

Managing Regulatory
Change in the Australian
Financial Services Industry

Survey results and insights, May 2022

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Executive Summary

In a fast-paced, complex and uncertain world, the Australian financial services sector continues to face a number of challenges in managing regulatory change. Following the Royal Commission in 2018/2019, regulatory and public scrutiny remains heightened. In addition to this, the increase in financial and reputational costs resulting from a combination of compliance failures and increased stakeholder expectations have resulted in an ongoing burden on financial services organisations.

A change in regulation can impact a number of aspects of a business – from operations, business model and strategy, to engaging with the end-customer. In the last two years, the Australian financial services sector has dealt with regulatory changes that have had a significant impact requiring transformation of current operations and practices in order to comply. Examples include:

- The Financial Accountability Regime (FAR) which extends the existing Banking Executive Accountability Regime (BEAR) to other APRA-regulated entities, strengthening and increasing individual and entity level accountability across the financial services sector;

- The Design and Distribution Obligations (DDO 2021), for issuers and distributors of financial products, requiring adequate product governance frameworks to ensure products are appropriately targeted and managed;
- New breach reporting obligations (2021), requiring licensees to report to ASIC within 30 days of a “reportable situation”.

As financial services organisations continue to expand their geographical reach and the types of products and services they offer, their exposure to multiple, and, in some cases, conflicting regulations is increased.

This report seeks to understand and evaluate the financial services industry’s approach and ability to respond to regulatory developments, including the methods used to identify upcoming regulatory developments, and assess the impact on their business models.

With the strong cohort of responses received we are able to draw a number of interesting conclusions from this study. We have drawn the following key takeaways from the survey:

KEY TAKEAWAYS

- The majority of organisations (79%) have an adequate **enterprise-wide view** of upcoming regulatory change and build this view using a wide variety of information sources.
- There is a trend towards **identifying change earlier**, with most organisations (58%) establishing programs at the point where legislation has been drafted but not finalised.
- The extent to which organisations **centralise their horizon scanning** varies. These limits to centralisation could lead to an inaccurate enterprise view of upcoming change. This outcome could also be compounded by relatively few respondents (37%) implementing **controls to provide assurance** over the accuracy of their horizon scanning.

- It is common practice to have a **standardised process** to understand and assess the impact of regulatory change, with leading organisations ensuring that the strategic, business and operational **impacts are understood holistically**.
- Depending on the nature of specific regulatory change, most organisations (80%) utilise **scenario planning** to understand the possible implications and also undertake **post-implementation reviews** (95%) to apply lessons learnt to future programs.
- **Governance** over regulatory change activities is typically well established with clearly documented frameworks and allocation of responsibilities. **Boards are frequently engaged** using a variety of methods, however some organisations rely heavily on ad-hoc engagement.

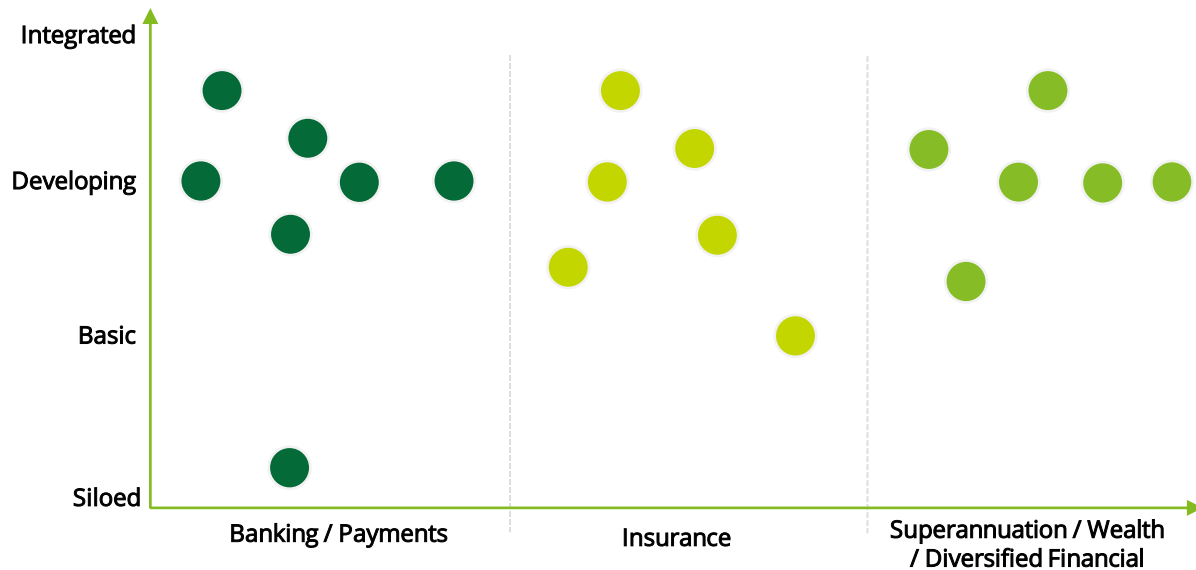
Executive Summary

In conclusion, an appropriate strategy that sets an integrated, collaborative and sustainable approach to managing regulatory change may not only mitigate the risks identified in this report, but also enhance an organisation’s ability to adapt to change more generally.

This type of regulatory change strategy may include moving to a real time environment where technology identifies regulatory changes applicable to your business, and/or building a culture that embraces regulatory change, readily adapts and uses regulatory change as an opportunity to improve the business in an uncertain and evolving world.

We applied the adjacent definitions in positioning our respondent organisations on the chart below:

Maturity Across the Sectors



Maturity Characteristics	
Integrated	<ul style="list-style-type: none"> Complete and accurate enterprise-wide view and central function oversight. Standardised procedures to assess a variety of factors relating to the impacts of regulatory change. Sufficient and consistent resourcing, with adequate budget pre-allocated. There is a dedicated framework and formal governance for managing regulatory change.
Developing	<ul style="list-style-type: none"> Complete enterprise-wide view and standardised procedures to assess appropriate impact factors. A mix of internal & external resourcing to advise and support on regulatory change. Framework and methodology for managing change is sufficiently documented and governance is somewhat formal.
Basic	<ul style="list-style-type: none"> Limited enterprise-wide view and standardised procedures assess limited impact factors. Limited resourcing to support regulatory change. Framework for managing regulatory change is documented minimally, and governance is informal.
Siloed	<ul style="list-style-type: none"> Limited enterprise-wide view and no standardised procedures identify and assess regulatory change. Under-resourced with limited, non-centrally controlled financial spend. Framework and methodology for managing regulatory change is not formally documented

We hope that you find this report insightful as you continue on the journey of effectively managing regulatory change across your organisation. We look forward to discussing the findings further or answering any questions you may have.



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About the Survey



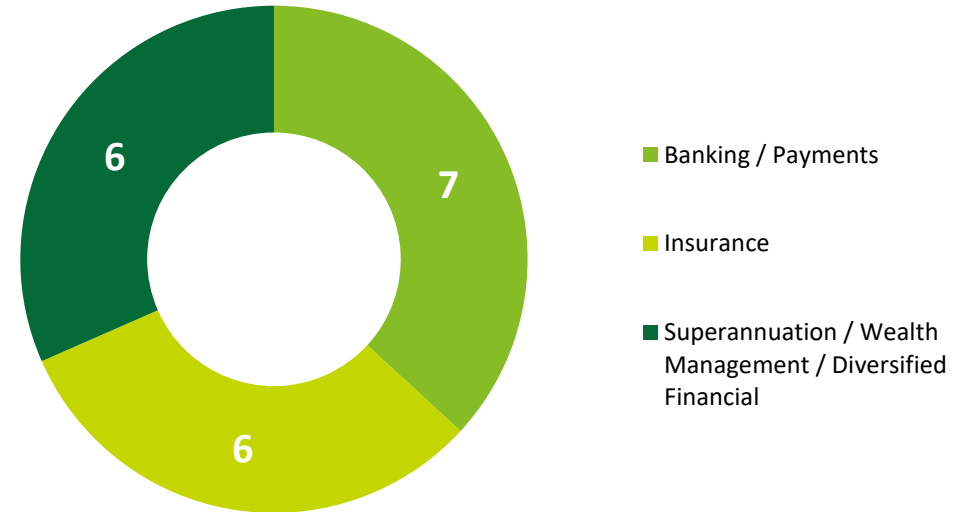
In February 2022, Deloitte rolled out a regulatory change survey to 18 organisations within the Australian financial services industry. Survey respondents were split across three sectors:

- Banking and Payments;
- Insurance; and
- Superannuation / Wealth Management / Diversified Financial

The purpose of the survey was to gather information on the management of regulatory change in order to deliver targeted insights to respondents, and consisted of 22 questions, across four categories: 1) identification, 2) assessment, 3) management, and 4) governance of regulatory change.

Key insights from the survey are outlined in sections 1 -4 of this report, and are intended to assist financial services organisations to understand how survey respondents:

- Prepare for changes in regulation, including approaches to identifying potential regulatory changes (Section 1);
- Assess the impact of regulatory change including factors considered, business and operational involvement, and tools utilised (Section 2);
- Address regulatory change throughout their business, including approach to implementation, resource mix and challenges when dealing with regulatory change (Section 3); and
- Approach monitoring and governance of regulatory change, including on an ongoing basis post-implementation (Section 4).



