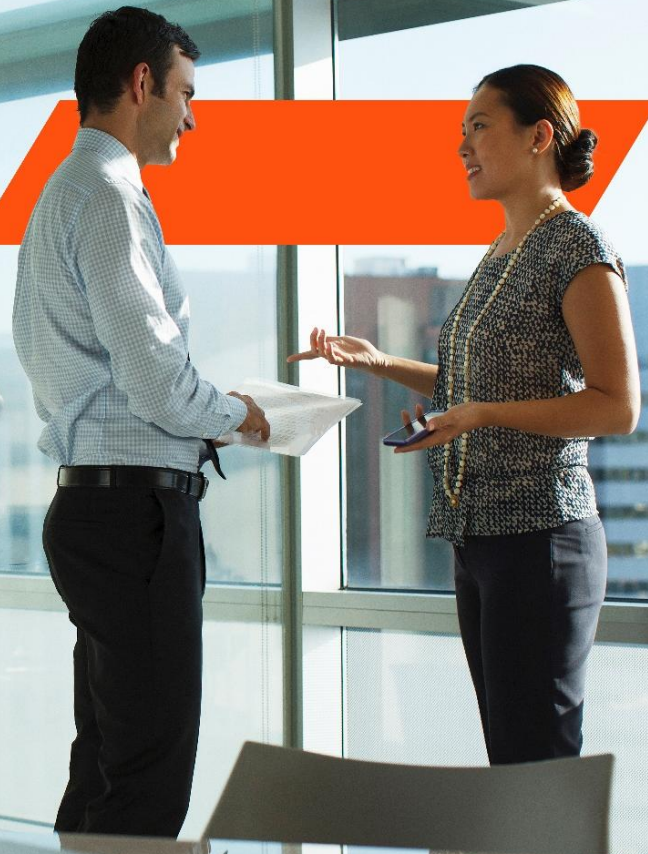




# PwC Regulatory Update

April 2026





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# Regulatory Update Summary

## April 2026

### Legislative/ Government developments



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- ASIC launches financial complaints data dashboard

#### APRA - Australian Prudential Regulation Authority

- APRA stress test shows how the widening home insurance protection gap may impact Australia's financial system resilience
- APRA to consult on enhancements to bank capital and liquidity frameworks

#### AUSTRAC - Australian Transaction Reports and Analysis Centre

- AUSTRAC opens enrolment for new professions in next step for AML reforms
- AUSTRAC publishes guidance on use of new compulsory examination powers

#### RBA – Reserve Bank of Australia

- Statement by the Monetary Policy Board: Monetary Policy Decision
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#### CALI – Council of Australian Life Insurers

- Failure to act on advice reforms leaves Aussies exposed as they turn to AI for insurance advice

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- FSB publishes 2025 Annual Report

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- The European banking sector enters period of geopolitical uncertainty from a position of strength

#### UK

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### Overseas developments



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### Publications



### PwC Australia

- Value in Motion: \$4.5 trillion in super savings. Now what?
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01

# Legislative/ Government developments





## Legislative/ Government developments

### **Building a Stronger and Fairer Super System Act 2026 – Draft Regulations**

The Treasury has released draft regulations supporting the Building a Stronger and Fairer Super System Act 2026, which reduces superannuation tax concessions for individuals with total super balances exceeding \$3 million. The legislation introduces new taxes under Division 296 of the Income Tax Assessment Act 1997.

The draft regulations provide detailed operational rules, including how super funds will attribute earnings to individuals, methods for calculating earnings on defined benefit interests, which super interests are excluded from the policy, how the tax applies in a person's final year, and capital gains tax adjustment factors for large super funds. The package includes a letter from the Australian Government Actuary recommending reduction factors for calculating earnings on defined benefit and prescribed interests.

Public consultation on the draft regulations was open from 17 March to 7 April 2026, with submissions accepted via the Treasury website.

**Source:** [Treasury](#)

02

What have  
the regulators  
been up to?





