarterly	Total assets ≥\$500m

New form(s)		ADI			RFC	
ARF 730.1	Annually	Total assets ≥\$10b		n/a		n/a
Business finance						
ARF 741.0	Monthly	Business credit ≥\$2b	Monthly	Business credit ≥\$2b	Monthly	Business credit ≥\$2b
Business interest rates						
ARF 742.0	Monthly	Business credit ≥\$2b	Monthly	Business credit ≥\$2b	Monthly	Business credit ≥\$2b
Household finance						
ARF 743.0	Monthly	Housing credit ≥\$2b	Monthly	Housing credit ≥\$2b	Monthly	Housing credit ≥\$2b
ARF 745.0	Monthly	Personal credit ≥\$500m	Monthly	Personal credit ≥\$500m	Monthly	Personal credit ≥\$500m
Household interest rates						
ARF 744.0	Monthly	Housing credit ≥\$2b	Monthly	Housing credit ≥\$2b	Monthly	Housing credit ≥\$2b
ARF 746.0	Monthly	Personal credit ≥\$500m	Monthly	Personal credit ≥\$500m	Monthly	Personal credit ≥\$500m
Deposits and wholesale funding						
ARF 747.0	Monthly	Deposits≥\$2b	Monthly	Deposits≥\$2b	Monthly	Deposits≥\$2b
ARF 748.0	Monthly	Deposits≥\$2b	Monthly	Deposits≥\$2b	Monthly	Deposits≥\$2b

Sources: ABS; APRA; RBA

Appendix 4 – Length of parallel run periods

Current form	New form(s)			
	Last reporting period		First reporting period for backwards-looking batch	First reporting period at normal frequency
Balance sheets				
ARF 320.0 (monthly)	December 2018	ARF 720.0A, ARF 720.1A, ARF 720.2A (monthly)		
RRF 320.0 (monthly)	December 2018	ARF 720.0A, ARF 720.1B, ARF 720.2B (monthly)	January 2018 to June 2018 reporting periods submitted in July 2018 ^(a)	July 2018 ^(a)
ARF 323.0 (monthly)	December 2018	ARF 720.0B, ARF 720.1B, ARF 720.2B (monthly)		
ARF 320.9 (quarterly)	December quarter 2018	ARF 720.3 (banks monthly; RFCs quarterly)	January 2018 to June 2018 reporting periods submitted in July 2018 ^(a)	July 2018 ^(a)
ARF 320.1 (monthly)	December 2018	ARF 720.4 (banks monthly; RFCs quarterly)	January 2018 to June 2018 reporting periods submitted in July 2018	July 2018 ^(a)
RRF 320.1 (quarterly)	December quarter 2018			
ARF 320.2 (quarterly)	December quarter 2018	ARF 720.5 (quarterly)	March quarter 2018 and June quarter 2018 reporting periods submitted in July 2018	September quarter 2018
RRF 320.2 (quarterly)	December quarter 2018			
ARF 320.3 (quarterly)	December quarter 2018	ARF 720.6 (banks monthly; RFCs quarterly)	January 2018 to June 2018 reporting periods submitted in July 2018 ^(a)	July 2018 ^(a)
RRF 320.3 (quarterly)	December quarter 2018			
ARF 320.4 (monthly)	December 2018	ARF 720.7 (banks monthly; RFCs quarterly)	January 2018 to June 2018 reporting periods submitted in July 2018 ^(a)	July 2018 ^(a)
RRF 320.4 (quarterly)	December quarter 2018			
ARF 320.5 (quarterly)	December quarter 2018	ARF 721.0A/B (monthly)	January 2018 to June 2018 reporting periods submitted in July 2018	July 2018
RRF 320.5 (quarterly)	December quarter 2018			
n/a	n/a	ARF 722.0 (quarterly)	n/a	September quarter 2019