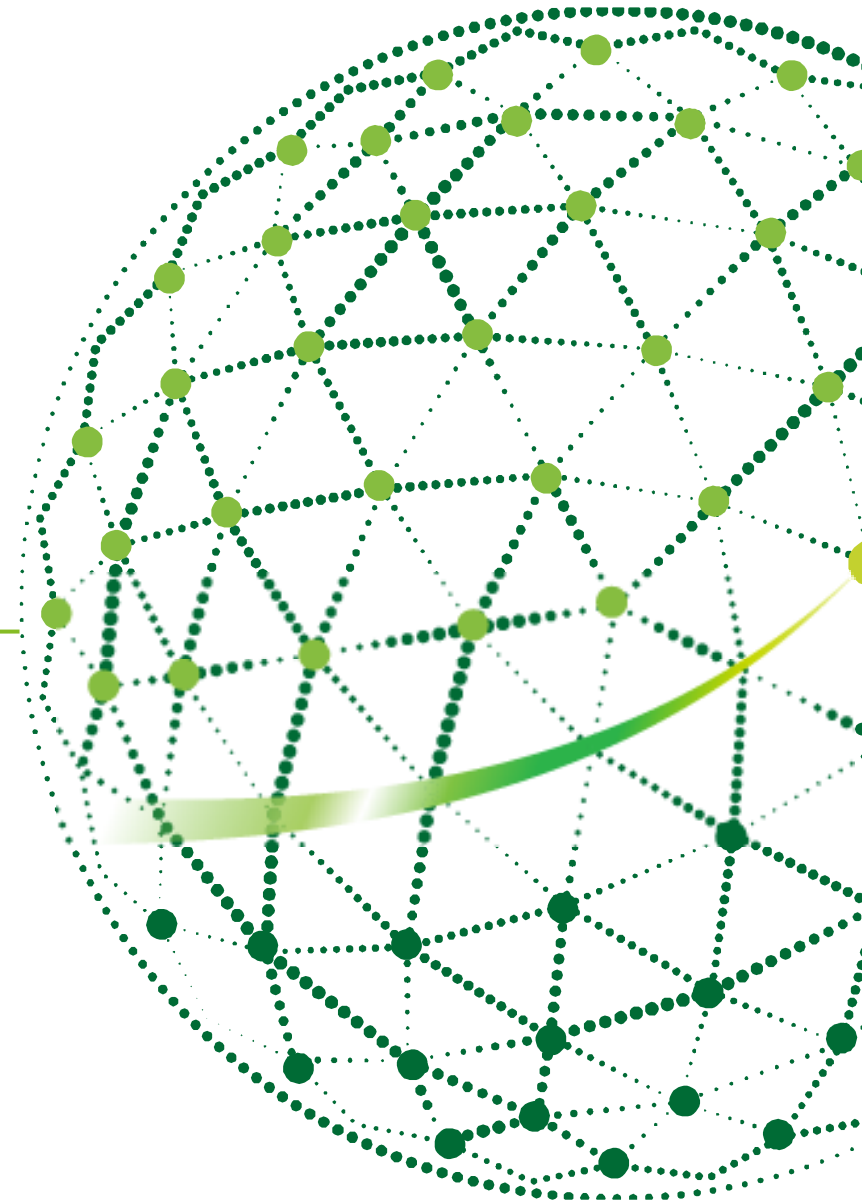
Banking/Payments	7
Insurance	6
Superannuation/Wealth Management/Diversified Financial	6
Total Responses	19

Note:

- 1 response has been included in the analysis for both Insurance and Superannuation/Wealth Management/Diversified Financial upon request.
- 2 responses have been submitted via other channels (while the rest of the responses were collected via Qualtrics)

Identifying regulatory change

How survey respondents prepare for changes in regulation, including approaches to identifying potential regulatory changes



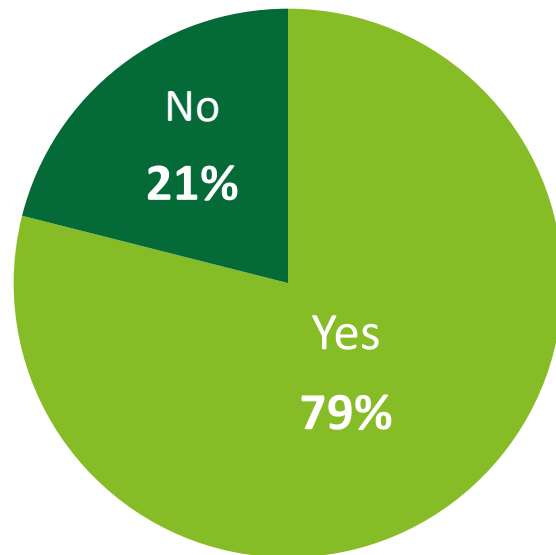
Detailed Survey Insights

Identifying regulatory change



1. Does the organisation have a complete enterprise-wide view of changing regulations affecting the entity?

Currently, the majority of respondents have an enterprise-wide view on changing regulations.



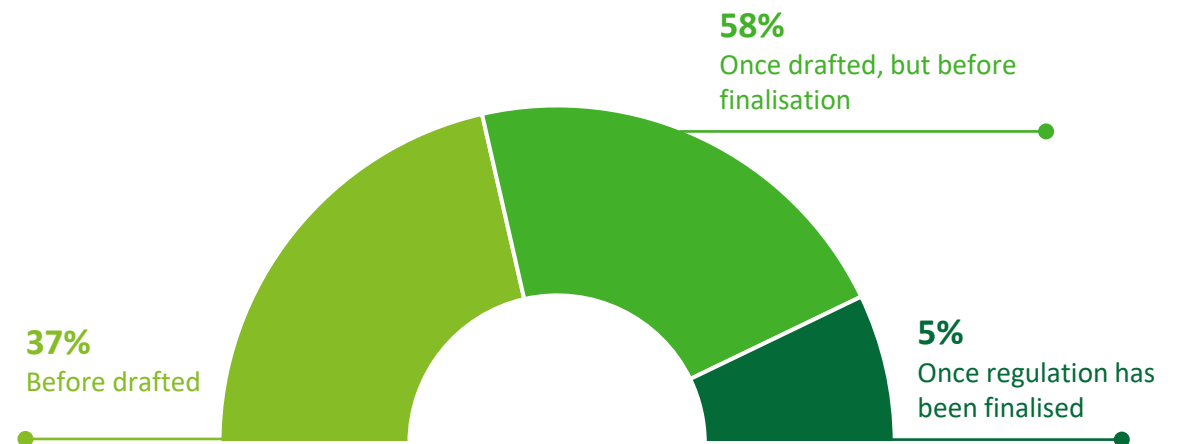
Key Takeaway

Organisations with embedded enterprise-wide view of regulatory change are using automated technology solutions with horizon scanning capabilities to create a centralised approach, and to maintain a holistic view ensuring all regulatory changes are identified and managed efficiently across the organisation.



2. At what point does the organisation identify and consider the impact of potential regulatory change that could affect the organisation?

Once the legislative drafting process has commenced, the majority of respondents began to identify and consider the impact of potential regulatory change.



Key Takeaway

Whilst the majority of respondents consider the impact of regulatory change following release of draft regulation, we observed a growing number of respondents had processes in place to identify and consider the impact of potential regulatory changes at an early stage (i.e., before drafting), in order to lobby regulators and have an early view on the potential impacts on their business and operating models.

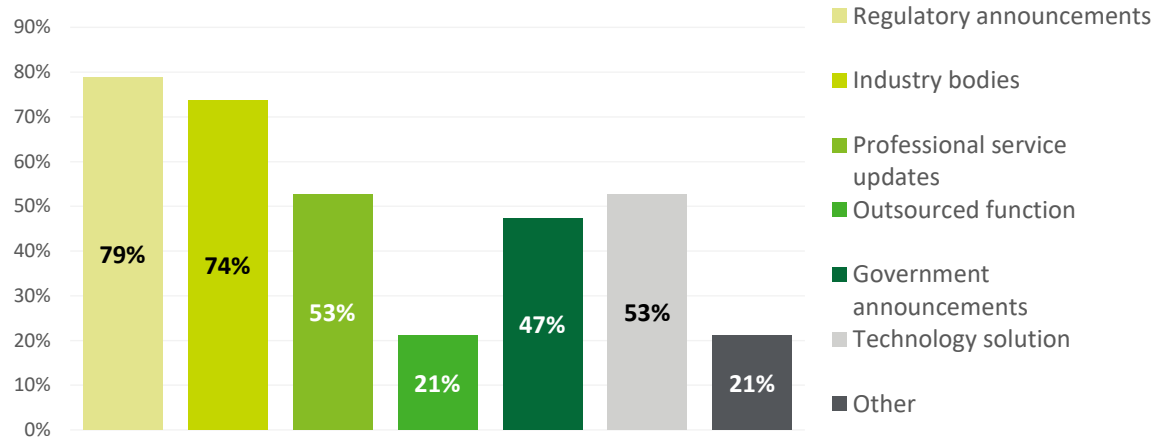


Detailed Survey Insights

Identifying regulatory change



3. What sources of information do you use to identify potential regulatory changes?



Respondents often use a combination of sources to identify regulatory changes.

The top 3 sources included:

- Regulatory announcements
- Industry bodies
- Professional service updates/technology solutions

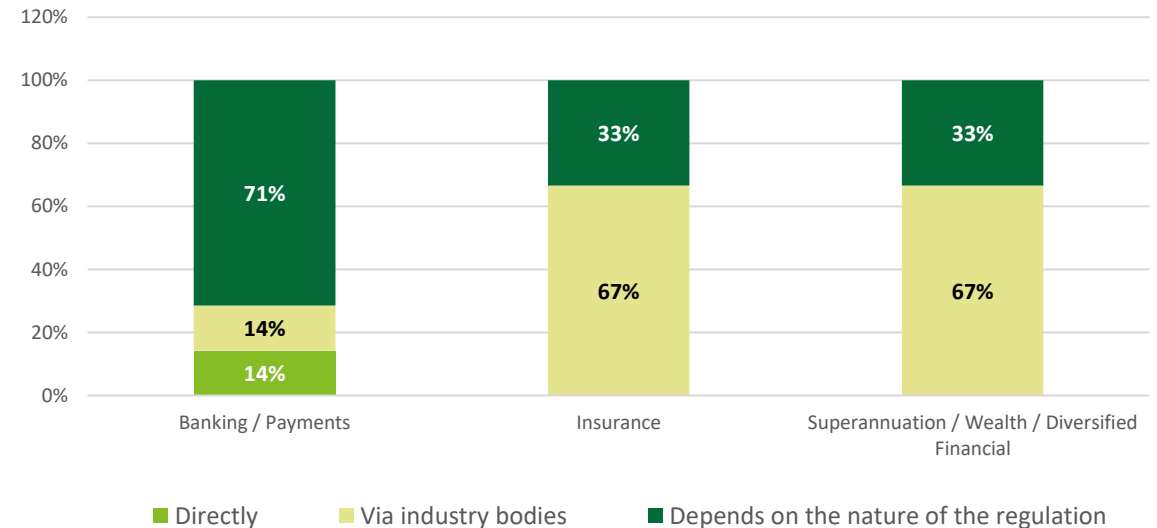
Notably, there is a significant uptake in the Insurance sector to use outsourced functions as a source of information.

