Financial institutions management in australia

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The two financial regulators in Australia are Australian Prudential Regulation ity APRA 2) Australian Securities and Investments Commission (ASIC). The Australian Prudential Regulation Authority (APRA) regulates and supervises the banks, general insurance companies, credit unions, building societies , friendly societies, the life insurance companies, reinsurance companies and most members of the superannuation industry. Australian Prudential Regulation Authority currently supervises institutions holding approximately $ 3. 6 trillion in assets for approximately more than 20 million Australian depositors, policyholders and superannuation members (www. apra. gov. au). . The three main areas of the responsibility of APRA are: 1) To ensure that banks, insurance companies, credit unions, building societies et al. keep their financial promises. 2) To ensure that they are financially sound so that they can meet their obligations to the depositors. 3) Registration of financial companies. The Australian Securities and Investments commission (ASIC) is the corporate regulator of Australia. The ASIC regulates and implements the corporate and financial services laws in Australia so as to ensure the protection of consumers, investors and other stakeholders. The specific areas of responsibility of the Australian Securities and Investments Commission (ASIC) relate to regulation of the corporations, markets and financial services of Australia. The Australian Securities and Investments Commission (ASIC) strives to ensure the fairness and transparency in the financial markets of Australian. The Australian Securities and Commission (ASIC) is the Australian equivalent of the Securities and Exchange Commission (SEC) in United States of America. The main areas of responsibility of the ASIC under the Australian Securities and Investment

Commission (ASIC) act are (www. asic. gov. au) : 1) To maintain, improve and facilitate the performance of the financial system . 2) To promote confident and informed participation of the investors and the consumers in the Australian financial system. 3) To administer the law effectively and with minimum procedural requirements. 4) To enforce and give effect to the law. 5) To make information about the companies available to the public as soon as they are available. The bank liquidity and capital are supervised in Australia by Australian Prudential Regulation Authority (APRA). The Capital Adequacy Ratio requirements are regulated by the Australian Prudential Regulation Authority (APRA) which is currently following the BASEL-II norms. The BASEL II norms on banking supervision have been issued by the Basel Committee on banking supervision (BCBS). The BCBS maintains its secretariat at the Bank of International Settlements (BIS) in Basel Switzerland. Under the Basel II norms the minimum capital requirements are 8% of the risk weighted assets of the bank. The aim of regulation of capital and liquidity is to ensure that banks have enough liquidity always to meet their liabilities. The question of liquidity is of special relevance in the banking sector because of the mismatch in the maturities of the assets and liabilities of the banks. The banks in Australia also need to have a liquidity management strategy that is to be approved by Australian Prudential Regulation Authority (APRA). Besides the above two financial regulators, the other two regulators of Australia are: 1) Reserve Bank of Australia. 2) Australian Competition and Consumer Commission. The Australian Competition and Consumer Commission (ACCC) promotes competition and fair trade in the market place to benefit consumers, businesses and community. The ACCC is also regulator of national infrastructure services (www. acccc. gov. au). The main function of Australian Competition and Consumer Commission (ACCC) is to ensure that individuals and businesses comply with the Commonwealth competition, fair trading and consumer protection laws. The Reserve Bank of Australia, which is the central bank of Australia, formulates and implements the monetary policy of Australia by setting the interest rates on the overnight loans in the money market. Other interest rates in the economy are affected by this interest rate to varying degrees. This also has an impact on the liquidity of the banks in Australia. The objectives of the monetary policy of the Reserve Bank of Australia are to maintain the stability of the currency of Australia, maintenance of full employment in Australia and the economic prosperity of the people of Australia. References: www. rba. gov. au www. apra. gov. au www. asic. gov. au. www. accc. gov. au Danielsson, Jon, 2002, " The Emperor Has No Clothes: Limits to Risk Modelling." Journal of Banking and Finance, pp. 1273–96.