Corporate Plan

2026-27

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Chair’s foreword

As Australia’s prudential regulator, APRA’s mandate is to promote the safety and stability of the financial system. This objective is critical to the Australian community’s financial wellbeing and the long-term growth of the Australian economy.

APRA does not pursue a ‘safety at all costs’ agenda. Our prudential framework, by design, is aimed at minimising undue costs of regulation for industry. Our standards and supervisory practices ensure that financial institutions can fulfil their vital and productive roles in the economy, supporting long-run growth and investment.

This Corporate Plan sets out APRA’s strategic priorities for the next four years. It reflects our continued commitment to upholding a safe and stable financial system, while minimising regulatory costs for industry and improving our own organisational effectiveness.

Australians continue to benefit from the resilience of the banks, insurers and superannuation trustees that APRA oversees. Strong capital, liquidity and prudential safeguards mean our financial system has been able to weather current global shocks and continue providing critical services to households and businesses.

However, new and more complex challenges lie ahead. Heightened geopolitical tensions, interconnectedness and rapid technological developments, such as frontier Artificial Intelligence (AI) models, have the potential to create more severe disruptions. To maintain a resilient financial system – one that can absorb shocks and limit their impact – risk management practices need to be further strengthened.

We will continue to support productivity by maintaining safety and stability – a critical foundation for sustainable economic growth – and by reducing unnecessary regulatory costs. Building on our ‘getting the balance right’ initiatives from last year, our 2026-27 Corporate Plan includes additional actions to free up capital, streamline prudential requirements and remove duplicative reporting, without undermining safety standards.

Internally, it is critical that we improve our own efficiency and effectiveness. As the operating environment becomes more challenging and dynamic, we too need to expand our skills, increase our speed and invest in new ways of working. To ensure APRA is ready to face future challenges, we have set ourselves an ambitious organisational change agenda. Our aim is to make APRA a more agile and dynamic organisation.

Over the coming year, we will engage closely with industry and other stakeholders as we deliver our strategic priorities. We will continue to work with Government on legislative reforms and coordinate with regulatory peers to strengthen our impact in areas of common interest.

As we face into the challenges the next year will bring, I look forward to working with a team of very committed colleagues at APRA to deliver on this Corporate Plan.

APRA’s 2026-27 Corporate Plan covers the period from 2026-27 to 2029-30. It has been prepared in accordance with section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act).*

Strategy on a page

Our purpose and **regulatory tools** are…	Our purpose: We are Australia's prudential regulator and are responsible for ensuring that Australians' financial interests are protected. We promote the safety and stability of the financial system, while balancing competition and efficiency considerations. Our people enable our purpose, through their dedication and commitment to our work and our values. Our regulatory tools include our powers to set, supervise and enforce standards and if necessary, ensure the resolution of the entities in an orderly manner.		
underpinned by **our strengths…**	System-wide Perspective	Domestic and international relationships	Values, expertise and insight
directed at **our strategic objectives...**	**Maintaining financial safety and stability**	**Getting the balance right**	**Improving our organisational effectiveness**
to deliver **our outcomes.**	Safety and resilience of regulated entities	A stable financial system	A financial system enabling good community outcomes

Our operating environment

APRA draws on supervision, research, data and engagement with stakeholders to identify emerging risks and opportunities. This section outlines the issues which have had the most material influence on our strategic priorities.

External drivers

Australia's financial system is resilient, but risks in the operating environment are rising. To sustain resilience, risk management practices will need to be strengthened in key areas.

Cyber and AI risks are intensifying

Cyber and AI risks are increasingly testing the resilience of the financial system. Threats are becoming more sophisticated, amplified by developments in frontier AI. Entities are also increasingly reliant on common technology platforms and material service providers. Looking further ahead, emerging technologies such as quantum computing could threaten the encryption methods that currently protect digital security.

As prudential regulator, APRA's objective is to reduce the risk that cyber and AI threats could pose to financial stability. A serious cyber incident, operational disruption or control failure has the potential to affect the prudential standing of individual entities; where dependencies are shared, a disruption could undermine financial stability. Risk management practices must keep pace with the rapidly moving threat environment.

Geopolitical risk is heightened

A lack of preparedness for geopolitical risks is a key potential vulnerability for the financial system. APRA-regulated entities are operating in the most uncertain international environment in decades. Risks associated with trade restrictions, sanctions, armed conflicts, cyber activity and growing strategic competition have the potential to create significant shocks to operational and financial resilience. Regulated entities must be prepared for a range of potential geopolitical risk scenarios.

The economic outlook is uncertain

There is the potential for geopolitical tensions and cyber risks to coincide with, and amplify, potential economic vulnerabilities. This would simultaneously test the financial resilience of APRA-regulated entities and their ability to continue providing critical financial services during periods of operational disruption.

There are vulnerabilities in both the global and domestic economic outlook. Domestically, higher interest rates and inflation are placing pressure on household and business finances, at a time when households remain highly indebted and housing prices have fallen moderately.[1] Internationally, trade fragmentation and policy uncertainty are contributing to a more volatile global environment.

[1] Robust mortgage prepayment and equity buffers provide an important risk mitigant.

Productivity challenges are material

In pursuing our prudential objectives, we aim to promote financial safety and stability in the most efficient way possible. This means maintaining a prudential framework that is proportionate to risk, minimises unnecessary complexity and supports competition, innovation and productivity.

Consistent with Government's productivity agenda, reducing unnecessary regulatory burden remains a key priority for APRA. During 2025-26, we progressed a range of actions that are freeing up capital to support lending and investment, improving data sharing across government and supporting growth and innovation. For example, our work with New Zealand in harmonising bank capital rules will reduce annual costs for banks operating in both jurisdictions by around $175 million.

In 2026-27, we will progress additional reforms to streamline and simplify further the prudential framework. We will remove duplicative reporting, reduce administrative burden and provide greater flexibility for entities in meeting certain prudential requirements. We also plan to finalise proposed changes to our bank capital framework which could materially free up new lending capacity, to support business investment and productivity.

Government is expanding APRA's role in payments regulation

The Government has proposed a new role for APRA in regulating large stored-value facility providers, including issuers of Australian dollar stablecoins. While the timing of reforms remains subject to Government, APRA will need to develop new prudential and supervisory frameworks, and build specialised capabilities and expertise. APRA is working closely with Government and other regulators on implementation arrangements, to ensure a smooth transition.