Key Takeaway

Market leading organisations will consider the regulatory landscape, as well the reliability of information in selecting sources to identify potential regulatory changes.



4. How does your organisation actively lobby and influence regulators before regulation has been finalised?



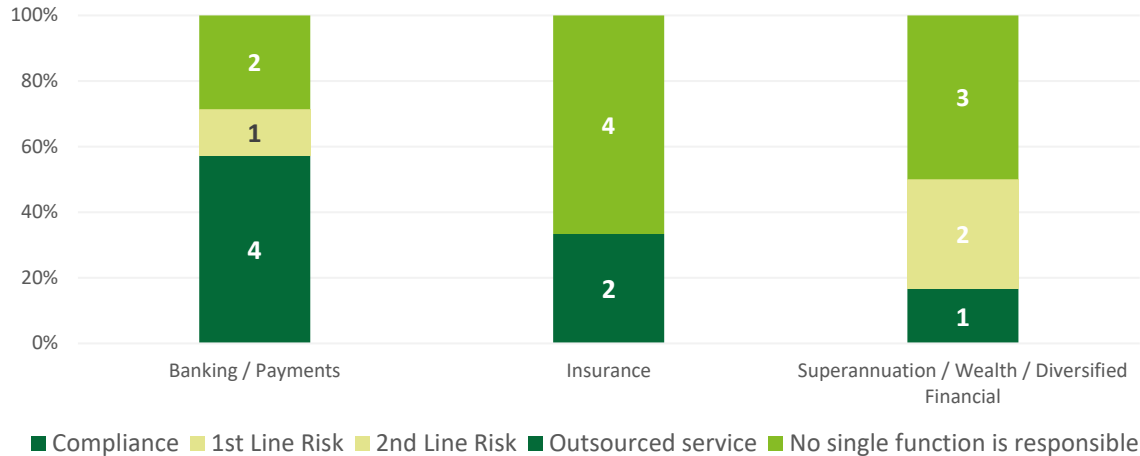
- All respondents noted that they lobbied and influenced regulators to a certain extent.
- A high proportion of respondents actively lobby regulators through industry bodies, particularly those within the insurance and wealth sectors. This is likely due to these sectors not having a separate internal regulatory affairs team.
- Respondents within the Banking / Payments industry are often well-equipped and experienced with anticipating and dealing with regulatory changes, and are able to lobby depending on the nature of the regulation.

Detailed Survey Insights

Identifying regulatory change



5. Who is responsible for horizon scanning?



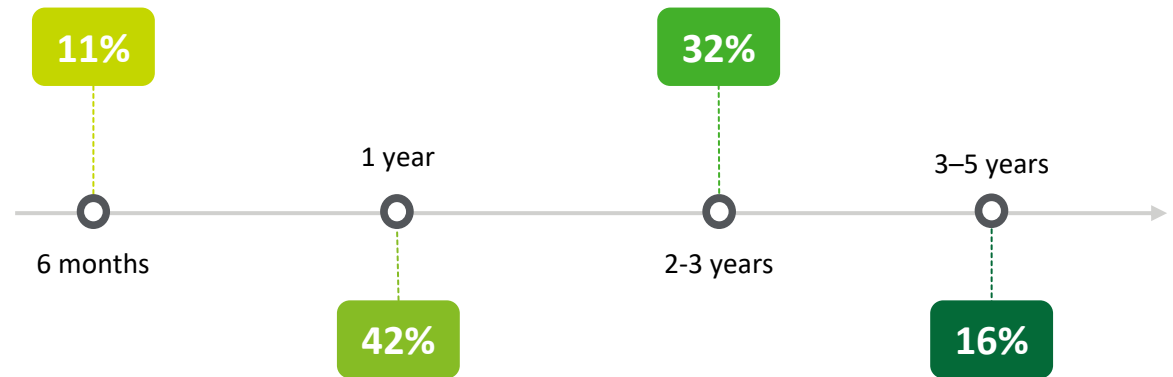
- Respondents within the Insurance and Superannuation / Wealth / Diversified Financial sectors tend to rely on a mixture of first and second line risk functions. While organisations in these sectors tend to have a complete enterprise view of changing regulations, it is not often coupled with a centralised approach to horizon scanning.
- Respondents noted that having a centralised function is usually more preferred for horizon scanning (although less so when it comes to assessing regulatory challenges).

Key Takeaway

An ideal target state is for teams to work together to manage change but maintain the horizon scanning as a centralised function (for example in the form of a standalone regulatory affairs team) to allow for improved consistency in approach and comprehensiveness in monitoring.



6. How far in advance do you apply your horizon scanning?



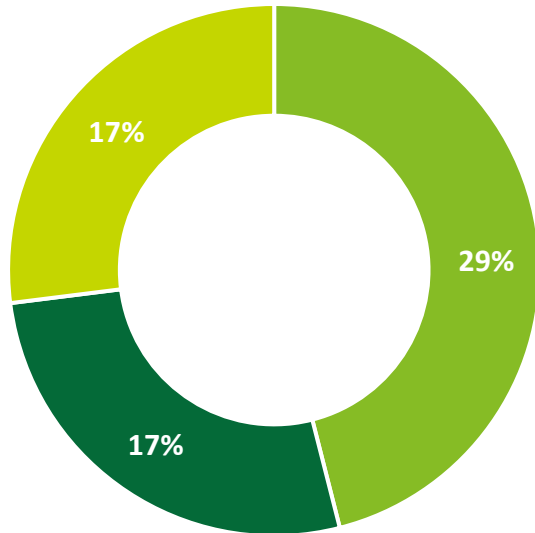
- The majority of respondents (42%) conducted horizon scanning over a one year period.
- The Banking / Payments sector was the most forward-looking, which coincides with the pattern observed internationally, often driven by the scale of their operations.
- The Superannuation / Wealth / Diversified Financial sector was more reactive, rather than proactive in identifying regulatory changes. Based on survey responses received, we observed that this sector demonstrates an awareness for regulatory change, but it is often not prioritised, which increases the risk of non-compliance early on.

Detailed Survey Insights

Identifying regulatory change



7. Do you use technology and analytics as part of horizon scanning?



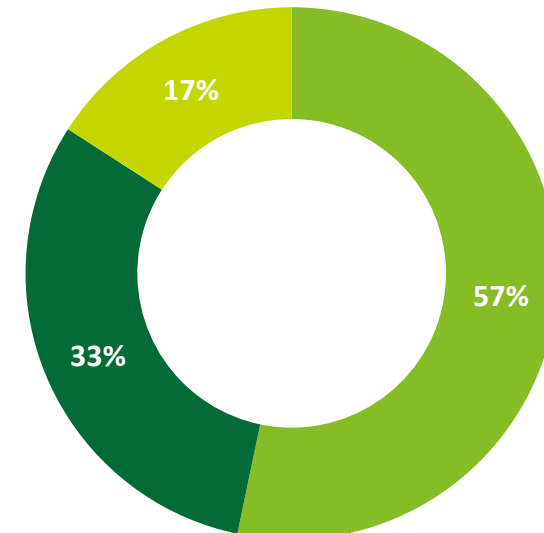
- 21% of all respondents indicated analytics is a tool commonly used as part of horizon scanning.
- Respondents rely on tools such as LexisNexis, RegRoom and RSA Archer to assist in conducting horizon scanning.

Key Takeaway

Leading organisations look to implement an end-to-end platform that tracks global regulatory change in real-time and links these changes to impacted controls, policies, products and processes.



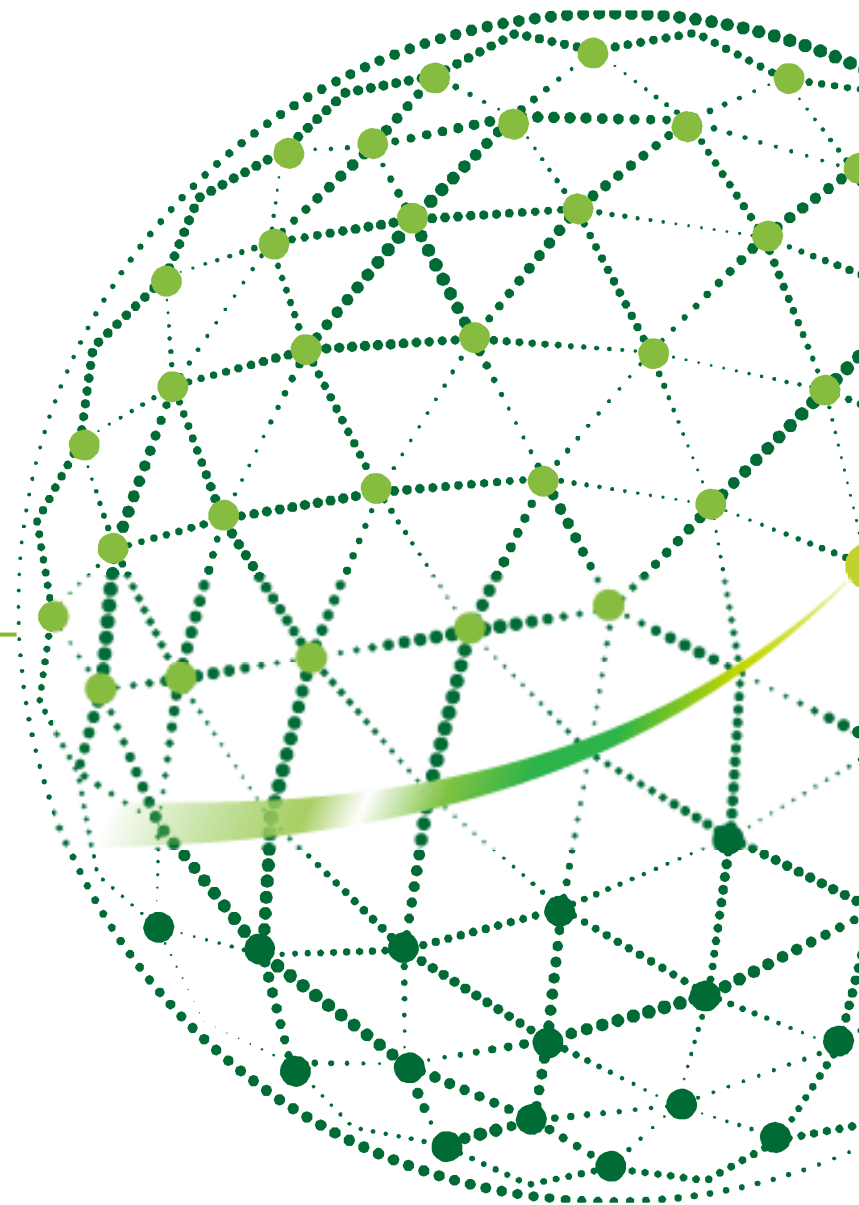
8. Have controls been embedded to monitor the accuracy and completeness of horizon scanning activities?



