



Opening Statement

Therese McCarthy Hockey
Member
Australian Prudential Regulation Authority

Public Hearing – Bank Closures in Regional Australia
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Thank you for the opportunity to appear today. I am joined by my colleagues, Shieh Ling Wong and Adam Trevorrow – Senior Manager and Manager in APRA's Banking Strategic Insights team.

In some brief opening remarks, I would like to explain APRA's role in the financial system, particularly as a data collection agency, and provide the Committee with an update on the consultation APRA has underway regarding our Points of Presence data collection.

APRA's role

APRA supervises institutions across banking, insurance and superannuation. In regulating banks, APRA sets prudential requirements that are designed to maintain the safety and soundness of the financial system and promote financial system stability in Australia.

As well as being Australia's prudential regulator, APRA is also the data collection agency for the financial services industry. As a general premise, and in an effort to reduce burden on entities, APRA collects data for its own use and the use of other agencies, such as the Australian Securities and Investments Commission, Reserve Bank of Australia and the Australian Bureau of Statistics, and to assist in policy formation of government.

Points of Presence collection

The decision to open or close a branch is a commercial matter for individual banks and not something APRA specifies in our requirements. Our Points of Presence data collection,

however, offers a fact-based annual snapshot of the footprint of physical banking services. The latest statistics show a further decline in bank branches in the year to 30 June 2023, with a reduction of 424 branches across Australia (11 per cent), including 122 branches (7 per cent) in regional and remote areas.

In response to the recommendation made by the Regional Banking Taskforce in 2022, APRA commenced public consultation on the Points of Presence collection in April this year.

This consultation is focused on how the data collection and publication can be improved, with a consideration of user needs; categories of data published; and banking services covered. Submissions have closed for this first phase and APRA is considering the feedback received – including the feedback shared by this Committee.

APRA intends to undertake a further round of public consultation in 2024 on any revised definitions or format of the publication.

Concluding remarks

While bank branch closures are not within APRA's regulatory remit, we are conscious of their impact on consumers and businesses, particularly those in regional and remote communities. We are keen to ensure that our data collection and reporting provides transparency and is fit for purpose in the modern banking environment.

With those opening remarks, we are happy to take your questions.