Industry risks

Alongside a more complex and interconnected risk environment, regulated entities are navigating significant competitive and structural pressures that are reshaping traditional business models. Across all sectors, entities are needing to adjust to the impact of digitisation, new sources of competition and changing customer preferences. These trends are typically more acute for small and medium-sized entities given scale challenges.

Banking

Australia's banking system remains unquestionably strong. Banks are well capitalised and have robust liquidity buffers, supported by strong prudential settings and sound asset quality. Over the past decade, banks' capital ratios have increased significantly, the risk profile of housing lending has improved, and aggregate earnings have remained robust.

While this places the system in good stead to withstand future shocks, structural shifts are changing competitive dynamics and challenging traditional business models. Technology, evolving customer expectations and demographic trends are reshaping how Australians access banking services, with growing demand for digital banking products that are safe, simple and immediately accessible. New entrants, particularly those in the payments industry, are adding to competitive pressures.

Looking ahead, these forces are likely to intensify, requiring banks to continue evolving their business models and capabilities. APRA's focus is on ensuring its prudential framework remains proportionate and supports a resilient, dynamic banking sector that can prudently adapt to a changing environment.

Snapshot

APRA regulates **128** licensed authorised deposit-taking institutions (ADIs).

This includes:

71 Banks (excluding mutuals)

51 Mutual ADIs

6 Other ADIs (any licensed ADI not defined as a bank, mutual, or restricted ADI)

Industry-wide capital ratios remain strong in 2026

Common Equity Tier 1 capital ratio	Tier 1 Capital ratio	Total Capital ratio
12.3%	**13.9%**	**20.3%**

The above capital ratios are each calculated against total risk-weighted assets.

$6.7 trillion in total regulated assets

Residential mortgages total credit outstanding **$2.5tn**

Total deposits **$4.5tn**

Total regulated assets predominately sourced from the domestic books data collection.

Industry-wide liquidity ratios remain strong in 2026

Minimum Liquid Holdings (MLH)	Net Stable Funding Ratio (NSFR)	Liquidity Coverage Ratio (LCR)
15.8%	**115.5%**	**137.8%**

MLH ratio is the percentage ratio of specified liquid assets to liabilities. LCR is the percentage ratio of high-quality liquid assets to total net cash outflows. NSFR is calculated as available stable funding divided by required stable funding.

Figures as at 31 March 2026. Excludes other ADIs unless otherwise stated. Numbers may not total due to rounding.

Superannuation

The superannuation industry is also facing significant structural change. As Australia's population ages, the system is increasingly shifting from an accumulation phase to a retirement phase. Trustees will need to adapt to the changing needs of members, balancing the delivery of sustainable retirement incomes with strong investment governance, sound risk management and operational efficiency.

At the same time, changing member expectations, growing scale and interconnectedness, and more complex product offerings are requiring greater sophistication in risk management. The collapse of Shield and First Guardian Master Funds highlighted the significant harm that can result from poor investment governance and inadequate oversight. Across the industry, risk management and governance practices need to mature further.

Snapshot

79 APRA-regulated funds

53 RSE licensees

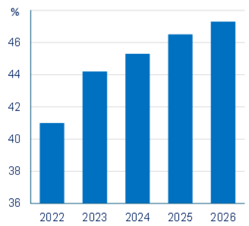
23.9 million* total number of accounts

5.1 million* accounts currently at or over preservation age of 60 years

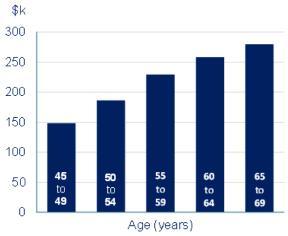
3.9 million* additional accounts approaching preservation age in 10 years

$3.1 trillion in total APRA-regulated assets

Proportion of international investments**



Average member balance by age*



Figures as at 31 March 2026. APRA-regulated funds with more than six members. Numbers may not total due to rounding.
*Data includes exempt public sector schemes.
**Figures as at 30 June each year, except for 2026, which is at 31 March. Data includes all international investments but excludes derivatives. Includes exempt public sector schemes.

Insurance

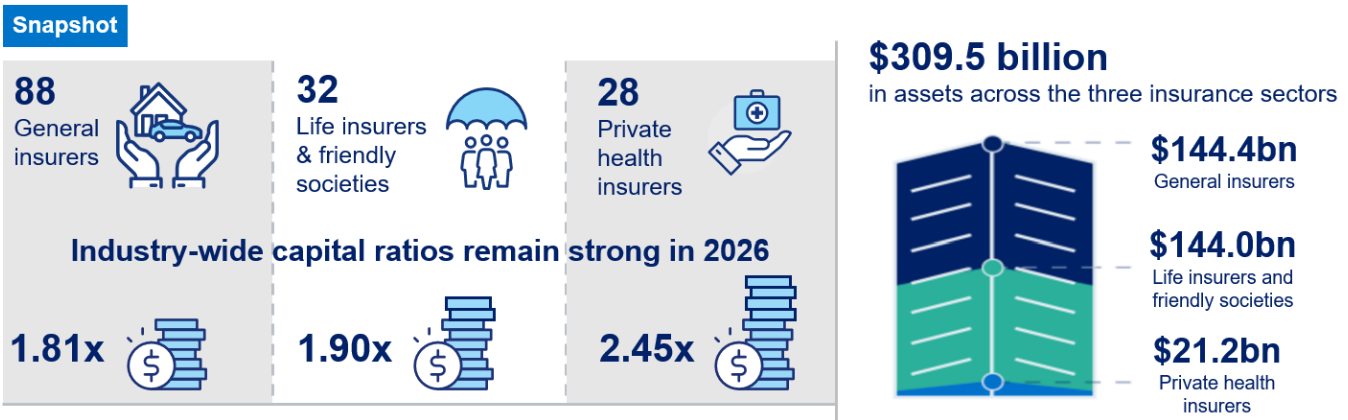
Australia's insurance industry remains well capitalised and profitable overall, with strong capacity to meet claims. However, it continues to face a range of structural and emerging challenges.