- A majority of all respondents (63%) currently do not have controls to monitor the accuracy and completeness of their alerts. To a certain extent, most respondents within the Banking/ Payments sector have included such controls.
- Respondents in the Banking/ Payments sector often have a complete enterprise-wide view of changing regulations and apply horizon scanning 3 to 5 years in advance.

Assessing the impact of regulatory change

How survey respondents assess the impact of regulatory change including factors considered, business and operational involvement, and tools utilised



Detailed Survey Insights

Assessing the impact of regulatory change



9. Does your organisation have standardised procedures for assessing the impact of regulatory change?

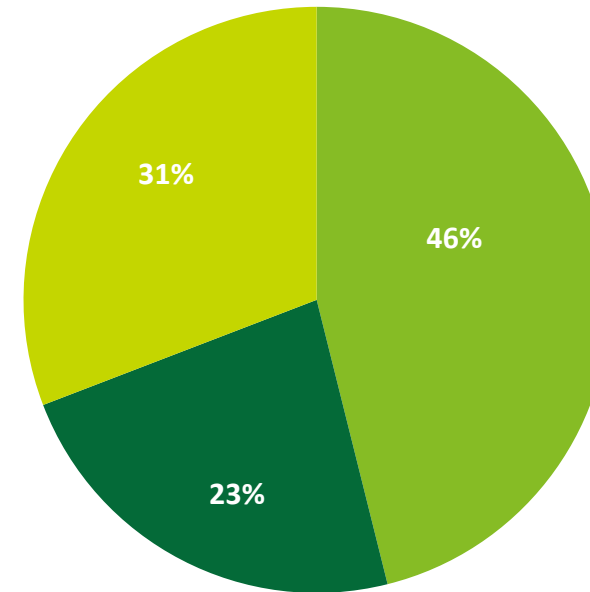
- While a majority (68%) of respondents indicated that they have a standardised procedure for assessing the impact of regulatory change, the Banking sector appears to be more mature in this space with more time and effort invested in developing standardised procedures.
- For those that do not have a consistent or standardised approach, there is a possibility of facing implementation problems at a later stage in their regulatory change journey, but also of missing chances to identify any opportunities for improvement upfront.

10. When assessing the impact of regulatory change what factors are considered?

The following factors received equal focus by respondents when assessing the impact of regulatory change:

- Customer impact
- Financial impact
- Changes to risk profile
- Strategy
- Business processes
- Overall operating model

We try and identify all relevant factors



68%

of all respondents have a standardised procedure for assessing the impact of regulatory change

■ Banking / Payments ■ Insurance ■ Superannuation / Wealth / Diversified Financial

Key Takeaway

Leading organisations ensure that the strategic, business and operational impacts of regulatory change are understood holistically. Key and strategic design decisions are understood upfront and debated at senior levels initially.



Detailed Survey Insights

Assessing the impact of regulatory change



11. When is the legal team engaged?

- The majority of the respondents (89%) engage their legal team for the purposes of understanding regulatory change.
- The stage in which they are engaged varied across the industry.

Key Takeaway

Engagement of the legal team ensures that the regulation and its impact upon the organisation is properly understood. This ensures that any initiatives to address the regulation are appropriate and strengthens compliance



12. Does the organisation utilise scenario planning techniques to identify likely outcomes where regulatory uncertainty exists?

- Only 12% of respondents utilise scenario planning techniques in every instance. The majority (68%) of respondents indicated this often depends on the nature of the regulation.

Key Takeaway

Scenario planning is a key mechanism for an organisation to stay prepared and better plan and should be aligned to the impact assessment process, particularly where decisions may lead to different customer impacts (refer to Page 17).



80%

Utilise **scenario planning** to identify likely outcomes where regulatory uncertainty exists (although not in every instance)

13. Is there a holistic and combined view of other adjacent regulatory and business initiatives, that are relevant to a regulatory change program? (Q13)

- The majority of the respondents (80%) indicated that they have a holistic view of the regulatory and business initiatives that are underway across the organisation.

Key Takeaways

- Whilst this is undoubtedly an important view to have, organisations should focus on the quality of the information available and ensure it is linked to standardised approaches to assessing the impact of and implementation process for change.
- There is a significant amount of work and buy-in required to ensure that decision-makers have the right view and ensuring that mechanisms are set up in a way that delivers value and is not just an exercise in logging change activities with no further analysis.

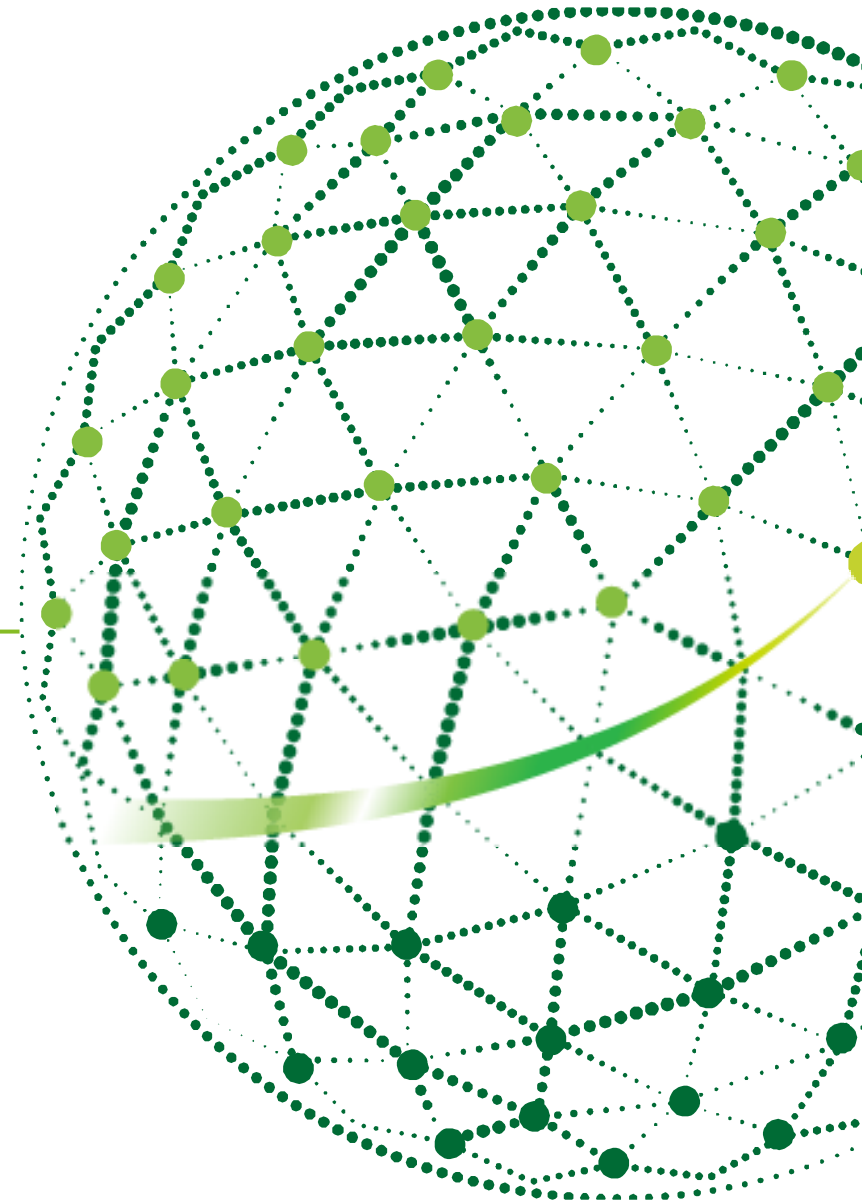


80%

Have a holistic and combined **view of adjacent regulatory and business initiatives**

Addressing regulatory change

How survey respondents address regulatory change throughout their business, including approach to implementation, resource mix and challenges when dealing with regulatory change



Detailed Survey Insights

Addressing regulatory change



14. Which resourcing model does the organisation use when dealing with regulatory change (including both BAU and project resources)?

