A NEW DATA COLLECTION SOLUTION

Key items for stakeholder consideration

26 FEBRUARY 2018

Overview

APRA has commenced a substantial data transformation program. This program will fundamentally change all aspects of APRA's data management, modernising how we collect, store, analyse and provide access to data.

A core element of the program is the replacement of the current data collection system, 'Direct to APRA' (D2A), with a more modern, efficient system, the new Data Collection Solution.

APRA is engaging early in the design process to ensure the new platform, and its implementation, best meets the needs of both APRA and industry.

This document has been published in the first phase of the engagement process. The questions in this document can be answered **online** or by uploading a submission **here** by 20 April 2018.

1. APRA's data transformation agenda

APRA must keep pace with advances in data, analytics and technology that are redefining how individuals, organisations and government perform their work and deliver value.

APRA collects and publishes data from regulated and non-regulated financial institutions. The data supports APRA's core supervisory work, informs policy development and is used by other agencies, including the Australian Bureau of Statistics, the Australian Securities and Investments Commission and the Reserve Bank of Australia.

APRA has embarked on a data transformation program so we can deliver data and fact-based insight to a wide audience using modern analytic capabilities. This multi-year, multi-stream program will fundamentally change all aspects of our data management.

COLLECT	STORE	ANALYSE	INNOVATE

The program will improve the quality of data, improve the efficiency of report production, enable us to provide better, faster, deeper insights, and deliver greater transparency to financial analysts, policy makers, and the general public. The new Data Collection Solution will improve APRA's core data collection capabilities and allow us to make full use of contemporary Standard Business Reporting (SBR), see box below.

APRA cannot continue with D2A, as the system is nearing end of life. Security updates, fixes and feature updates will become increasingly unavailable. Core components of the platform will not be supported in the future.

> Our vision for the new Data Collection Solution is
> **an easy-to-use system to collect high-quality data that is adaptable to future business needs.**

Standard Business Reporting

Standard Business Reporting (SBR) is an Australian Government program that defines the Australian standard terms and formats for the exchange of financial information. APRA has been progressively adopting SBR since 2011. APRA intends to develop the new system fully based on SBR. Stakeholder feedback will help inform the transition from D2A attribute codes to SBR.

More information on SBR can be found **here**.

Sean Carmody

EGM Risk & Data Analytics

" We are committed to working with you to design and implement a more modern, efficient and user friendly data collection solution that benefits both APRA and industry for years to come. "

2. Benefits for stakeholders

We have listened to stakeholder feedback calling for a new system that requires less manual entry and allows less duplication in data submitted.

Reflecting on the current challenges with D2A, and the opportunities offered by new systems, we anticipate a new platform will provide numerous benefits to stakeholders. It will:

Adapt to future needs	Reduce ongoing maintenance and support costs	Be easier to use
The new solution will adapt as reporting requirements, data analytics and technology continue to evolve.	The new solution will enable data uploads, so it is less dependent on manual data entry than D2A. It will also be web based, which simplifies system maintenance.	The new solution will have a more modern, intuitive user interface and will not require software to be downloaded onto a specific machine.

APRA

2. Benefits for stakeholders

Some things will not change with the new Data Collection Solution

The introduction of a new system will change how we collect data, not the data collected. This means the following items will not be considered:

The obligation to report	Changes in reporting requirements	Requirements of multiple regulators
The new system will not eliminate entities' obligation to report. It will not change the quantity of data required and the timeframes in which data must be supplied.	The new system for collecting data will not prevent future regulatory, and therefore reporting, changes.	The reporting obligations across multiple regulators will remain. However APRA is part of the cross-agency Data Champions Network and the Data Management Community which is exploring options to more effectively share data across agencies.

Questions for stakeholder feedback

1

What design features and functions in the new system would benefit your organisation?

2

How can APRA best ensure these benefits are delivered?

3. Principles for solution design

APRA is not presenting stakeholders with detailed proposals for comment during this phase; rather, the new system will be identified and implemented based on stakeholder feedback. However, we have established six guiding principles for the new system.

