Australian Banking Association

Streamlining the administration of the Financial Accountability Regime

Submission to APRA and ASIC

2 October 2026

Australian Banking Association

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Key Recommendations

- The Australian Banking Association (ABA) supports both changes proposed by the Regulators. They are useful simplifications that will reduce regulatory burden without compromising accountability under the Financial Accountability Regime (FAR).
- Without delaying the implementation of these two simplifications, we have identified several additional improvements the Regulators could make that would further streamline the administration of the FAR, some of which can be developed by the Regulators without legislative reform, and others which will require legislative change to support effective Regulator action. These include:

Area	Changes that can be progressed without legislative amendment	Changes needing legislative amendment
Accountable person registration	Regulators to exercise existing discretion to expedite applications by reducing the review period, and publish guidance on when this is available.	Permit registration on or after appointment, with automatic registration on submission.
Notification of changes	Permit a single consolidated or batch notification for multiple changes, provided each change is notified within the existing 30-day statutory period.	Replace event-by-event notification with consolidated half-yearly reporting of changes (statements, maps and FAR register information).
Materiality of accountability changes	Publish clearer principles, thresholds and worked examples explaining how the existing materiality test applies.	Raise the statutory materiality threshold for notifying changes in accountability.
FAR breach reporting	Clarify through guidance that administrative or procedural breaches of the FAR Act are not reportable.	Introduce an appropriate statutory materiality threshold for FAR breach reporting, if required to remove uncertainty or over-reporting.
Primary Areas of Focus	Simplify Primary Areas of Focus to emphasise high-level outcomes and prescribed responsibilities.	-
APRA Connect	Improve performance, reporting extracts, batch updates, group-level and multiple person lodgements.	-
Remuneration requirements	Clarify through guidance how FAR and CPS 511 concepts interact, and align CPS 511 treatment of short-term acting appointments with the FAR exemption.	Align remuneration-related definitions and requirements under the FAR and CPS 511, including the meaning of “investigation” and remuneration adjustments.
Conglomerate groups	-	Apply enhanced notification requirements based on each entity’s materiality, rather than groupwide.

- The Regulators can progress the non-legislative measures now, without delaying the two changes currently under consultation, while supporting Treasury to address the legislative reforms through the forthcoming consultation process.

Policy Lead: [redacted]

About the ABA

The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.

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ABA submission to the Regulators

The ABA welcomes the opportunity to respond to APRA and ASIC's consultation on streamlining the administration of the FAR. We are pleased to see the Regulators' proposed changes and are encouraged by their openness to further improvements to ease the FAR's regulatory burden.

The Regulators' proposed changes

The ABA supports removing key functions from the FAR and removing the expectation that accountability maps show reporting lines.

These changes are initial steps towards useful simplifications that will reduce regulatory burden while retaining the substantive accountability obligations of the FAR, and they represent a positive and practical step toward a more proportionate regime. They should enable accountable entities to spend less time on low-value administration and more time maintaining strong governance, risk management and accountability outcomes.

Consultation question: time and costs

The reductions in reporting effort will be meaningful for all accountable entities. Removing reporting lines from accountability maps will reduce a large number of reports triggered by minor organisational changes, and removing key functions will eliminate having to track them specifically against accountable persons and the FAR register. The former change in particular will provide a meaningful reduction in regulatory reporting burden, given that reporting lines change frequently for reasons unrelated to the substance of an accountability. Assessment and formal notification of such changes provide little or no regulatory value.

We expect that the Regulators will also benefit meaningfully, by no longer having to collect, review and maintain information of little or no regulatory value.

That said, the changes may not have a substantial impact on the internal processes of accountable entities, which are driven by identifying accountable persons, allocating responsibilities, maintaining accountability statements and maps, and assessing organisational changes against the notification obligations. The proposals reduce what is reported; they only marginally reduce the work that produces it. That is why the further measures we propose later in this submission are directed at the frequency and form of reporting, and at the documents and systems through which reporting is generated and submitted.

Consultation question: effect on accountability

The Regulators' proposals will not weaken accountability. Accountable persons will continue to be identified, hold the responsibilities prescribed under the Minister Rules, be registered, have their accountabilities described in accountability statements, and remain subject to their compliance obligations under the *Financial Accountability Regime Act 2023* (FAR Act). The consequences of failing to meet an accountability obligation are unchanged. There is no trade-off between the straightforward streamlining that has been proposed and accountability under the FAR.

