

Senate Select Committee on Financial Technology and Regulatory Technology
Written Questions on Notice

APRA

Question

In light of the dramatic changes in the economy in recent weeks due to the COVID-19 pandemic, the committee would be grateful if APRA can provide a brief update on its activities and priorities at this time in relation to the FinTech and RegTech sectors.

In particular:

- How has APRA reprioritised its workload and areas of focus?
- What regulatory and practical support is APRA offering to neobanks and market participants outside the major banks?
- Is additional regulatory relief available to APRA-regulated FinTechs during this crisis to enable them to keep operating? If so, what relief is available?
- What is APRA doing to maintain and promote competition in the financial services sector at this time?

Answer

During this period APRA is working with Government, domestic and international regulatory peers, and industry to maintain financial system stability and support the financial safety of APRA-regulated entities, to protect depositors, policyholders and superannuation fund members' interests. In doing so, APRA remains committed to considering competition during this period.

APRA has been engaging closely with industry to obtain information in relation to COVID-19 impacts and to inform APRA's policy and supervisory responses. This engagement and the announced responses have been broad across APRA's regulated population.

APRA has announced a suspension to the majority of its planned policy and supervisory initiatives for the coming period to allow APRA-regulated entities to dedicate time and resources to maintaining their operations and supporting customers. This applies equally to APRA-regulated FinTechs and start-ups as to incumbents.

APRA is continuing to deliver on its mandate with respect to competition. APRA is regularly in contact with smaller entities and their industry groups on relief measures including, for example, deferring implementation of new prudential and reporting requirements and adjustments to existing capital, liquidity and reporting requirements.

A number of further measures have been announced that focus on reducing regulatory burden or supporting regulated entities through this period including:

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- Changes in reporting obligations for Authorised Deposit-taking Institutions (ADIs) and Registered Financial Corporations (RFCs): <https://www.apra.gov.au/news-and-publications/apra-outlines-changes-reporting-obligations-for-adis-and-rfcs-response-to>;
- Guidance to ADIs and insurers on capital management: <https://www.apra.gov.au/news-and-publications/apra-issues-guidance-to-authorised-deposit-taking-institutions-and-insurers>; and
- Advice on the regulatory approach to support access to the RBA Term Funding Facility – which is available to all ADIs: <https://www.apra.gov.au/news-and-publications/apra-advises-regulatory-approach-to-rba-term-funding-facility>.

Further to the measures already announced, APRA is continuing to consider regulatory relief measures where needed across the industry and engaging bilaterally with regulated entities.

Given the fundamental change in the economic and social environment in Australia and globally, APRA has temporarily suspended issuing new licences except in the rare case that the granting of a licence is necessary for APRA to carry out its mandate. This applies across all licence classes across all APRA-regulated industries. Experience has shown that it is challenging for new entrants to succeed even under normal economic conditions, which is why APRA does not think it is prudent at this time to licence APRA-regulated entities at this time. As the operating environment stabilises, APRA will keep its approach under review and advise applicants when the granting of licences will restart. During this time, APRA will continue to assess current licence applicants so the delay on launching when the hold is lifted is minimised.

The Monetary Authority of Singapore (MAS) announced a similar measure which involves an extended assessment period for the award of digital bank licences for current applicants.