

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 1 to 4 June 2004

**Question: Bud 95**

**Topic: APRA - SCCIs**

**Hansard Page: Written Question on Notice**

Senator Conroy asked:

- 1) Has APRA authorised any SCCIs to date?
- 2) How many institutions have made enquiries about becoming an SCCI since it was established as a category of ADI?
- 3) If there have been no SCCIs authorised, does APRA have a view on why this is the case?
- 4) Would APRA consider revising its guidelines for SCCIs if no new entrants are authorised within the next few year?
- 5) Is APRA familiar with a suggestion that there should be different prudential requirements applying to credit card institutions that are card issuers and distinct from those that are card acquirers? What is APRA's view on such a proposal?

Answer:

- 1) No.
- 2) Seven.
- 3) APRA understands that a number of applicants were waiting for the Reserve Bank of Australia to finalise its access regime for credit card schemes. APRA also understands that a number of applicants are now developing their applications.
- 4) APRA does not see a need to review the guidelines at this stage given that one entity is well advanced in its application to become a SCCI and several others are developing their applications.
- 5) Yes.

Credit card issuers and acquirers face liquidity, credit and operational risks in providing credit card services. Both types of institutions need to have appropriate risk management policies and sufficient financial substance to undertake their activities. APRA does not believe that there should be different prudential requirements for issuers as distinct from acquirers.