Consultation question: unintended consequences

The ABA has not identified any unintended consequences arising from the Regulators' two proposals. Both changes remove information that is not necessary to identify accountable persons or understand the substance of their accountabilities.

Implementation timing

The Regulators' proposals should be implemented without delay.

This submission proposes further measures within the Regulators' control that can be taken to reduce the FAR's regulatory burden. We have also identified additional matters that will be relevant for the Treasury's separate legislative consultation. None of these further options should delay implementation of the two proposals the Regulators are consulting on. The ABA encourages the Regulators to proceed with those proposals as soon as practicable.

Further opportunities for the Regulators to reduce regulatory burden

The Regulators' letter asks for any other areas in which they could reduce regulatory burden. The ABA recognises that most meaningful reductions in regulatory burden would require changes to the FAR Act and the Minister Rules, which are not yet open for consultation. However, some further streamlining is within the Regulators' control, and the full benefit of any legislative changes to the FAR may require further action from the Regulators when those changes take effect.

The areas for potential streamlining we have identified below include steps the Regulators can take now (i.e. without the need for legislative change), steps that the Regulators should take subject to legislative change, and a combination of both. Our suggestions do not change statutory obligations or dilute accountability. Rather, they will make the FAR easier to administer and allow both entities and the Regulators to focus resources on matters of supervisory significance.

Faster registration of new accountable persons

The FAR's approach to registration of new accountable persons differs distinctly from other notification requirements elsewhere in the FAR and in the prudential framework. Ordinarily, notification takes place after an event has occurred (examples include the 30-day notification period in section 31 of the FAR Act, and the 28-day notification period currently in paragraph 56 of CPS 520). But the FAR requires accountable entities to notify the Regulators of an appointment 21 days before it takes effect. This requirement introduces significant operational complexity into appointment processes.

Registration should be permitted on or after appointment, or the pre-appointment application period should be materially shortened, while retaining the Regulators' ability to review and query information. Ideally, accountable entities would have a period of time (say 30 days) after appointment to notify the Regulators, consistent with section 31 and the current CPS 520. In the alternative, the deadline for submitting an accountable person registration application should move from 21 days before appointment to no later than the day of appointment (or, at minimum, reduced to 7 days before appointment). Registration should occur automatically on submission, with the Regulators subsequently retaining the ability to query the information provided by the entity.

Consistent timeframes would maintain appropriate regulatory oversight of appointments while simplifying administration, reducing operational complexity and supporting more efficient onboarding processes. It would provide valuable flexibility to accommodate various scenarios, for example where an accountable person is required to step into a role earlier than the originally intended commencement date. Either of our proposed approaches would better reflect the function of entities to assess whether a role is FAR-suitable and whether an individual is fit and proper at the appointment stage, rather than effectively treating registration as Regulator pre-approval.

Shorter-term Regulator action: exercise of discretion

In anticipation of legislative change to achieve this, the Regulators should exercise more readily their existing discretion to expedite applications (such as reducing the 'review period' to 7 days), and publish guidance on the circumstances in which they will do so.

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Consolidated reporting of changes

Accountable entities should be able to report changes to accountability statements, accountability maps and information required by the FAR register on a consolidated basis every six months, rather than having each change trigger a separate report.

The administrative burden of this element of the FAR arises not from the content of any individual notification, but from the obligation to assess and lodge any material change to an accountability statement or accountability map, separately, within 30 days. Consolidation would allow packaging notifications together to facilitate greater efficiency in reporting.

Shorter-term Regulator action: batch reporting

While a change to six-monthly reporting would require legislative amendment, there is scope for the Regulators to streamline reporting within the 30-day window by expanding the availability of batch reporting. Currently, FAR notification forms permit multiple amendments to a single accountable person's information to be reported together, but require a separate form for each accountable person affected. A single organisational change touching several accountable persons therefore generates several separate lodgements.