## What have the regulators been up to?

### ASIC – Australian Securities and Investment Commission

#### **ASIC launches financial complaints data dashboard**

ASIC launched a new interactive Internal Dispute Resolution (IDR) data dashboard on 18 March 2026, giving Australians unprecedented access to consumer complaints data across the financial services industry. For the first time, users can compare complaints reported by individual financial firms, including data on specific products such as home loans, credit cards, insurance, and financial advice.

Key features include complaints volumes and trends, breakdowns by issue and outcome, resolution times for individual firms, and information on monetary remedies paid. ASIC Commissioner Alan Kirkland said the dashboard enhances transparency, promotes accountability, and helps identify emerging industry issues before they escalate.

The dashboard complements the Australian Financial Complaints Authority's external dispute resolution data and ASIC's Reportable Situations dashboard. ASIC consulted on its publication approach in 2025, receiving 47 submissions. The IDR regime requires certain financial firms to report all complaints, and ASIC is empowered to publish firm-level information.

**Source:** [ASIC](#)

## APRA - Australian Prudential Regulation Authority

### **APRA stress test shows how the widening home insurance protection gap may impact Australia's financial system resilience**

APRA's Insurance Climate Vulnerability Assessment (CVA) stress tests how climate change could affect home insurance affordability and coverage in Australia by 2050.

The assessment, based on two severe climate scenarios, finds that rising insurance premiums could expand the protection gap from one in seven homes currently uninsured to one in four by 2050 (an extra one million uninsured homes). Regional and rural areas, already less insured, would be hardest hit, with over 40% uninsured. Increased weather-related losses and higher construction costs are key drivers. A wider protection gap threatens household finances, banks' credit risk, and the resilience of the financial system. APRA stresses the need for all stakeholders to mitigate risks through emissions reduction, resilient housing measures, and innovative insurance solutions. APRA collaborated with five large insurers and urges continued engagement to address prudential risks from declining insurance coverage.

**Source:** [APRA](#)

### **APRA to consult on enhancements to bank capital and liquidity frameworks**

APRA will consult on new bank capital and liquidity reforms to strengthen Australia's financial system, ensuring banks can better withstand future shocks. The reforms respond to recent geopolitical and market volatility and involve updating liquidity settings to align with international practices and making capital frameworks more risk sensitive.

Key proposals include tighter liquidity requirements for large banks, a risk-sensitive liquidity framework for smaller banks (potentially reducing costs), and targeted amendments to capital standards to support high-quality lending. APRA also plans a simplified approach to the trading book review, lowering compliance costs. The changes aim to balance resilience with efficiency, supporting lending, investment, and competition. Consultation on these reforms will begin in stages this year, starting with credit risk standards.

**Source:** [APRA](#)

## AUSTRAC - Australian Transaction Reports and Analysis Centre

### **AUSTRAC opens enrolment for new professions in next step for AML reforms**

From 31 March 2026, AUSTRAC is expanding Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulations to include new sectors such as lawyers, accountants, conveyancers, real estate professionals, and precious metals dealers. These businesses can now enrol online and must comply with AML/CTF obligations from 1 July 2026—significantly increasing regulated entities from 19,000 to nearly 100,000.

The reforms close long-standing regulatory gaps, strengthen protections against criminal exploitation, and bring Australia in line with international standards. Existing reporting businesses will also face enhanced information requirements. AUSTRAC's CEO and the Minister for Home Affairs emphasize that these changes bolster the financial system's integrity and ensure better compliance, intelligence, and global alignment in the fight against financial crime.

**Source:** [AUSTRAC](#)

### **AUSTRAC publishes guidance on use of new compulsory examination powers**

AUSTRAC has released guidance on its new compulsory examination powers under section 172A, introduced by the Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024. These powers allow AUSTRAC to require individuals to attend examinations, answer questions, and provide documents to better understand money laundering risks and business practices.

The guidance clarifies that such examinations are not routine or punitive but are used selectively for information gathering and risk assessment, not to assume wrongdoing. Witness welfare is emphasised, including the right to legal representation and support. The reforms aim to strengthen AUSTRAC's ability to disrupt serious and organised crime, which generates about \$38 billion annually in Australia. The guidance outlines the examination process and is available on AUSTRAC's website.

