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2 September 2026

To: General Manager, Policy and Frameworks
Policy and Advice Division
Australian Prudential Regulation Authority

Re: APRA and ASIC consultation on streamlining Financial Accountability Regime administration

I make this submission from a financial consumer and consumer protection perspective.

I recognise that regulatory requirements should not impose unnecessary cost or duplication. However, the question raised by this consultation is not simply whether reporting can be reduced. It is whether the particular information proposed to be removed performs a substantive accountability, supervisory or consumer protection function.

The Financial Accountability Regime (FAR) was introduced following the Financial Services Royal Commission and replaced and expanded the Banking Executive Accountability Regime (BEAR). APRA and ASIC's own FAR guidance states that the regime was introduced to improve accountability standards, improve operating culture and reinforce standards of conduct expected by the Australian community. It also recognises that directors and the most senior and influential executives shape the conduct of financial institutions, and therefore that improving accountability requires strengthening and clarifying individual accountability.

The Royal Commission recommended joint administration of the accountability regime by APRA and ASIC, with ASIC responsible for consumer protection and market conduct aspects and recommended extending the regime beyond banks to other APRA regulated financial institutions.

Those origins are relevant when assessing whether information concerning executive responsibility can safely be removed from the regulatory framework.

APRA and ASIC now propose two changes:

1. key functions will cease to be prescribed information for inclusion in the FAR Register; and
2. the Regulators will no longer expect accountability maps to include information about persons reporting to accountable persons.

APRA and ASIC estimate that the changes will affect reporting concerning approximately 4,500 accountable people and halve the number of updates to accountability maps.

The following responds directly to the consultation questions.

1. Will the proposed changes materially reduce the time and costs of FAR reporting obligations and ongoing compliance?

The proposals are likely to reduce some reporting and administrative activity for accountable entities. APRA and ASIC themselves expect fewer notifications and approximately half as many updates to accountability maps.

However, reduced reporting by industry also means reduced information routinely available to regulators.

A complete assessment of regulatory burden should therefore consider not only the cost saved by accountable entities, but whether corresponding costs or risks are transferred to APRA, ASIC or consumers.

In particular, the consultation does not appear to quantify:

- how much it presently costs entities to report key function information;
- how frequently APRA and ASIC use that information;
- whether it has assisted supervision, investigation or enforcement;
- the regulatory cost of reconstructing the same information later if a problem arises; or
- the value of having a contemporaneous historical record rather than attempting to reconstruct responsibility after the event.

This is particularly relevant because FAR is still a relatively new regime. APRA and ASIC state that it has operated across all regulated industries for approximately 18 months.

A useful question arising from the consultation is therefore:

What evidence from the operation of FAR demonstrates that the information being removed has insufficient supervisory or accountability value to justify its continued collection?

2. Will the proposed changes weaken or otherwise affect accountability? If so, how?

The underlying statutory accountability obligations will remain. The potential effect is therefore more accurately characterised as a reduction in the visibility, standardisation and contemporaneous recording of accountability, rather than removal of accountability itself.

That distinction is important.

Proposal 1 – Removal of key functions from the FAR Register

APRA and ASIC's proposal

The existing Regulator Rules prescribe key functions as information to be recorded against accountable persons.

The proposal removes that requirement.

APRA and ASIC's stated rationale

The consultation says:

key functions may assist contextual understanding but are not necessary to identify accountable persons or their areas of accountability.

The Regulators say removing them will reduce reporting requirements.

What the existing FAR material says

This rationale needs to be considered against APRA and ASIC's own existing description of the purpose of key functions.

The existing Information Paper states that key functions are functions or functional areas considered of particular importance from a prudential and conduct perspective.

It then states:

Accountable entities are expected to know where senior executive responsibility for any applicable key functions lies...

and explains that information about their assignment assists APRA and ASIC to obtain visibility and clarity in relation to accountability for those functions.

The existing guidance goes further.

Its comparison table explains that key functions assist APRA and ASIC in assessing whether accountable entities are adequately assigning accountability across all operational areas to their accountable persons.

There is therefore an apparent change in the regulatory characterisation of this information.

The existing position is that it assists:

- visibility;
- clarity;
- assessment of accountability allocation across operational areas.

The proposed rationale describes it principally as contextual information which is unnecessary for identifying accountable persons or their areas of accountability.

