



PwC Regulatory Update

October 2026





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Regulatory Update Summary

October 2026

Legislative/ Government developments



Australian Government – Treasury

- Review of the amended Unfair Contract Terms protection

Regulatory developments



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- ASIC releases 2026–27 supervisory priorities to support better regulation and give industry greater certainty
- ASIC observes improved sustainability reporting and notes areas for further development
- ASIC finalises guidance reflecting financial market infrastructure reforms

APRA – Australian Prudential Regulation Authority

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- APRA releases proposals to strengthen trustee investment governance
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- APRA and ASIC host super CEOs to discuss frontier AI, cyber and operational resilience
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Industry bodies



ABA – Australian Banking Association

- Banks step up protections for customers experiencing financial abuse
- Independent review of Banking Code kicks-off

Overseas developments



Global

- FSB hosts roundtable on public-private sector collaboration to strengthen operational resilience

Europe

- The EBA publishes its 2027 Work Programme
- EU/EEA banks display strength amid a challenging risk environment
- ESAs call for vigilance over external dependencies, cyber threats and private credit risks

Publications



PwC US

- Moving Targets: Cybersecurity in a dynamic digital world
- Governing what's next: Key Takeaways from PwC's 2026 Annual Corporate Directors Survey

01

Legislative/ Government developments





Legislative/ Government developments

Review of the amended Unfair Contract Terms protections

The Treasury reviewed the amended Unfair Contract Terms (UCT) laws, which were strengthened in 2022 to enhance protections. The reforms expanded the types of contracts covered, clarified the law, and provided improved remedies and enforcement powers. The review assessed how these changes were functioning and found that the 2022 reforms have been broadly successful. The evaluation is ongoing, considering if further changes are needed. The main takeaway is that the recent UCT law enhancements have effectively improved protections against unfair contract terms in business agreements.

Source: [Treasury](#)

02

What have
the regulators
been up to?





What have the regulators been up to?

ASIC - Australian Securities and Investments Commission

ASIC releases 2026–27 supervisory priorities to support better regulation and give industry greater certainty

ASIC has released its 2026-27 supervisory priorities for banking, superannuation, general insurance, life insurance, and financial markets to enhance transparency and help industry prepare for upcoming regulatory activities. Developed in collaboration with APRA and other regulators, these priorities aim to reduce duplication and improve regulatory efficiency while maintaining integrity.

Key focuses include AI use and lender conduct in banking, member services and fee oversight in superannuation, claims management practices in general insurance, funeral insurance in life insurance, and market integrity and innovation in financial markets. These supervisory letters align with the Council of Financial Regulators' Better Regulation Roadmap and complement the Regulatory Initiatives Grid, providing industry with clear guidance on regulatory expectations and upcoming reforms. ASIC emphasises the importance of boards and executives proactively addressing these priorities.

Source: [ASIC](#)



ASIC observes improved sustainability reporting and notes areas for further development

ASIC has noted significant improvements in the quality, quantity, and consistency of climate-related financial disclosures following the introduction of statutory sustainability reporting requirements. A review of 40 sustainability reports showed increased transparency and meaningful engagement with climate risks and opportunities. However, ASIC identified areas needing further development, especially in forward-looking disclosures and those based on assumptions or judgments, such as strategy and metrics.

To support entities, ASIC provided eight practical action items for report preparation. ASIC supports Treasury's reforms aimed at reducing regulatory burden while maintaining core reporting standards. In 2026-27, ASIC will review sustainability reports from Group 1 entities for financial years ending 30 June 2026 and continue engaging with audit firms on assurance methodologies.

The phased reporting requirements, starting from 2025, intend to improve disclosure quality and strengthen market integrity across large Australian companies and financial institutions.

