



Australian Banking
Association

A man and a woman, both wearing blue and white striped aprons over their casual clothing, are looking at a laptop screen in what appears to be a cafe or shop setting. The man is on the left, and the woman is on the right. The background is slightly blurred, showing warm lighting and some items on shelves. A large dark blue semi-circle is overlaid on the bottom right of the image, containing the title text.

Australian Banking Association Limited **Annual Report** 2023

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Australian Banking Association

The Australian Banking Association (ABA) supports members to lead a strong, stable and trusted banking system, to grow the Australian economy and build the financial well-being of all Australians.

Our membership is comprised of 20 banks from across Australia and includes four major banks, regional banks and international banks with an Australian banking licence.

We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.

Our priorities



The Economy



Customers



Trust



Future

Acknowledgement of Country

The ABA acknowledges Aboriginal and Torres Strait Islander peoples as the traditional custodians of our land – Australia. The ABA's office is located on the lands of the Gadigal people of the Eora Nation who are the traditional custodians of our local area.

Welcome to Country by Uncle Brendan Kerin,
a representative of the Metropolitan Local Aboriginal
Land Council, at ABA's annual conference.

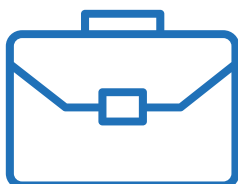


2023 - A snapshot

Banking by numbers



95 Australian banks¹



More than
185,778
bank employees in Australia²



22.9 million
Bank customers³



15.3 million
PayIDs registered⁴



\$1.1
trillion
Lending to non-finance
related businesses as at
June 30, 2023⁵



643,987
Refinanced mortgages
in FY23⁶



\$2.2
trillion
Lending to mortgage holders
as at May 31, 2023⁵



\$1.456 billion
Paid major bank levy⁷



↓13%
Cash usage has declined to
13% of retail payments⁸



98.9%
Customer interactions take
place via apps or online⁸

1. APRA Quarterly ADI Statistics, Tab 2a 2. ABA member annual reports: ANZ, Bendigo & Adelaide, BOQ, CBA, Macquarie, NAB, Suncorp, Westpac. 3. 98% of Australians aged 18+ have a bank product. 4. AusPayNet. 5. RBA, Lending and Credit aggregates. 6. ABS, Lending indicators. 7. FY22 8. Bank On It report.

Key inquiries, roundtables and announcements



Key events



ABA annual conference

The ABA welcomed more than 300 delegates and 80 speakers to our annual conference Banking 2023: Time of Transition. Held at the ICC in Sydney, Treasurer Jim Chalmers (pictured, speaking with ABA CEO Anna Bligh) opened the event, announcing a major overhaul of Australia's payments system. Other key issues discussed during the two-day event included climate, scams and fraud, financial safety and First Nations banking.



International Women's Day

Discussing key issues including emerging challenges in the post-pandemic workplace and ways leaders can ensure they are effectively advancing equity, the ABA held a panel event for International Women's Day in partnership with MinterEllison in Sydney. The panel included ABA CEO Anna Bligh, ING Australia's Chief Executive Officer, Melanie Evans, Culture Amp's Senior Director of Equitable Design, Aubrey Blanche and MinterEllison's Partner in Risk and Regulatory Consulting, Donna Worthington.



Trans-Tasman Business Circle Economic Forecast 2023

ABA CEO Anna Bligh spoke with Westpac Group CEO Peter King about support for customers who face financial difficulty in a constrained economic environment, the scam ecosystem, including the responsibility of all sectors in the detection of scams to prevent consumer harm.

Raising awareness

Support for flood impacted communities

Following a series of devastating flood events impacting many communities across Queensland, Victoria, Western Australia and New South Wales, the ABA launched a series of campaigns to raise awareness that banks have teams on standby to help those in need.

The campaigns reinforced that depending on individual circumstances, ABA member banks can offer customers:

- debt consolidation to help make repayments more manageable
- waiving of fees and charges, including for early access to term deposits
- restructuring existing loans free of the usual establishment fees
- offering additional finance to help cover cash flow shortages
- emergency credit limit increases
- deferring upcoming credit card payments
- a deferral of scheduled loan repayments, on home, personal and some business loans for up to three months.

“The hardship teams are dedicated groups within banks who work closely with families who have experienced floods and other difficult situations. They have a range of very practical measures to support people to get through these experiences,” ABA CEO Anna Bligh said at the time.



Banking industry launches campaign to help customers beat the scammers

The ABA launched a major campaign to raise awareness of a series of scam scenarios and provide customers with tools to beat the scammers. With the tag line ‘hear the alarm bells’, the campaign highlighted the importance of customer vigilance against this criminal activity.

The ads featured important messages to help customers to spot a scam including:

- bank impersonation: 'Banks will never call you and ask you to transfer money to another account.'
- e-toll scams: 'Never click on suspicious texts, links or emails.'
- investment scams: 'Always check you're dealing with a legitimate organisation'.
- invoice scams: 'Never transfer money unless you're certain it's to the right person.'

ABA CEO Anna Bligh said the campaign highlighted the need for Australians to pause and offered practical tips to help customers protect themselves from scammers: “This campaign is one of a range of important initiatives banks are undertaking with the community, government and other industries all playing an important role to fight this crime.”

The campaign generated more than 156 million impressions across all media. This included coverage on over 500 websites and online platforms including social media, and 76 radio stations. The radio component of the campaign reached more than 8.8 million Australians.

Our Members

ABA Members

- AMP Bank Limited
- Arab Bank Australia Limited
- Australia and New Zealand Banking Group Limited
- Bank Australia Limited
- Bank of China Limited - Australia
- Bank of Queensland Limited
- Bank of Sydney Limited
- Bendigo and Adelaide Bank Limited
- Citi Australia
- Commonwealth Bank of Australia
- HSBC Bank Australia Limited
- ING Bank (Australia) Limited
- JP Morgan
- Macquarie Bank Limited
- MyState Bank Limited
- MUGF Bank Limited
- National Australia Bank Limited
- Rabobank Australia Limited
- Suncorp Bank
- Westpac Banking Corporation

Associate Members

- Accenture Australia Pty Ltd
- Allens
- Amazon Web Services
- Ashurst Australia
- Baringa Partners
- Deloitte
- Ernst & Young
- Gilbert & Tobin
- Herbert Smith Freehills
- King & Wood Mallesons
- KPMG Australia
- McKinsey & Company
- Microsoft Pty Ltd
- Minter Ellison
- Norton Rose Fulbright
- Oliver Wyman
- Price Waterhouse Coopers

Chair's Report



Australia has seen solid growth this year, particularly supported by a strong labor market. However, the outlook for the period ahead is more challenged. In particular, continued high inflation and in response, the blunt tool of interest rate rises are slowing the economy down and causing stress for some customers.

In times like these, a strong and stable banking sector is even more important and this year, the entire sector has been focused on helping our customers through the worst of the economic challenges.

We know it's been tough for many households and businesses. And while the period ahead may be uncertain, supporting customers remains a top priority for the banking sector and for the Australian Banking Association. More broadly, 2023 has been a significant year of achievement.

Firstly, on climate, banks are playing a leading role in helping customers transition to a net zero future. With the Government, community and business aligned, we are reducing emissions and that's a good thing.

Second, we're taking up the fight to the scammers by introducing new protections for customers. Across the industry, our message remains the same: customers should be on high alert for attempted scams. This remains an ongoing challenge, and further work is needed across all sectors of the economy.

And thirdly, we've made progress working with the Government in reforming Australia's payments system. This has been a high priority in my time as ABA Chair and I'm particularly pleased to see the commitment to phase out cheques and invest in the New Payments Platform.

In this, my final year as Chair, I'd like to thank Anna Bligh and all member banks for their support. The past two years have been defined by the economic challenges of the post-pandemic era, and it's been encouraging to see the ongoing commitment to the customer, which defines everything the ABA seeks to achieve.

A handwritten signature in blue ink that reads "Peter King". The signature is fluid and cursive, with the first name "Peter" and last name "King" clearly distinguishable.

Peter King

Deputy Chair's Report



As a sector, it's important for us to continue to build and maintain trust. Powerful winds of change continue to buffet our industry, the economy and our communities, and we stand ready to support our customers should they need our help.

As the leader of a regional bank, I bring a personal perspective to this important work and remain deeply invested in the success of regional and remote communities as we reshape our networks for the future.