- In general insurance, affordability and availability remain under pressure from higher claims costs, natural hazards and climate-related risks contributing to a widening protection gap.

- Life insurers continue to navigate sustainability pressures from legacy products, lapse rates and claims experience, including mental health-related claims.

- Private health insurers face ongoing pressure from an ageing population, rising health claims costs and affordability challenges for policyholders.

These are complex challenges, which are reshaping the insurance landscape. Responding effectively will require insurers to rethink established approaches and build new capabilities.



Prescribed capital amount coverage ratio = capital base divided by prescribed capital amount.

Figures as at 31 March 2026. Numbers may not total due to rounding.

Internal drivers

The rapidly changing operating environment also presents new challenges for regulators. To remain an effective regulator, APRA must too strengthen its capabilities, improve its agility and modernise how it works.

Improving our agility

The risk environment in which APRA operates has fundamentally shifted – our supervisors need to contend with risks that are increasingly volatile, complex and interrelated. To ensure APRA is ready to face current and future challenges, we must improve our agility.

Technology presents a significant opportunity for APRA. A key priority is AI. Our objective is to become an AI-enabled regulator, identifying risks earlier, building richer insights and increasing our effectiveness. We are working with industry experts to leverage external best practice and broaden our thinking.

Driving a high-performance culture

APRA's effectiveness depends on the quality of its people. Our workforce needs to keep evolving to drive a high-performance culture. We will continue to invest in leadership, skills and professional development to support a continued talent pipeline across the organisation. Our goal is to maintain a culture that is inclusive, aligned to our values and focused on achieving APRA's objectives.

Strengthening our information security

As the central data collection agency for the financial sector, we collect information for our own supervisory purposes and share significant amounts of information with other government agencies. As cyber threats grow, we need to uplift our controls continually. In March 2026, we decommissioned our legacy Direct to APRA (D2A) data submission system for entity access following the identification of security vulnerabilities through a routine test. We have a low risk tolerance for system vulnerabilities that may expose APRA or regulated entities to attacks.

Maintaining cost discipline

APRA is primarily funded through levies on regulated entities. APRA's 2026–27 Corporate Plan has been developed based on an approved budget of $278 million, which is $2 million (1 per cent) lower than the previous year. Budgeted headcount is expected to fall slightly from 907 in 2025-26 to 900 this financial year.

Supporting sustainability goals

APRA remains on track to meet the Australian Government's target to achieve net zero greenhouse gas emissions from government operations by 2030. We will continue to improve energy efficiency, reduce the environmental impact of our operations and report publicly on progress.

Our strategic objectives

APRA's 2026-27 Corporate Plan is built around three strategic objectives. These reflect our statutory responsibilities, the Government's Statement of Expectations and our assessment of the key risks facing the financial system.

Our strategic objectives

The first two objectives focus on maintaining financial safety and stability while minimising unnecessary regulatory burden. Under these objectives, APRA has outlined its specific policy, supervision and data initiatives planned for the next 12 to 24 months. Entities should read these priorities in conjunction with their entity-specific supervisory programs, which are calibrated to their Tier and Stage.

In developing this plan, we have worked closely with other regulators to improve efficiency and reduce duplication. This year, we will work alongside the Australian Securities and Investments Commission (ASIC) on reviews of small business lending practices and in streamlining certain aspects of the Financial Accountability Regime. We will continue to look for opportunities for regulatory cooperation using the Regulatory Initiatives Grid.

Our third strategic objective is internally facing – it is focused on improving our own organisational effectiveness. As the operating environment becomes more challenging, it is critical that we expand our skills, increase our agility and invest in new ways of working. APRA too needs to be ready to face a more uncertain and dynamic operating environment.

While this plan sets out our current priorities, these may evolve as new risks emerge. During the year, we will communicate our views on emerging risks through publications such as the System Risk Outlook.

With risks remaining heightened, we expect regulated entities to act quickly in strengthening their resilience. APRA retains a strong appetite to increase the intensity of its supervision to address inadequate practices, and to take formal enforcement action against entities or individuals, particularly where risks are material or there is a lack of cooperation.

1. Maintaining financial safety and stability

Our objective:

The financial system can absorb shocks and continue to provide critical services to households and businesses.

To ensure that APRA-regulated entities remain resilient in an environment of rising risks, we are prioritising five prudential outcomes in 2026-27. This year, we will work with industry, government and regulatory peers to:

- strengthen operational resilience in response to AI and cyber risks
- strengthen resilience to geopolitical risks
- ensure the system is prepared for severe stress
- improve outcomes for superannuation members
- prepare for a new payments role

Strengthening operational resilience in response to AI and cyber risks

Prudential Standard CPS 230 Operational Risk Management (CPS 230) commenced on 1 July 2025, establishing stronger requirements for APRA-regulated entities to manage operational risk, maintain critical operations through disruption and strengthen oversight of material service providers.[2] While CPS 230 has strengthened operational risk management, risks continue to evolve and entities must keep pace. This year, entities should expect more frequent and deeper engagement from APRA on cyber and AI risks in our supervisory interactions. APRA expects that entities will be readily able to demonstrate how risks are being managed.

Entity resilience

Responsible adoption of AI

In April 2026, APRA wrote to regulated entities outlining its expectations for the prudent management of AI risks. AI can improve efficiency and innovation, but it can also create new risks and expose weaknesses in governance and control frameworks. We are expecting entities using AI to strengthen governance, risk management, operational resilience and board oversight. We will also continue to evolve our supervisory approach to AI-related risks, informed by international developments and emerging better practice.[3]

Cyber risks posed by frontier AI and quantum computing

Rapid advances in frontier AI capabilities require an urgent strengthening in technology and cyber resilience. In June 2026, APRA, ASIC and the Australian Signals Directorate (ASD) met with industry to discuss the changing threat environment and the actions that entities must take to reduce risk.

During 2026-27, we will focus on ensuring entities strengthen their resilience to AI-enabled cyber threats. We expect entities to maintain effective cyber controls as threats evolve, improve board oversight of technology and cyber risk, and participate in industry information-sharing where this can support broader system resilience.

