



APRA Comprehensive Data Collection

ADIs Must Run Australia's Granular-Data Gauntlet

The issuance in March 2022 of a discussion paper on the APRA Comprehensive Data Collection program came as no surprise to APRA watchers/and regulated authorized deposit-taking institutions (ADI). The Australian Prudential Regulation Authority has long been voicing its intent to realize significant objectives.

These objectives include:

- ▶ **Instituting granular data reporting requirements.** This means ADIs must recognize that today's mode of aggregated, form-based reporting is rapidly disappearing. Just as rapidly, they must figure out how to collect, manage, and report transaction-level granular data.
- ▶ **Launching APRA Connect, its direct data collection portal, for the banking sector.** This means ADIs must energetically prepare for the phase-in of APRA's digital data collection/reporting mechanism; for some, APRA Connect submission commences in Q1 2023.

A regulatory landscape transformation aligned with the global direction-of-travel on data.

The APRA Comprehensive Data Collection concept offers laudable benefits for the industry that align with a global trend. Many major regulators are on the same trajectory as they seek to deepen their automated access to better enriched, more granular data. Part of the Australian Government's whole-of-economy vision for data, the APRA Comprehensive Data Collection program will provide enhanced, more useful information for data-driven decision-making and regulation evolution that will improve outcomes for the Australian community.

On the operational side, the APRA Comprehensive Data Collection program offers a singular opportunity to transform an arduous form-based, often redundant regulatory-reporting process into a richer, more flexible, streamlined digital experience. APRA envisions a compliance ecosystem that will be more data-driven compared with the current-state aggregated forms. Its five-year plan indicates that all form-based reports will be transformed into data collections; ADIs will submit data through the APRA Connect platform.

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Now that the gauntlet has been thrown, ADIs must address the challenge strategically.

Transitioning along with the APRA Comprehensive Data Collection program means ADIs will support Australia's objectives for a well-functioning, well-monitored financial system. In so doing, they will most obviously benefit from having to manage fewer, more consistent regulatory data requests. But they should also view this regulatory transformation as an opportunity – or, better said, as a strategic imperative – to replace disparate regulatory systems with a holistic, integrated platform for transparent regulatory granular data collection, management, and APRA Connect reporting.

Under the APRA Comprehensive Data Collection regulatory initiative, ADIs must make their data more accessible, more granular, more consistent, better managed, and better governed – essentially futureproofing their regulatory reporting stance. And, on the back of this transformation, they will also be able to derive more value from their data – easily mining it for other reporting needs and business decisioning to gain competitive advantage – a powerful additional benefit with long-term implications.

Running the gauntlet.

The APRA Comprehensive Data Collection (CDC) is expected to roll out in five phases for credit-related reporting and in two phases for liability-related reporting. As a first step (phase 0), reports related to capital framework (including operational risk) are more granular and must be submitted via APRA Connect commencing in Q1 2023. Under timeline pressures, ADIs must prepare with alacrity to:

- ▶ Streamline their existing reporting processes to accommodate new requirements, which will require them to identify how silos and disparate systems are blocking transformation.
- ▶ Introduce more data granularity, which will surface data inconsistencies formerly masked by aggregations.
- ▶ Establish more internal controls, which will cause current governance gaps to emerge.



In summary, siloed data, aggregation, and reporting are no longer viable.

ADIs need to consolidate data from different functional areas into a single data management and reporting platform. To meet the requirements of APRA's new compliance ecosystem, ADIs must be able to classify and calculate data uniformly according to regulatory requirements, validate the data and results for integrity, verify at a summary level, and submit granular data seamlessly via APRA Connect.

The fact is that most ADIs are just beginning to assess what complying with the APRA Comprehensive Data Collection program entails. They may not yet realize how much preparation lies ahead. To run this regulatory data gauntlet unscathed (and mitigate associated reputational risk), they must surmount technical challenges that include:

- ▶ Creating an end-to-end data and reporting workflow
- ▶ Reconciling granular data sets, and between and among reports and granular data sets
- ▶ Validating data and reports
- ▶ Tracking variances and trends across different periods
- ▶ Identifying movement of data between periods
- ▶ Utilizing analytics to verify data at a summary level
- ▶ Meeting governance and audit requirements

Readying for transformation.

Change is already underway. No last-mile reporting tool or functional approach will provide the armament ADIs need to rise to this complex challenge. So, ADIs will be undertaking discovery efforts to assess their current-state capabilities and plan a future state:

Do we have the deep regulatory expertise needed to comprehensively identify and collect granular data never previously required?

Does our approach to data management provide the holistic, easily monitored, transparent framework that this transformation demands?

Is our operational workflow suitable for granular, digital data reporting?

Are we able to identify and quickly adapt to regulatory changes?

Does our governance model meet industry and regulatory expectations?

Can we produce end-to-end data lineage (source to reports) that stands up to internal and external scrutiny?

These are just some of the questions ADIs are considering.



Streamline your granular data journey.

The APRA Comprehensive Data Collection initiative necessitates thinking through your processes and developing an architecture to integrate data, reporting, and analytics into a single platform with strong lineage and reconciliation capabilities for governance. At this critical juncture in the global trend toward granular data requirements, transparent operational workflows, and seamless connectivity to regulators' collection platforms, we invite you to talk to us about your approach to APRA's timeline. And we invite you to join our APRA Comprehensive Data Collection community and discussion/information-sharing forums.

Contact Adenza to learn more about a range of end-to-end and integrated FinReg solutions that address your firm's present and future global regulatory compliance needs.

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