Our work with government and regulators to protect customers from the scourge of scams and cyber-crime incidents will continue and remains a high priority. Our industry continues to advocate for the development of a whole of ecosystem approach to this issue.

Increased levels of fraud and scams, the pressure of higher interest rates for borrowers, and the rising cost of living are three examples of the growing challenges our customers are facing into. I look forward to working with the ABA membership in the year ahead in addressing these challenges in support of our customers across Australia.

I remain optimistic that together we can overcome the challenges we are facing today by working together to grow the Australian economy, build trust with our communities and protect our customers.

On a final personal note, this year Bendigo Bank's unique Community Bank model is celebrating 25 years of community owned and operated banking in Australia. The model was created during another period of significant change and we look forward to continue to work with these empowered communities who are taking charge of their future.

A handwritten signature in black ink, appearing to read 'M Baker', written in a cursive, flowing style.

Marnie Baker

CEO's Report



With a strong labour market, immigration returning and a resilient exports sector, Australia is in a good position to face into current economic headwinds. Despite this, the past year has seen Australians come under increased cost-of-living pressures, compounded by a series of interest rate rises.

Banks know this is a challenging time for many of their customers and stand ready to help them in their time of need. Australia's banks are amongst the strongest in the world and well placed to help customers experiencing financial difficulty.

The past year has seen scammers growing increasingly sophisticated and their scams more complex with banks increasing their efforts to prevent, detect, disrupt and respond to scams. Scammers are using online platforms, phone calls and SMS to reach consumers as well as a range of payment and crypto channels. This means an ecosystem approach to disrupting scams is essential and all sectors have a role to play in the continued fight against scams – this includes government, banks, telcos, social media, crypto platforms and individuals.

Banks have taken action on scams including:

- establishing a new Fraud Reporting Exchange (FRX) platform to enable faster and more targeted communication between banks
- leading a consumer campaign educating millions of Australians on the warning signs of scams generating more than 122.8 million impressions across all media.

To address ongoing interest in customers changing the way they bank, this year the ABA released a Bank On It - Customer Trends 2023 report finding that 98.9% of customer interactions with banks are now taking place via apps or online.

The report also showed cash usage has dropped from 70% of all customer payments in 2007 to just 13% in 2022. While this has inevitably led to changes in bricks and mortar banking channels, Australia retains one of the highest rates of branch density in the OECD.

The ABA team and I look forward to continuing to advance a strong and resilient banking sector in the year ahead.

A handwritten signature in blue ink, reading 'Anna Bligh' with a stylized flourish at the end.

Anna Bligh

Our priorities

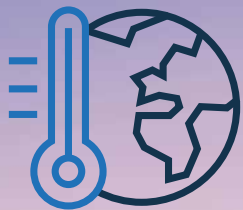


Economy

We are helping to grow Australia's economy. Banks play a vital role in the Australian economy – keeping our savings safe and providing loans to support people and businesses.



Grow Australia's Economy



Spotlight on climate change

As action on climate change becomes increasingly imperative, the ABA has progressed a comprehensive range of initiatives to deliver appropriate risk management tools for climate change. Key initiatives of the ABA include:

- introducing an industry perspective on climate and prudential risk management
- supporting the development of climate scenarios aligned to the Australian context
- developing industry guidance on financed emissions for priority sectors across the Australian economy
- advocating for the introduction of mandatory climate-related financial disclosures, with proportionate liability settings
- advocating for government sponsored, industry led Australian sustainable finance taxonomy
- identifying the economy-wide climate data requirements for banks to use in calculating financed emissions and performing more rigorous and consistent scenario analysis, and advocating to government for the provision of this data as a national asset.
- support for the improvement of the safeguard mechanism and the ACCU market as key tools in delivering on the change
- representing the sector through engagement with the International Sustainable Standards Board
- representing the industry on the Department of Climate Change, Energy, the Environment and Water's Residential Energy Efficiency Initiative as an advisory committee member.



Guidance on financed emissions

The ABA and its members are developing a guide to assist banks in calculating their financed emissions across the Australian economy. As customers transition to net zero, this guidance will help ensure banks have clear visibility over the carbon footprint of the assets and activities they finance.



Co-led multi-industry advocacy on climate disclosures in Australia and internationally

In August 2022, the ABA co-led 20 of Australia's most influential business and finance peak bodies to reach a consensus on the need for sustainability reporting including action on climate risk through a new reporting regime that aims to set a global baseline.



International Business, Environment and Climate Conference

In May 2022, ABA CEO Anna Bligh spoke at the inaugural International Business, Environment and Climate (IBECC) Conference in Cairns. Ms Bligh provided a retail banking perspective on financed emissions, emphasising that residential emissions were a key source of financed emissions for Australian banks and outlining the complementary roles of government and private finance in supporting the transition to net zero. In particular, Ms Bligh emphasised the importance of financing tools for the banking sector.



UN Forum on Finance for Nature-based Solutions

The ABA represented industry views at the UN's Forum on Finance for Nature-based Solutions (Part II) in Cairns in November 2022. The objective of the forum was to further explore climate mitigation issues, share developed and developing countries' experience in designing and accessing finance, close the finance gap, and find ways to mobilise and scale financial solutions.



Climate reporting event

In July 2023, the ABA jointly hosted a member event with Deloitte and Chartered Accountants Australia and New Zealand (CAANZ) which focused on implications for how banks account for climate reporting. The event was held against the background of the Australian Government's ongoing consultation on Climate-related Financial Disclosures, and as the ISSB is considering and consulting on its next round of priorities. The event will inform the development of a roadmap outlining capability uplift opportunities for the banking sector.

Grow Australia's Economy



New prudential framework

Australia is among a small group of leading countries that have implemented the Basel 3.5 capital framework in line with an internationally agreed timetable. The new framework builds on Australia's already unquestionably strong prudential regime. The ability of Australian banks to raise capital, even in disrupted markets, is testament to the strength of Australia's banks and the Australian regulatory framework.



Disaster response

Australian banks played an active role in supporting customers following natural disasters in Victoria, Western Australia, Queensland, and South Australia. Together with members, the ABA strengthened the Natural Disaster Response Protocol and contacted or visited a range of community groups to ensure a consistent, supportive and timely response by the banking sector during times of natural disaster.