[2] This standard complements existing requirements for information security, as set out in *Prudential Standard CPS 234 Information Security.*
[3] This included the Financial Stability Board's work on Sound Practices for the Responsible Adoption of AI Sound Practices for Responsible Adoption of Artificial Intelligence (AI): Consultation report

APRA will also be increasing its focus on quantum computing risks. The ASD has recommended that Australian organisations have a plan to transition to post-quantum cryptography by the end of 2026 and begin implementing that plan by the end of 2028. We expect entities to make timely progress in implementing these plans, prioritising their most critical information assets and operations.

Targeted review work

During 2026-27, APRA will continue to review implementation of CPS 230 through prudential and thematic reviews across a range of industries.[4] Our thematic focus will be on operational and technology risk management at general insurers and specialist payment providers, building on recent work with superannuation trustees and private health insurers. APRA will engage directly with entities on findings and share broader insights with industry where appropriate.

System resilience

In 2026-27, we will be increasing our focus on how regulated entities identify, assess and manage risks associated with material service providers, including common technology platforms. Where there are common dependencies, operational and cyber disruptions can affect multiple entities and critical services at the same time, presenting a risk to financial stability. This year, we plan to formalise our data collection for material service providers, to strengthen our oversight and supervision of common dependencies – this will also reduce burden on industry in meeting their CPS 230 requirements.

An important component of our work involves supporting timely and practical cooperation between public and private sector entities, particularly where risks are interconnected and complex. This year, we will continue to work with other Council of Financial Regulators (CFR) agencies and industry participants on the Industry Resilience Initiative.[5] This initiative focuses on strengthening contingency arrangements for significant disruptions to payments availability.

Strengthening resilience to geopolitical risks

This year, we will continue to strengthen resilience to geopolitical risks at both the entity and system level. Our focus is on risks that could stem from international tensions, such as trade disruptions, sanctions, grey-zone activities and conflicts.

Entity resilience

In June 2026, we outlined our minimum prudential expectations of regulated entities in managing geopolitical risk. These expectations are intended to reinforce the resilience of the financial system and the provision of critical financial services across a range of geopolitical scenarios.

During 2026-27, we will subject entities to more intensive supervision to ensure that our expectations are met. We will require certain larger entities to conduct targeted readiness assessments against APRA's minimum expectations.[6] In the first half of 2026-27, we will focus on crisis preparedness; political and personnel risk will be the focus of our supervisory efforts in the second half of 2026-27.

[4] Response to submissions - CPG 230 Operational Risk Management | APRA
[5] Anti-fragility and the Financial System | Speeches | RBA
[6] This work is for entities not otherwise covered by the CFR geopolitical risk workplan. Entities have already been advised of their participation in this work.

All entities should expect an increased emphasis on geopolitical risk considerations in our day-to-day supervision, including prudential reviews and meetings. APRA expects that entities will be readily able to demonstrate how geopolitical risk has been reflected in their strategy, risk appetite and board oversight.

System resilience

Alongside the CFR, we will continue to work with Australia's most systemically important financial institutions to strengthen system-wide resilience – this work brings together APRA and non-APRA regulated entities. In late 2025, boards of these institutions committed to action plans aimed at strengthening system-wide resilience to a range of geopolitical risk scenarios. In the period ahead, APRA and CFR agencies will be evaluating progress in implementing action plans.

We are also strengthening our engagement with government security agencies. This will broaden APRA's oversight of emerging risks, helping to sharpen our response to risks that could develop outside the regulated system.

Ensuring the system is prepared for severe stress

Amid a highly uncertain economic outlook, it is important that regulated entities are prepared for a broad range of shocks, including those where multiple risks could crystalise simultaneously. This year, we will be increasing our focus on contingency planning to ensure that the financial system can continue to play its role in absorbing, rather than amplifying, the impact of any severe downturn or disruption.

Entity resilience

Bank lending standards

During 2026-27, we will be reviewing banks' lending practices. As credit growth slows, competitive pressures may intensify, increasing the risk of weaker lending standards. APRA will be monitoring lending practices closely to ensure standards remain prudent.

In the first half of 2026-27, we will focus on banks' lending to small and medium-sized businesses – we will coordinate our work with ASIC's planned review of non-banks to reduce duplication for industry. In the second half of 2026-27, we will increase our focus on banks' housing lending standards. We will communicate our findings to participating banks following the reviews.

Bank liquidity

We will continue our work aimed at improving banks' liquidity risk management to ensure capabilities keep pace with new risks, including those posed by greater digitisation. We recently requested that large banks undertake self-assessments of their intraday liquidity capabilities and develop plans for addressing any gaps. During 2026-27, our focus will be on ensuring these are addressed in a timely manner. We will also make relevant updates to our liquidity prudential standards.

Bank stress testing

During 2026-27, we will conduct a joint stress test exercise with the Reserve Bank of New Zealand (RBNZ). This exercise will test resilience to a severe economic downturn, at both parent and subsidiary bank level. In coordinating with RBNZ, our aim is to create efficiencies for industry, as well as strengthening Trans-Tasman crisis preparedness. Banks will be submitting results in the first half of 2026-27, and APRA and RBNZ plan to make their thematic findings public later in the year.

Business continuity planning

This year, we will be increasing our focus on business continuity planning. Business continuity plans aim to ensure APRA-regulated entities are ready to respond to severe business disruptions and can maintain critical operations in stress. With the continued escalation of cyber threats, including frontier AI, APRA expects that entities will be regularly testing the effectiveness of their plans under a range of severe but plausible operational disruptions.

System resilience

System risk stress testing

Building on our entity-level stress testing, we will commence work on a new system risk stress test. We undertook our first system risk stress test in 2025-26, exploring the potential risks to financial stability from growing interconnectedness between banks and superannuation trustees. This represented a significant uplift in stress testing capabilities that produced valuable new insights informing our supervisory and policy priorities. We will launch a new system stress test in 2026-27, to strengthen further our understanding of risks from linkages between sectors and the potential implications for financial stability. We will engage with participating entities in due course.

Macroprudential policy

APRA's macroprudential policies are an important tool for managing risks to financial stability. A key vulnerability in the Australian financial system is high household indebtedness. Households with high debt levels are more likely to experience financial stress if economic conditions deteriorate, making prudent lending critical to financial stability.