Current form	New form(s)			
	Last reporting period		First reporting period for backwards-looking batch	First reporting period at normal frequency
n/a	n/a	ARF 723.0 (quarterly)	Conversation ^(b)	September quarter 2019
Profits				
ARF 331.0 (quarterly)	June Quarter 2019	ARF 730.0 (quarterly)	September quarter 2018 and December quarter 2018 reporting periods submitted in January 2019	March quarter 2019
RRF 331.0 (quarterly)	June Quarter 2019			
ARF 332.0 (annual)	Financial year ended June 2019 ^(c)			
RRF 332.0 (annual)	Financial year ended June 2019 ^(c)			
n/a	n/a	ARF 730.1 (annual)	Conversation ^(b)	Financial year ended June 2020
Business finance				
ARF 391.0.1-391.0.8 (monthly)	March 2019	ARF 741.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019
RRF 391.0.1-391.0.8 (monthly)	March 2019			
ARF 393.0.1-393.0.8 (monthly)	March 2019			
RRF 393.0.1-393.0.8 (monthly)	March 2019			
Business interest rates				
ARF 395.0 (quarterly)	March quarter 2019	ARF 742.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019
Household finance				
ARF 392.0.1-392.0.8 (monthly)	March 2019	ARF 743.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019
RRF 392.0.1-392.0.8 (monthly)	March 2019			
ARF 320.8 (quarterly)	March quarter 2019			
ARF 394.0.1-394.0.8 (monthly)	March 2019	ARF 745.0 (monthly)	October 2018 to December 2018 reporting	January 2019

Current form		New form(s)		
	Last reporting period		First reporting period for backwards-looking batch	First reporting period at normal frequency
RRF 394.0.1-394.0.8 (monthly)	March 2019		periods submitted in January 2019	
Household interest rates				
Lending and funding statistics (quarterly)	December quarter 2018	ARF 744.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019
		ARF 746.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019
Deposits and wholesale funding				
Lending and funding statistics (quarterly)	December quarter 2018	ARF 747.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019
		ARF 748.0 (monthly)	October 2018 to December 2018 reporting periods submitted in January 2019	January 2019

Sources: ABS; APRA; RBA

(a) Or the equivalent period of quarterly or annual reporting, as applicable to the RFC.

(b) The agencies propose having conversations with individual institutions after the first submission of the new forms to allow the agencies to gain a better understanding of the drivers of the movements from the surveys currently reported, but will not require parallel runs for these new forms.

(c) This may differ depending on the financial year used for statutory reporting purposes.

Appendix 5 – Implementation timeline

Phase 1 of implementation of proposed EFS collection

Current monthly	New monthly
Current quarterly	New quarterly
Current annual	New annual
	Back data

Current forms*	Proposed forms*	2018												2019											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
321.0																									
320.0																									
323.0 monthly																									
	720.0																								
	720.1																								
	720.2																								
320.9																									
	720.3																								
320.1																									
	720.4																								
320.2																									
	720.5																								
320.3																									
	720.6																								
320.4																									
	720.7																								

Current forms*	Proposed forms*	2018						2019					
		J	F	M	A	M	J	J	A	S	O	N	D
320.5	721.0												

* Reporting frequencies may vary by ADI or RFC according to current reporting requirements and/or proposed reporting thresholds in Appendix 3.

Phase 2 of implementation of proposed EFS collection

Current monthly	New monthly
Current quarterly	New quarterly
Current annual	New annual
	Back data

Current forms	Proposed forms	2018												2019											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
331.0	730.0																								
332.0*																									
391.0**	741.0																								
393.0**																									
395.0	742.0																								
392.0**	743.0																								
320.8																									
	744.0																								
394.0**	745.0																								
Lending and funding	746.0																								
	747.0																								
	748.0																								

* The final reporting period for an ADI or RFC may be earlier or later depending on the ADI's or RFC's financial year end date.

** The entire series of 8 forms for states and territories is included.

Phase 3 of implementation of proposed EFS collection

Current monthly	New monthly
Current quarterly	New quarterly
Current annual	New annual
	Back data

Current forms	Proposed forms	2018												2019											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Margin Lending Survey	722.0																								
	723.0																								
Bank Fee Survey*																									
	730.1																								

* The final reporting period for the ADI or RFC may be earlier or later than shown in this illustration, as the reporting periods for these forms are currently aligned to the financial year of the ADI or RFC rather than a standardised financial year.



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