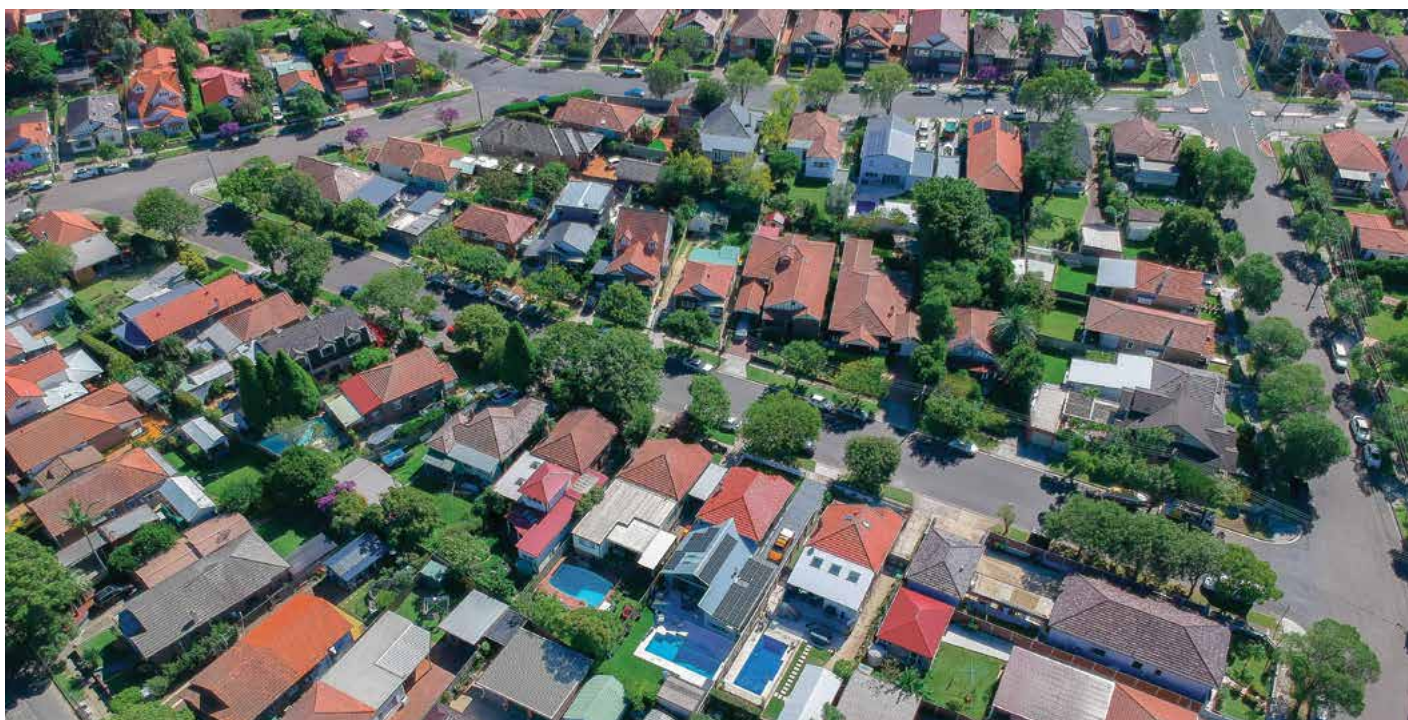


Agriculture sector support

Australian agriculture has had a significant year, with lending to agricultural businesses reaching \$118 billion, a growth of \$16 billion from \$102 billion in June 2022*. ABA members have dedicated regional and agribusiness teams to support customers through every business stage. Targeted hardship measures during times of natural disaster also support agribusinesses to resume operations as quickly as possible.

Source: RBA, Lending to Business D14.1





Small business campaign

The ABA published its annual Small Business Lending Report, which set out the economic conditions and lending and business trends impacting SMEs. The report found that the number of SMEs operating in Australia grew despite difficult economic conditions resulting from a global pandemic and a contraction in economic activity.

This report, released in November 2022, was shared widely with governments and stakeholders to highlight the role of banks in supporting business growth.



Affordable housing

The ABA and its members participated in the design and implementation of key social and affordable housing initiatives across government that have a banking interface. Members also worked closely with agencies such as the National Housing Finance and Investment Corporation and State and Federal Treasuries on programs including shared equity and first home buyer schemes to support eligible home buyers purchase a home sooner and more affordably.

Grow Australia's Economy



Key submissions

- Review of the Reserve Bank of Australia
- Jobs and Skills Summit
- Employment White Paper
- National Reconstruction Fund consultation and Corporation Bill
- Inquiry into promoting economic dynamism, competition and business formation
- ASIC Investigation and Enforcement
- Select Committee on Cost of Living inquiry
- Revisions to the capital framework for authorised deposit-taking institutions
- Capital Adequacy: Interest Rate Risk in the Banking Book
- Strengthening operational risk management
- Treasury Laws Amendment (2023 Measures No. 1) Bill 2023 – Franked distributions funded by capital raisings
- Treasury Laws Amendment (Measures for Future Bills) Bill 2023
- Housing Australia Future Fund legislative package
- National Energy Performance Strategy
- Housing Australia Future Fund
- Treasury Mandating Climate-related Financial Disclosures
- Australian Peak Bodies submission to the ISSB - Consultation on Climate Disclosures
- Nature Repair Market Exposure Draft



Our priorities



Customer

We work to ensure every customer counts. Banks play a vital role in supporting Australians to access banking products and services that are safe, secure and stable.



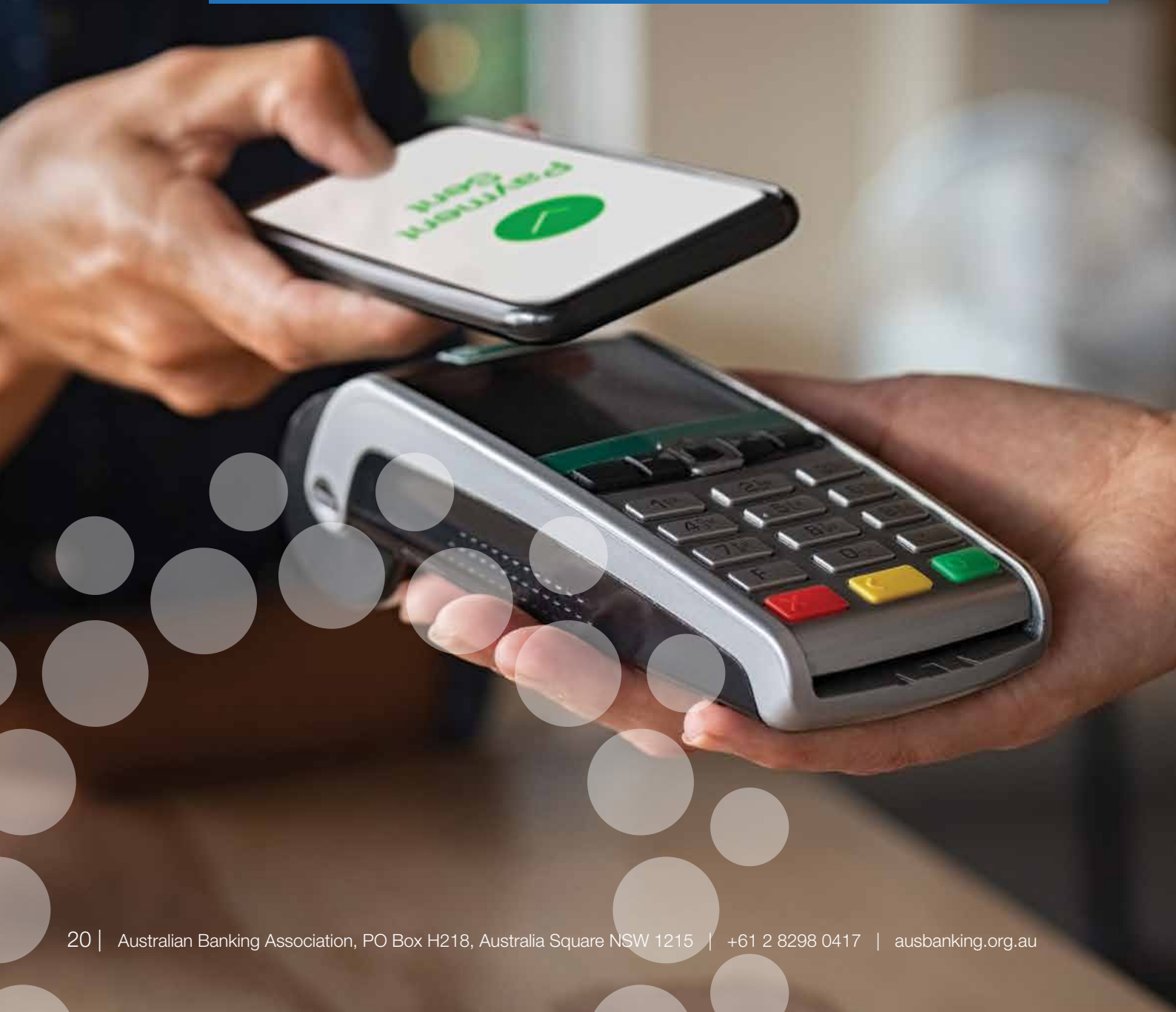
Every Customer Counts



The way customers bank is changing: Report reveals the extent of the digital revolution underway in Australian banking

To help unpack the digital revolution currently underway in Australian banking, the ABA coordinated a data collection exercise with several member banks and partnered with Accenture to deliver the Bank On It: Customer Trends 2023 report.

The release of the report coincided with the ABA's annual conference in June 2023 and revealed the extent of this customer-led digital transformation with 98.9% of customer interactions found to be taking place via apps or online, and cash being used for just 13% of payments (down from 70% in 2007).



The way customers are banking is changing rapidly:



Cards overtook cash a decade ago, with cash representing just **13% of customer payments** by number, **down from 70% in 2007**.



Cheques have further declined from 1% of all payments in 2007 **to just 0.2%** in 2022.

The use of mobile wallets is rapidly increasing:



Over **15.3 million cards were registered to mobile wallets** in 2022, up from just over two million cards in 2018 – a **660% increase**.



The value of mobile **wallet transactions reached \$93 billion in 2022**, up from \$746 million in 2018 – a **12,300% increase**.



The number of **mobile wallet transactions increased to 2.4 billion** from 29.2 million – an **8,100% increase**.

Australians have decisively moved to digital banking with 98.9% of interactions taking place digitally.

Between 2019 and 2022 there was:



An **increase of 21%** in **online banking interactions**.



A **31% increase** in **app interactions**.



A **46% decline** in **branch interactions**.

