APRA releases update on key policy settings for ADI capital framework reforms

The Australian Prudential Regulation Authority (APRA) has released a letter to authorised deposit-taking institutions (ADIs) to provide an update on key policy settings for the capital framework reforms, which will come into effect from 1 January 2023.

This letter provides an update on the December 2020 consultation on the ADI capital framework, with a targeted data study to be provided separately to participating ADIs. This data study was foreshadowed in the early June 2021 letter ADI capital reforms: Roadmap to 2023, which also set out a clear timeline to finalise the consultation phase by November 2021.

The bank capital reforms are aimed at strengthening the financial resilience of the industry. The new framework will embed the industry's unquestionably strong level of capital, with higher capital buffers providing greater flexibility for periods of stress.

The letter to industry is available on the APRA website at: Bank capital reforms: Update.