- The majority of survey respondents (89%) predominately use internal resources, supplemented by external resources when dealing with regulatory change (for both BAU and project purposes)
- External resources included the use of external legal advisers, professional services firms, and the use of specialist project contractors (e.g., IT analysts to assist with uplifting data reporting capabilities in response to APRA’s Data Transformation Program)

Key Takeaway

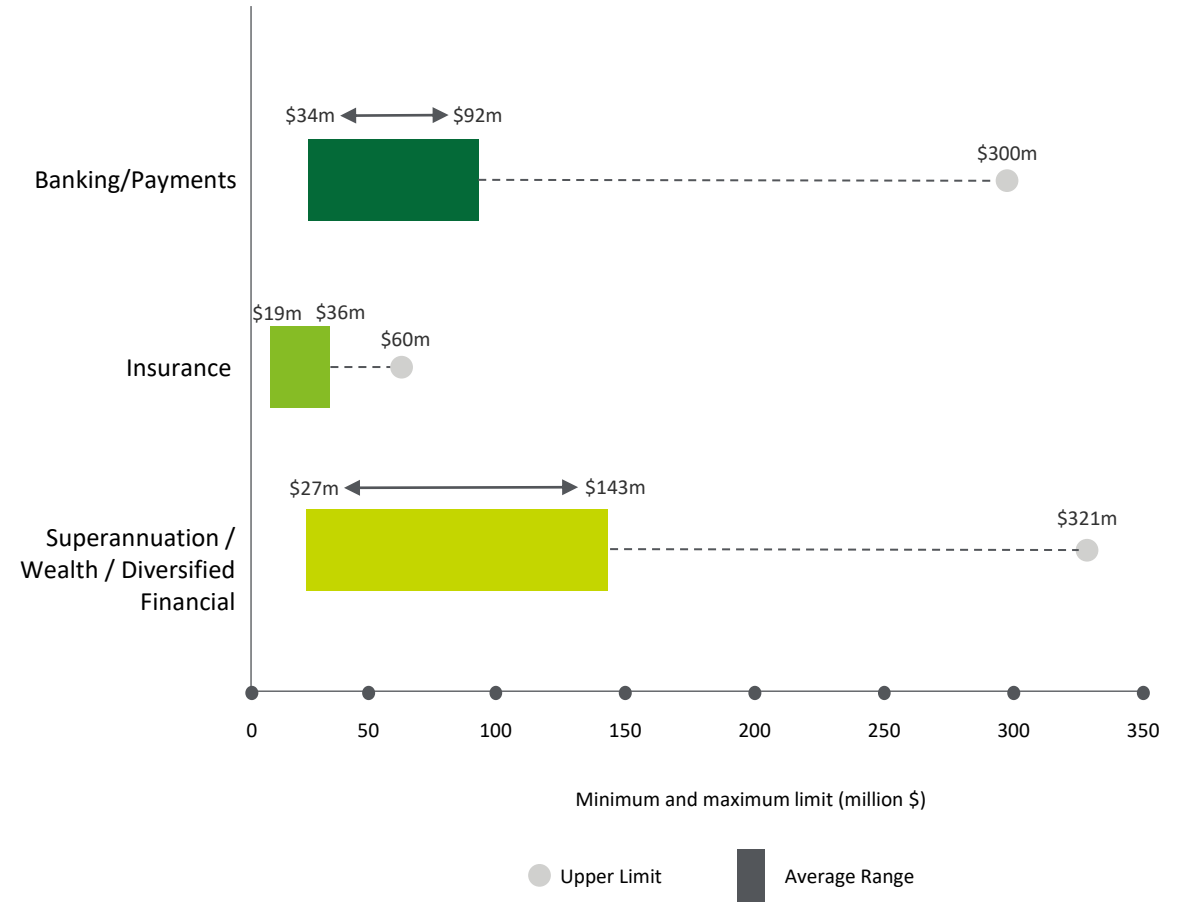
The majority of the industry has adopted a hybrid resourcing model of internal and external resources. Leading organisations implement a standing internal team and engage specialised internal and external resources where required.



15. How much does your organisation spend to manage regulatory change annually (including all BAU, project and any external technology and advisory costs but not ongoing compliance costs)?

- See adjacent graph.
- We observed a marked increase in the estimated spend on regulatory change in sectors who have undergone significant regulatory change in recent years, such as the Banking and Superannuation sectors. This has stemmed from industry-wide reviews (e.g., introduction of Member Outcomes following on from the Royal Commission into Misconduct in Financial Services) and revisions to fundamental pillars of the sector (e.g., APRA’s revisions to the Capital Framework), compared to other industries such as Insurance and Payments.

Estimated Spend on Regulatory Change



Detailed Survey Insights

Addressing regulatory change



16a. Is the spend on regulatory change programmes centrally controlled and reported on or is responsibility for managing and reporting on budgets distributed amongst and managed by relevant functions?

- Across FSI, just over half (53%) of respondents distribute spending on regulatory change programs amongst relevant functions.
- However, this was due to the Banking/Payments and Insurance sector indicating distribution of responsibility amongst relevant functions
- The Superannuation/ Wealth/ Diversified Financial industry indicated a trend where 67% of respondents indicated centralised control of spending on reg change programmes.

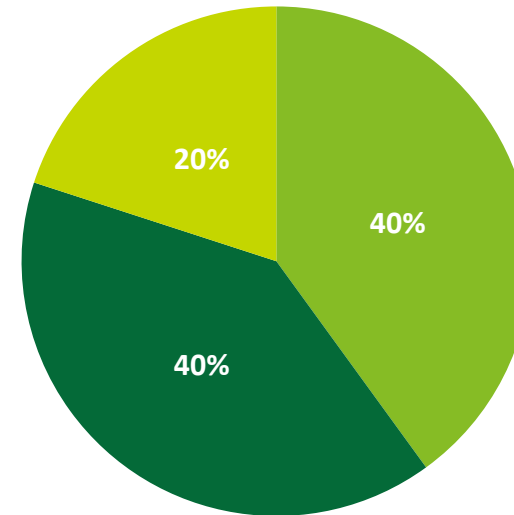


16b. How does the responsible team above monitor and govern regulatory spend relevant to each programme?

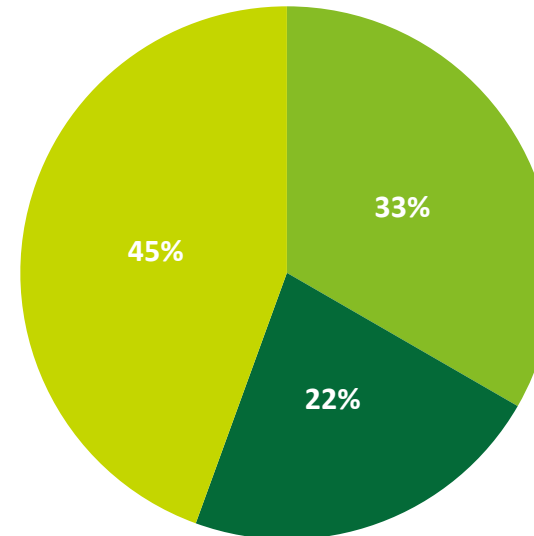
- Where governance and monitoring activities were performed, these included:
 - Existing project/programme governance methodologies or frameworks;
 - Periodic assessments of spend by project or other committees/forums;
 - Consideration as part of budgeting processes; and
 - Internal Audit and Compliance monitoring

Key Takeaway

While a distinct methods to monitoring and oversight of regulatory spend is implemented across the industry, a systematic and consistent approach will support organisations in managing and appropriate budget for regulatory change.



53%
of all respondents
distribute spend on
regulatory change
programs



47%
of all respondents
centrally control
spend on regulatory
change programs

■ Banking / Payments ■ Insurance ■ Superannuation / Wealth / Diversified Financial

Detailed Survey Insights

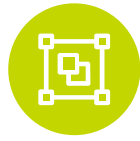
Addressing regulatory change



17. Rank from 1 to 10 (1 being the highest) the organisation's greatest challenges when dealing with regulatory change

Top challenges across the industry

1. Capacity to execute on regulatory change projects



2. Clarity regarding accountability and sponsorship of regulatory changes



3. Skills to execute on regulatory change projects



Organisations were asked to rank challenges when dealing with regulatory change from 1 – 10, with a rating of '1' being the highest

- Challenges when dealing with regulatory change are consistent across respondents; with the following identified as the most significant challenges experienced:
 - Challenges in recruitment and retention of skilled talent (exacerbated by talent wars and 'the great resignation') were significant to **impacting capacity to execute on regulatory change projects**
 - **Lack of clarity in regard to accountability and sponsorship of regulatory change** (this is consistent with what we have observed in terms of a distributed accountability for regulatory change)
- In addition to the broader FSI view, industry-specific challenges included:
 - Banking/Payments—the ability to obtain an enterprise-wide view of changes
 - Insurance – Obtaining clarity on regulator expectations in a timely manner (equal with capacity to execute)
 - Superannuation/Wealth—Clarity in regard to accountability and sponsorship of regulatory changes*

** Note this was the second top challenge for the Superannuation/Wealth/Diversified Financial sector as the top challenge was not unique to the sector.*

Detailed Survey Insights

Addressing regulatory change



18. Do you conduct a post-implementation review of your regulatory change programmes to check completion to determine whether compliance has been achieved, and how are they communicated across your organisation?

Most respondent organisations conducted a formal post-implementation review (PIR) of regulatory change programmes for large, enterprise funded initiatives, with learnings from the PIRs reported through formal mechanisms such as Board/sub-Committees (e.g. Risk Committee), project steering committees, and audit functions), and to Executive Leadership

For smaller regulatory change initiatives, PIRs were communicated across the organisation through more 'informal' mechanisms, such as through debriefs with project teams, and as part of BAU communications to impacted teams (e.g. through email newsletters, discussions during regular team meetings etc).