In late 2025, we introduced limits on lending at high debt-to-income ratios after seeing an increase in this form of higher risk lending.[7] During 2026-27, we will continue to monitor developments in housing lending closely. If risks to financial stability evolve, we will consider further adjustments to our macroprudential policy settings.

Crisis preparedness

As Australia’s resolution authority, APRA plays a critical role in ensuring the financial system is resilient in a crisis. Building on recent improvements in industry preparedness, in 2026-27 we will be increasing our focus on dynamic crisis preparedness and response.[8] This involves building stronger readiness for applied systemic scenarios closely aligned to the emerging risk environment. We will dynamically test this preparedness using simulation-type exercises, including desktop exercises and fire drills. A strong emphasis will be placed on non-traditional risks, such as geopolitical shocks.

Financial Claims Scheme

In 2026-27, APRA will work with Government on potential legislative reforms to ensure that the Financial Claims Scheme (FCS) remains fit for purpose and unclaimed moneys from exits are dealt with more efficiently, as recommended in the CFR’s *Review into Small and Medium-sized Banks*.[9] Deposit guarantee schemes play an important role in promoting confidence in banks by assuring depositors that their money is safe, protecting them from potential loss and enabling prompt access to their money in the event of a bank failure.

[7] This complements our existing macroprudential policy settings, including the mortgage serviceability buffer at 3 percentage points and the countercyclical capital buffer at 1 per cent of risk-weighted assets.
[8] Over the last few years, APRA has taken significant steps to strengthen crisis preparedness across regulated industries. Australian banks have raised $92 billion in Loss Absorbing Capacity to support their orderly resolution in the event of failure; regulated entities have also built considerable crisis response infrastructure – developing greater sophistication in crisis liquidity forecasting, stronger valuation capabilities in distressed scenarios, implementing group restructures and improving their operational readiness for stress.
[9] CFR Review into Small and Medium-sized Banks report

Improving outcomes for superannuation members

APRA will maintain strong regulatory oversight of superannuation trustees. Our priorities aim to ensure that trustees are conducting their affairs prudently and meeting the reasonable expectations of members, in line with the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and APRA's prudential framework.

Investment governance – valuation practices and platforms

In the first half of 2026-27, we will require selected large trustees to appoint an independent party to undertake a deep dive review of their valuation governance practices. These reviews will focus on unlisted assets, assessing whether valuation governance and risk processes support reliable valuations and fair member outcomes. Where we identify material risks, trustees will be held to account for timely remediation.

Superannuation trustees providing platform offerings will remain a critical focus of APRA through 2026-27. We are prioritising three related workstreams:

- **Targeted policy reforms**: In the first half of 2026-27, APRA plans to consult on a proposed package of reforms, taking into account findings from our review of platform providers and lessons learned from the collapse of Shield and First Guardian Master Funds. The package will apply to all trustees, strengthening minimum expectations and improving consistency across the industry. The impact of the reforms will be most significant for platform trustees, given that investment menus are typically broader, products are more complex, and advisors can play a larger role in selecting and recommending investment options.

- **Superannuation trustee compensation reforms**: APRA will develop capital requirements to support implementation of the Government's proposed superannuation trustee compensation reforms. The requirements will seek to ensure that superannuation trustees offering higher risk investment options have the financial capacity to meet their obligations under the proposed reforms. APRA will consult with industry on the design of the framework, with the timing of consultation dependent on the Government's process for developing the relevant legislation.

- **Heightened supervisory oversight**: Trustees offering platforms should expect intensive and risk-based supervisory oversight. This will include ensuring entities currently subject to enforcement action take timely and appropriate remedial action. APRA will take further supervisory and enforcement action should trustees fall short of meeting their prudential obligations.

Retirement

In March 2026, APRA began consulting with industry on the implementation of the Retirement Reporting Framework. The framework is one of several Federal Government initiatives originally announced in November 2024 to uplift the retirement phase of superannuation. APRA's role is to collect and publish the data required to give effect to the framework – we have carefully designed our consultation package to achieve government objectives without undue regulatory impact. APRA plans to finalise its reporting requirements in the first half of 2026-27. In parallel, we will increase our focus on retirement in our supervisory engagements related to Prudential Standard *SPS 515 Strategic Planning and Member Outcomes.*

Ongoing areas of focus

APRA will require continued improvement in superannuation transparency and efficiency, seeking to maintain a low level of exposure of superannuation members to underperforming funds and funds with sub-standard practices including in relation to expenditure. The annual Performance Test and Comprehensive Product Performance

Package remain an important transparency and accountability mechanism. We continue to work with Government on potential future revisions to the Performance Test.

Preparing for a new payments role

The Government is currently consulting on reforms that would give APRA new responsibilities for the prudential regulation of large stored-value facility (SVF) providers, including tokenised SVFs. Smaller providers would remain solely under ASIC oversight.

To prepare for this role, APRA is developing a new prudential framework for large SVF providers and working with ASIC on joint guidance to support implementation. APRA plans to publicly consult on its new proposed prudential framework once legislation is finalised – the timing of this is subject to Government. We will also need to establish our approach to supervising and, where necessary, resolving SVF providers.

More broadly, APRA will be increasing its focus on tokenised finance. Tokenisation has the potential to offer efficiency and transparency benefits, but may also introduce new prudential risks. APRA is engaging with peer regulators to support responsible innovation that could enhance the functioning of the Australian financial system.

2. Getting the balance right

Our objective:

We deliver our primary financial safety and stability objectives without undue cost for industry.

APRA's goal is to promote financial safety and stability in the most efficient way possible. This year, we will make certain targeted amendments to our prudential framework to ensure safety and stability is maintained; we will also simplify certain requirements, reduce duplication and free up capacity for lending and investment. Our aim is for these simplification measures to offset the impact of new requirements introduced. In aggregate, the planned policy changes outlined below aim to have a broadly net-neutral impact on regulatory burden.[10]

This plan seeks to provide transparency on our planned policy work, but the operating environment is rapidly evolving and our priorities may need to adjust in response to emerging risks or new legislative changes. In the event of any reprioritisation, we will engage with industry and other regulators in a timely manner.

Cross-industry

Governance

We plan to finalise new governance requirements in the first half of 2026-27. The proposed new requirements, currently subject to consultation, aim to reinforce expectations of boards and senior leaders, while reducing duplication and providing greater flexibility. Our preliminary estimates suggests that these changes will be cost neutral overall for industry. APRA plans for the new requirements to come into effect at the start of 2028.