Those propositions are not necessarily logically inconsistent: information can be unnecessary to determine whether somebody legally qualifies as an accountable person while still being valuable for regulatory supervision.

That distinction deserves express consideration.

What information is actually being removed?

The marked up Regulator Rules demonstrate that this is broader than deleting an administrative label.

For ADIs, the existing prescribed key functions include:

- collections and enforcement, including defaults, debt collection and recovery;

- conduct risk management;
- credit risk management;
- hardship processes;
- product design and distribution obligations;
- product origination;
- scam management;
- training and monitoring of representatives and staff; and
- whistleblower policy and processes.

For insurers, the existing functions include conduct risk, hardship, product design and distribution, product origination, scam management, underwriting and whistleblower processes. For superannuation entities they include hardship, marketing and advertising, member outcomes and engagement, product design and distribution, product origination and scam management.

Many of these are directly relevant to consumer outcomes.

Importantly, the present Register requirement does not merely identify the function.

It records which accountable person has the function and the dates on which that person assumed and ceased responsibility for it.

That creates a contemporaneous and standardised historical record of senior executive responsibility.

Consumer protection implications

From a consumer perspective, this raises a significant practical issue.

Consumers generally do not know which executive within a large financial institution is responsible for:

- hardship;
- collections;
- lending or product origination;
- scam management;
- product design and distribution;
- conduct risk; or
- other operational functions affecting them.

Regulators are better placed to maintain that visibility.

If systemic consumer harm is later discovered, dated key function information can assist in identifying who held senior responsibility during the relevant period.

The alternative may require APRA or ASIC to reconstruct functional responsibility from accountability statements, internal corporate documents, organisation charts and institution specific terminology. That may still be possible.

The relevant consultation question, however, is whether it is equally efficient, reliable and transparent.

Question arising from Proposal 1

The key issue is therefore not merely:

Can APRA and ASIC identify an accountable person without key function information?

They plainly can in many circumstances.

The more important question is:

Will APRA and ASIC retain equivalent ability to identify quickly, consistently and historically which accountable person had senior responsibility for a particular prudential or consumer facing function?

The consultation materials do not appear to provide evidence demonstrating equivalence.

3. Proposal 2 – Removal of information about persons reporting to accountable persons

APRA and ASIC's proposal

APRA and ASIC propose to cease expecting accountability maps to identify the reporting lines to accountable persons, in practical terms, their direct reports.

The upward reporting line of the accountable person remains relevant.

The statutory requirement in s 34 of the FAR Act also remains. Section 34 requires an accountability map to identify accountable persons and contain details of their reporting lines and lines of responsibility.

APRA and ASIC's stated rationale

The consultation says reporting lines to accountable persons provide organisational context but are not essential to understanding FAR accountability.

It also says those reporting lines can change regularly and removing the information should reduce the number of notifications of material changes.

What the existing FAR guidance says

Again, there is an important comparison with existing guidance.

The existing Information Paper explains that accountability maps should help entities:

clarify their organisational structure and chart where ultimate accountability for their various businesses and functions lies...

It then states that the Regulators expect accountability maps to include reporting lines to and from accountable persons.

The existing guidance also explains that a change can be material where the accountability map no longer accurately reflects an entity's operations, the responsibilities of accountable persons or their reporting lines.

Accordingly, reporting structure has previously formed part of the information used to depict how accountability actually operates within an entity.

Consumer protection implications

The direct reports of an accountable executive may be relevant because consumer harm frequently occurs through operational structures below executive level.

For example, consumers may interact with:

- hardship teams;
- collections teams;
- lending or product-origination staff;
- complaints staff;
- scam and fraud teams;
- insurance claims staff;
- sales channels;
- call centres; or
- outsourced service providers.

Section 22 of the FAR Act itself recognises the significance of governance and delegation. It provides that taking reasonable steps includes having appropriate governance, control and risk management, safeguards against inappropriate delegations of responsibility, procedures for identifying and remediating problems, and appropriate responses to suspected non-compliance.

Accordingly, information about who reports to an accountable executive may have relevance beyond depicting a corporate organisation chart.

It may assist in understanding:

- how responsibility has been delegated;
- the operational chain beneath an accountable executive;
- where information should have escalated;
- whether responsibilities are fragmented;
- whether an accountable person had an adequate management structure;
- and how an accountable person's stated responsibility operated in practice.