Guiding principles

Future proof	Meet reporting requirements	Drive simplification
The solution must meet the demands of modern business and be sufficiently flexible to adapt as data analytics and technology evolve.	The solution must enable APRA and entities to fulfil their regulatory responsibilities and collect, at a minimum, all data currently collected via D2A.	The solution will seek to reduce the burden of reporting. For example, through partnership with the RegTech community to further simplify the process of reporting.

Single standard taxonomy	Neutral to entity size	'Buy' over 'build'
The solution needs to align with APRA's commitment to the ongoing Australian Government initiative to harmonise data collection with consistency of data definitions through the use of a single, standard taxonomy.	The introduction of the new solution must not disproportionately impact large or small entities.	APRA's preference is to 'buy', rather than 'build', a new solution. The intention is to implement a minimally customised commercial off-the-shelf solution, based on a modern web-based platform.

3. Principles for solution design

Current data submission use cases

Entities can prepare and submit data in several ways. APRA understands entities have developed different utilities and processes to accomplish this. The table below maps these to four use cases.

Use case*	Description	Collation	Submission channel
Manual data entry	The analyst manually enters the necessary data, field-by-field, into the D2A client.	Fully manual	D2A
Structured copy and paste	The analyst copies completed forms from an entity system into the D2A client.	System collated and structured copy into D2A	D2A
XBRL import	An entity system generates an XBRL file that is loaded into the D2A client.	System collated and load XBRL into D2A	D2A
Ad hoc submission	The analyst generates a file (structured or unstructured) and emails this to APRA. This is used for follow up or special case collections.	Fully manual	Email

* Email or paper-based data submissions are also possible for reporting entities that are unable to access D2A.

Questions for stakeholder feedback

3	4	5	6	7
Would you change any of the design principles? Do any of the design principles raise key questions for your organisation?	Which use case(s) best reflect your organisation's operations?	What technical or organisational factors led you to adopt that use case?	How challenging would your organisation find it to switch from D2A attribute codes to SBR?	Would your organisation consider adopting a machine-to-machine submission facility?

4. Engagement plans and implementation path

APRA is seeking stakeholders' advice early in the process to help design the Data Collection Solution and plan its implementation. We will engage extensively throughout the course of the project to shape the new system in order to maximise benefits and minimise costs to industry.

By 20 April 2018, we are asking stakeholders to respond to the questions raised in this document*. The questions in this document can be answered **online** or by uploading a submission **here.**

We are also inviting stakeholders to:

- **Attend a webinar** to hear directly from APRA about the replacement of D2A, ask questions, share ideas and hear the ideas of other organisations affected by the change. These webinars commence 13 March 2018 and sign up details are on the APRA Data Collection Solution webpage **here**.

- **Nominate for participation** at (1) an industry specific roundtable to discuss the questions presented in this document and/or (2) a cross-industry working session to specifically consider the technical elements in the replacement of D2A. These will commence in the week beginning 26 March 2018. Spaces are limited so If you would like to be involved, please notify APRA directly at **newdatacollectionsolution@apra.gov.au** or talk to your industry body (where applicable) to nominate to be involved as soon as possible.

- **Share these details** with service providers where relevant.

- **Register** to receive ongoing updates **here.**

*APRA's policy is to publish all submissions on the APRA website unless a respondent expressly informs APRA in writing that all or part of the submission is to remain in confidence. Automatically generated confidentiality statements in emails do not suffice for this purpose. Where respondents would like only part of their submission to remain in confidence, they should provide this information marked as 'confidential' in a separate attachment.

4. Engagement plans and implementation path

We will also establish two forums to provide more ongoing advice. The Strategic Industry Reference Group will provide strategic advice on the design, selection and implementation of the solution and advise on APRA's broader data transformation. The Technical Working Group will work closely with our project team to define technical components, identify potential technical risks and issues, and provide insights on potential solutions. We will provide further details on these forums during the engagement.

Collaboration with other government agencies

We are conscious of the need to minimise regulatory burden on reporting entities. We have taken this into consideration when planning engagement activities. In particular, APRA is working closely with the Australian Securities & Investment Commission (ASIC) to align with its proposal to collect recurrent data from financial and credit services providers. APRA and ASIC will coordinate their projects to:

- minimise duplication of requirements and stakeholder engagement

- maximise reliance on existing reporting of datasets (and related taxonomies), including through the sharing of data between regulators; and

- ensure reasonable implementation timetables.