Despite differences in the formality and communication approach for PIRs, we observed some common themes to assessment criteria and PIR methodology, including:

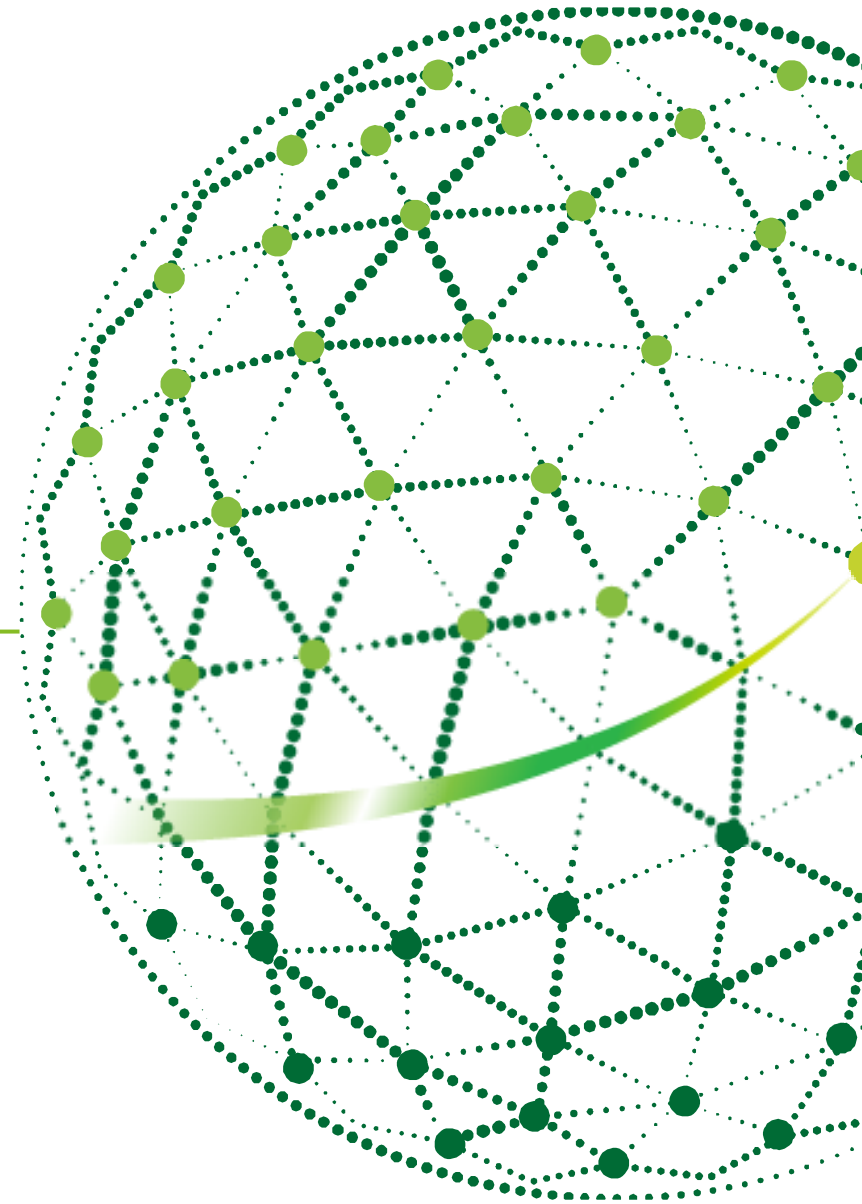
- Assessment of whether the regulatory change program achieved it's stated objective;
- Validation of 'embedment into BAU' of changes implemented as part of the regulatory change program (including an assessment of ongoing monitoring and reporting);
- Identification of gaps and/or improvement opportunities to BAU processes as a result of the regulatory change program;
- For large-scale regulatory change programmes, publication of key learnings and uplift to enterprise-wide project artefacts across the project community, to better inform future change initiatives; and
- Capturing issues and incidents identified as part of the regulatory change program in the governance, risk and compliance (GRC) system, to ensure ownership and resolution of matters under BAU arrangements, post regulatory change program wrap up.



of organisations **conduct a post-implementation review** of their regulatory change programmes, however the **formality of the review approach and how results are communicated differ**, depending on the size and scale of the regulatory change program

Monitoring and governance of regulatory change

How survey respondents approach monitoring and governance of regulatory change, including on an ongoing basis post-implementation



Detailed Survey Insights

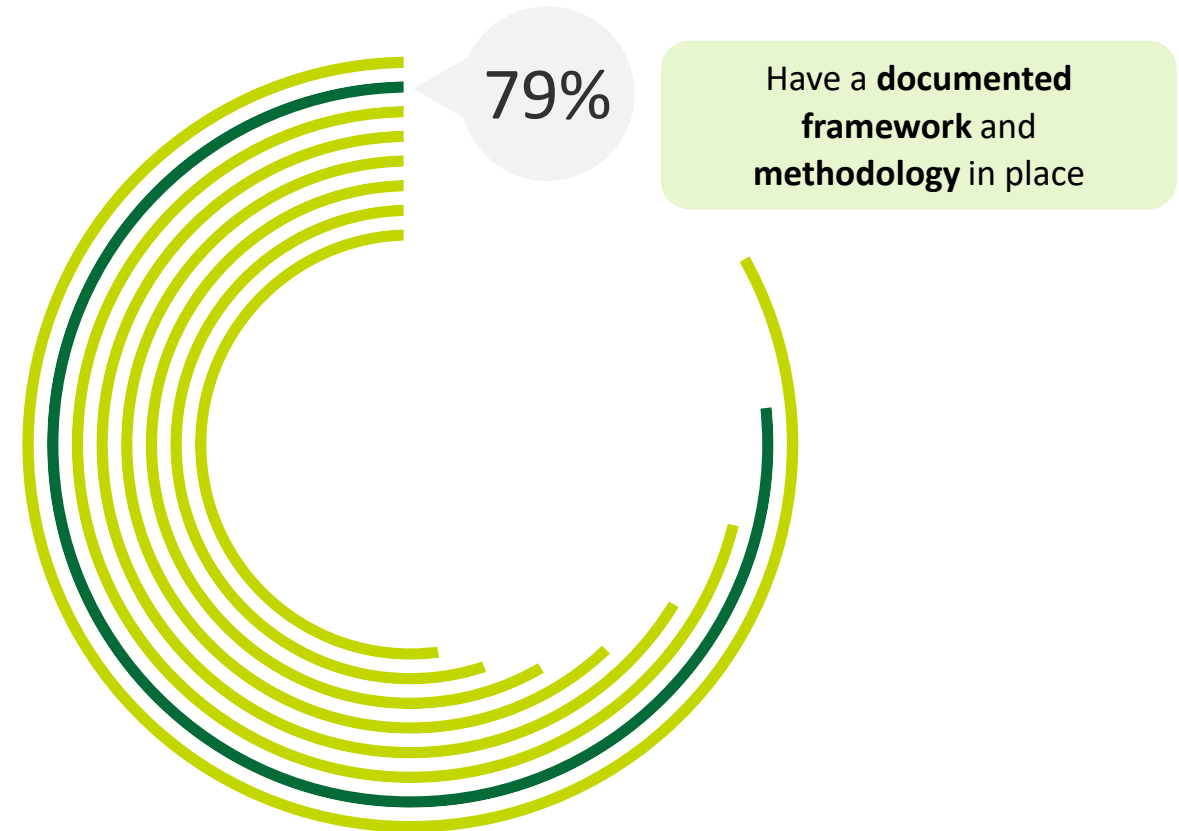
Monitoring and governance of regulatory change



19. Does the organisation have a formally documented framework and methodology for identifying, assessing, delivering and overseeing regulatory change initiatives?



- The majority of respondents (79%) have a documented framework and methodology in place. However, most have yet to implement that framework.
- Over a third of respondents evenly spread across sectors have implemented their framework, indicating a higher level of maturity in setting the parameters for managing regulatory change within the organisation.
- Interestingly, there were four respondents that do not have a formally documented framework or methodology. Three out of these four also did not have a team monitoring overall regulatory spend (see question 15).

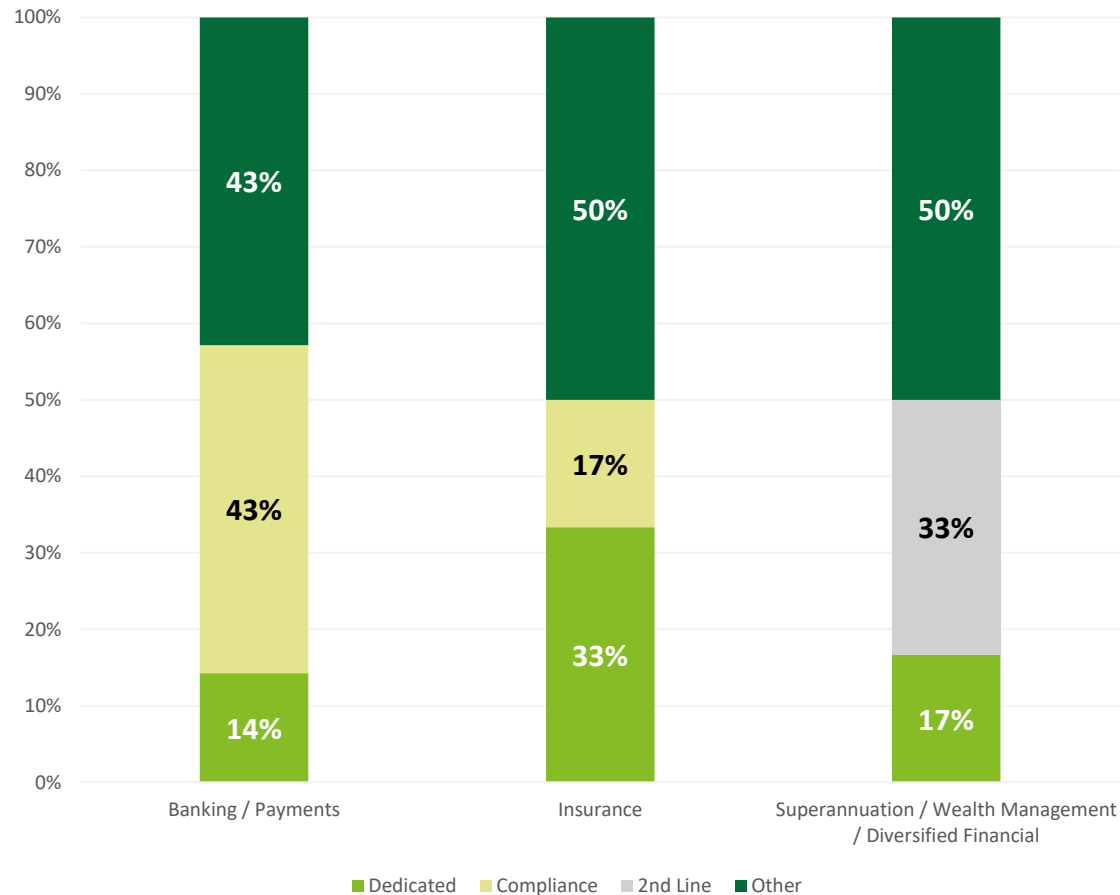


Detailed Survey Insights

Monitoring and governance of regulatory change



20. Which function allocates responsibility for regulatory change programmes?



Results with respect to the functions allocating responsibility for regulatory change programmes were mixed across sectors:

