



4 May 2018

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS

Changes to section 66 Banking Act

On 5 May 2018, changes to section 66 of the *Banking Act 1959* (the **Banking Act**), made as part of the *Treasury Laws Amendment (Banking Measures No. 1) Act 2018 (TLAB)*, will take effect. From that date, authorised deposit-taking institutions (ADIs) will be permitted to use the word 'bank' without restriction under the Banking Act.

The terms 'credit union', 'credit society', 'credit co-operative' and 'building society' will continue to be restricted terms. ADIs that are credit unions or building societies may continue to use those terms, as well as the restricted words bank, banker and banking, including as part of a corporate or business name.

The changes to the Banking Act also allow APRA to make a determination under section 66AA that an ADI or class of ADIs is not permitted to use the word bank (which would also apply to the words banker and banking). APRA will consider using this power in respect of ADIs that do not have the ordinary characteristics of banks (for example, purchased payment facilities), or otherwise in serious or unusual circumstances that warrant the making of a determination. We will consult any affected ADIs prior to making such a determination under section 66AA.

APRA will be revising its *Guidelines for the Implementation of Section 66 of the Banking Act* to reflect the recent legislative changes, and expects to publish these by mid-2018.

Reporting forms for ADIs

Many reporting standards make distinctions between bank and non-bank ADIs for reporting purposes. With the changes to section 66, this distinction may no longer be appropriate. APRA is currently considering this matter and will consult with industry on any proposed changes to reporting standards. In the interim, ADIs should continue to complete their reporting obligations as usual.

Contact with APRA

While an ADI will no longer need APRA approval to use the word bank, an ADI that intends to change its corporate or business name should notify its responsible supervisor of such changes.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Pat Brennan'.

Pat Brennan
Executive General Manager
Policy and Advice Division