**Source:** [AUSTRAC](#)

## RBA – Reserve Bank of Australia

### **Statement by the Monetary Policy Board: Monetary Policy Decision**

On the 17<sup>th</sup> of March, the Monetary Policy Board has increased the cash rate target by 25 basis points to 4.10 per cent, citing rising inflationary pressures. Although inflation had fallen since its 2022 peak, it increased notably in the latter half of 2025, partly due to stronger demand and labour market tightening.

The conflict in the Middle East has driven up fuel prices, contributing to inflation risks. Despite tighter financial conditions, credit remains readily available, and the full effects of last year's interest rate cuts have yet to impact the economy.

Uncertainties persist around inflation, economic activity, and the restrictiveness of monetary policy, with global risks amplified by the Middle East conflict. The Board views the risk of inflation staying above target as significant and tilted to the upside, prompting the rate hike. The decision was closely split, with five members supporting the increase and four opposing. The Board remains vigilant and committed to ensuring price stability and employment by adjusting policy as needed.

**Source:** [RBA](#)

### **Release of Financial Stability Review – March 2026**

The Reserve Bank of Australia's (RBA) March 2026 Financial Stability Review highlights increased risks to the global financial system due to escalating conflict in the Middle East and heightened operational, cyber, and security threats. Despite these challenges, Australia's financial system is well positioned to manage uncertainty. Most borrowers remain financially stable and can handle rising cost pressures, though some face growing difficulties. Australian banks are strong and capable of supporting the economy even in adverse conditions.

The Review emphasises the importance of financial institutions building resilience against liquidity, operational, and geopolitical shocks while maintaining prudent lending standards.

**Source:** [RBA](#)

## **Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper**

The RBA has released its final decisions of the Payments System Board (PSB) on the Review of Merchant Card Payment Costs and Surcharging, aiming to enhance competition and efficiency in the payments system.

Key reforms include removing surcharging on debit, prepaid, and credit cards across eftpos, Mastercard, and Visa networks, as the existing surcharging framework is no longer effective. This change will simplify payments and align with consumer preferences for costs included in advertised prices. The RBA will also lower interchange fee caps, benefiting businesses, especially small ones, by reducing card payment costs.

Additionally, transparency over fees charged by card networks and payment service providers will increase to foster competition and help businesses find better deals. Most changes, including surcharging removal and reduced interchange caps, will take effect on 1 October 2026, with further transparency and foreign card fee caps following on 1 April 2027. The RBA plans further consultations in mid-2026 on regulating other retail payment areas.

**Source: RBA**

03

# Industry bodies





## Industry bodies

### CALI – Council of Australian Life Insurers

#### **Failure to act on advice reforms leaves Aussies exposed as they turn to AI for insurance advice**

The Council of Australian Life Insurers (CALI) has warned that Australians face growing risks from scams and unregulated providers as research reveals three in five people would trust AI-powered programs like ChatGPT for financial advice. Almost 20 per cent of respondents received life insurance advice from AI in the past quarter, while more than one in five considered using AI for life insurance guidance—nearly matching those who considered contacting an insurer directly.

CALI CEO Christine Cupitt attributed this trend to the Federal Government's delay in introducing tranche two of its Delivering Better Financial Outcomes (DBFO) reforms, which would allow life insurers to provide simple, no-cost advice directly to customers. ASIC data further confirms the concern, showing one in five Gen Zs are using AI for financial decisions, often encountering sources prioritising engagement over accuracy.

The warning follows the collapse of First Guardian and Shield Master Fund, which devastated thousands of Australians' superannuation savings. CALI's research shows over half of Australians would seek professional life insurance advice if it were more affordable and accessible, underscoring the urgent need for reform.

**Source: CALI**

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# Overseas developments





# Overseas developments

## Global

### **FSB publishes 2025 Annual Report**

The Financial Stability Board (FSB) published its 2025 Annual Report in a refreshed format, including a foreword by Chair Andrew Bailey. He stresses the FSB's role in preserving financial stability amid a fragmented world, noting recent shocks have not undermined stability thanks to post-GFC reforms, while urging the FSB to adapt. A strategic review will probe the slowdown in G20 reform implementation.