- Within the Banking sector, responsibility was largely allocated by the compliance function; however 2 respondents had their legal and governance function as allocating responsibility and 1 respondent had their 1st line executives allocating responsibility.
- Whilst the Insurance sector had over a third of respondents noting that they had a dedicated function that allocates responsibility, similar to banking, allocation of responsibility was also attributable to legal and governance functions and executives.
- The majority in the Superannuation sector reported having a regulatory change forum, working group or committee responsible for regulatory change programmes.
- The data in response to this question aligns with the data in response to question 5 (“who is responsible for horizon scanning”), demonstrating that majority of respondents don’t have a dedicated function for either horizon scanning or coordination/allocation of responsibility of regulatory change programmes across the organisation.
- The data also aligns with the trends with respect to question 16, demonstrating that the majority of respondents’ spending on regulatory change programs is distributed amongst relevant functions.

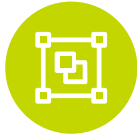



Detailed Survey Insights


Monitoring and governance of regulatory change



21. What steps do you take to remediate where you have failed to identify a change in regulation or failed to correctly assess the impact of the regulation?

Some of the key steps we would ordinarily expect to see include:

- 1.** Conduct a root-cause analysis to identify the issue 
- 2.** Report to regulators where necessary and preferably after a root cause analysis has been undertaken 
- 3.** Design and deliver a robust and well thought out remediation plan 
- 4.** Accurately and clearly report on the progress of the plan to senior management and the regulator where necessary 

- 
- Over half of the survey respondents (56%) indicated that it would **depend on the nature of the situation/failure and the type of regulation** (noting this was either explicitly noted or implicitly when noting it required assessment of the failure)
 - Just over half of the responses indicated that remediation would involve the **documentation of the failure as an incident** and/or **implementation of the incident response plan** (considering root cause, remediating the issue moving forward)
 - One respondent in the banking sector noted that **regulatory reporting requirements** were considered. Notwithstanding that this is likely to be included as part of incident management processes.
 - A small number (2) of respondents indicated that **external stakeholders** (including legal) **would be engaged**.

Key Takeaway

Failure to identify or correctly assess the impact of relevant regulatory changes may result in financial and reputational consequences. To strengthen remediation plans and mature governance processes, organisations should look ensure they are supplemented by systematic approaches to how lessons learnt are embedded in the business.



Detailed Survey Insights

Monitoring and governance of regulatory change



22. Is the Board formally engaged on the current/future regulatory change initiatives and their impact on the business? How is the Board engaged?



- Across all sectors, most respondents (95%) **formally engage with the Board** in relation to current/future regulatory change initiatives.
- All respondents in the Insurance and Superannuation/ Wealth Management/ Diversified Financial sectors engage the Board.
- The majority (89%) of respondents gave regular regulatory change project updates to the Board as well as periodic horizon updates (83%).
- Very few respondents provided an annual review of regulatory delivery (11%), and **no respondents provided their Board with formal training on managing regulatory change**. In the banking sector, no respondent's Board approves key initiatives and funding for regulatory change initiatives which indicates that this may be done at the executive level only.

Key Takeaway

The fast-paced change observed in the regulatory landscape may prompt the industry to implement training as a method of formally engaging the Board and for the purposes of implementing the appropriate responses to regulatory change.



Methods of Board engagement*



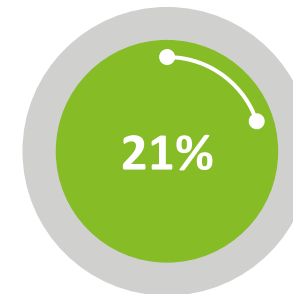
Regular project updates



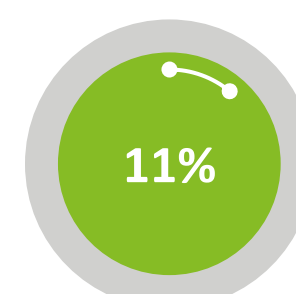
Periodic horizon updates



Ad-hoc engagement



Approval of key initiatives and funding

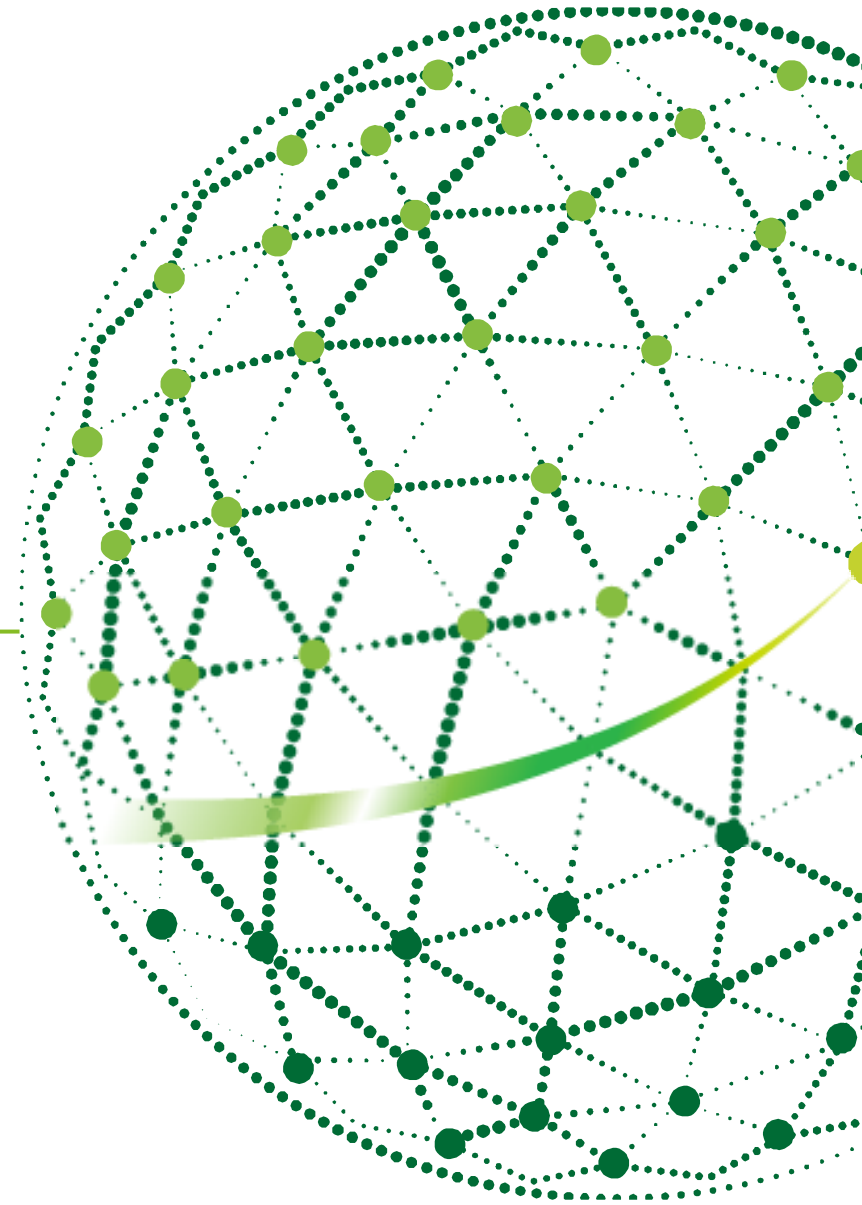


Annual review of regulatory delivery

* Data represents respondents selecting more than one method for Board engagement

Looking to the future

What's on the horizon, and how to effectively prepare for regulatory change



Upcoming Regulatory Trends

The financial services industry is undergoing considerable change and uncertainty, creating further pressures on regulatory fragmentation when issues of both national and global significance – such as economic climate change and the exponential growth in digital and technological capabilities – require more coordination and collaboration than ever.

These pressures, coupled with the extraordinary amount of growth and transformation in the financial services industry have created significant challenges not only for our regulators, but also for the wider financial services industry. This evolution has brought with it not only a significant shift to the risk profile of the industry, but a broader evolution in how financial services is perceived, and in turn, regulated. Customers and the wider community are increasingly engaged and more involved, mass media is focused on the industry, and how its leaders are responding to regulatory change – not only from a compliance perspective, but also from the lens of large organisations having a ‘social licence to operate’.

In this context, APRA and ASIC’s message is clear – get ready for increased scrutiny, personal accountability, and far more sophisticated oversight. For example, [APRA’s latest insights](#) have re-emphasised the need for the financial services industry to prioritise and address compliance risk with the same rigour as financial risks.

How then, are we seeing our regulators and FS organisations address this?