The fact that reporting lines change may itself matter

The consultation identifies frequent changes in direct reports as a reason for removing the reporting expectation. There is another aspect worth considering. Changes in organisational structure can themselves provide regulatory information.

For example, repeated movement or fragmentation of responsibility for a problematic operational area could potentially matter when assessing:

- executive oversight;
- governance;

- delegation;
- accountability gaps; or
- whether responsibility has become unclear.

That does not mean every staffing change needs to be treated as significant.

It does mean that frequency of change does not, by itself, establish lack of regulatory value.

Question arising from Proposal 2

APRA and ASIC could therefore clarify:

How will the Regulators determine whether changes below an accountable person alter the practical operation of accountability if those reporting relationships are no longer maintained in the accountability map?

4. Are there any unintended consequences of the proposed changes?

Several possible consequences warrant examination.

Loss of a standardised accountability record

One advantage of prescribed key functions is that institutions use a common regulatory vocabulary.

A hardship function is identifiable as hardship. Collections and enforcement are identifiable as collections and enforcement. Scam management is identifiable as scam management.

If responsibility must instead be derived from differently drafted accountability statements and internal organisational material, institutions may describe equivalent functions differently.

The issue is therefore not only whether information exists somewhere within the institution, but whether APRA and ASIC retain a consistent, searchable and comparable regulatory dataset.

Greater need to reconstruct accountability after the event

Consumer harm is not always identified contemporaneously.

Systemic problems may emerge months or years after the underlying conduct.

A dated register showing when an executive assumed and ceased a key function can therefore have value as historical accountability information.

Removing that requirement potentially shifts some of the task from recording accountability contemporaneously to reconstructing accountability retrospectively.

APRA and ASIC could explain whether they have assessed that consequence.

Reduced cross entity comparison

Standardised key function reporting may also assist regulators in comparing governance arrangements across institutions.

If one bank allocates hardship responsibility to one executive, another divides it between two executives and a third embeds it inside another responsibility, that comparison may itself provide supervisory information.

It is unclear from the consultation whether the loss of this comparative capability has been assessed.

Reduced early warning information

The value of FAR information should not be considered only in terms of completed enforcement action.

Accountability regimes also have supervisory and preventive functions.

Information showing where responsibility lies can help regulators examine emerging concerns before misconduct becomes sufficiently serious to result in formal enforcement.

Accordingly, a low number of enforcement cases would not necessarily demonstrate that particular information has little value.

Transfer rather than elimination of regulatory burden

There is also a risk that some burden is transferred rather than eliminated.

An accountable entity may save time by no longer updating particular information.

But where that information later becomes relevant, APRA or ASIC may need to:

- request documents;
- identify historical organisational structures;
- reconcile changing role descriptions;
- obtain internal reporting records;
- interview personnel; or
- reconstruct responsibility retrospectively.

The net regulatory saving should therefore be considered across the system rather than solely from the perspective of the reporting entity.

5. Are there other areas APRA and ASIC could provide further clarity on or reduce regulatory burden?

The consultation could usefully distinguish between:

administrative information whose removal does not materially reduce regulatory visibility, and

substantive accountability information that assists regulators to identify where responsibility lies.

There may be opportunities to reduce administrative burden without removing substantive accountability information, including through:

- simpler reporting forms;
- pre-population of unchanged information;
- automated administrative updates;
- clearer guidance about what constitutes a material change;
- consolidated reporting where several changes arise from one restructure; and
- more efficient use of information already held through APRA Connect.

It would also be useful for APRA and ASIC to explain what alternative information source replaces each element proposed for removal.

For example:

Information presently available	Proposed position	Alternative regulatory source
Accountable person's key function	Removed from prescribed Register information	What provides equivalent functional identification?
Date responsibility for key function commenced	Removed	Where will historical commencement be recorded?
Date responsibility ceased	Removed	How will historical accountability be reconstructed?
Direct reports to accountable person	No longer expected in map	What identifies operational delegation beneath the accountable person?

That comparison would allow stakeholders to assess whether the proposal removes duplication or removes information that is not otherwise readily available.

6. Additional consumer protection observations

There is a broader issue arising from the way the consultation has been developed.

APRA and ASIC state that the proposals were:

informed by experience administering the regime and engagement with industry.

