Global Financial Services Regulatory Guide - Australia

1. Who regulates banking and financial services in your jurisdiction?

| Contents |
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| To generate table of contents, right-click here and select **Update Field.** |

# Who regulates banking and financial services in your jurisdiction?

Australia has four key regulators with responsibility for the authorization and supervision of banks, insurers and other financial institutions. These are the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investment Commission (ASIC), the Reserve Bank of Australia (RBA), and the Australian Transaction Reports and Analysis Centre (AUSTRAC). The allocation of responsibilities between APRA, ASIC, the RBA and AUSTRAC are as follows:

APRA develops and enforces prudential regulation of Authorized Deposit-taking Institutions (ADIs), general insurance companies and superannuation funds in order to ensure the stability, safety, efficiency, competition and contestability of the financial system.

ASIC is the corporate, markets and financial services regulator responsible for promoting market integrity and consumer protection. As part of its responsibilities, ASIC oversees disclosure and market conduct of Australian companies, licenses providers of financial products and services, supervises real-time trading, and enforces laws against misconduct on Australian markets.

The RBA is Australia's central bank and has a longstanding responsibility for the overall stability of the financial system, monetary policy and payment systems.

AUSTRAC regulates anti-money laundering and counter-terrorism financing (AML/CTF), and it is Australia's financial intelligence unit, combatting tax evasion, money laundering, terrorism and other forms of organized crime.

Following the recommendations set out in Commissioner Hayne's Final Report to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, particularly recommendation 6.10, APRA and ASIC have committed to closer collaboration and information sharing. This has been reflected in an updated memorandum of understanding that was announced in November 2019 and has subsequently seen, in certain cases, APRA cede its investigation powers to ASIC. The roles and responsibilities of APRA and ASIC are likely to be subject to further ongoing consideration and possible change as additional recommendations are addressed.

The broad framework for the regulation of banking and financial services is determined by the Australian government. As an executive arm of the government, the Federal Treasury also plays a role in regulating banking and financial services in Australia by contributing to economic policy. For example, the Federal Treasury advises the government on the stability of the financial system, policy processes, corporate practices, and the safeguarding of public interest in matters such as consumer protection and foreign investment.

In addition, the Australian Competition and Consumer Commission (ACCC) is responsible for competition policy and consumer protection, with a mandate that extends across the entire economy, including the banking and financial services sectors.

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