Source: [ASIC](#)

ASIC finalises guidance reflecting financial market infrastructure reforms

ASIC has finalized updates to its regulatory guidance for financial market infrastructure (FMI) operators in line with the Government's 2024 FMI reforms. The updates apply to Regulatory Guides RG 172 (financial market operators), RG 249 (derivative trade repositories), and RG 268 (financial benchmark administrators). Following a consultation period from April to May 2026 with minimal feedback, ASIC made only minor editorial changes to RG 172, keeping RG 249 and RG 268 unchanged. These updates support compliance with the enhanced regulatory framework established by the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024. Regulated entities are urged to review the guidance to assess impacts on their operations. Separately, Regulatory Guide 211 on clearing and settlement facilities will be updated later to reflect the reforms. FMIs are crucial to Australia's capital markets, encompassing market operators, benchmark administrators, clearing and settlement facilities, and trade repositories.

Source: [ASIC](#)

APRA – Australian Prudential Regulation Authority

APRA and ASIC commence consultation on FAR streamlining

APRA and ASIC have launched a consultation on proposed changes to streamline the Financial Accountability Regime (FAR), aiming to reduce reporting burdens while maintaining accountability. Proposals include removing key function requirements from rules and excluding direct report details in accountability maps, potentially cutting reporting for around 4,500 accountable persons and halving map updates. The reforms seek to enhance efficiency without compromising financial safety. The consultation closes with plans to finalize changes by the end of 2026 and implement them in early 2027.

Source: [APRA](#)

APRA releases proposals to strengthen trustee investment governance

APRA has proposed reforms to strengthen trustee investment governance and better protect superannuation members' retirement savings. Building on prior reviews and supervisory work, the proposals target platform trustees and focus on eight key risk areas. New safeguards include setting member-level investment limits for higher-risk assets, managing conflicts of interest, and ensuring trustees' oversight capabilities match their investment complexity. These reforms aim to enhance accountability and address ongoing governance weaknesses. Consultation on the proposals closes on 3 February 2027, with final standards expected by mid-2027 and implementation planned for 1 January 2028.

Source: [APRA](#)

APRA updates RPG 701.0 for Economic and Financial Statistics collection

APRA has updated RPG 701.0, consolidating all Economic and Financial Statistics (EFS) guidance and FAQs into a single, accessible document. Released on 28 September 2026, the update includes new guidance on set-off accounts and revised information on identifying central borrowing authorities. The document's format now aligns with APRA's style guide, and the existing FAQs on APRA's website will be retired. The revised RPG 701.0 is available for authorised deposit-taking institutions and registered financial corporations on APRA's website.

Source: [APRA](#)



Quarterly Superannuation Industry publication

APRA's Quarterly Superannuation Industry Publication provides detailed data on the superannuation products, investment options, member demographics and investments. The database presents the statistics in a database format for each of the topic areas of this publication (Product composition, Membership and investments). The publication is available on APRA website.

Source: [APRA](#)

APRA and ASIC host super CEOs to discuss frontier AI, cyber and operational resilience

APRA and ASIC held superannuation CEO roundtables on 24 and 30 June 2026, bringing together leaders from across the industry. The discussions focused on frontier artificial intelligence, cyber and operational resilience, and crisis preparedness, alongside other emerging sector challenges. These sessions aimed to enhance regulatory awareness and industry readiness for technological and security risks in superannuation. Key takeaways include a shared emphasis on adapting to new technologies and strengthening crisis management. Meeting notes are available on APRA's website.

Source: [APRA](#)

Release of Financial Stability Review – October 2026

The Reserve Bank of Australia's October 2026 Financial Stability Review finds Australia's financial system remains resilient, though global and operational vulnerabilities continue to grow. Most mortgage holders are well placed to manage tougher conditions, even amid a sharp housing price fall, despite pockets of stress. Most businesses can handle elevated costs, though some sectors face greater challenges. Australian banks remain well positioned to keep lending during a downturn, while risks from non-bank lenders stay contained due to their relatively small size. The RBA flagged elevated threats from geopolitical tensions, global market vulnerabilities, AI advances and critical service disruptions, urging financial institutions to strengthen resilience and crisis preparedness plans.

Source: [RBA](#)

An aerial, high-angle photograph of a dense urban landscape at dusk or dawn. The city is filled with various buildings, including modern skyscrapers and older structures. A prominent cable car cable runs diagonally across the frame from the top left towards the bottom right. The sky is dark, and the city lights are beginning to glow. The overall tone is dramatic and industrial.