The report also showed that while the numbers of branches in Australia have decreased over the past 20 years, Australia has a notably higher branch density, at 24 bank branches per 100,000 adults, than the two most comparable OECD countries by urbanisation: New Zealand and Finland.

To keep up with demand for digital banking, banks have increased their expenditure on technology with an eight-fold increase in technology investment since 2005, up from \$3.5 billion to \$28.5 billion. Australian banking customers are most satisfied with digital channels, with net satisfaction 81% for online (website) customers and 80% for online (app) customers.

Every Customer Counts



Credit cards banned for online gambling

Credit cards used for gambling can create a unique harm where large amounts of debt can be accumulated in a short period. The ABA welcomed the Federal Government's announcement in April to ban the use of credit cards for online gambling. The change amends the Interactive Gambling Act 2001, making it illegal for an online gambling company to accept a credit card online. ABA CEO Anna Bligh said the change brings online gambling into line with the rest of the gambling industry: "The ABA has advocated for a number of years for consistency regarding the use of credit cards for gambling and strongly welcomes the Federal Government's announcement to ban credit cards for online gambling."



Accessibility standards review

In March, the ABA commenced a review of its Accessibility Principles for Banking Services, engaging the Australian Network on Disability (AND) to undertake the review. The Principles help ensure banks are continuously improving accessibility and inclusivity for customers. Banks consider them when designing and procuring accessible products and services. The 2023 review focused on updating the principles for an increasingly digital world, including in areas that have faced rapid advancement in recent years such as artificial intelligence and digital authentication. The updated Principles will be finalised and released in late 2023.



First Nations banking

The ABA has been working with banks and community organisations on practical new initiatives to better support First Nations banking customers, particularly those in the bush.

Key areas of focus have included:



Supporting **wider acceptance of First Nations community ID cards** for bank identification purposes given many people in remote communities lack traditional forms of ID.



Helping **amplify banks' disaster support assistance** during the Kimberley floods.



Exploring **better collaboration with government on First Nations home ownership** and culminating in a powerful discussion at the ABA annual conference.



Every Customer Counts



Key submissions

- Review of the Privacy Act 1988
- Regulating Buy-Now, Pay-Later in Australia
- Financial Counselling Industry Funding Model
- Senate Rural, Regional and Transport Affairs Committee Inquiry into branch closures in regional Australia
- Australian Law Reform Commission (ALRC) Reports on Financial Services Legislation Reform
- Parliamentary Joint Committee on Corporate Insolvency Reforms
- Attorney General's Roundtable on Personal Insolvency
- House of Representatives Standing Committee on Social Policy and Legal Affairs - Inquiry into online gambling and its impacts on those experiencing gambling harm



Our priorities



Trust

The Government and regulators have imposed tougher rules on the banking industry. We are working to retain the trust of the Australian people and have implemented a back to basics approach to banking which is squarely centred on the customer and a renewed focus on fixing culture.



Trust



Implementing the Regional Banking Taskforce recommendations

The ABA embarked on a major piece of work this year, coordinating members' efforts to implement the seven recommendations of the Regional Banking Taskforce's final report.

The Taskforce inquiry into regional branch closures spanned the life of two Federal Governments and its principal recommendations related to strengthening the ABA's Branch Closure Protocol, which member banks follow when closing branches.

To kick start the implementation process, the ABA created

a working group of member banks which met regularly to collaboratively develop the new Branch Closure Support Protocol.

The ABA also led external consultations with community and industry stakeholders, seeking feedback on the proposed changes.

The new Branch Closure Support Protocol, effective from 1 July 2023, includes significant uplifts that will lead to better customer outcomes including:

A new Customer Care Standard that will require banks to:

- offer education, training and assistance to customers of a closing branch to transition to other banking options
- support customers – particularly older Australians, people with a disability, First Nations customers, and those with limited English – who may require additional assistance to transition to other banking options (like digital)



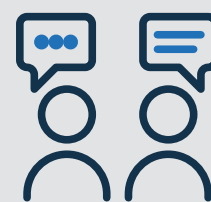
Education to transition to other banking options



Language interpreter and AUSLAN support



Support for older Australians, people with a disability, First Nations customers



Support for Customers with face-to-face preference

- provide language support where appropriate such as interpreter services, AUSLAN, simple English guides or general information in languages other than English
- support customers who retain a preference for face-to-face banking services to transition to Bank@Post (for customers of participating banks).

Banks will now have customer support obligations when they close a branch and the distance to their next branch is 10km away – halving the previous threshold of 20km.

Customer support obligations will no longer be limited to

regional branch closures – in recognition that distance not geography is the main driver of inconvenience when a bank branch closes.

Preparation and publication of Branch Closure Impact Assessments – an important transparency measure to help customers and the community understand the reasons for the closure decision.

Notification requirements, not just to customers but also key local stakeholders such as MPs, local government and other community representatives including First Nations groups.

Trust



Banking Code of Practice

Following the 2021 Independent Banking Code of Practice Review, the ABA continues its work to update the Banking Code to enhance consumer protections including:

- updating the small business definition to offer protection to an additional 10,000 small business customers
- an improved section on inclusive and accessible banking that recognises banking services should be inclusive of people of diverse sexual orientations and gender identities
- an updated vulnerable customer definition to better recognise that anyone can be vulnerable at any time
- enhanced requirements for banks to meet guarantors before accepting a guarantee.

A targeted consultation with industry stakeholders, including consumer representatives, has been completed and subject to ASIC approval, the new Banking Code is expected to be launched in the first half of 2024.



Our priorities



Future

Banks are responding to seismic changes in customer behaviour and shifting trends by investing heavily in new technology and services.



Future



Spotlight on scams

Australian banks launch Fraud Reporting Exchange digital platform to help halt payments to scammers

As the global scams scourge continues, Australian banks launched a new digital platform – the Fraud Reporting Exchange (FRX) - in May 2023 to facilitate the quick reporting of fraudulent payments en route or transferred to another bank.

The new platform was officially launched by ABA CEO Anna Bligh, Assistant Treasurer and Minister for Financial Services, the Hon Stephen Jones MP, and AFCX Managing Director David Pegley, at Westpac's Financial Crime Hub in Sydney.

"Given every minute can be crucial in disrupting scams, the launch of the FRX is a major development," Ms Bligh said at the launch. "It means more and more scammers are going to hit a brick wall and adds to the arsenal of anti-scam initiatives underway."

So far, 17 banks are onboard or in the process of joining the FRX which is owned and operated by the Australian Financial Crimes Exchange (AFCX), an independent body built and funded by Australian banks.

A trial of the FRX platform has shown that the time to resolve most scam cases dropped by more than half.

Key features of the new Fraud Reporting Exchange:



near **real-time reporting** of fraudulent transactions between member banks



the ability to, where possible, **halt multiple fraudulent transactions** taking place as part of the same scam



shared intelligence between banks to assist with fraud and loss prevention efforts



a faster, **more streamlined return of funds**, where possible



secure and tracked communications between member banks within the platform with agreed timeframes, reducing the need for multiple phone calls and emails between banks.

Future



Treasurer announces biggest overhaul of payments system in 35 years at ABA conference

In June 2023 at the ABA's annual conference, Treasurer Jim Chalmers (pictured) announced the phase out of cheques in Australia by 2030 and support for banking industry plans to retire the Bulk Electronic Clearance System (BECS).

Both of these steps are important moves to help ensure Australia's payment system is fast, reliable and safe with more and more transactions moving to the modern New Payments Platform (NPP). The ABA welcomed this future proofing of Australia's payments system and will work with stakeholders across the economy to make sure that the transition is smooth and orderly and that no customers are left behind.

Speaking at the ABA's annual conference, the RBA's Michele Bullock (pictured) agreed it was time to update the payments system: "I think the payments system regulation at the moment – the framework - is really out of date. When I started in payments in 1998, payments [included] people who were paying and people who were receiving, and their banks...that system now is so completely different... I think there is a whole set of priorities looking at the future of payments, and regulators have got to move with this because if we don't, then things will move quickly without us."





Cybersecurity challenges and a new Cyber Security Strategy

Cybersecurity challenges, magnified by the impact of several significant cyber breaches, have become increasingly important for all Australians. The ABA welcomed the Federal Government's initiatives to strengthen Australia's cybersecurity resilience including the 2023-2030 Cyber Security Strategy. Strengthened co-operation between government and business to take action to help protect customers whose data may have been stolen, together with the accelerated rollout of digital identity solutions, are important steps that will help keep Australians safe.



