

**RESPONSES TO QUESTIONS TAKEN ON NOTICE: Senate Economics References Committee hearing  
on 27/8/2015**

**Australian Prudential Regulation Authority**

**Question One:** Mr McAllister (transcript page 21)

**Mr McALLISTER:** You participate in the Council of Financial Regulators. Is the question of competition within the sector something that is examined within that forum?

**Ms Richards:** Competition within the credit card market specifically?

**Mr McALLISTER:** Either specifically in the credit card market or more general in the finance sector.

**Ms Richards:** I would probably need to take that answer away and let you know. I am not on that committee.

**Answer:**

The ultimate objectives of the Council of Financial Regulators are to contribute to the efficiency and effectiveness of regulation and to promote stability of the Australian financial system. Its main function is to facilitate better coordination among the four member agencies in pursuit of these objectives. The Council does not have its own powers or authority. The Council's Charter can be found at: <http://www.cfr.gov.au/about-cfr/charter.html>

To the extent that one of the member agencies is addressing a competition issue, this may be raised at the Council where the agency considers its actions have the potential to impact, or be of interest to, the responsibilities of the other members. It is more frequently the case, however, that the Council focusses on matters relating to financial safety and stability. As a result, there has been no substantive discussion on competition in the credit card market in recent years.

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**Question Two:** Mr McAllister (transcript page 22)

**Mr McALLISTER:** Senator Edwards touched on the role that the profits associated with credit card loans might play in ADIs' overall profitability. If there is any data that APRA is able to provide on the relative contribution of that segment to bank's overall profitability, that would be very useful.

**Ms Richards:** Okay, we can take that on notice.

**Answer:**

The data collected by APRA from banks on a regular basis includes high level profitability information. It does not include profit information in sufficient detail to be able to provide an indication of the contribution of total credit card income to banks' overall profitability. Banks typically do not disclose profit information at the product level in their financial statements. As a result, APRA is unable to provide any relevant data.