May 2025

PwC Regulatory Update

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What have the regulators been up to?

What have the regulators been up to?

01

ABA
Australian Banking Association

AFCA
Australian Financial Complaints Authority

APRA
Australian Prudential Regulation Authority

Banks ready to support flood-affected areas in NSW Mid-North Coast and Hunter regions

Banks across Australia are ready to provide financial support to customers impacted by the ongoing severe weather and flooding in the Mid-North Coast and Hunter regions, according to the Australian Banking Association (ABA). ABA CEO Anna Bligh stated that banks are preparing to activate financial relief measures, including repayment deferrals and loan restructuring, among others, in light of the ongoing natural disaster. Bligh urged customers experiencing financial stress as a result of the weather to reach out to their banking institution to discuss available financial assistance options.

Source: ABA

AFCA opens consultation on Rules changes to expand jurisdiction over receiving banks in scams

The Australian Financial Complaints Authority (AFCA) plans to conduct public consultation on proposed changes to its rules, focusing on expanding its jurisdiction to receiving banks involved in scam complaints. The consultation, scheduled to take place between 19 May and 13 June, follows the federal government's recent changes to AFCA's authorisation conditions. The amendments aim to improve complaint handling, boost transparency, and raise industry standards especially related to scams. The proposed changes include the ability of AFCA to name financial firms who do not comply with its determinations and removal of AFCA's legacy Rules section. The AFCA conducts an annual review of its rules to ensure its clarity and relevance.

Source: AFCA

APRA and ASIC release notes on Superannuation CEO Roundtables - April 2025

The Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) have released public notes on the Superannuation CEO Roundtables held on 1 and 10 April 2025. These roundtables were hosted by APRA and ASIC, with 16 superannuation trustee Chief Executive Officers and other executives in attendance. The notes are available on APRA's website, providing information about the discussions on the state of the superannuation industry.

Source: APRA

ACCC

Australian Competition and Consumer Commission

ACCC proposes to authorise Australian Payments Network Limited for wind down of Australia's cheques system

The Australian Competition and Consumer Commission (ACCC) has proposed a draft determination to authorise Australian Payments Network Limited (AusPayNet) to facilitate the phasing out of the country's cheques system. Alongside AusPayNet, members of the Australian Paper Clearing System will take part in finalising agreements with government and industry participants, including the Reserve Bank of Australia, to smooth the transition away from cheques. This follows the Treasury's Cheques Transition Plan, targeting to stop issuing cheques by 30 June 2028 and close the cheque system by 30 September 2029. Interim authorisation was given by ACCC in December 2024 for preparatory stages. The ACCC seeks to grant authorisation until 31 December 2030 and is welcoming submissions concerning the draft determination until 23 May 2025 before finalising its decision.

Source: ACCC

ACCC grants interim authorisation to Australian Payments Network Limited and Australian Payments Plus Limited

The Australian Payments Network (AusPayNet) and Australian Payments Plus have lodged an application on behalf of members of Bulk Electronic Clearing System and the New Payments Platform Scheme to engage in sharing information and discussions regarding the future of account-to-account payments infrastructure in Australia. The ACCC has granted interim authorisation to AusPayNet, Australian Payments Plus and other relevant businesses to establish processes, commence planning and prepare for the Proposed Conduct. This authorisation does not extend to holding meetings or reaching a common position on the subject. The aim is to develop a common industry vision for how this infrastructure should be managed. Further information on the ACCC's decision is available on its public register.

Source: ACCC

ASIC

Australian Securities and Investments Commission

ASIC and APRA host Superannuation CEO Roundtables to discuss the FAR

The Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) released notes from the Superannuation CEO Roundtables held on 1 April and 10 April 2025. The roundtables, attended by 16 superannuation CEOs from across the industry, discussed key issues related to the Financial Accountability Regime (FAR). The FAR is a critical regulatory framework aimed at improving accountability and governance within Australia's financial services industry.

Source: ASIC

ASIC proposes to remake three financial advice-related legislative instruments

ASIC is seeking feedback on its plans to consolidate and extend three legislative instruments related to financial advice into one. The instruments, which are scheduled to sunset on 1 October 2025, include the ASIC Corporations Advertising by Product Issuers Instrument 2015/539, the ASIC Corporations General Advice Warning Instrument 2015/540, and the ASIC Corporations Financial Services Guides Instrument 2015/541. These laws exempt financial services licensees from some requirements, such as issuing a Financial Services Guide for general advice under specific circumstances. The combined legislation will undergo minor changes and will be extended for an additional five years.