The Regulators should allow an accountable entity to lodge one consolidated notification covering multiple changes, provided every change is submitted within the existing 30-day statutory period. This would be a change to the method of lodgement, not the reporting deadline. Current guidance is that material changes should be lodged in separate notifications even if a batch of lodgements is being made within the 30-day notification period. This is an unnecessary and confusing requirement which is not required by the FAR Act. We note that under the Banking Executive Accountability Regime accountable entities had the option to upload multiple documents simultaneously; introducing equivalent functionality would materially reduce lodgement effort without compromising accountability.

Materiality of changes to accountability

The Regulators' announcement of 16 June 2026 proposed three measures to reduce the regulatory burden of the FAR, but this consultation package includes only two. The missing measure – raising the materiality threshold for notifying changes in accountability – is a useful reform which the ABA would like to see the Regulators progress, if necessary by recommending the Government pursue amendments to the FAR Act.

Raising the materiality threshold for notification of changes in accountability would be a clear improvement in the streamlined operation of the FAR. While our recommendation for consolidated reporting will ease the burden imposed by the low materiality threshold, raising the threshold would still meaningfully reduce the work accountable entities are required to undertake for a consolidated report.

Shorter-term Regulator action: examples in guidance on the threshold

Alongside raising the materiality threshold, we would also welcome clearer guidance and practical examples to support a proportionate and risk-based approach to notification. Clear principles and worked examples explaining how the existing materiality test applies to changes in accountability statements and maps would improve consistency in notification now, even if a higher materiality threshold ultimately requires legislative amendment.

The Regulators will be able to draw from their experience of notifications over the period since the FAR commenced, which may offer useful illustrations of how the Regulators will think about a higher materiality threshold for notification. The Regulators may also have gained further examples and insights through engagement with the UK's Financial Conduct Authority in relation to the Senior Managers and Certification Regime (SM&CR).

Reporting of administrative breaches

The Regulators should clarify that reporting requirements do not apply to administrative breaches – that is, breaches arising from a failure to meet a procedural or timing requirement, rather than any failure by an accountable person to discharge accountability obligations (which is subject to existing formal reporting requirements). For example, a failure to submit a registration application within the 21-day period before appointment does not constitute a breach of the accountability obligations.

There is a significant risk of over-compliance by accountable entities out of an abundance of caution. Over-reporting of breaches carries significant administrative burden not only for accountable entities but also for the Regulators, which must process reports that provide little or no supervisory value. While the threshold for reporting is a legislative matter, and there may not in any event be any need for legislative amendment to address over-reporting, the Regulators themselves could provide clearer thresholds to support more consistent reporting across accountable entities.

Streamlining the Primary Areas of Focus

The Primary Areas of Focus (PAFs) in the Regulators' *Financial Accountability Regime: Accountability statement guidance and template* should focus on high-level accountability outcomes and prescribed responsibilities, rather than detailed illustrative topics.

The current level of detail has contributed to lengthy accountability statements. The guidance points ADIs to 130 PAFs under 14 separate headings, presented as 'all-sector' PAFs even though several relate only to superannuation or insurance. While the list is provided as guidance only, the practical effect of guidance at this level of detail can be to turn it into a 'checklist', an effect that can be reflected in supervisory conversations.

This increases the effort required to prepare, review and maintain the accountability statements, and can lead to additional FAR lodgements where changes are assessed as material. We do not consider that this effort is necessary to achieve the goals of the FAR, and we note that comparable statements under the UK's SM&CR are considerably more concise and limited largely to the responsibilities prescribed by that regime. Streamlining the PAFs based on materiality and removing duplication would materially reduce administrative burden while improving the usability of accountability statements and preserving accountability for prescribed responsibilities and outcomes.

We note that the Regulators will have to reissue the guidance and template documents in any case, because they refer to the concept of 'key functions' which is to be removed from the FAR. When those documents are open for review it would be appropriate to make amendments to streamline the PAFs.

Enhancing APRA Connect functionality

Accountable entities have experienced frustrations with the functionality of APRA Connect when making FAR lodgements, with a greater impact on entities with more expansive accountability structures. For example, forms sometimes need to be submitted several times before they are accepted, but the system often does not indicate to the user precisely what has failed, meaning that resubmission attempts must rely on guesswork which impedes efficient lodgement. APRA Connect is an important system, and any improvements to streamline the user experience and facilitate timely and accurate reporting would be welcome.