APRA and ASIC have formed preliminary plans for collaboration. We will:

- have observers on each other's strategic industry reference groups

- meet regularly to discuss and plan future steps of implementation on a coordinated basis.

4. Engagement plans and implementation path

We have set the following draft timeline for the implementation of a new Data Collection Solution:
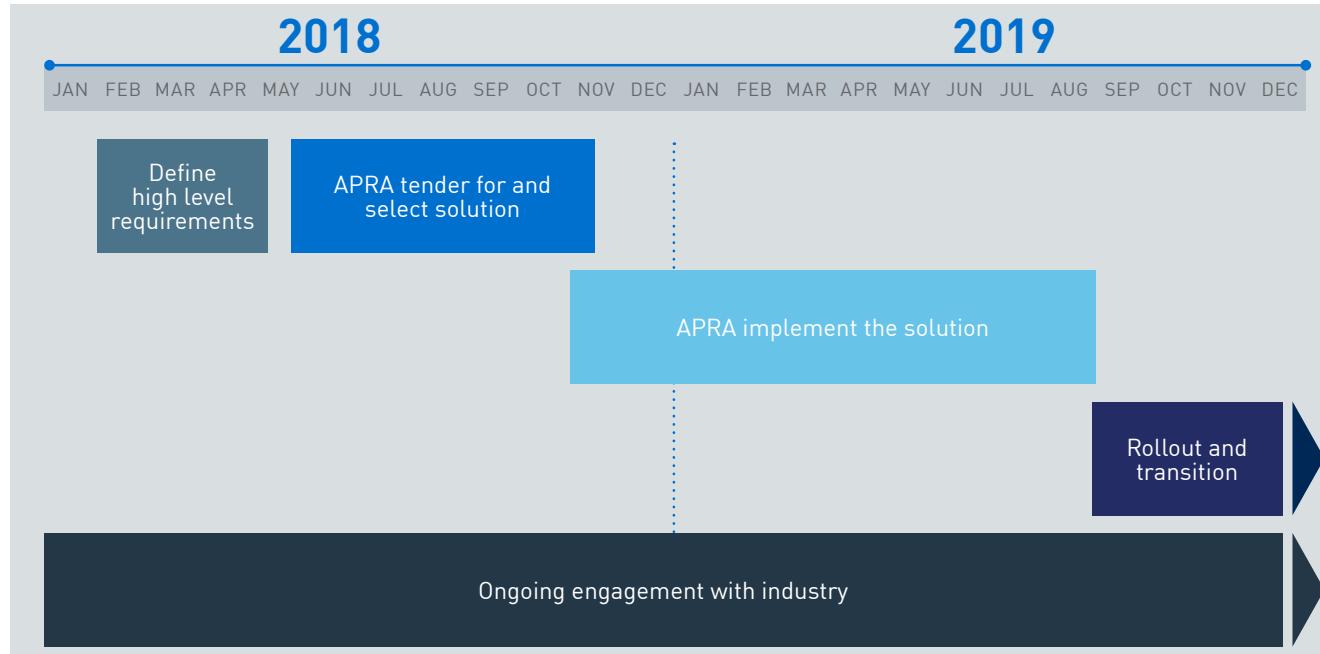
The overall timeline is designed to balance the importance of replacing D2A to our broader data transformation agenda with the implementation requirements of reporting entities. The timeline will be subject to close review, in light of the chosen system and implementation approach.

Questions for stakeholder feedback

8	9	10	11	12
What are the most likely implementation challenges for your organisation?	What information and support are required (and by when) for your organisation to commence transition from late 2019?	What are the other industry changes which will directly impact your organisation's ability to address changes in how APRA collects data?	How would your organisation like to be engaged now and in the subsequent design and implementation stages?	Where in your organisation do you believe the most significant change impacts will be felt from the replacement of D2A?

5. Stakeholder costs

We recognise there will be costs associated with replacing D2A with the new Data Collection Solution, and we will work with industry to minimise the overall burden.