Financial Accountability Regime

In the first half of 2026-27, APRA and ASIC will jointly consult on proposed changes to the Financial Accountability Regime (FAR). These changes aim to reduce administrative burden, while maintaining strong accountability standards. The proposed reforms include simpler notification requirements and streamlined accountability maps.

Simplification package

In the second half of 2026-27, APRA will consult on a simplification package that was co-developed with industry. This package aims to reduce unnecessary complexity in APRA's prudential framework, by removing outdated guidance, improving clarity and addressing practical implementation issues. As part of the consultation, we will also seek ideas for future simplification opportunities.

Banking

Over the course of 2026-27, we plan to make targeted updates to our capital and liquidity standards for banks. APRA will consult on the package in three stages, as set out below.

[10] The policy priorities below should be read in conjunction with our planned work on superannuation investment governance and a new prudential framework for payments, as outlined in the previous sections.

Capital

We plan to finalise targeted changes to the bank capital framework in the first half of 2026-27. These changes aim to reduce regulatory burden while maintaining unquestionably strong capital standards. Our initial estimates suggest that a more risk-sensitive treatment of selected forms of corporate lending could materially increase lending capacity and support business investment. APRA plans for the new requirements to come into effect from 1 April 2027.

Liquidity

In the first half of 2026-27, we will consult on proposed revisions to liquidity requirements for banks. These reforms aim to strengthen practices for larger banks, while introducing a more risk sensitive approach to determining minimum liquidity holdings for smaller banks. Small banks with more stable funding sources are expected to benefit from moderate cost savings.

Market risk

In the second half of 2026-27, APRA intends to consult on a proposed simplified version of the Basel Committee's Fundamental Review of the Trading Book standard. This simplified approach will be tailored to Australian conditions, aiming to maintain resilience at a meaningfully lower implementation, and ongoing cost.

Licensing

In the first half of 2026-27, APRA intends to finalise reforms that will simplify and speed up the licensing process. These changes will reduce the time taken to process new bank licence applications by around half.

Reviewing requirements for non-operating holding companies

During 2026-27, APRA will be reviewing existing authorisations that apply to banks with non-operating holding companies (NOHC), where these are deemed no longer fit for purpose. Under APRA's prudential framework, APRA can grant authorisation for individual entities to establish a NOHC structure, subject to certain conditions.

APRA's review aims to ensure existing authorisations remain consistent with APRA's current regulatory expectations. While individual review outcomes will not be published, any updates to NOHC authorisations will be made public. APRA expects to substantially complete its review in the second half of 2026-27.

Summary of APRA's planned policy changes in 2026-27

Our planned changes to prudential standards are summarised below. These may be subject to further reprioritisation as the risk outlook evolves.

Industry	Policy change	1H 2026-27	2H 2026-27	Effective
All industries	Governance	Finalise	--	Early 2028
	FAR	Consult	Finalise	Early 2028
	Simplification	--	Consult	2028
Banking	Capital	Finalise	--	April 2027
	Liquidity	Consult	Consult	To be determined
	Market risk	--	Consult	To be determined

	Licensing	**Finalise**	**--**	**Upon finalisation**
Super	**Investment governance**	**Consult**	**Finalise**	**To be determined**
	Compensation capital	**Subject to Government timeframes**		
	Retirement reporting	**Finalise**	**--**	**2027**
Payments	**Prudential framework**	**Subject to Government timeframes**		

3. Improving our organisational effectiveness

Our objective:

APRA’s people are empowered to act quickly and decisively in an increasingly uncertain world.

APRA must continue to improve its organisational effectiveness. The risks we face are becoming more complex, interconnected and fast-moving. To remain an effective regulator, we need to strengthen our capabilities, modernise how we work and improve our agility.

Building a future ready workforce

APRA's effectiveness depends on the capability and judgement of its people. This year, we will invest further in leadership, talent and workforce capability to ensure we remain ready for future challenges. We will do this through five connected priority areas:

- **Leadership**: We are prioritising targeted development for leaders and senior managers to strengthen leadership capability and effectiveness.
- **Talent and succession:** We are creating clearer pathways for emerging talent and early-career professionals, supporting succession planning, growth, mobility and the development of future-critical skills.
- **Skills and capabilities**: We are investing in new training programs, building the skills needed to supervise emerging and increasingly complex risks.
- **Performance and remuneration:** We are implementing a new remuneration model to strengthen accountability through clearer links between performance and remuneration.
- **Inclusion and diversity**: We will continue to strengthen our position as a leading inclusive employer through an updated Inclusion and Diversity strategy that builds on current strengths and supports future ways of working.

Delivering excellence in supervision

As a supervisory-led organisation, APRA’s ability to achieve its prudential objectives depends critically on the quality of its supervision. This year, we will continue strengthening our supervisory capability, tools and frameworks to ensure they remain fit for purpose in a changing risk environment.

- **Building supervisory capability:** We will continue to develop and refine our supervision training programs, which are at the leading edge of global best practice. To enhance supervisory and industry expertise, this year we will develop a new supervision learning pathway that builds a link between on and off-the-job learning. We will also continue to embed and refine our Supervision Development Centre, which uses scenario-based training to support supervisors in navigating complex challenges.
- **Sharpening our supervision tools:** We are developing new supervisory dashboards and advanced analytics to make supervision more data-driven, proportionate and timely. These tools aim to better enable supervisors to identify risks early, intervene proactively and hold entities to account for timely remediation of issues.

- **AI-enabled supervision**: Our goal is to become an AI-enabled regulator. We have developed an AI strategy working with industry experts to broaden our thinking and ambition. Our strategy aims to support APRA in: identifying emerging prudential risks earlier; developing and applying timely, high-quality data analysis and insights; increasing our efficiency and effectiveness; and building a deeper understanding of AI use across the financial system. In the first half of 2026-27, we will be developing priority use cases for AI implementation.

- **Renewing our supervisory frameworks and methodology:** APRA will review its supervisory frameworks and methodologies to ensure they remain effective in a more complex and uncertain operating environment. Our Supervision and Risk Intensity (SRI) model is the central tool by which all regulated entities are assessed. It is also used to guide APRA's allocation of its supervisory resources and overall level of supervisory intensity.