03

Industry bodies



Industry bodies

ABA – Australian Banking Association

Banks step up protections for customers experiencing financial abuse

The ABA has released an updated industry guideline to strengthen banks' ability to detect, prevent, and respond to financial abuse, including elder abuse and domestic violence. The new guideline consolidates various resources into a single framework, enhancing existing safeguards under the Banking Code of Practice. ABA CEO Simon Birmingham emphasised the industry's commitment to protecting customers and ensuring banks do not enable financial abuse. The guidelines recommend customers only need to explain their situation once and stress confidential support from specialist teams. Banks are also embedding financial safety by design into products to prevent abuse before it happens. The ABA urges anyone experiencing financial abuse to contact their bank for support.

Source: [ABA](#)

Independent review of Banking Code kicks-off

The ABA has announced that Peter Kell, former ASIC Deputy Chair, will conduct the independent five-year review of the Banking Code of Practice. The Code outlines consumer protections for individuals, small businesses, and guarantors beyond legal requirements. The review will involve broad public consultations to gather stakeholder feedback and ensure the Code remains relevant and robust. ABA CEO Simon Birmingham emphasises that this is an opportunity to strengthen standards and maintain high service levels. Stakeholder consultations will begin in October 2026, with an Interim Report due in March 2027 and a Final Report in June 2027. Further details and the consultation process can be found at the review website.

Source: [ABA](#)

04

Overseas developments





Overseas developments

Global

FSB hosts roundtable on public-private sector collaboration to strengthen operational resilience

On the 10th of September 2026, the Financial Stability Board (FSB) hosted a roundtable in Basel to discuss practical steps for enhancing financial sector preparedness against significant operational disruptions. The event, attended by senior FSB members, government agencies, financial institutions, and public-private sector forums, emphasized collaboration between public and private sectors. Key points included FSB members' commitment to leading by example in adhering to international standards. At Insurance Europe's 16th International Conference, FSB Secretary General John Schindler delivered a keynote speech. Overall, the main takeaway is the FSB's focus on joint efforts and standards adherence to strengthen resilience in the financial sector.

Source: [FSB](#)



Europe

The EBA publishes its 2027 Work Programme

The European Banking Authority (EBA) has released its 2027 Work Programme, outlining key priorities to improve efficiency, foster resilience, and support transformation in EU banking supervision. Central focuses include finalizing the 2024 banking reforms, preparing for new payment services, supporting crisis management and deposit insurance changes, and enhancing supervisory convergence and stress testing. The EBA will also advance integrated reporting, data sharing, and implement regulations such as DORA, MiCA, and EMIR. Closely aligned with the European Commission's agenda, the programme aims to deliver a more efficient, proportionate, and consistent regulatory framework, strengthen digital finance, and reduce unnecessary compliance burdens. The EBA maintains flexibility to adapt to emerging risks and new mandates, supporting regulatory simplification and promoting robust supervision across the EU. Progress will be tracked via a public dashboard on the EBA website.

Source: [EBA](#)

EU/EEA banks display strength amid a challenging risk environment

The European Banking Authority's Q2 2026 Risk Dashboard shows that EU/EEA banks remain resilient, with robust capital (CET1 ratio at 16.1%) and liquidity positions (LCR at 158.5%, NSFR at 125.7%), well above regulatory requirements. Lending continues to grow, particularly to households and non-financial corporations, while asset quality is strong (non-performing loan ratio at 1.8%).

Direct exposures to the IT sector are limited with no signs of deterioration. Banks report high profitability, with return on equity rising to 11.3%, mainly driven by strong net interest income and stable costs. Funding conditions are favourable, as total deposits increase. However, the uncertain external environment is marked by geopolitical tensions and challenging macroeconomics; which requires ongoing vigilance, especially as rising interest rates may impact operating and credit costs.

Overall, EU/EEA banks are well-positioned but are closely monitoring emerging risks.