Consumer Data Right and privacy

The Consumer Data Right (CDR) will help Australians take control of their data and increase competition in the economy. The ABA supports the Federal Government's plan to strengthen the existing CDR capability and increase usage before extending to new sectors and introducing the new ability for consumer action initiation. CDR is a powerful tool that will offer benefits for all Australians which must also be safe and convenient to use.



Review of anti-money laundering and counter-terrorism financing laws

The ABA contributed to a Federal Government review of Australia's anti-money laundering and counter-terrorism financing laws. The review will help ensure our laws recognise changes in technology and business models as well as the ever more complex actions of criminals. A more flexible legal framework that aligns to global standards will help ensure that Australia's efforts to combat financial crime are as effective as possible and that the latest technological tools are available to help in the fight.



Key submissions

- Strategic Plan for the Payments System – Consultation Paper
- National Data Security Action Plan discussion paper
- Crypto asset secondary service providers: Licensing and custody requirements
- Closed consultation on proposed SMS Sender ID registry
- Digital Platforms – Consultation on Regulatory Reform
- 2023-30 Australian Cyber Security Strategy
- Modernising Australia's Anti-Money Laundering and Counter-Terrorism Financing Regime



Directors' Report

Australian Banking Association Limited (ABA) Directors

The ABA Council is led by the Chair, Peter King, Westpac Banking Corporation Chief Executive Officer and Managing Director, and the Deputy Chair, Marnie Baker, Bendigo and Adelaide Bank Limited Managing Director. The ABA's Council provides guidance and leadership to the ABA on policy issues which affect the banking and financial sector. There are 16 members of the ABA council during the financial year and up to the date of this report:

- Peter King (Chair)
- Marnie Baker (Deputy Chair)
- Alexis George
- Anna Bligh
- Antony Shaw
- Clive van Horen
- Damien Walsh
- Joseph Rizk
- Mark Wiessing
- Mark Woodruff
- Matt Comyn
- Melanie Evans
- Patrick Allaway
- Ross McEwan
- Shayne Elliott
- Stuart Green

Board change during the reporting period

All members of Council were appointed as Directors from 24 November 2020 upon the incorporation of the ABA as a Company Limited by Guarantee.

There were several changes to the composition of the ABA Council post this date for the 2022/23 financial year. These changes are listed below:

- departure of Kaber Mclean, Chief Executive Officer, HSBC Australia – 1 September 2022
- appointment of Antony Shaw, Chief Executive Officer, HSBC Australia – 1 September 2022
- departure of Brett Morgan, Managing Director and Chief Executive Officer, MyState – 9 December 2022
- appointment of Joseph Rizk, Chief Executive Officer and Managing Director, Arab Bank Australia – 9 December 2022
- departure of Marc Luet, Chief Executive Officer, Citi Australia – 10 January 2023
- appointment of Mark Woodruff, Chief Executive Officer, Citi Australia – 11 January 2023
- departure of George Frazis, Managing Director and Chief Executive Officer, Bank of Queensland – 28 November 2022
- appointment of Patrick Allaway, Chief Executive Officer and Managing Director, Bank of Queensland – 27 March 2023
- departure of Peter Knoblanche, Chief Executive Officer, Rabobank Australia – 1 May 2023
- appointment of Mark Wiessing, Chief Executive Officer, Rabobank Australia – 1 May 2023

Directors' qualifications, experience, and responsibilities

Council Chair

Peter King

Appointed 24 November 2020

- Chief Executive Officer and Managing Director – Westpac Banking Corporation
- ABA Council Chair
- Director of Financial Markets Foundation for Children
- Director of Institute of International Finance

Bachelor of Economics and Fellow of the Institute of Chartered Accountants, Completion of Advanced Management Programme at INSEAD

Alexis George

Appointed 2 August 2021

- Chief Executive Officer & Managing Director - AMP Limited
- Director, AMP Limited
- Director, AMP Bank Limited
- Director, AMP Foundation Limited
- Director, Collimate Capital Limited

Bachelor of Commerce (BCom), FCA, Graduate of the Australian Institute of Company Directors

Antony Shaw

Appointed 1 September 2022

- Chief Executive Officer - HSBC Bank Australia Limited
- Director - HSBC Bank Australia Limited
- Executive Adviser - ACON
- Director - St Joseph's Foundation
- Director - Vitalforce Australia Pty Ltd

Council Deputy Chair

Marnie Baker

Appointed 24 November 2020

- Chief Executive Officer and Managing Director - Bendigo and Adelaide Bank Limited
- ABA Council Deputy Chair
- La Trobe Bendigo Regional Advisory Board
- Mastercard Asia Pacific Advisory Board
- Member of Corporate Executive Women

Bachelor of Business in Accounting, Australian Society of Certified Practicing Accountants, Member of the Australian Institute of Company Directors, Senior Fellow of the Financial Services Institute Australia

Anna Bligh AO

Appointed 24 November 2020

- Chief Executive Officer – Australian Banking Association Limited
- Non-executive Director – Medibank Private
- Non-executive Director – Playwriting Australia
- Non-executive Director – International Banking Federation
- Ambassador - Malaria Vaccine Project – Institute of Glycomics, Griffith University

Bachelor of Arts, Honorary Doctor of Laws

Clive van Horen

Appointed 24 November 2020

- Chief Executive Officer – Suncorp Bank
- Director – Tour de Cure Limited

Chartered Accountant, PhD (Economics)

Damien Walsh

Appointed 2 December 2021

- Managing Director – Bank Australia Limited
- Council Member - Cuscal Client Advisory Committee

Bachelor of Business – Accounting, Master of Business Administration, Fellow Chartered Accountant Australia New Zealand, Fellow CPA Australia, Fellow Financial Services Institute of Australasia, Fellow Australian Institute of Company Directors

Mark Woodruff

Appointed 11 January 2023

- Chief Executive Officer - Citi Australia

Bachelor of Economics and Finance

Mark Wiessing

Appointed 1 May 2023

- Regional Manager, Rabobank Region Australia, New Zealand
- Chief Executive Office, Rabobank Australia Limited
- Director – Rabobank Australia Limited
- Director – Rabo Australia Limited
- Director – Rabo Equipment Finance Limited
- Director – Soft Commodity Trading P/L
- Director – GrainCorp Pools Pty Limited

Bachelor of Business Administration (BBA) and Master of Business Administration (MBA)

Joseph Rizk AM

Appointed 9 December 2022

- Chief Executive Officer & Managing Director - Arab Bank Australia Limited
- Director – Australian Lebanese Chamber of Commerce
- Chairman – Italian Opera Foundation Association
- Director – Westmead Millenium Institute for Medical Research
- Board Member – Australia Arab Chamber of Commerce & Industry
- Board Director – Melkite Catholic Eparchy Corporation
- Member - Powerhouse Capital Campaign Committee
- Director - James Martin Institute (JMI) for Public Policy

Member of the Australian Institute of Company Directors. Fellow of the Australian Institute of Management. Honorary Doctorate Western Sydney University.

Matt Comyn

Appointed 24 November 2020

- Chief Executive Officer and Managing Director - Commonwealth Bank of Australia
- Director - Financial Markets Foundation for Children
- Director – Business Council of Australia

Executive Master of Business Administration, Master of Commerce and Bachelor of Aviation. Completion of General Management Program at Harvard Business School

Melanie Evans

Appointed 16 December 2020

- Chief Executive Officer and Executive Director – ING Bank (Australia) Limited
- Chair – ABA Finance, Risk and Audit Committee
- Independent Director – Surf Life Saving Australia (SLSA)
- Chair - SLSA Finance, Audit Compliance Committee
- Director - European Australian Business Council
- Member of Chief Executive Women

Bachelor of Commerce, Master of Commerce and Master of Professional Accounting. Member of the Australian Institute of Company Directors

Patrick Allaway

Appointed 27 March 2023

- Chief Executive Officer and Managing Director – Bank of Queensland Limited
- Member – Adobe International Advisory Board

Bachelor of Arts, Law Degree – University of Sydney

Shayne Elliott

Appointed 24 November 2020

- Chief Executive Officer – Australia and New Zealand Banking Group Limited
- Director – Financial Markets Foundation for Children
- Member of Customs Advisory Board

Bachelor of Commerce

Company Secretary

Vanessa Beggs

Appointed 24 November 2020

- Deputy Chief Executive Officer – Australian Banking Association
- Non-executive Director – Finsia
- Non-executive Director – DriveAbout World

Bachelor of Applied Science – Land Economics.
Masters of Corporate Real Estate, Mount Eliza Business School, Grad Certificate of Management, Member of the Australian Institute of Company Directors, Senior Fellow of the Financial Services Institute Australia

Ross McEwan CBE

Appointed 24 November 2020

- Group Chief Executive Officer and Managing Director – National Australia Bank Limited
- Director – Financial Markets Foundation for Children

Bachelor of Business Studies

Stuart Green

Appointed 1 July 2021

- Chief Executive Officer and Managing Director – Macquarie Bank Limited
- Group Treasurer, Macquarie Group Limited

Bachelor of Arts, MBA, Fellow of the Institute of Chartered Accountants in England & Wales, Fellow of the Association of Corporate Treasurers

Directors' meeting attendance

Attendance by ABA Directors at ABA Council Meetings and Financial, Risk & Audit Committee Meetings for the 2022/23 financial year.