Strengthening our data capabilities and security

Strong data and secure systems are essential to effective supervision. During 2026-27, we will continue to strengthen our data platforms, governance and cyber security.

- **Implementing a secure cloud-based platform:** We are implementing a new cloud-based platform to support both current and future data collections. This platform will significantly enhance data analytics capabilities, delivering deeper and more timely insights. It will also improve data accessibility for supervisors, enabling more timely decision-making.

- **Finalising the transition to APRA Connect:** We are accelerating our program to transition all APRA's data collections onto the singular interface of APRA Connect. The new system provides enhanced user experience, performance and security features. APRA estimates long-term savings for industry at approximately $6 million annually.

- **Strengthening data governance and data management:** We will strengthen further our oversight of data assets and priorities. We will improve data governance while continuing to retire, simplify or share data collections where appropriate.

- **Enhancing cyber security and privacy controls:** APRA is strengthening its cyber security and privacy practices in alignment with key government frameworks and the Privacy Act. Ongoing improvements to existing controls are focused on safeguarding sensitive information and systems. Priority areas include the Australian Signals Directorate's 'Essential Eight', the Protective Security Policy Framework, and the Australian Privacy Principles.

- **Upgrading supervision management systems:** To support integrated analytics, streamlined reporting and improved efficiency, APRA is implementing an enhanced supervision management system. The new platform went live in November 2025.

Gaining from independent perspectives

External reviews help benchmark APRA against best practice principles, in line with our vision to be a world class prudential regulator. Over the course of the year, APRA will be subject to two reviews.

Financial Sector Assessment Program

The International Monetary Fund (IMF) is currently conducting a Financial Sector Assessment Program (FSAP) of Australia. The IMF typically conducts this assessment every five years. This is an in-depth assessment of a country's financial sector, which aims to identify vulnerabilities, assess regulatory and supervisory frameworks and make recommendations to enhance financial stability and development. APRA expects the outcome of the IMF's assessment to be published in the first half of 2026-27. APRA's 2027-28 Corporate Plan will set out our approach to implementing the IMF's recommendations.

Financial Regulator Assessment Authority (FRAA)

The Financial Regulator Assessment Authority's (FRAA) statutory mandate requires it to assess and report on the effectiveness and capability of ASIC and APRA, every five years. The next review of APRA will commence in 2026-27. Like the FSAP, the FRAA involves an intensive review aimed at identifying opportunities for improvement – the last review involved a public consultation, roundtables, bilateral meetings, an external stakeholder survey, an APRA staff survey, focus groups with staff, interviews with APRA leadership, and an APRA self-assessment. The scope and panel for the review are yet to be determined.

Elevating organisational effectiveness within our governance committees

During the first half of 2026-27, we will revise our internal governance committees to drive quicker decision making, stronger accountability and improved leadership agility. We will establish a new organisational effectiveness committee, to replace the existing Management Committee. The organisational effectiveness committee will be the primary forum for overseeing strategic initiatives aimed at improving APRA's effectiveness, efficiency and agility. It will sit alongside APRA's policy and supervisory committees, as one of the three key pillars of our internal governance arrangements.

Performance measures

APRA's performance framework measures progress against our three strategic objectives: financial safety and stability; regulatory balance and transparency; and organisational effectiveness. This year, we have refined our framework to demonstrate our impact, more clearly explaining how we support productivity and use our resources efficiently. Our changes have sought to align APRA with best practice under the *PGPA Act* and Government's updated Statement of Expectations for APRA. We expect to make further refinements over the coming years as we continue to strengthen our data and technology capabilities.

Objective 1: Financial safety and stability

Outcome	Performance measure	Target
APRA-regulated entities are financially resilient	Reported prudential capital ratios for banks and insurers	Low incidence of banks and insurers falling below minimum requirements
	Reported prudential liquidity ratios for banks	Low incidence of banks falling below minimum requirements outside periods of stress
	Standard & Poor's risk rating for the Australian banking system	Low risk rating for the Australian banking industry institutional framework
APRA-regulated entities are operationally resilient	Qualitative assessment of operational disruptions at APRA-regulated entities	Low incidence of operational disruptions with material impact on financial system stability
Superannuation funds are managing funds in members' best financial interests	Number of superannuation members exposed to funds facing multiple strategic challenges	Low incidence
	Number of superannuation members in MySuper or Choice products that fail the Performance Test	Low incidence
APRA supervisors are holding regulated entities to account for addressing material prudential risks	Number of APRA-regulated entities in formal APRA remediation for longer than 12 months	Low incidence of regulated entities over the reporting period
	Stakeholders agree that APRA's supervision enhances the financial and operational strength of regulated entities	80 per cent or more of survey respondents
	Number of APRA-regulated significant financial institutions with an increase in supervisory risk ratings of two or more stages within a two-month period	Low incidence

The financial system can withstand future stress	Stress test results at an industry level	Stress test results indicate that the industry can withstand a severe, plausible shock without breaching minimum requirements
In the event of an entity failure, Australian beneficiaries are protected	Losses from entity exits borne by beneficiaries	Low

Objective 2: Regulatory balance and transparency

Outcome	Performance measure	Target
APRA adequately balances competition and efficiency considerations	Stakeholders agree that APRA effectively pursues financial safety, balanced with considerations of efficiency, competition, contestability and competitive neutrality, and promotes financial stability	80 per cent or more of survey respondents
	Qualitative assessment based on trends in banks' lending	The prudential framework does not unduly restrict banks' ability to lend to households and businesses
	Sharing of data collections with other agencies	APRA consults with peer agencies on data sharing for all new and substantially revised data collections
Larger and more complex entities are subject to more stringent prudential requirements	Qualitative assessment based on new material policy consultations	Non-SFIs are subject to simpler requirements or other transitional support, where appropriate
Larger and more complex entities are subject to more heightened supervisory demands	Number of formal supervisory engagements for large and complex entities compared to small and less complex	On average, Tier 1 entities are subject to significantly more formal supervisory engagements than Tier 4 entities
APRA's policy changes are subject to external scrutiny	Policy consultations undertaken	All major policy proposals are subject to public review and APRA publicly responds to issues raised by external stakeholders