In 2025 the FSB worked with standard-setters to bolster financial systems, flagging vulnerabilities such as rising sovereign debt, rapid non-bank financial intermediation (NBFIs) growth, lofty asset valuations, crypto volatility and operational risks. It finalised measures on NBFIs leverage, set up a Nonbank Data Task Force, reviewed crypto/stablecoin implementation, agreed an operational incident reporting format, advanced resolution guidance and completed major cross-border payments work, now pushing for jurisdictional implementation.

**Source: FSB**



## Europe

### **The European banking sector enters period of geopolitical uncertainty from a position of strength**

The European Banking Authority's (EBA) Q4 2025 Risk Dashboard shows the EU/EEA banking sector remains strong amid rising geopolitical risks from the Middle East conflict.

Banks are well-capitalised with a stable common equity tier 1 ratio of 16.3% and solid profitability. Exposure to Middle Eastern counterparties is limited, though indirect effects like higher energy prices and economic disruptions pose risks, especially to energy-intensive sectors. Asset quality improved with declining non-performing loans and stable liquidity conditions, as liquidity coverage and net stable funding ratios rose.

The new Capital Requirements Regulation/Capital Requirements Directive (CRR3/CRD6) dashboard projects that capital ratios will remain robust through 2030 despite stricter regulations, giving banks sufficient time to adapt to evolving requirements.

**Source:** [EBA](#)

## UK

### **PS7/26 – Operational resilience: Operational incident and third-party reporting**

The Prudential Regulation Authority (PRA) has published Policy Statement 7/26, introducing new rules to improve reporting of operational incidents and material third-party (MTP) reporting to enhance financial firms' operational resilience.

Following consultation, the PRA revised proposals to reduce firms' reporting burdens while improving oversight of operational risks and third-party dependencies. Key changes are:

- Updating and clarifying the approach to MTP reporting by amending notification rules.
- Amending the scope of MTP notification requirements
- Reducing reporting burden by refining and separating the MTP reporting templates
- Updated and refined the incident report to limit reporting burden
- Providing further clarity on identifying MTP arrangements
- Further clarity provided on operational incident reporting

The PRA emphasises proportionality and flexibility, aiming to strengthen systemic risk monitoring without overburdening firms. The new rules apply from 18 March 2027, supporting improved identification of vulnerabilities and risks arising from operational incidents and third-party services in the UK financial sector.

**Source:** [BoE](#)

## **CP5/26 – Modernising the liquidity policy framework**

The Bank of England's Prudential Regulation Authority (PRA) is consulting on modernising the prudential liquidity framework for UK financial institutions in response to evolving risks from digital banking, payment technologies, and recent banking turmoil (e.g., Silicon Valley Bank in March 2023).

Key proposals include updating stress testing for rapid liquidity outflows, clarifying asset monetisation processes (including central bank facilities), and tailoring requirements proportionally to firms' size and complexity, especially smaller banks. The changes aim to strengthen banks' operational readiness, enhance resilience to liquidity shocks, and align with a new repo-led approach for supplying central bank reserves.

Feedback is invited by 17 June 2026, with phased implementation planned to allow for adequate transition. The proposals do not impose blanket increases in liquid assets but focus on clearer rules and readiness for varied scenarios, supporting financial stability without harming competition or growth.

**Source:** [BoE](#)

## **FCA highlights risks when dealing with unregulated lenders**

The UK's Financial Conduct Authority (FCA) has issued a reminder to regulated firms about the risks of dealing with unregulated 'Annex 1' firms, which include unregulated lenders, safe custody providers, money brokers, and financial leasing companies. Approximately 1,200 such firms are registered with the FCA solely for anti-money laundering purposes and are not subject to the FCA's wider conduct rules. Crucially, customers of Annex 1 firms cannot access the Financial Ombudsman Service.

The FCA urges regulated firms to conduct thorough due diligence, including verifying registration status, independently checking information provided, and managing risks identified in the 2025 National Risk Assessment. The regulator previously raised anti-money laundering concerns with Annex 1 businesses in a 2024 CEO letter and followed up with 300 firms in late 2025.