Directors	Council Meetings		AGM		Finance, Risk & Audit Committee Meetings	
	Available to attend	Number attended	Available to attend	Number attended	Available to attend	Number attended
Total No. of Meetings	5		1		2	
Peter King, Westpac Bank	5	5	1	1	-	-
Marnie Baker, Bendigo and Adelaide Bank	5	5	1	1	-	-
Alexis George, AMP Bank	5	2	1	0	-	-
Anna Bligh, ABA Limited	5	5	1	1	2	2
Antony Shaw, HSBC Bank Australia Limited	5	3	1	0	-	-
Clive van Horen, Suncorp Bank	5	3	1	0	-	-
Damien Walsh, Bank Australia Limited	5	5	1	1	-	-
Joseph Rizk, Arab Bank Australia	3	3	1	1	-	-
Mark Weissing, Rabobank Australia	1	0	0	0	-	-
Mark Woodruff, Citi Australia	2	2	0	0	-	-
Matt Comyn, Commonwealth Bank	5	4	1	1	-	-
Melanie Evans, ING	5	4	1	1	2	2
Patrick Allaway, Bank of Queensland	4	2	1	0	-	-
Ross McEwan, NAB Bank	5	2	1	0	-	-
Shayne Elliott, ANZ Bank	5	3	1	0	-	-
Stuart Green, Macquarie Bank	5	3	1	1	-	-
Brett Morgan (Resigned Director - formerly My State Bank CEO)	3	1	1	1	1	1
George Frazis (Resigned Director - formerly Bank of Queensland CEO)	1	1	0	0	-	-
Marc Luet (Resigned Director - formerly Citi Australia CEO)	3	1	1	0	-	-
Peter Knoblanche (Resigned Director - formerly Rabobank Australia CEO)	4	4	1	1	-	-

ABA's objectives and strategy

Over the last 5 years the banking industry has held a steady focus on improving standards of conduct and culture, stamping out and remediating misconduct, and implementing a series of legislated and self-regulatory reforms to address problems identified by the Royal Commission.

This focus has been inwardly focussed on the way banks operate targetting policies and processes that needed to be fixed and on implementing and applying higher standards for customers.

The recent pandemic and global economic downturn lifted the industry's gaze to banks' role in the economy as intermediaries of credit and in the community by offering support for customers experiencing financial hardship.

The banking industry has an opportunity to build on this momentum and shift its focus outward to respond to serious and significant changes in the external operating environment including changing economic conditions, increased focus on climate change and an acceleration of digital adoption and transformation.

The ABA 2030 Strategic Plan has been developed to refocus industry action from an inward-looking stance to an outward looking one and from a reactive to a more proactive focus.

With a proactive external focus, the strategy will continue to meet member needs today, build and maintain the industry's reputation, understand and plan for future needs and issues, and enhance the ABA's focus on wellbeing.

Over 2023 and 2024-2025, the ABA will focus on 4 strategic priorities, aligned with our 4 Pillars:

1. Industry reputation, amplify positive banking initiatives (Trust pillar)
2. Safe, accessible banking (Customer pillar)
3. Net-Zero transition, climate and nature (Economy pillar)
4. Disruption and new technology (Future pillar)

How we work – Public policy principles

The ABA supports public policy and industry initiatives that:

- Are **fair** to customers
- Build a **sustainable and simpler** system
- Enhance **competition**
- Promote **efficiency and innovation**
- Underpin financial system **stability**
- Facilitate the appropriate supply of **credit**; and
- Help the **economy** grow.

ABA performance measures

The purpose of the company is to represent and advance the interests of its members to achieve a strong, trusted and competitive banking system that promotes good customer outcomes (Purpose).

Principal activities in achieving objectives

The principal activity of the Association is to work with its members to provide analysis, advice and advocacy relating to the development of public policy on banking and other financial services.

The activities of the company include:

- reviewing and providing comments on proposed regulations and legislation related to banking;
- advocating for changes to practice to improve customer outcomes;
- facilitating and supporting continuous improvement of the Banking Code;
- supporting and facilitating programs, projects and initiatives related to the banking sector;
- collaborating with communities, organisations, businesses and international bodies;
- educating and increasing the awareness of individuals, communities, business and government; and
- any other activities ancillary to or necessary for the fulfilment of the purpose of the ABA.

Review of operations and results

The ABA operates under a financial year end of 30 June. The net surplus from ordinary activities after tax for 2023 was \$27,442 (2022: net loss of \$415,943).

Matters subsequent to the end of the financial year

The directors are not aware of any other matters or circumstances not otherwise dealt with in the directors' report or financial report that has significantly or may significantly affect the operations of the company, the results of these operations or the state of affairs of the company in subsequent financial years.

Likely developments and expected results of operations

The directors consider that the company will continue its principal activities of working with its members to provide analysis, advice and advocacy relating to the development of public policy on banking and other financial services.

Environmental regulation

The company is subject to normal State and Federal environmental legislation and does not operate within an industry with specific environmental guidelines or limits. To the best of the directors' knowledge, there have been no breaches of environmental legislation.

Corporate governance statement

The directors are responsible to the ABA members for the governance, business and affairs of the company. The council provides guidance and leadership to the ABA on policy issues which seek to affect the banking and financial sector as a whole.

The functions of the board include:

- setting corporate strategies
- overseeing and monitoring organisational performance and the achievement of the company's strategic goals and objectives
- ensuring there are effective management processes in place and approving major corporate initiatives that arise throughout the year
- reviewing and approving financial budgets and special projects for the financial year.

The Board of Directors

The board operates in accordance with the broad principles set out in the company's constitution including that:

- a director must be the Chief Executive Officer of a company that is a member of the ABA. They must have knowledge about and be committed to the purpose of the ABA. Further information about the directors and their respective positions is available under the heading 'Directors' qualifications, experience, and responsibilities'.
- the term of office of a CEO Director commences on the date that person is appointed as a director and continues until the person ceases to hold the position of Chief Executive Officer of the member company.
- the directors should meet as often as required for the proper discharge of their directors' duties and in any event no less than four times per year.
- the board may resolve to establish committees consisting of persons as they determine. It may delegate to each committee such of their powers required for the effective and efficient running and administration of the committee. Current committees include the Finance, Risk & Audit Committee.

The Board's Commitment

The ABA Council meets on a quarterly basis during the year. The Chair of the Council is responsible for the general conduct of the meetings. Should a CEO Director not attend a Council meeting they are advised to elect an 'Alternate' as the member representative. The number of meetings and the attendance of Directors is recorded and disclosed under the heading 'Directors' Meeting Attendance'.

Conflicts of interest

Each director discloses all personal interests and other matters that could, or do, give rise to a conflict of interest in relation to a matter or decision being considered by the directors.

Independent Professional Advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

Remuneration

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the company's diverse operations and achieving the company's strategic objectives.

The Chief Executive Officer is responsible for keeping the Chair informed of all relevant issues associated with management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Non-executive directors

No fees were paid to the directors of the company.

Audit

This function is overseen by the Finance, Risk and Audit Committee. Finance, Risk and Audit committees have an essential role to play in ensuring the integrity and transparency of corporate reporting.

The committee's role includes reviewing the following:

- financial management including reporting financial information to users of financial reports and applying accounting policies;
- the effectiveness of the company's internal control and risk management system;
- the independent audit process, including recommending the appointment and assessing the performance of the external auditor;
- the company's process for monitoring compliance with laws, regulations, internal business policies and practices; and
- protecting the company's assets.