Objective 3: Organisational effectiveness

Outcome	Performance measure	Target
APRA is an effective regulator	Qualitative assessment of APRA's effectiveness, based on findings from independent reviews	APRA is viewed as a high-quality regulator
APRA's communication is clear	Stakeholders agree that APRA's prudential standards are effective in communicating APRA's requirements	80 per cent or more of survey respondents
APRA manages its financial resources efficiently	Budgeted versus actual expenditure	Within budget
APRA manages its operations efficiently	Delivery of services are in line with commitments to stakeholders (Service Charter)	100 per cent
	APRA connect data submissions complete within 15 minutes	99 per cent or more
	Staff in supervision-focused roles	60 per cent or more
	Level of staff engagement	80 per cent or more survey engagement score

Risk & Governance

APRA's delivery of its 2026-27 Corporate Plan is supported by effective risk management practices. These include robust internal governance and accountability mechanisms, supported by sustained focus on risk awareness to strengthen risk culture across the organisation.

APRA's system of risk oversight, management and internal controls is designed to support compliance with section 16 of the *PGPA Act* and is aligned with the Commonwealth Risk Management Policy.

APRA is also subject to oversight by the National Anti-Corruption Commission, an independent Commonwealth agency responsible for detecting, investigating, and reporting on serious or systemic corruption issues in the Commonwealth public sector.

APRA's Enterprise Risk function oversees the administration of the Enterprise Risk Management Framework (ERMF) while the Internal Audit function provides independent assurance on the effectiveness of internal controls, risk management and governance across the organisation.

Governance

APRA's risk profile is governed through key committees:

- **Executive Board:** comprising APRA Members and chaired by the Accountable Authority (i.e. the Chair), it is responsible for overseeing APRA's performance against its mandate. This committee is focused on ensuring that a sound framework of internal control, risk management and compliance is established and maintained. It also monitors APRA's risk profile to ensure that risks are being managed within APRA's stated risk appetite or actions are being taken to bring risks back within appetite.

- **Executive Committee:** comprising all APRA Members and Executive Directors, and chaired by the Accountable Authority. The Executive Committee focuses on strategy, overseeing the execution of the corporate plan and scanning of the external risk environment.

- **Prudential Policy Committee:** comprising APRA's Members and relevant executives, this committee is chaired by the Accountable Authority. It oversees the implementation of APRA's policy development function, including related strategic initiatives and risks.

- **Supervision, Enforcement and Resolution Committee**: comprising APRA's Members and relevant executives, this committee is chaired by a Deputy Chair. It oversees APRA's core supervisory function, including the use of enforcement and resolution powers, and related strategic initiatives and risks.

- **Organisational Effectiveness Committee:** comprising APRA's Executive Directors and chaired by an APRA member, this committee oversees the implementation of strategic organisational initiatives and associated risks. This committee will be established in the first half of 2026-27, replacing the existing Management Committee.

- **Audit and Risk Committee:** consisting of three independent members, it provides an independent view to the Accountable Authority on the operation of APRA's ERMF.

APRA's Chief Risk Officer provides regular reports to governance committees on key risks along with any material breaches, incidents, and instances of non-compliance with or material deviation from the ERMF.

Risk management framework

The ERMF enables APRA to identify, assess, manage, monitor and report on the key risks that could affect the organisation's ability to deliver on the initiatives set out in this Corporate Plan. It is supported by risk appetite, governance and reporting that help APRA understand whether risks are being managed within acceptable levels.

Managing risk is part of everyone's job at APRA. This is supported through regular training and awareness activities so staff can recognise and address risks in their day-to-day work.

Key risks

The table below outlines the key risks that could affect APRA's ability to deliver on its purpose and objectives, and the actions in place to manage those risks.

Key risk	Mitigating actions
APRA is unable to deliver its Corporate Plan objectives and change agenda in an evolving operating environment.	• Regular review of strategic priorities, delivery risks and emerging risks by the Executive Board and relevant committees. • Effective governance arrangements that support timely prioritisation, decision-making and resource allocation. • Workforce planning, succession planning and targeted capability development to support delivery of strategic priorities.
APRA's prudential policies and supervision activities do not achieve their intended outcomes, reducing its effectiveness in protecting the financial interests of the Australian community.	• Maintain a multi-year strategy incorporating insights from domestic and global peers. • Adhere to the Office of Impact Analysis requirements and robust policy development processes. • Use governance and oversight arrangements to maintain the quality, consistency and effectiveness of supervision. • Monitor emerging risks and periodic review of regulatory outcomes to inform continuous improvement.
APRA's operational resilience arrangements do not adequately protect its critical operations from disruption, including its cyber security and third-party dependency risks.	• Maintain and test business continuity, disaster recovery and incident response arrangements, including crisis simulation exercises. • Strengthen cyber security, information security and data protection controls to address evolving threats and vulnerabilities. • Promote a strong culture of security, resilience and wellbeing across APRA.

Key risk	Mitigating actions
APRA does not effectively manage integrity risks, including conflicts of interest and regulatory capture, resulting in reputational damage and reduced confidence in APRA's decisions and actions.	• Maintain integrity compliance and accountability policies, controls and processes that promote ethical behaviour and compliance with APRA's obligations. • Provide regular training and awareness programs that reinforce APRA's values, expected behaviours and integrity obligations. • Formal governance, monitoring and reporting of organisational integrity, conduct and compliance risks, supported by independent assurance activities. • Promote a culture where staff feel safe to raise concerns including through effective whistleblower, speak up and escalation mechanisms.
APRA does not effectively identify, understand or respond to the opportunities and risks presented by emerging technologies, including artificial intelligence.	• Maintain governance and oversight arrangements for the responsible adoption and use of emerging technologies, including ethical, security, privacy and operational risk considerations. • Apply risk management, testing and assurance processes before deploying new technologies into APRA's operations.
APRA's decisions, supervision and reporting are adversely affected by incomplete, inaccurate, inaccessible or poorly governed data, or the inconsistent use of information.	• Maintain enterprise data governance arrangements including clear accountability for the quality, integrity, security and appropriate use of data. • Strengthen data management practices, analytics capability and consistent standards for priority data assets. • Monitor material data risks, issues and remediation activity through relevant governance forums, supported by assurance where appropriate.