



17 September 2018

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS AND REGISTERED FINANCIAL CORPORATIONS

CONSULTATION ON PROPOSED CHANGES TO EFS REPORTING STANDARDS RESULTING FROM AMENDMENTS TO THE *BANKING ACT 1959*

APRA has today commenced a consultation on changes to the Economic and Financial Statistics (EFS) reporting standards (see – **Attachment A**) and *Reporting Practice Guide RPG 701.0 ABS/RBA Reporting Concepts for the EFS Collection* (RPG 701.0). The EFS reporting standards and RPG 701.0 have been updated in response to amendments to the *Banking Act 1959* (Banking Act) to remove restrictions on the use of the term ‘bank’.¹

The EFS reporting standards currently rely on the term ‘bank’ for the purposes of categorising authorised deposit-taking institutions (ADI) reporting entities and specifying units of measurement used on forms. The amendments to the Banking Act mean that, to preserve the intended reporting populations on EFS forms and ensure that data collected remains fit for purpose, a new method of categorising entities is needed. The general operation of each reporting standard outside these areas remains unchanged. APRA is proposing minor amendments to RPG 701.0 to accommodate these changes in the EFS reporting standards.

APRA is also proposing to make minor amendments to the EFS reporting standards to remove differing requirements for units of measurement for banks and non-bank ADIs, correct some errors and provide greater clarity where ambiguities have been identified.

The term ‘bank’ is also used in a number of other (non-EFS) reporting standards. APRA intends to consult on the categorisation of ADIs in these reporting standards at a later date. In the interim the reporting requirements for these standards remain unchanged.

Background

In January 2017, the Reserve Bank of Australia, the Australian Bureau of Statistics (collectively ‘the agencies’) and APRA consulted on the modernisation of the EFS data collection.² The EFS data collection replaces the existing ‘domestic books’ data collection in three phases with the first phase commencing for the period ending 31 March 2019.

In July 2017, the Department of Treasury consulted on amendments to section 66 of the Banking Act designed to reduce regulatory barriers to entry for new and innovative entrants to the banking system.³ These amendments were later introduced by the *Treasury Laws Amendment (Banking Measures No. 1) Bill 2017*.

¹ [Treasury Laws Amendment \(Banking Measures No. 1\) Act 2018](#)

² [Modernised economic and financial statistics \(EFS\)](#)

³ [Reducing barriers to new entrants to the banking sector – removing restrictions on the use of the term ‘bank’](#)

In August 2017, APRA and the agencies released a response to submissions on their January 2017 consultation. This response included a response paper, 21 finalised reporting standards and RPG 701.0.⁴ In the response paper, APRA and the agencies noted that they would 'consider any consequential amendments required to the EFS [data] collection' to accommodate amendments to section 66 of the Banking Act.

The *Treasury Laws Amendment (Banking Measures No. 1) Bill 2017* received Royal Assent and commenced on 5 March 2018. These amendments allow any ADI to use the term 'bank' in relation to the ADI's financial business unless APRA makes a determination under subsection 66AA(3) of the Banking Act.

Application of EFS reporting standards for ADIs

Originally, when determining the entities to which each EFS reporting standard applies for the balance sheet returns, the term 'bank' was used for the purpose of assigning Standard Reporting Requirements and non-bank ADIs were subject to Reduced Reporting Requirements as outlined in the below table.

Reporting standard	Standard Reporting Requirements	Reduced Reporting Requirements
Main balance sheet: <i>ARS 720.0 Statement of Financial Position</i> <i>ARS 720.1 Loans and Finance Leases</i> <i>ARS 720.2 Deposits</i>	Complete standard (A) form version	Complete reduced (B) form version
Supplementary balance sheet: <i>ARS 720.3 Intra-group Assets and Liabilities</i> <i>ARS 720.4 Debt Securities Held</i> <i>ARS 720.5 Equity Securities Held</i> <i>ARS 720.6 Securities on Issue</i> <i>ARS 720.7 Bill Acceptances and Endorsements</i> <i>ARS 730.1 Fees Charged⁵</i>	Complete the form	Do not complete the form

APRA and the agencies propose using an alternative method using existing categories of ADIs to determine the application of EFS reporting standards for ADIs as follows:

⁴ [Response paper: EFS modernisation August 2017](#)

⁵ *ARS 730.1 Fees Charged* is further restricted to ADIs with \geq \$10bn in total assets.

ADI Reporting Category	Category of ADI	EFS Reporting Requirements for ADIs
Category A	Credit unions; Building societies	Reduced if total assets \geq \$200m, otherwise no EFS reporting requirements ⁶
Category B	All other ADIs	Standard

For the vast majority of entities, there should be no change in their reporting burden relative to the bank/non-bank segmentation. In the small number of instances where the new segmentation would result in an increase in the reporting burden for an entity, relative to the reporting requirements outlined in the response to submissions in August 2017, APRA is proposing to exempt these entities from the Standard Reporting Requirements and instead apply to them the Reduced Reporting Requirements listed above. APRA will engage with these entities on a bilateral basis in the near future to arrange the exemption.