The committee has responsibility over:

- Financial reporting – Risk assessment and management
- Compliance with laws, regulations, internal policies and industry standards
- Working with the external auditor
- Reporting responsibilities
- Review of the audit committee charter

Directors' benefits

For the year ended 30 June 2023, no director of the company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the company and the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest, with the exception of the benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business.

Insurance of officers

To the extent permitted by law, the company indemnifies its officers (both current and past) for all losses or liabilities incurred by the person as an officer of the company including, but not limited to, a liability for negligence or for legal costs on a full indemnity basis.

This indemnity:

- may only be for losses or liabilities incurred as an officer of the company (either before or after the adoption of this rule);
- does not cover any loss or liability of an officer seeking to be indemnified under this rule if that loss or liability arises from that person's wilful misconduct or fraud; and
- operates only to the extent that the loss or liability is not paid by insurance.

During the financial year the company paid insurance premiums totalling \$22,523 (2022: \$22,523) in respect of directors' and officers' liability insurance. The policy does not specify the premium for individual directors and officers.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability incurred by the company's directors and officers to other persons where that liability was incurred by the director or officer in their position as a director or officer unless the conduct involved a wilful breach of duty or fiduciary obligation.

Constitution

In accordance with the Constitution, each member of the ABA undertakes to contribute up to a maximum of \$10 to the assets of the company if it is wound up while the member is a member, or within one year afterwards, and at the time of winding up the debts and liabilities of the company exceed its assets. The liability of each member is limited to making such contribution and no more.

Rounding of Amounts

The amounts contained in the financial report have been rounded to the nearest dollar under the option available to the ABA under ASIC Corporations Instrument 2016/191.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 45.

This report is made in accordance with a resolution of directors.



Peter King
Chair



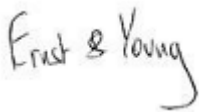
Anna Bligh
Chief Executive Officer

Sydney
14 September 2023

Auditor's Independence Declaration to the Directors of Australian Banking Association Limited

As lead auditor for the audit of Australian Banking Association Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) No contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Richard Balfour
Partner
14 September 2023



Financial
Report
2023

Statement of Comprehensive Income

	Notes	2023 \$	2022 \$
Income from ordinary activities			
Members contributions		11,754,509	11,320,512
Other Income	2	394,601	308,111
Special projects income		5,294,423	1,973,609
Total income from ordinary activities		17,443,533	13,602,232
Expenses from ordinary activities			
Staff costs	4	8,681,199	8,276,382
Special projects expenses		5,304,616	1,966,016
Other Operating expenses	3	2,239,688	2,410,306
Depreciation and amortisation expenses	7,8	653,553	703,026
Consultancies		338,407	469,966
Finance costs	8	76,158	106,119
Occupancy expenses		122,470	86,360
Total expenses from ordinary activities		17,416,091	14,018,175
Surplus income / (loss) from ordinary activities		27,442	(415,943)
Income tax expense		-	-
Surplus income / (loss) after tax		27,442	(415,943)
Other comprehensive income for the year, net of tax		-	-
Total other comprehensive income / (loss)		27,442	(415,943)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Notes	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	5	3,486,067	4,145,594
Trade and other receivables	6	1,281,382	876,789
Total Current Assets		4,767,449	5,022,383
Non-Current Assets			
Property, plant and equipment	7	21,579	88,423
Right-of-use assets	8	858,439	1,400,611
Total Non-Current Assets		880,018	1,489,034
Total Assets		5,647,467	6,511,417
Current Liabilities			
Accruals, provisions and other liabilities	9	3,842,681	3,371,044
Trade and other payables		107,001	820,877
Lease liability	8	710,219	646,150
Total Current Liabilities		4,659,901	4,838,071
Non-Current Liabilities			
Non-current Lease liability	8	491,710	1,201,928
Provision long service leave	10	366,898	369,902
Total Non-Current Liabilities		858,608	1,571,830
Total Liabilities		5,518,509	6,409,901
Net assets		128,958	101,516
Equity			
Accumulated surplus/Retained earnings		128,958	101,516
Total Equity		128,958	101,516

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Notes	Accumulated surplus/Retained earnings \$	Total equity \$
2022			
Balance as at 1 July 2021		517,459	517,459
Surplus / (loss) from ordinary activities		(415,943)	(415,943)
Balance as at 30 June 2022		101,516	101,516
2023			
Balance as at 1 July 2022		101,516	101,516
Surplus / (loss) from ordinary activities		27,442	27,442
Balance as at 30 June 2023		128,958	128,958

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Notes	2023 \$	2022 \$
Cash flow from operating activities			
Receipts from members and associate members (including GST)		17,633,475	14,681,631
Payments to suppliers and employees (including GST)		(17,390,035)	(12,758,999)
Finance cost (leases)		(76,158)	(106,119)
Interest received		12,265	13,709
Net cash provided /(used) by operating activities	5	179,547	1,830,222
Cash flow from investing activities			
Additions to property, plant and equipment		(44,537)	(8,439)
Net cash (used) in investing activities	7	(44,537)	(8,439)
Cash flow from financing activities			
Payments for leases (including GST)		(794,538)	(761,553)
Net cash (used) in financing activities		(794,538)	(761,553)
Net increase/(decrease) in cash and cash equivalents		(659,528)	1,060,230
Cash and cash equivalents at the beginning of financial year		4,145,595	3,085,364
Cash and cash equivalents at the end of financial year	5	3,486,067	4,145,594

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Report

For the year ended 30 June 2023

General Information

This financial report covers the Australian Banking Association Limited (the company) as an individual entity and is presented in Australian currency.

The ABA is a company limited by guarantee. In accordance with the Constitution, every member of the company undertakes to contribute to the property of the company in the event of the company being wound up while they are a member or within one year after they cease to be a member, for payment of the debts and liabilities of the company (contracted before they cease to be a member) and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required, but not exceeding ten dollars (\$10) per member. The financial statements were authorised for issue by the directors on 14 September 2023.

The operations of the Company are conducted in Australia only.

Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These principles have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

Historical cost convention

These financial statements have been prepared under the historical cost convention and unless otherwise stated do not take into account current valuation of non-current assets.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

For the purpose of this financial report, the Company is not for profit.

b) Revenue

Membership contributions

Revenue from membership subscriptions is recognised on a straight-line basis over the performance period. Membership subscriptions received in advance are held as unearned revenue (a current liability).

Special Projects

From time to time the Company acts on behalf of, or is involved in, special projects on behalf of individual members, or a particular group of members that has a particular interest in the project.

Expenses in relation to special projects are fully reimbursed by the individual member or group of members and the Company recognises special project income in the same period as the expenses are recorded. Expenses recorded relate to services provided by third parties which are directly attributable to the project.

c) Property, Plant and Equipment

Property, plant and equipment acquired for less than \$1,500 are written off to the Statement of Comprehensive Income when acquired.

Items of property, plant and equipment acquired for greater than \$1,500 are depreciated over their estimated useful lives. The straight-line method of depreciation is used. Property, plant and equipment are depreciated from the date of acquisition. The expected useful lives of the major categories are as follows:

Office furniture, fixtures and fittings	3 – 5 years
IT equipment and software	3 years

d) Taxation

The Company is assessable only on income from non-mutual sources such as interest income or associate members revenue.

The tax payable on income from non-mutual sources is generally not material and offset by tax deductions available to the Association. No deferred tax assets or liabilities are recognised given the unlikelihood of future net taxable income.

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables and payables.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

e) Employee Entitlements

The provision for employee entitlements relates to amounts expected to be paid to employees for annual leave, long service leave and bonuses and is based on legal and contractual entitlements and assessments.

Liabilities for employee entitlements to annual leave and other current entitlements are accrued at amounts calculated on the basis of current wage and salary rates, including package costs and on-costs. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rate paid or payable. Liabilities for employee entitlements to long service leave, which are not expected to be settled within twelve months after balance date, are accrued at the present value of the future amounts to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary level, experience of employee departures and periods of service.

f) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It has been determined that no critical accounting estimates or judgements have been made in the year.

g) New and Amended Accounting Standards

The ABA has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the ABA.

h) Leases

The Company has adopted AASB 16: Leases from 1 July 2019. The Company recognised a 'right-of-use asset' representing its right to use leased assets and a 'lease liability', measured as the present value of future lease payments. The Statement of Comprehensive Income includes depreciation of the right-of-use asset and interest expense on the lease liability over the lease term. Total lease expense recognised over the life of a lease remains unchanged as compared to AASB 117, however the timing of expense recognition changes, with a higher expense recognised in the earlier stages of a lease due to the interest expense being determined on the lease liability that amortises over the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, less any lease incentives receivable.