Source: ASIC

ASIC proposes to remake basic deposit and general insurance product distribution legislative instrument

ASIC seeks feedback on remaking a legislative instrument that eases regulatory requirements for Australian Financial Services (AFS) licensees. The current legislation exempts AFS licensees from designating distributors for basic deposit or general insurance products, reducing compliance costs while maintaining consumer protection. ASIC finds the framework efficient and proposes extending it for five more years. Feedback is due by 5 pm AEST on 25 June 2025.

Source: ASIC

What have the regulators been up to?

01

ASIC
Australian Securities and Investments Commission

RBA
Reserve Bank of Australia

ASIC releases new regulatory guidance to support buy now pay later industry reforms

The Australian Securities and Investments Commission (ASIC) has published a regulatory guide that outlines the obligations for "buy now, pay later" (BNPL) providers ahead of new laws coming into effect on 10 June 2025. The guide, Regulatory Guide 281, was designed to help low-cost credit contract providers comply with their core commitments, including modified responsible lending obligations. All BNPL providers have been urged to apply for the appropriate credit license to avoid unauthorised operations after the set deadline. The new laws extend the National Credit Code to BNPL contracts, enabling providers of such low-cost credit contracts to opt for abiding by modified responsible lending obligations. The changes aim to improve protections for Australian consumers using BNPL products.

Source: ASIC

ASIC launches new portal for Australian financial services licensees

ASIC is launching a new digital portal for Australian Financial Services (AFS) licence applicants by May 2025. It will streamline applications with automatic pre-filling and detailed product selection. The current eLicensing system will remain until the new portal is ready. This initiative is part of ASIC's RegistryConnect programme to enhance its registers.

Source: ASIC

Statement by the Monetary Policy Board: Monetary Policy Decision

The Board has decided to lower the cash rate target by 25 basis points to 3.85%. This is due to substantial falls in inflation since 2022, brought about by higher interest rates bringing aggregate demand and supply closer to balance. Whilst there has been slight recovery in private domestic demand and real household incomes, the market is mired in uncertainty. Uncertainties in domestic and global economies and policy, and developments in tariffs, have led to a weaker outlook for growth, employment and inflation in Australia. The board concluded that the risks to inflation have become more balanced and, accordingly, judged that an easing in monetary policy was appropriate, although it remains cautious about the outlook. The future decision-making process will involve careful monitoring of global and domestic developments.

Source: RBA

02

Overseas developments

The EBA releases final technical package for its 4.1 reporting framework to support compliance assessment of issuers and the Pillar 3 data hub

The European Banking Authority (EBA) has published the final technical package for version 4.1 of its reporting framework. The package will aid in identifying significant cryptocurrency asset providers and support the centralisation of institutions' prudential disclosures in the EBA Pillar 3 data hub. The framework is set to be applied from H2 2025. Furthermore, the technical package will uphold Pillar 3's reporting obligations.

The final version of the package consists of corrections and answers to feedback from various stakeholders about the draft. Continuing the move to Data Point Model (DPM) 2.0, the draft includes a data dictionary in the DPM 1.0 and new DPM 2.0 formats. Lastly, the EBA has provided a presentation detailing the DPM-XL language, designed specifically for the validation rules.

Source: EBA

EBA publishes onboarding plan to implement the Pillar 3 data hub

The EBA has introduced an onboarding plan to guide financial institutions in accessing and submitting information to its new Pillar 3 Data Hub (P3DH). The hub is the EBA's centralised platform for public disclosures under the Capital Requirements Regulation (CRR3).

The onboarding plan outlines procedures for institutions to ensure timely and accurate submissions of Pillar 3 information and includes a step-by-step guide for identification and access to EBA's regulatory reporting platform. A phased-in approach has been introduced to give institutions time to prepare for the process. Institutions will fulfil Pillar 3 disclosure obligations as usual in 2025, with submissions to the P3DH occurring at a later stage. The P3DH will be available publicly from December 2025.