Source: [EBA](#)

ESAs call for vigilance over external dependencies, cyber threats and private credit risks

The European Supervisory Authorities (EBA, EIOPA, ESMA) highlight in their Autumn 2026 risk update that external dependencies (especially reliance on non-EU ICT providers), emerging technologies (AI and quantum computing), and private credit are key vulnerabilities for the EU financial system. While the system remains resilient; as seen in strong fundamentals across investment funds, insurers, and banks' growing exposure to non-EU infrastructures raises the risk of operational disruptions and cyber threats. The rapid rise of private credit, despite its current small scale, poses risks due to limited transparency and increasing system interconnections. Advanced AI and quantum technologies could intensify cyberattacks and undermine existing safeguards. Supervisors and market participants are urged to strengthen preparedness, enhance regulatory adaptability, and closely monitor risks related to external dependencies, private credit, and emerging technologies to maintain stability amidst ongoing geopolitical and technological challenges.

Source: [EBA](#)

05

PwC US Publications





PwC US Publications

Moving Targets: Cybersecurity in a dynamic digital world

PwC's latest Global Digital Trust Insights survey confirms that AI has become the defining cybersecurity challenge of the moment. Half of security leaders identify attacks targeting AI systems as their biggest preparedness gap, ahead of cloud threats, third party breaches and ransomware. This is driven by frontier AI models that can autonomously discover and exploit vulnerabilities, alongside rising concern over data poisoning and adversarial manipulation.

Encouragingly, cyber budgets are rising again after a flat period, with 84% of leaders expecting increases and AI identified as the top investment priority. However, this spending is not yet translating into resilience. Only 39% of organisations have fully formalised business continuity plans addressing cyber risk, and companies on average have implemented just three of seven key data protection measures, a gap that is widening rather than closing.

Geopolitical tension is also reshaping risk management, with roughly half of organisations adjusting third party oversight and incident response plans. Looking further ahead, CISOs rank quantum computing as a more urgent concern, yet only 21% have begun implementing quantum resistant measures.

On governance, accountability for AI risk remains fragmented across CIO creating potential oversight gaps. Organisations are adopting AI defensively but cautiously, with most preferring partial autonomy or human oversight, citing reliability, explainability and workforce skills as key barriers.

This report underscores the need to tighten AI specific risk assessments, strengthen data governance fundamentals, clarify AI accountability structures and ensure business continuity planning addresses cyber disruption.

See: [Publication](#)

Governing what's next: Key Takeaways from PwC's 2026 Annual Corporate Directors Survey

To better understand how boards are adapting, PwC surveyed approximately 600 US public company directors across various industries. Results reveal a governance landscape in transition, where directors increasingly recognize emerging risks but are still building the capabilities to address them. Artificial intelligence stands out as both the leading concern and the most pressing capability gap. Nearly three-quarters of directors say it's the skill their board most needs to strengthen, yet only 40% currently use AI in their own oversight work, and the vast majority report poor or non-existent information on AI performance and investment returns. Chief among their concerns are cybersecurity and IP exposure, unclear ROI, and the risk that overreliance on AI could erode human judgment.

Cybersecurity continues to dominate the risk agenda, with 93% of directors concerned their organization could face a significant incident within three years. In response, boards have taken concrete action, including more frequent CISO engagement and clearer escalation protocols. These efforts unfold against intensifying regulatory demands, as 51% of directors report that the regulatory environment has materially reshaped their board's role through heightened documentation and scrutiny.

The survey also reveals tension in board composition. More than half of directors (55%) believe at least one colleague should be replaced, with concerns about insufficient expertise nearly doubling year-over-year. Yet boards continue to prioritize cultural fit over specialized expertise when evaluating new candidates, a disconnect that may help explain why skill gaps persist. Directors are calling for improvement closer to home as well, with 82% wanting sharper board materials and nearly half acknowledging their self-assessment process lacks sufficient candor.

The message for 2026 is clear: directors see the risks, but governance infrastructure has not yet caught up. Expect growing emphasis on AI governance frameworks, integrated cyber-AI oversight, and more rigorous approaches to board accountability in the year ahead.

See: [Publication](#)

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Thank you

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