Given ASIC's express consumer protection role in the jointly administered FAR, it would be useful for APRA and ASIC to identify whether consumer organisations, financial counsellors, consumer advocates or other representatives of consumers were also consulted in developing the proposals.

ASIC itself describes its role under FAR as focusing on market integrity and consumer protection in the financial and payments systems.

A regulatory impact analysis of FAR reporting therefore arguably has more than one affected constituency.

The compliance burden is carried principally by regulated entities.

The consequences of ineffective accountability can ultimately be carried by depositors, borrowers, policyholders and superannuation members.

Both sides are relevant to assessing proportionality.

7. The relatively short operating history of FAR

The timing of the review also warrants consideration.

The current APRA/ASIC guidance records that FAR commenced for ADIs and their authorised NOHCs on 15 March 2024, and for insurers and RSE licensees on 15 March 2025.

APRA and ASIC describe the current consultation as occurring after approximately 18 months of FAR operating across all regulated industries.

The regime was created in response to significant concerns about institutional culture and accountability and was intended to change executive behaviour and internal governance over time.

It would therefore assist stakeholders if the Regulators explained:

- what experience during that period supports each proposed removal;
- whether sufficient time has elapsed to assess preventive and cultural effects;
- what supervisory use has been made of the information;
- what deficiencies or duplication have actually been observed; and
- whether any formal consumer-impact analysis has been conducted.

8. Reconciling the proposed rationale with the existing rationale

This is, in my view, the central factual question raised by the consultation documents.

APRA and ASIC's existing guidance says key function information assists them to obtain visibility and clarity concerning accountability.

It also states that the purpose of the key function framework is to assist them in assessing whether entities have adequately assigned accountability across their operational areas.

The new consultation characterises those functions as information that may assist contextual understanding but is unnecessary to identify accountable persons or their areas of accountability.

Similarly, existing guidance describes accountability maps as a means of clarifying organisational structure and charting where ultimate accountability lies, and expressly contemplated reporting lines to and from accountable persons.

The proposed position is that direct report information provides organisational context but is not essential to understanding FAR accountability.

Those changes in regulatory assessment should be explained.

In particular:

What has APRA and ASIC's experience since commencement demonstrated that caused information originally described as contributing to visibility, clarity and assessment of accountability to become information that can now be removed without materially affecting those objectives?

That question goes directly to the evidentiary basis for the proposals.

9. Matters that would assist assessment of the proposals

It would assist stakeholders if APRA and ASIC provided information addressing the following matters:

1. How often has key function information been used in FAR supervision, investigation or enforcement?
2. What empirical evidence demonstrates that the information provides insufficient value to justify its continued collection?
3. How much measurable industry cost is attributable specifically to maintaining key function information?
4. How will APRA and ASIC obtain equivalent information after the proposed amendments?
5. Will the replacement information be standardised across accountable entities?
6. How will regulators reconstruct which accountable person held responsibility for a particular key function at a particular historical date?
7. Has the value of key function information for cross-entity comparison been assessed?
8. How will the removal of direct report information affect analysis of delegation, governance and escalation arrangements?
9. What consumer protection impact analysis has been undertaken?
10. Were consumer representatives involved in developing the proposed changes?
11. Has APRA or ASIC assessed whether industry compliance savings may produce additional supervisory or investigative costs for the Regulators?
12. How were the potential cumulative effects of reduced key function information and reduced accountability map information assessed?

Conclusion

The proposed amendments do not abolish FAR accountability obligations, and it is important not to overstate their legal effect.

They do, however, remove information presently incorporated into the regulatory architecture through which accountability is recorded and made visible.

That distinction is significant.

The existing FAR materials describe key function information as contributing to regulatory visibility and clarity and assisting APRA and ASIC to assess allocation of accountability. They describe accountability maps as helping establish where ultimate accountability lies.

The present consultation proposes reducing both forms of information principally on regulatory burden grounds.

The key question is therefore whether the resulting regime will provide APRA and ASIC with equivalent practical visibility of responsibility, particularly in functions directly affecting financial consumers.

For consumer facing functions such as hardship, collections and enforcement, conduct risk, product origination, product design and distribution and scam management, the ability to determine who held senior responsibility, for what function, and during what period can have significant supervisory and investigative value.

The consultation would therefore benefit from a clear explanation of the evidence demonstrating that the information proposed for removal is no longer necessary to provide the visibility and clarity for which APRA and ASIC previously said it was collected.