Benefits for stakeholders

1. **What design features and functions in the new system would benefit your organisation?**

   a. Portfolio Management – The solution provides APRA with the ability to have complete transparency from loan level detail to aggregated economic and financial statistics.
   b. Standardised information - information is standardised to be in a consistent format.
   c. Prebuilt APRA reports- Ability for report to be generated and uploaded in minutes. Enables the requirements/need for faster timeframes for reporting in standard reports, as well as the flexibility to call for more granular, ad-hoc reporting.
   d. Built for the Australian market.
   e. Shared system – Allow everyone to work from the same 'golden source' of data simultaneously.

2. **How can APRA best ensure these benefits are delivered?**

   a. Small stage pilot/sandbox environment with FI/Regulator and Moneycatcha – Allow FI to pilot the solution before wider adoption.
   b. Implementation to be broken into smaller stages. Pilot with FIs and then production
   c. Assist with clear mapping definitions - Encourage all government agencies to subscribe to standard definitions AND have a path to reporting agencies adopting definitions

Principles for solution design

3. **Would you change any of the design principles? Do any of the design principles raise key questions for your organisation?**

   No, we wouldn't change any of the design principles. We would add comments on the benefit of the following principles:
   a. Buy over build – This will allow APRA to buy a solution that can be customised. It will also offer the ability to focus the majority of the time to implement and pilot the solution.
   b. Flexibility for the future. - with access to a standardised detailed level of information provided through an immutable data source with provenance allows both the FI and APRA to analyse information in a more robust manner. The functionality allows the FI and APRA to consider impact and what if scenarios to changing compliance requirements in light of industry changes over both a current and historical data set.

4. **Which use case(s) best reflect your organisation's operations?**

   a. Uses private blockchain technology to create a trusted set of data that can be shared internally and externally without compromise
   b. Real time and ongoing reviews of home loan portfolios on an overall or segmented approach
   c. Improves the speed, security and cost burden for reporting agencies ,and provides improved quality of data and reports to APRA faster and more securely.
   d. Performs comparison analysis on the data to identify and report on any variances, providing alerts when variances move beyond the FI's risk margins
   e. Automation and generation of APRA reports – Reduces manual work to produce reports. Reports can be created and sent via manual upload, structured copy and paste, XBRL import and direct feed.
   f. Ability to query data - WhatIf and Query functions provide proactive, intuitive management of home loan portfolios and credit policies

5. **What technical or organisational factors led you to adopt that use case?**

   a. We identified the following pain points:

      ● lack of value adding activities through the compliance process

      ● complexity to remain compliant

      ● disparate processes

      ● irreconcilable information across the loan lifecycle

      ● lack of transparency

      ● poor data quality

      ● lack of control

      ● stale, inaccurate information which does not accurately reflect the risk position

      ● lost opportunity with existing customers

      ● unnecessarily retaining capital to support an inaccurate balance sheet position

      The Regchain risk review tool assists FI's with regulatory compliance requirements administered by the Australian Prudential and Regulatory Authority (APRA) and the Australia Securities and Investment Commission (ASIC).

The solution works by using blockchain technology to create a chronological record of immutable data. By using smart contracts to trigger periodical API calls, Regchain then compares data at different points in time, identifying and reporting on any variances.

This system enables FI's to actively engage with their clients earlier, manage their risk portfolio and to share the true data source, via permission settings directly with regulators. This means for the first time, regulators and FI's can work from the same "Golden Source" of data simultaneously.
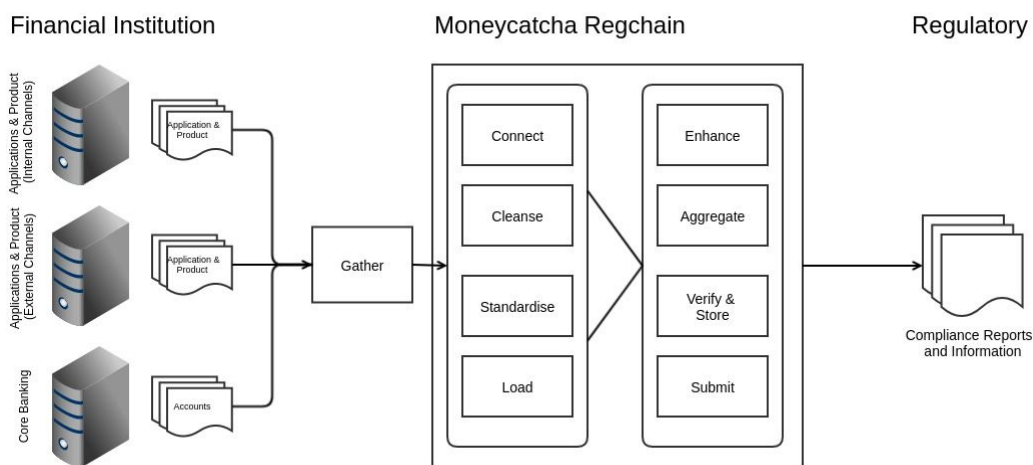
6. How challenging would your organisation find it to switch from D2A attribute codes to SBR?

Information is mapped from an atomic level i.e. the standardised loan application and then aggregated to D2A. Switching from D2A to SBR would require additional mappings of the core information to SBR.

7. Would your organisation consider adopting a machine to machine upload facility?

Providing a way to automate the exchange of information between APRA and the Financial Institution based on an approved process with acknowledgment of delivery is preferred.

Engagement plans and implementation path

8. What are the most likely implementation challenges for your organisation?

We foresee no challenges for us to deploy but if there is no change on the data required by APRA and the system doesn't improve the way reporting agencies collect or compile data, there will be challenges in improving time frames for reporting for APRA

9. What information and support are required (and by when) for your organisation to commence transition from late 2019?

Clearly defined requirements and rollout plan
FI list
Solution SME / onshore support

10. What are the other industry changes which will directly impact your organisation's ability to address changes in how APRA collects data?

Changes and advances within the value chain. For example Digital Titles. This would affect the information which APRA would collect e.g. how many titles were digital.

11. How would your organisation like to be engaged now and in the subsequent design and implementation stages?

Requirements workshop, MVP design, move to production in stages.

12. Where in your organisation do you believe the most significant change impacts will be felt from the replacement of D2A?

- Reduction in manual work
- Reduction in adhoc requests
- FI/Regulator can work from same set of data
- Real time and ongoing reviews of overall HL position
- Transparency of data
- Auditability of data. The ability for an FI to reproduce a submission in an appropriate and cost effective manner. Support BEAR.

13. How could APRA work with industry to lessen the burden of moving to the new system?

Consult a solution provider with knowledge of industry who has implemented a regulatory solution into a FI.
Look at a provider that can offer a pre built solution that can be customised to the needs of APRA/FIs.
The solution needs to have benefit to both reporting agencies and APRA to improve engagement from industry.

14. What are the current annual costs for your organisation in reporting data through D2A?

We estimate the industry spends 350m – 450m a year on regulation and compliance. A small use case of APRA quarterly report confirms the burden of compliance on an organisation as a single report takes between 3-5 days of preparation for two full time equivalents on a quarterly basis. This use case extrapolated across all the compliance requirements causes a significant burden on most organisations.

15. What investment has your organisation made in integrating D2A with internal reporting systems?

N/A

16. To reduce your implementation costs, would you consider partnering with a third-party provider that is servicing many entities in the industry or are you more likely to develop a bespoke solution in house?

We are the third party provider and would prefer to build an industry solution to provide standardised data to APRA.