Australian Banking Association

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Australian Prudential Regulation Authority
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Dear Alison

ADI centralised publication update and consultation

On behalf of its members, the Australian Banking Association (ABA) welcomes the further communication from the Australian Prudential Regulation Authority (APRA) on their intention to publish locally-incorporated Australian Deposit-taking Institution (ADI) data.

ABA supports APRA’s decision to limit the first stage of ADI data publication to metrics which are aligned with bank Pillar 3 disclosures, while also noting there are some metrics which are not wholly consistent with these bank disclosures. Given the limited number metrics to be published, in contrast to the original proposal, ABA is comfortable with immediate publication on a quarterly frequency from June 2023.

We note that there will be further consultation on a more extensive list of metrics to be published. We encourage APRA to provide timelines for this consultation to allow banks to plan for this alongside other regulatory reporting changes which they are in progress or soon to commence.

ABA members also welcome a mapping of the metrics in the template to codes in reporting forms. This will help them apply internal governance and anticipate any questions that might arise from the market. We understand that ADIs are due to receive this in early 2023.

We also understand that instructions on data elements will be provided in the reporting standard. Specific comments ABA members have in regard to the reporting template are included in Appendix 1.

Finally, there would be benefit in APRA tracking and reporting the usage of the publication. Given the investment in regulatory reporting by ADIs, it will be useful to understand the extent to which market, academics, industry and other end users engage with the data.

Yours faithfully

Director, Research and Data Management

Australian Banking Association

Appendix 1: Comments on metrics in the proposed publication

ABA members have the following queries and comments related to Table 4 in the draft publication.

Liquidity Coverage Ratio (LCR)

ABA members support LCR related amounts to be collated on an average basis as this is how LCR is reported externally to the market, with analysts typically using average LCR.

Should APRA choose to report on an average basis, Columns T & U would be required to be sourced by APRA from the Pillar 3 report as they are not reported in ARF 210.1.

Metric included in draft publication (Column)	Metric as captured in quarterly ARF 210.1	Metric as reported in quarterly Pillar 3 disclosure
Total LCR Liquid Assets (T)	Spot basis	Average of period
Net Cash Outflows (U)	Spot basis	Average of period
LCR (Z)	Both spot basis and mean	Average of period

Net Stable Funding Ratio (NSFR)

There is no difference in the calculation of NSFR in regulatory reporting and Pillar 3 disclosure as both report on a spot basis. The NSFR percentage is disclosed by banks semi-annually in the Pillar 3 report, although is made public by most ADIs in their quarterly trading updates. Therefore publishing the stand alone Available Stable Funding (ASF) and Required Stable Funding (RSF) numbers for quarter ends will be new to the market, as these are currently disclosed by most banks on a half year basis.

Metric included in draft publication (Column)	Metric as captured in quarterly ARF 210.6	Metric as reported in quarterly Pillar 3 disclosure
Available Stable Funding (V)	Reported quarterly	Reported half yearly
Required Stable Funding (W)	Reported quarterly	Reported half yearly

Minimum liquidity holdings (MLH)

Large ADIs are not require to report MLH to APRA. Given concerns around market confusion, ABA member's preference is to include '*NA*' in this column for those banks who do not report it. This is as opposed to including '0' as this may result in less experienced analysts drawing the conclusion that there may be problems with liquidity in these entities.