

Declassification of ADI Data

Proposal by APRA

APRA issued a consultation letter in December 2019, which proposed immediate declassification of specific data points across various submissions by banks that are fed into its quarterly ADI statistics. The Consultation on the confidentiality of data used in ADI quarterly publications and additional historical data also covered the agency's plans to make public certain forms in their entirety with a time lag of 3 years from the date of submission.

The table below provides a summary of what goes public and when as APRA raises the bar on transparency.

Immediate	Specific data items from forms used for QADIP
	Forms used for QPEX in their entirety
3-Year Lag	All remaining data items from forms used for QADIP
	Former versions of specific forms used for QADIP and QPEX
Others	Commentaries by ADIs on revisions and movements

Concerns

Whilst greater transparency of data is encouraged for the industry, the publishing of all data down to an entity level and the proposed timings present some concerns, including:

- (a) alignment with ASX reporting requirements for six-monthly audited results;
- (b) commercially sensitive information relating to pricing and risk appetite being made public;
- (c) challenges in ensuring historical information reflects current accounting standards;
- (d) potential need for commercially sensitive information to be included in commentaries.

RegCentric has accordingly submitted a response letter to APRA in relation to these concerns.



Challenges

While release of underlying data of APRA's statistical publications might already have been anticipated by ADI's, particularly since APRA started advocating for bringing openness in banking at par with other industries such as superannuation and insurance, such unprecedented levels of ADI specific detailed data publication will surely bring out in the open the occasional reported data scrutiny's undertaken by APRA with the reporting entity. Especially the ones leading to resubmissions due to reporting errors, reconciliation breaks among cross-aligned forms, or unexplained material variances. Therefore, ADIs face significant pressure to ensure reported forms, underlying data, and entire reporting processes are subjected to the highest standards of governance and controls.

Recommendations

Regulatory Reporting Governance Framework

A fit-for-purpose framework covering the end-to-end reporting lifecycle is required to ensure entities can be confident that the data submitted to regulators is accurate, reliable and in compliance with APRA's reporting standards and guidelines.

Accountabilities should be assigned throughout the APRA reporting process and data lifecycle, in line with ADI's BEAR (Banking Executive Accountability Regime) accountability statements. A regulatory reporting Committee with representatives from Finance, Risk, Technology and Business can be tasked with ensuring full compliance with regulations and bolstering the entity's agility in adapting to regulatory changes.

Data governance and achieving data maturity

While APRA has set out its expectations on how the regulated entities can manage data risk in its publication CPG 235, many industry players still grapple with overwhelming levels of data issues. The data quality benchmarks released by the trio of regulators (ABS, RBA & APRA) exclusively for EFS (RPG 702) emphasizes the agencies' growing discomfort around data issues impacting the industry's ability to submit materially accurate reports with minimal resubmissions. This highlights how imperative it is for entities to adopt a top-down approach in implementing a data governance framework, and go through the journey towards data maturity, led by a specific committee or Chief Data Office.

Overhauling processes

Data and processes are inseparable. One is always impacted by the other, whether positively or negatively. As such, it is highly recommended that a holistic approach is taken by charting out an improvement plan equally focused on both areas. RegCentric has been successfully helping clients map out their processes, underpinned by the flow of data, conduct risks and controls assessment at grassroot levels, to arrive at a plan of action including development of supplementary controls, technology revamping, and even organisational model revamping, to infuse agility in navigating the dynamic regulatory environment.

More About RegCentric

Technology and Business Consulting

RegCentric is a Sydney-based consulting company, specialised in transformation in Data Management, Finance, Risk Management and Regulatory Reporting in the financial services industry. The RegCentric team consists of highly experienced business and technology consultants who are passionate about assisting Australian financial services companies leverage technology to drive efficiencies, deliver insight and ensure regulatory compliance. We differentiate ourselves by combining deep domain expertise with technical know-how and a hands-on approach.

Our consultants come from various backgrounds: APRA, the financial services industry and international software vendors. What has brought us together is our passion to design and implement optimal solutions to improve business processes and deliver insights whilst ensuring regulatory compliance.

Combining Technology and Subject-Matter Expertise

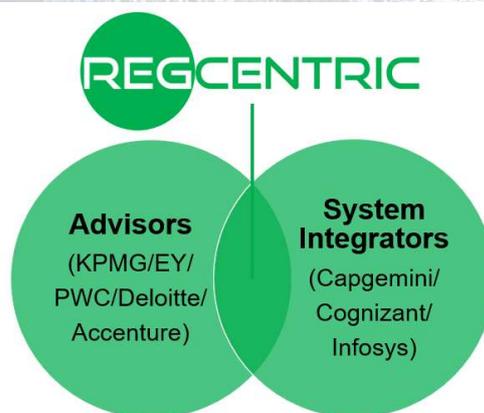
The Australian Financial Services industry is undergoing constant change fueled by changing regulations and by technological advancement. RegCentric combines deep knowledge of the Australian regulatory environment with a strong technology background to assist organisations assess the impact of these changes and to design and implement the optimal strategy and solutions. We assist our clients to manage complexity and to leverage regulatory and technology change as catalysts to improve their infrastructure, processes, governance and operating models.



Advisory and Implementation

From strategic planning to delivery, our end-to-end consulting services span the complete data and implementation life-cycle, from strategy and design through to implementation and support.

We are pragmatic. Because we understand the business, technology, and commercial challenges and opportunities, we can deliver real benefit, not just presentations and frameworks.



Our Areas of Expertise

- Australian regulatory requirements – APRA/ASIC/AUSTRAC
- Regulatory Reporting
- Capital Management – Basel II/III
- International Financial Reporting Standards (IFRS)
- Finance, Accounting, Product Control
- Performance management, budgeting, forecasting
- Data Governance
- Data integration, standardisation, publication
- Integrated Finance and Risk
- Enterprise Risk Management (ERM)
- Governance, Risk and Compliance (GRC)



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