The FCA also flagged instances where consumers have been encouraged to set up limited companies to access unregulated bridging finance from Annex 1 firms, warning they would lack standard consumer protections if problems arise.

**Source:** [FCA](#)

## **FCA confirms motor finance redress scheme**

The UK's Financial Conduct Authority (FCA) has confirmed an industry-wide redress scheme to compensate motor finance customers who were not properly informed about commission arrangements between lenders and brokers. The scheme covers agreements taken out between April 2007 and November 2024, with 12.1 million agreements now eligible—reduced from 14.2 million following consultation.

Consumers may receive compensation if they were not told about discretionary commission arrangements, high commission levels, or contractual ties between lenders and dealers. Firms are expected to pay approximately £7.5 billion in redress, with total costs estimated at £9.1 billion—down from £11 billion at consultation. Compensation is calculated using a hybrid remedy based on estimated loss and commission paid, with caps ensuring consumers are not overcompensated.

Millions of consumers will be compensated in 2026, with most remaining cases resolved by end of 2027. The FCA has streamlined delivery, cutting scheme costs to firms by over 40 per cent. A dedicated supervisory team will monitor compliance, and the FCA concludes the scheme will have limited impact on the motor finance market's ongoing competitiveness.

**Source:** [FCA](#)



## USA

### **CFTC Joins SEC to Clarify the Application of Federal Securities Laws to Crypto Assets**

On March 17, 2026, the Commodity Futures Trading Commission (CFTC) and Securities and Exchange Commission (SEC) jointly clarified how federal securities laws apply to crypto assets and related transactions. This coordinated interpretation aims to end years of uncertainty by giving market participants clear guidance about the regulatory status of various crypto assets, distinguishing most as non-securities and acknowledging the evolving nature of investment contracts.

The CFTC will now administer the Commodity Exchange Act in line with the SEC's interpretation, recognising certain crypto assets as commodities. This action supports Congressional efforts to establish comprehensive crypto market regulations and reflects both agencies' commitment to fostering innovation with harmonised, transparent rules. The interpretation sets clearer boundaries between SEC and CFTC jurisdiction and is available on [CFTC.gov](https://www.cftc.gov) and in the Federal Register.

**Source:** [CFTC](#)

### **CFTC Seeks Public Comment on Advanced Notice of Proposed Rulemaking Relating to Prediction Markets**

The CFTC has issued an Advanced Notice of Proposed Rulemaking, inviting public comments on possible new regulations for event contracts traded in prediction markets. This initiative aims to ensure responsible innovation while maintaining CFTC's oversight and aligns rulemaking with the Commodity Exchange Act.

The notice seeks input on statutory principles, prohibition of certain event contracts, cost-benefit assessments, and other relevant issues. Public comments, which will guide future CFTC actions regarding prediction markets, are due within 45 days and can be submitted through the CFTC comments portal.

**Source:** [CFTC](#)

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PwC  
Publications





# PwC Publications

## **Value in Motion: \$4.5 trillion in super savings. Now what?**

PwC Australia's Value in Motion report examines the future challenges facing Australia's \$4.5 trillion superannuation system. While the system excels at accumulating savings, it is unprepared for the looming retirement wave—2.5 million Australians will retire in the next decade, yet only 15,000 financial advisers are available, and many retirees lack the confidence to spend their savings.

Despite rapid fund consolidation—from 158 to 81 APRA-regulated funds in five years—the promised scale benefits have not fully materialised. Member fees rose 21 per cent in FY25, and significant efficiency gaps persist between funds. APRA is demanding proof that spending serves members' best financial interests.

PwC identifies three critical shifts needed: from saving to spending, from member apathy to proactive engagement, and from institutional isolation to connected ecosystems linking super with advice, insurance, aged care, and government services. The report argues that advice is the new competitive frontier, and funds must invest in retirement infrastructure—including aged care and affordable housing—to deliver genuine member value beyond investment returns.

**See: [Publication](#)**

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Contacts



# Contacts



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# Thank you

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