A focus on culture and conduct

01

Culture and conduct continues to be a key area of focus for both regulators and FS organisations, with regulators focusing not only on whether or not organisations comply with regulatory obligations, but also how they comply. This was demonstrated through [APRA and ASIC’s joint letter on implementation of the retirement income covenant](#) by the superannuation industry. The increased attention on the ‘S’ and ‘G’ components of ESG will have a larger impact on culture and conduct frameworks, with regulators expecting risk culture to be embedded throughout the regulatory change process – from design, through to implementation, embedding and ongoing monitoring.

A shift to activity-based supervision of regulatory change implementation

02

Regulators are looking at new ways of regulating and supervising, shifting away from the current theme-oriented, entity based approach to an activity-based approach, in order to apply consistent rules to the same business activities and risks. For example, [APRA’s recent superannuation thematic reviews](#), which focused on the activities trustees undertook to implement and embed (relatively new) prudential standards relating to strategic and business planning.

Adoption of technology in regulation and supervision

03

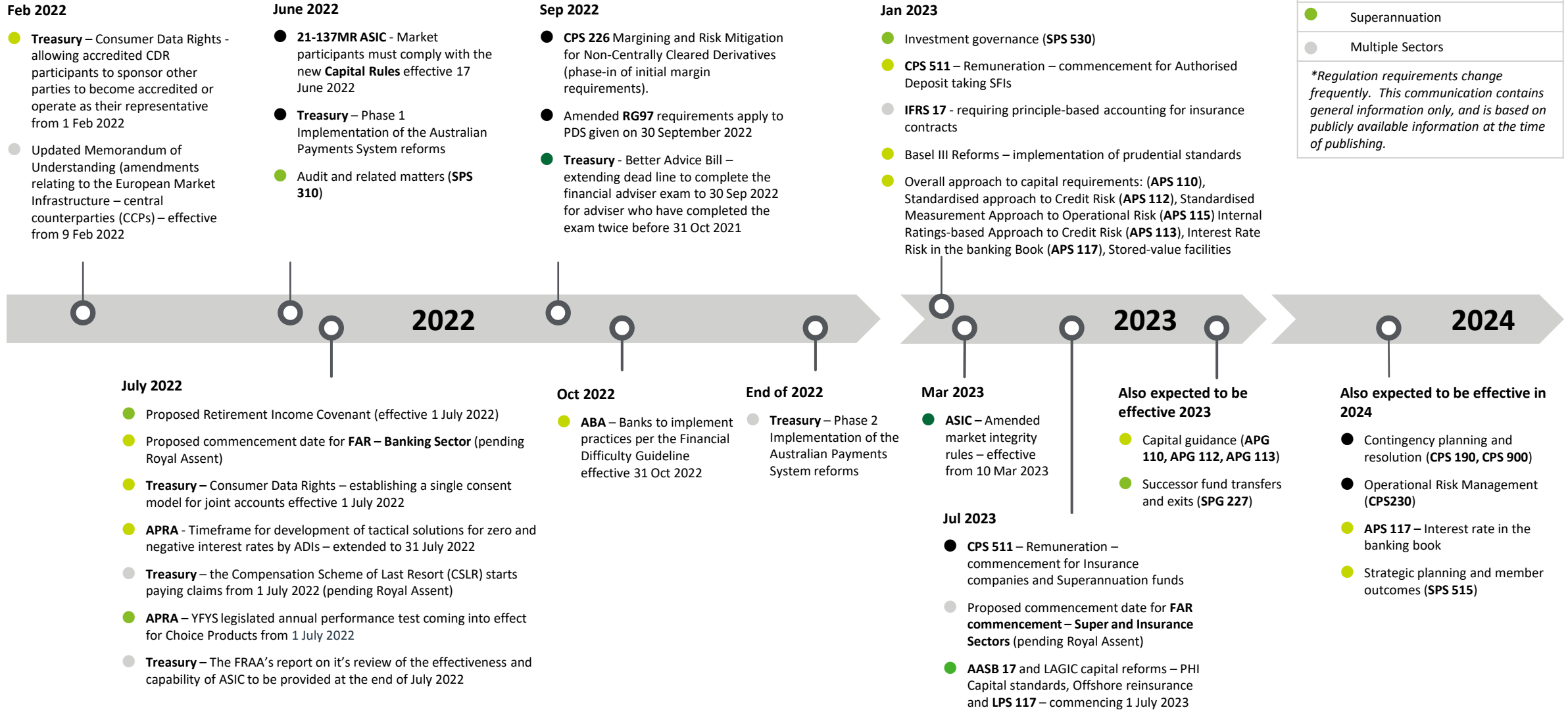
FS organisations and regulators continue to ride the digitalisation wave, with both regulators and FS organisations increasing their investment in technologies across the regulatory change spectrum—from implementation to ongoing monitoring and reporting. This increasing adoption and reliance of technology brings new opportunities for both regulators and FS firms, both to help manage risk across the industry, and by providing access to deeper insights to drive the future direction of the regulatory change agenda.

Regulatory changes on the horizon—2022—2024

Key upcoming changes applicable to Banking, Insurance, Wealth (including Advice) and Superannuation

Key	
●	Banking
●	Insurance
●	Wealth (including Advice)
●	Superannuation
●	Multiple Sectors

**Regulation requirements change frequently. This communication contains general information only, and is based on publicly available information at the time of publishing.*



Consultations

Key upcoming consultation end-dates and proposed changes applicable to Banking, Insurance, Wealth (including Advice) and Superannuation

March 2022

- **APRA** – feedback on the planned approach to integrating AASB 17 Insurance contracts into capital and reporting frameworks applicable to life insurers and general insurers – closed 31 Mar 2022
- **ASIC** – Consultation on update to RG 263 Financial Services and Credit Panel (CP 359) – closed 28 March 2022
- **APRA** – Discussion paper on Strengthening Financial Resilience in Superannuation – closed 11 Mar 2022
- **APRA** - Consultation on updates to ARS 115.0 - closed 11 Mar 2022
- Amendments to Prudential Standard SPS 310 Audit and Related Matters – closed 22 Mar 2022
- **APRA** – Consultation on draft guidance for the new capital framework, contained in Prudential Practice Guide APG 110 Capital Adequacy (draft APG 110), Prudential Practice Guide APG 112 Capital Adequacy: Standardised Approach to Credit Risk (draft APG 112) and Prudential Practice Guide APG 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk (draft APG 113) – closing 31 Mar 2022

May 2022

- **ASIC** – Consultation on retail market conduct issues (in the context of the rapidly changing retail investment landscape) – closing 23 May 2022
- **Treasury** – Consultation on licensing and custody requirements to support minimum standards of conduct by crypto asset secondary service providers and safeguards for consumers – closing 27 May 2022

Key	
	Consultation/ Report
	Regulatory change proposed
	Banking
	Insurance
	Wealth (including Advice)
	Superannuation
	Multiple Sectors
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Other consultations expected

- Consultation on APRA's Superannuation Data Transmission
- Consultation on Prudential Standard APS 116 Capital Adequacy: Market Risk (APS 116); and Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk (APS 180).
- Consultation on new standards for financial contingency planning, Operational Resilience, Governance (CPS 510), Risk management (CPS 220)
- New prudential standards for revised approach to licensing new ADIs
- Revised prudential standards for Strategic Planning and Member Outcomes (SPS 515)
- Regulatory arrangements to ensure that all class action members have access to justice and that class action law firms and litigators always act in the interests of those members (Treasury)
- New prudential standards for stress testing
- Revised guidance for APS330 disclosure requirements
- Private health insurance capital framework prudential standards
- Consultation on integration of the Retirement Income Covenant into APRA's superannuation prudential framework



April 2022

- **ASIC** – Consultation on proposals to remake PDS, superannuation dashboard and FSG legislative instruments (CP 358) – closing 12 April
- **APRA** – Consultation on discussion paper released on APRA's post-implementation review (PIR) on the Basel III liquidity reforms – closing April 14 2022
- **Treasury** – Consultation on applying Consumer Data Right to non-bank lending – closing 12 April 2022
- **ASIC** – Consultation on licensing requirements proposed for Corporate Collective Investment Vehicles (CCIVs) (CP 360), intended to be released 1 July 2022 – closing 14 Apr 2022
- **APRA** – Discussion paper on new prudential standards to strengthen crisis preparedness (CPS 190 and CPS 900) – feedback closing 29 Apr 2022
- **APRA** – Draft AASB 17 and LAGIC update proposals for LPS 117, and draft consequential amendments to Prudential Standard LPS 114 Capital Adequacy: Asset Risk Charge and Reporting Standard LRS 117 Capital Adequacy Asset Concentration Risk Charge released – Written submissions requested by 29 April 2022

June 2022

- **Treasury** – Consultation on the Quality of Advice Review Issues Paper – closing 3 June 2022

How to effectively prepare for regulatory change

01

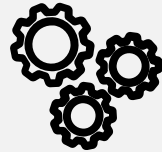


Take a strategic and customer focus

Organisations should consider elevating regulatory change as a strategic priority.

Further, as part of the business planning process, organisations should consider both the strategic and customer impacts of upcoming regulatory changes, and ensure these are addressed and embedded into plan.

02



Maintain an Enterprise wide view

Organisations should consider developing and maintaining an enterprise-wide view of regulatory change, to ensure a consistent approach to assessing the impact of regulatory change.

An enterprise-wide view requires financial institutions to understand the potential regulatory overlaps, synergies and themes to impact the business holistically.

03



Leverage your data

Financial institutions require a dynamic dataset that plots key regulatory and supervisory developments.

Regulatory intelligence should ideally cover key areas for each regulatory development, such as timelines, level of certainty and business lines, functions and processes likely to be affected. Information should include relevant updates in all parts of the business to give an aggregate, enterprise-wide view of current and emerging regulation.

04



Continuous integration

Organisations should consider integrating regulatory change implementation as part of 'everyday risk management, rather than treating regulatory change as ad-hoc or project-based initiatives.

05



Build a reg change culture

Organisations should consider actions to strengthen their existing conduct and risk culture programs to reflect the ongoing impact of regulatory change and compliance risk, in line with heightened regulator expectations on 'continuous risk culture management'.

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