

Updates to the Economic and Financial Statistics Collection



Background

On 23 August 2017, the Australian Prudential Regulation Authority (APRA), Reserve Bank of Australia (RBA) and Australian Bureau of Statistics (ABS) (together, the Agencies) have published a response to the feedback received on the Economic and Financial Statistics (EFS) collection which applies to both ADIs and RFCs, and simultaneously launched new consultations on the data quality reporting practice guidance and RFC assurance requirements.

Easing of some requirements

APRA has listened to the industry feedback and relaxed some of the more onerous EFS requirements from the initial consultation:

- The effective date has been pushed back to reporting periods ending 31 March 2019 for Phase 1, with Phase 2 and 3 following shortly thereafter, with a shortened parallel run period of four months
- Reporting thresholds have been revised upwards for some reporting forms
- ADIs and RFCs which have less than \$25 billion of deposits will now need to submit the cost/value of funds and margin data in the new 'Reduced' versions of the Stocks, Flows and Interest Rates forms
- Reporting entities can continue utilising existing ANZSIC codes where it is not feasible to upgrade to newer codes
- Data quality has moved into a new reporting practice guidance open for consultation with a stronger emphasis on data governance and controls design, and the removal of the 99% confidence level. There have also been revisions to the absolute dollar thresholds for Stock and Flow items, and the priority classifications of certain data items, whilst also removing the assurance requirements and instead extending the existing APS 310 framework.

Challenges remain

Whilst the changes to the parallel run and extension to the timeline is welcome, the timeline is still tight and is compressed for the remaining phases.

In response to feedback received on the logistical challenges in sourcing specific data for EFS, there has been a significant broadening of the areas where proxy methodology can be applied by reporting entities to complete the reporting forms as a practical expedient and will reduce some of the implementation challenges. These numerous data points will still require significant investment in data sourcing from front-end systems and processes, and revisiting of internal data definitions to ensure alignment.

Data quality & data governance

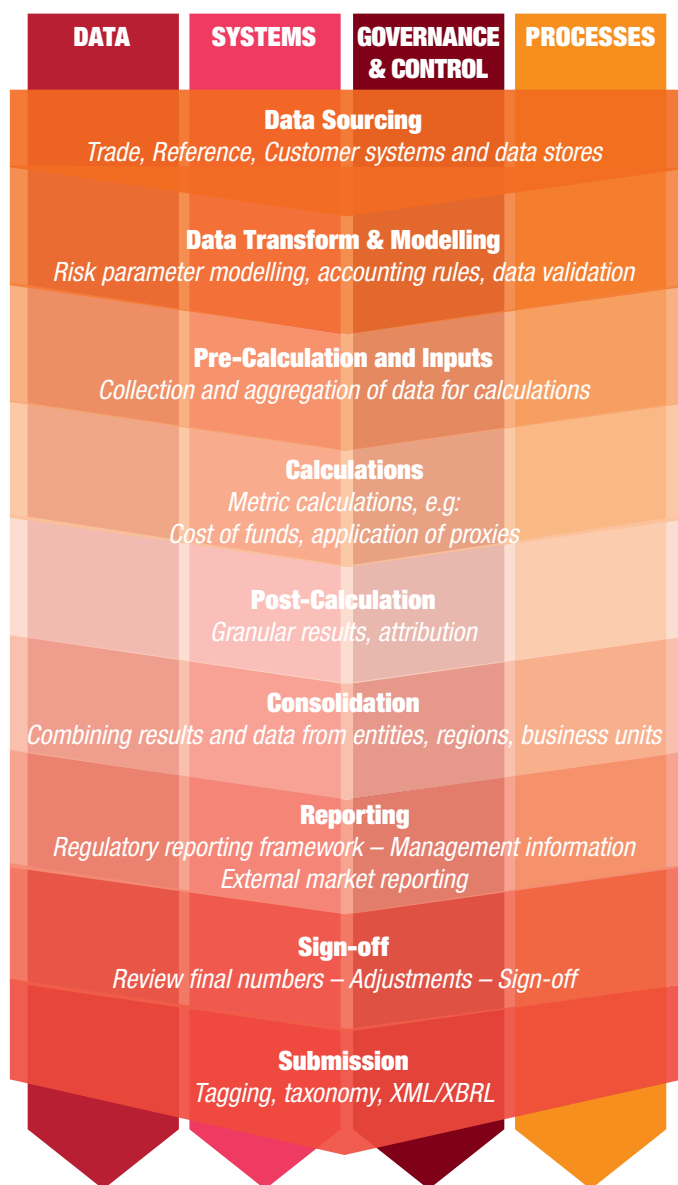
The Agencies have responded to industry feedback and made significant changes to the EFS data quality aspects by restructuring it into a new reporting practice guide currently open for consultation. The guidance issued in relation to data governance draws heavily on CPG 235 'Managing Data Risk'.

For many institutions, the changes to reporting requirements may give rise to additional data capture, processing and reporting requirements, whilst setting expectations around the data risk management framework. The data quality benchmarks will require significant effort in process and control design throughout the data life-cycle as well as understanding data lineage for individual data points.

Key data governance aspects for reporting institutions include:

- Identification and definition of critical data elements and taxonomies – starting with the output in mind and working backwards to build the data dictionary
- Ownership and accountabilities for data ownership – producer/consumer model
- Clear definition of data lineage – bringing transparency to the data provenance
- Embedded data quality controls over the capture, transformation, aggregation and consolidation of data
- Strong data governance embedded throughout the organisation by design.

Our end-to-end regulatory reporting process model is an example of how processes, systems, governance & control and data can be applied to an organisation to support the regulatory reporting function at each stage in the value chain.



There is opportunity for further clarification on expectations by the Agencies on both internal and external assurance requirements particularly around data risk management assurance programs and the need for periodic themed deep-dive reviews of data and processes, taking into account the prioritisation of data items.

Key areas to consider

- Quality and reliability of existing accounting and non-accounting data
- Adequacy of existing technology, processes and data architecture to support the new requirements in a sustainable manner
- Impact on resourcing across the organisation including regulatory reporting
- Alignment with other initiatives (such as Open Banking, digital, machine learning, etc) which also have implications for the governance of data
- Potentially a renewed regulatory focus on data quality to be a driver for addressing data governance and data management challenges inhibiting customer insights or operational efficiencies.

How PwC can help?



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