Source: EBA

EBA launches consultation on amended disclosure requirements for ESG risks, equity exposures and aggregate exposure to shadow banking entities

The EBA has opened a public consultation on amendments to the European Commission's Implementing Regulation for Pillar 3 disclosures under CRR3, aimed at improving transparency around ESG-related risks, equity exposures, and shadow banking. The consultation, running until August 22, 2025, proposes proportionate ESG disclosure requirements based on institution size and type, simplifying reporting processes for smaller banks. A public hearing is scheduled for June 26, 2025.

The changes will not add new requirements for large banks but seek to streamline and clarify existing ones and align with the Taxonomy Regulation regarding Green Asset Ratios. Transitional measures encourage initial flexibility, with a possibility of delaying enforcement for certain disclosures. The EBA is also offering an updated mapping tool to support compliance, contributing to reduced complexity and costs in sustainability reporting.

Source: EBA

The EBA repeals its Guidelines on the specification of types of exposures to be associated with high risk

The EBA has repealed its 'Guidelines on specification of types of exposures to be associated with high risk', a move aimed at providing legal certainty in the market. The guidelines, that clarified which exposures should be considered high risk, were originally issued in March 2019. However, they are no longer necessary, as high-risk exposure classifications no longer exist in the new Capital Requirement Regulation (CRR) 3. Instead, Article 128 of CRR 3 only refers to subordinated debt exposures.

Source: EBA

CP12/25 – Pillar 2A review – Phase 1 Consultation paper 12/25

The Bank of England and Prudential Regulation Authority (PRA) have proposed updates to Pillar 2A methodologies and guidance. These include the introduction of clearly defined, systematic methodologies for assessing credit risks not captured under the standardised approach, particularly in relation to central governments or central banks, regional governments or local authorities, and retail unconditionally cancellable commitments. The PRA has also suggested more proportionate regulation via reductions in reporting requirements, and improved transparency of PRA approach for firms by updating policy materials and reporting instructions.

Source: BOE

FCA streamlines complaints data reporting requirements for firms

The UK's Financial Conduct Authority (FCA) aims to simplify the process for firms to submit data on received complaints. Proposals include consolidating five current returns into one, improving data quality, and standardising the frequency of data return requests for more predictable timing. It is expected these changes will help firms plan more efficiently, prevent consumer harm faster, and better utilise FCA resources. Executive Director Sarah Pritchard stated that streamlining this process will reduce unnecessary burdens and enable smarter regulation. Furthermore, the FCA believes this will assist in collecting higher quality data to identify and respond to potential harm quicker. Feedback on the proposals is open until 24 July 2025.

Source: FCA

03

PwC Publications

Major Banks Analysis | Half-Year | May 2025: Striking the balance: Stability and agility in uncertain times

Australia's major banks are navigating the current economic landscape by balancing stability and flexibility. In the first half of 2025, cash earnings without acquisitions reached $15.3 billion, with a slight decline compared to the previous period, while Return on Equity (ROE) saw a marginal increase to 11.2%. Although Net Interest Margin (NIM) is under pressure, an increase in business lending by 3.1% and a favorable growth in Net Interest Income (NII) to a record $38 billion highlights the sector's resilience. However, rising operating expenses from technology and personnel investments are impacting the Cost-to-Income Ratio (CTI), now at 48.6%.

The banking industry's regulatory landscape remains robust, with Australia's proactive adoption of Basel III capital standards aiding preparedness against potential global recessions. The rise of private credit is offering banks opportunities to diversify through strategic partnerships and enhanced risk management, allowing them to cater to lending needs unmet by traditional sectors. Meanwhile, an emphasis on technology transformation and operational resilience, governed by APRA CPS 230, is crucial amid ongoing digital modernization efforts, with AI being eyed as a catalyst for accelerating these changes.

The payments system in Australia is undergoing significant evolution, driven by major banks playing a central role in industry-wide infrastructure changes. This transition presents banks with opportunities to innovate, particularly in non-interest income areas and customer experience enhancements. As the global economy reshapes, banks are urged to explore emerging value pools, reinforcing their operational and capital management strategies to address market volatility while meeting shifting customer expectations.

See: Publication

Contacts

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Contacts

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Thank you