

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2016 - 2017

Department/Agency: Australian Prudential Regulation Authority

Question: 163

Topic: Bank account portability

Reference: Written – 19 October 2016

Senator: Ketter, Chris

Question:

1. Does APRA see any issues of concern with the proposal for bank account portability?
2. Does APRA see any competition benefits from implementing bank account portability?

Answer:

1. APRA would not expect bank account portability to present any significant prudential issues. Key concerns would be around ensuring protection of customer account data from fraud and theft. Authorised deposit-taking institutions (ADIs) might also need to modify their liquidity management practices if retail customers could switch deposit account balances much more quickly than has traditionally been the case. Setting up the infrastructure to allow account portability could potentially be very costly for the industry, however, which could affect smaller ADIs disproportionately.
2. Bank account portability could, in theory, allow customers to respond more easily to better price or service offerings at other providers, thereby intensifying competitive behaviour and incentives among banks and other authorised deposit-taking institutions. APRA has not seen any evidence on whether such switching would occur in practice, and if so, whether this would have a beneficial impact on competition. In order to support competition, the implementation costs on smaller ADIs would need to be considered.