APRA Connect should allow accountable entities to download their FAR transaction history reports by reporting period, accountable person, accountable entity, form type or type of amendment. The reports should set out the nature and details of each amendment lodged, rather than only recording the occurrence of a lodgement. Further, as APRA proposes to remove routine fit and proper reporting and rely principally on FAR reporting, accountable entities should also be able to extract from APRA Connect the information APRA holds in relation to their responsible persons. These changes would

improve visibility of lodged information, support more efficient internal governance and assurance processes, and reduce manual reconciliation effort and regulatory reporting burden.

As we suggested earlier, there is also scope for the Regulators to streamline reporting within the 30-day window by enhancing APRA Connect functionality to permit a single notification to update multiple accountable persons across one or more accountable entities where the changes arise from a common organisational change. Currently, FAR notification forms require a separate form for each accountable person affected. This would materially reduce administrative burden while maintaining the existing accountability and reporting outcomes.

APRA Connect should also support more efficient lodgements for corporate groups with multiple accountable entities. The current process requires separate sign-ins and lodgements for each accountable entity, even where a single change applies across a group. Improved group-level functionality would reduce operational complexity and cost of compliance, while preserving entity-level records and regulatory oversight.

Alignment of remuneration definitions

The remuneration definitions used in the FAR and in CPS 511 should be aligned. The FAR deferred remuneration obligations and CPS 511 apply to broadly the same population, for broadly the same purposes, but the relevant instruments use different terms. Two areas of inconsistency would particularly benefit from clarification: the meaning of 'investigation' (CPS 511 paragraphs 39 and 82) for FAR purposes, and the treatment of remuneration adjustments made on accountability grounds (CPS 511 paragraphs 37(c) and 80(c)). While full alignment between the instruments would require legislative change, in the interim the Regulators should clarify how related concepts interact through their guidance.

Shorter-term Regulator action: consistency for acting appointments

One inconsistency that could be addressed without the need for legislative change relates to short-term acting appointments. Section 30 of the FAR Act exempts an unregistered person filling a temporary or unforeseen vacancy from the deferred remuneration obligations while they remain unregistered, which under paragraph 24(2)(a) may be for up to 90 days, yet that person may remain subject to the CPS 511 deferral requirements. Accountable entities must therefore apply two different tests to the same individual's remuneration for the same period. An amendment to CPS 511 providing relief equivalent to section 30 of the FAR Act would be a useful reduction of regulatory burden that does not have to wait for legislative change.

Matters for the legislative consultation process

The ABA welcomes the changes to the FAR legislation proposed in the Government's 'Better Regulation' initiative in the 2026-27 Budget, including for accountable entities to provide accountability statements and maps on request rather than up front, and for accountable entities to have more time to register accountable persons.

The ABA looks forward to engaging with Treasury's forthcoming consultation process on changes to the legislation. Several of the suggestions we have raised in this submission will rely on legislative change either to support further streamlining measures by the Regulators or to entrench the streamlining in the legislative framework (rather than relying on Regulator discretion). We will raise these suggestions with Treasury when its consultation opens, and would welcome the Regulators' support in developing appropriate legislative reforms to address these issues and further streamline the FAR.

Without limiting the further proposals we may wish to make in the future Treasury process, we take this opportunity to raise, at a high level, two issues we believe should be considered in that process.

First, as has already been canvassed, the ABA supports the increase in the materiality threshold for notification announced by the Regulators in June 2026. If the Regulators have not included this measure in the current consultation package because of any legislative obstacles they have identified, we would ask the Regulators to state this publicly and for the Treasury consultation to be framed accordingly. This should include a relevant threshold for FAR breach reporting which can be supported by ongoing Regulator guidance as required.

Second, the enhanced notification threshold should be reconsidered in the context of conglomerate groups. Where one entity in a group meets the threshold, the enhanced obligations extend across the group. This requires such groups to produce for small entities accountability maps and statements that are disproportionate to their size and that offer little or no supervisory benefit. The threshold should apply by reference to the materiality of each entity, rather than automatically across a group.

Conclusion

The ABA supports both proposals and encourages the Regulators to proceed with them without delay. The further measures we have proposed would deliver a materially greater reduction in administrative effort than the proposed measures alone, without any relaxation of the high accountability standards the FAR has firmly embedded in the financial sector.

We would welcome the opportunity to discuss our proposals with the Regulators.