To simplify the communication of reporting requirements, ARPA proposes introducing ADI reporting categories. These categories will be aligned with current ADI sectors and centrally defined in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0). Initially these categories will only be used for the EFS reporting standards, however APRA may use these categories to update non-EFS reporting standard allocations in future.

To accommodate this change in methodology for determining the EFS reporting standards APRA has:

- added definitions of ADI reporting categories, credit unions and building societies, and the three ADI reporting categories to ARS 701.0; and
- updated the table in the 'Application and commencement' paragraph of each reporting standard to include the relevant categories of ADIs.

The allocation rules for registered financial corporations (RFCs) remain unchanged from previous consultations.

Other EFS reporting standard and guidance changes

Currently, all EFS reporting standards ask banks to complete the returns in millions of dollars whilst non-bank ADIs and RFCs are required to report in thousands. APRA proposes to update the EFS reporting standards so that all entities report in whole dollars. This will simplify the process of data management for the agencies.

To accommodate the changes to the Banking Act, APRA is making changes to the EFS reporting standards and guidance. The changes include:

- removing definitions for bank and non-bank ADI in ARS 701.0;
- removing references to the term 'bank' where no longer applicable; and
- removing bold and italics from terms that are no longer defined.

⁶ As stated in the January 2017 discussion paper, category A ADIs will be required to continue reporting ARF 323.0 quarterly to meet APRA's reporting requirements for prudential supervision

APRA is also taking this opportunity to consult on amendments to the EFS reporting standards and guidance that have been identified through engagement with entities. These changes can be summarised as:

- new and updated definitions, guidance and instructions to provide clarity in response to queries raised by entities;
- updated definitions to address upcoming changes in accounting standards; and
- fixing typographical errors.

Proposed amendments that form part of this consultation are marked up in documents available on the APRA website at <https://www.apra.gov.au/modernised-economic-and-financial-statistics-efs>.

Consultation Period

The draft EFS reporting standards and guidance will be subject to a one-month public consultation.

Written submissions on the proposals should be sent to DataAnalytics@apra.gov.au by 18 October 2018 and addressed to:

Manager, Regulatory Reporting, Data Analytics
Australian Prudential Regulation Authority

Yours sincerely,



Alison Bliss
General Manager
Data Analytics

Important disclosure notice – publication of submissions

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 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* and will therefore be exempt from production under the FOIA.

ATTACHMENT A – EFS REPORTING STANDARDS

Reporting Standard
<i>Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection</i>
<i>Reporting Standard ARS 720.0 ABS/RBA Statement of Financial Position</i>
<i>Reporting Standard ARS 720.1 ABS/RBA Loans and Finance Leases</i>
<i>Reporting Standard ARS 720.2 ABS/RBA Deposits</i>
<i>Reporting Standard ARS 720.3 ABS/RBA Intra-group Assets and Liabilities</i>
<i>Reporting Standard ARS 720.4 ABS/RBA Debt Securities Held</i>
<i>Reporting Standard ARS 720.5 ABS/RBA Equity Securities Held</i>
<i>Reporting Standard ARS 720.6 ABS/RBA Securities on Issue</i>
<i>Reporting Standard ARS 720.7 ABS/RBA Bill Acceptances and Endorsements</i>
<i>Reporting Standard ARS 721.0 ABS/RBA Repurchase Agreements and Securities Lending</i>
<i>Reporting Standard ARS 723.0 ABS/RBA Margin Lending</i>
<i>Reporting Standard ARS 730.0 ABS/RBA Statement of Financial Performance</i>
<i>Reporting Standard ARS 730.1 ABS/RBA Fees Charged</i>
<i>Reporting Standard ARS 741.0 ABS/RBA Business Finance</i>
<i>Reporting Standard ARS 742.0 ABS/RBA Business Credit Stocks, Flows and Interest Rates</i>
<i>Reporting Standard ARS 743.0 ABS/RBA Housing Finance</i>
<i>Reporting Standard ARS 744.0 ABS/RBA Housing Credit Stocks, Flows and Interest Rates</i>
<i>Reporting Standard ARS 745.0 ABS/RBA Personal Finance</i>
<i>Reporting Standard ARS 746.0 ABS/RBA Personal Credit Stocks, Flows and Interest Rates</i>
<i>Reporting Standard ARS 747.0 ABS/RBA Deposit Stocks, Flows and Interest Rates</i>
<i>Reporting Standard ARS 748.0 ABS/RBA Wholesale Funding Stocks, Flows and Interest Rates</i>