Reporting entities will have different costs depending on the extent of change to current systems and processes that they require. Some may also choose to invest in their internal data capabilities to maximise the benefits of the new system. APRA wants to understand these different costs and investment decisions.

In line with the existing methodology, APRA's costs to implement the Data Collection Solution will be covered by Financial Institutions Supervisory Levies. With the system still to be determined, it is not yet possible to fully estimate the total cost associated with decommissioning D2A and implementing the new Data Collection Solution.
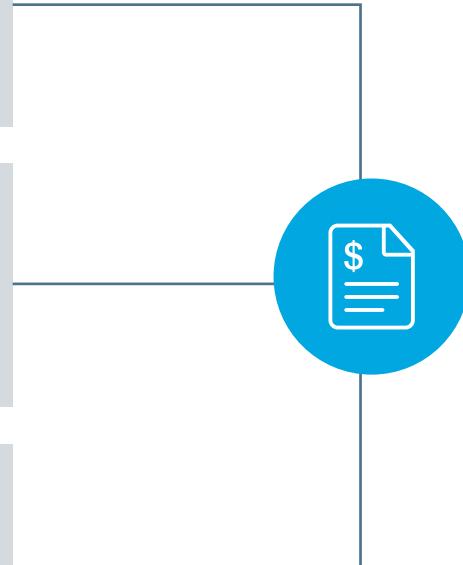
Questions for stakeholder feedback

13

How could APRA work with industry to lessen the burden of moving to the new system?

14

What are the current annual costs for your organisation in reporting data through D2A?

15

What investment has your organisation made in integrating D2A with internal reporting systems?

16

To reduce your implementation costs, would you consider partnering with a third-party provider that is servicing many entities in the industry or are you more likely to develop a bespoke solution in house?

6. Next steps

We recognise the introduction of the new system will affect your organisation financially and operationally. We want to work together to maximise the benefits and limit any negative impacts for the financial services industry.

Here are the ways in which you can learn more and share feedback to shape the new Data Collection Solution:

Respond to the questions raised in this document by 20 April 2018. The questions in this document can be answered **online** or by uploading a submission **here**

Attend a webinar in March to hear directly from APRA about the replacement of D2A, ask questions, share ideas and hear the ideas of other organisations affected by the change. The details are on the APRA Data Collection Solution webpage **here**

Contact APRA directly at **newdatacollectionsolution@apra.gov.au** or advise your industry body (where applicable) if you would like to participate in an industry roundtable discussion on the questions raised in this document, or a cross-industry technical discussion

Register **here** to receive ongoing updates

Consolidated questions for stakeholder feedback

Benefits for stakeholders	1. What design features and functions in the new system would benefit your organisation? 2. How can APRA best ensure these benefits are delivered?
Principles for solution design	3. Would you change any of the design principles? Do any of the design principles raise key questions for your organisation? 4. Which use case(s) best reflect your organisation's operations? 5. What technical or organisational factors led you to adopt that use case? 6. How challenging would your organisation find it to switch from D2A attribute codes to SBR? 7. Would your organisation consider adopting a machine to machine upload facility?
Engagement plans and implementation path	8. What are the most likely implementation challenges for your organisation? 9. What information and support are required (and by when) for your organisation to commence transition from late 2019? 10. What are the other industry changes which will directly impact your organisation's ability to address changes in how APRA collects data? 11. How would your organisation like to be engaged now and in the subsequent design and implementation stages? 12. Where in your organisation do you believe the most significant change impacts will be felt from the replacement of D2A?
Stakeholder costs	13. How could APRA work with industry to lessen the burden of moving to the new system? 14. What are the current annual costs for your organisation in reporting data through D2A? 15. What investment has your organisation made in integrating D2A with internal reporting systems? 16. To reduce your implementation costs, would you consider partnering with a third-party provider that is servicing many entities in the industry or are you more likely to develop a bespoke solution in house?

APRA appreciates your feedback in shaping the design and implementation of the new Data Collection Solution. If you have any questions, please contact APRA directly at **newdatacollectionsolution@apra.gov.au.**