

Submission on “Enhancing ADI public disclosures”

I congratulate APRA on its plans to take the steps outlined in the Discussion Paper and planned revisions to APS 330, which are, however, long overdue. A number of the changes are consistent with arguments I have made in various policy fora, and rather than reiterate those arguments here, I simply provide a link to those documents. The relevant documents are, [2017 submission to APRA consultation on APS 330](#) [Bank disclosures could be better](#) (ACFS Policy Brief)

The main arguments relate to: merits of a centralised collection and publication of the data by APRA; improved ease of comparability between ADIs by data being available in machine-readable form; need for timely disclosures.

However, there remain a number of issues which are not addressed in the discussion paper and which warrant attention. They are:

1. **Timeliness of disclosure.** The banks have generally taken the maximum time allowed to produce the disclosures. That reduces their value to analysts and is hard to justify. To the extent that the metrics involved are of value in assessing a bank’s performance and risk position, they should also be regularly available to, and monitored by, senior management. A propensity for secrecy and non-disclosure seems likely to be the main reason for the timelags involved rather than time required to collate data etc. APRA has not indicated how quickly ADIs will be required to submit the required data to it, and how long its centralised publication of the data will take.
Recommendation 1: APRA require ADIs to provide the disclosure data much closer to the end of the reporting period than has been the case in the past, and commit to virtually immediate produce the data on its website.
2. **Historical data.** In order to assess trends and developments in bank risk and performance, time series data is required. It is thus important that APRA provide as long a time series of the data as is possible, by including the historical data produced by banks since the start of the existing disclosure requirements.
Recommendation 2: APRA’s publication of bank risk disclosure data should include all available data from past bank disclosures.
3. **Comparability.** Under the current requirements, different amounts/types of disclosures are required at financial year end and quarterly/half-yearly dates. The different annual reporting dates of the banks means that all banks are not providing the same types of data contemporaneously. This reduces comparability across banks. It is not clear why different amounts of disclosure are required at different quarterly dates (given that if the data is important it should be available to bank managers at all quarterly dates). This leads to:
Recommendation 3: Either (a) require the same metrics to be provided at all quarterly dates, or (b) specify specific dates (rather than dates relative to the ADI’s financial year-end) at which particular metrics are to be reported.

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