The lease payments are discounted using the Association's incremental borrowing rate, being the rate that the Association would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period.

Right-of-use assets are depreciated over the term of the lease on a straight-line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

The Company entered into a lease agreement for its office premises at 6 O'Connell Street, Sydney on 1 February 2018. The lease is for a term of 7 years, expiring 31 January 2025. Rent is payable monthly in advance. Provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum.

Note 2 Other income

	2023	2022
	\$	\$
Associate Member contributions	382,336	294,402
Interest income	12,265	13,709
Total other income	394,601	308,111

Note 3 Other operating expenses

	2023	2022
	\$	\$
Professional fees	312,663	297,582
Marketing and Advertising Campaigns	48,861	329,690
Other operating expenses	222,253	188,757
Technology maintenance	280,891	318,282
Research	294,200	360,520
Travel and accommodation	236,305	149,413
Seminars and conferences	437,251	377,016
Staff recruitment	175,417	130,391
Communications	38,663	43,960
Political Contributions	70,127	96,865
Staff training	123,057	117,830
Total operating expenses	2,239,688	2,410,306

Note 4 Staff costs

	2023	2022
	\$	\$
Other benefits	7,677	6,596
Salaries and wages	8,673,522	8,269,786
Total staff costs	8,681,199	8,276,382

Note 5 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at Bank	3,067,260	3,726,787
Term Deposit-Bank Guarantee	418,807	418,807
Total Cash and cash equivalents	3,486,067	4,145,594

Reconciliation of net cash inflow/(outflow) from operating activities to surplus from ordinary activities before tax:

	2023	2022
	\$	\$
Surplus/(loss) from ordinary activities for the year	27,442	(415,943)
Non-cash flows in profit:		
- depreciation	653,553	703,026
- finance costs	76,158	106,119
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(404,592)	(692,410)
- increase/(decrease) in accruals, provisions and other liabilities	436,885	1,325,416
- increase/(decrease) in trade and other payables	(713,876)	759,984
- increase/(decrease) in lease liability	103,977	44,030
Cash flows from operations	179,547	1,830,222

Note 6 Trade and other receivables

	2023	2022
	\$	\$
GST receivable	157,154	119,765
Trade debtors	1,096,955	728,478
Prepaid expenses	27,273	28,546
Total trade and other receivables	1,281,382	876,789

Note 7 Property, plant and equipment

	2023	2022
	\$	\$
Property, plant and equipment	991,988	947,452
Accumulated depreciation	(970,409)	(859,029)
Total Property, Plant and equipment	21,579	88,423

Property plant and equipment

Opening balance property plant and equipment	88,423	240,838
Additions	44,537	8,439
Disposals	-	-
Depreciation expense	(111,381)	(160,854)
Closing balance property plant and equipment	21,579	88,423

Note 8 Leases

a) Amounts recognised in the Statement of Financial Position

	2023	2022
	\$	\$
Right-of-use Assets		
Level 18, 6 O'Connell Street, Sydney	858,439	1,400,611
Total	858,439	1,400,611

	2023	2022
	\$	\$
Lease Liabilities		
Current Lease liability	710,219	646,150
Non-current Lease liability	491,710	1,201,928
Total	1,201,929	1,848,078

b) Amounts recognised in the Statement of Comprehensive Income

	2023	2022
	\$	\$
Depreciation Charge of Right-of-use assets	542,172	542,172
Finance costs	76,158	106,119
Total	618,330	648,291

c) Movement in lease liability and Right-of-use Assets

	2023	2022
	\$	\$
Opening balance Right-of-use Assets	1,400,611	1,942,783
Depreciation	(542,172)	(542,172)
Closing Balance Right-of-use Assets	858,439	1,400,611

	\$	\$
Opening balance lease liability	1,848,078	2,434,280
Finance expense	76,158	106,119
Amortisation of lease liability	(722,307)	(692,321)
Closing balance lease liability	1,201,929	1,848,078

Note 9 Provisions – current

	2023	2022
	\$	\$
Provision for staff cost	1,101,359	946,536
Provision for annual leave	497,321	470,280
Deferred Revenue	1,562,185	1,210,226
Accrued Expenses	681,816	744,002
Total provisions - current	3,842,681	3,371,044

Note 10 Provisions – non-current

	2023	2022
	\$	\$
Provision long service leave	366,898	369,902
Total provisions - non-current	366,898	369,902

Note 11 Remuneration of auditors

	2023	2022
	\$	\$
Audit of the financial report	50,000	50,000
Taxation and other non-audit services	129,253	90,148
Total remuneration of auditors	179,253	140,148

Note 12 Commitments and contingencies

	2023	2022
	\$	\$
Within one year	753,493	722,307
Later than one year but not later than five years	450,392	1,203,885
Later than five years	-	-
Total commitment and contingencies	1,203,885	1,926,192

These commitments pertain to future lease payments.

As at balance sheet date, there are no contingent liabilities.

Note 13 Related party disclosures

The following transactions occurred with related parties, which are noted as the ABA Members:

	2023	2022
	\$	\$
Revenue - Member's contributions	11,754,509	11,320,512
Revenue - Special projects income	5,294,423	1,973,609
Other Income - Interest	12,265	13,709
Total Related Party Revenue	17,061,197	13,307,830

Expenditure	7,191	7,787
Total Related Party Expenditure	7,191	7,787

Term Deposit-Bank Guarantee	418,807	418,807
Total Related Party Cash and Cash equivalents	418,807	418,807

Trade debtors	1,096,955	728,478
Total Related Party Debtors	1,096,955	728,478

Trade Creditors	-	-
Total Related Party Creditors	-	-

Disclosures relating to key management personnel are set out in Note 14.

Note 14 Key management personnel

The key management personnel of the company are the directors and executive officers who had authority and responsibility for planning, directing and controlling activities of the company for the year. The following individuals were the key management personnel who held office during the year.

Non-executive directors

- Alexis George (appointed 2 August 2021)
- Antony Shaw (appointed 1 September 2022)
- Clive van Horen (appointed 24 November 2020)
- Damien Walsh (appointed 2 December 2021)
- Joseph Rizk (appointed 9 December 2022)
- Mark Wiessing (appointed 1 May 2023)
- Mark Woodruff (appointed 11 January 2023)
- Marnie Baker (Deputy Chair) (appointed 24 November 2020)
- Matt Comyn (appointed 24 November 2020)
- Melanie Evans (appointed 16 December 2020)
- Patrick Allaway (appointed 27 March 2023)
- Peter King (Chair) (appointed 24 November 2020)
- Ross McEwan CBE (appointed 24 November 2020)
- Shayne Elliot (appointed 24 November 2020)
- Stuart Green (appointed 1 July 2021)

Details of Executive key management personnel

Executives	Title	Appointed	Resigned
Anna Bligh, AO	Chief Executive Officer	Originally appointed 03 April 2017 Reappointed 24 November 2020 due to change in company structure.	
Vanessa Beggs	Deputy Chief Executive Officer	Originally appointed 08 April 2019 Reappointed 24 November 2020 due to change in company structure.	
Christine Cupitt	Chief of Policy	08 September 2014	16 December 2022
Aidan O'Shaughnessy	Executive Director, Policy	02 September 2014	20 July 2022
James Abbott	Chief of Corporate Affairs	08 August 2022	30 June 2023
Christopher Taylor	Chief of Policy	23 January 2023	

Remuneration of key management personnel

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

	2023	2022
	\$	\$
The aggregate amount of compensation paid to key personnel during the year:		
Short-term employee benefits	3,062,965	3,036,225
Post-employment benefits	126,564	158,844
Long-term benefits	122,304	169,303
Termination benefits	-	-
Total	3,311,833	3,364,372

No fees were paid to other directors of the company.

Note 15 Financing arrangements

The financing arrangements with ANZ include the corporate card and Bank Guarantee. Access was available at balance date to the following bank facilities:

	2023	2022
	\$	\$
Corporate Card Limit	30,000	30,000
Unused at balance date	8,758	20,570
Bank guarantee	418,807	418,807

Bank Guarantee provided by ANZ in favour of 6 O'Connell Real Estate Pty Limited for the premise lease at Level 18, 6 O'Connell Street, Sydney NSW 2000.

Note 16 Financial Risk Management

Financial risk management objectives

The Company's activities expose it to financial risks including interest rate risk and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Executive Leadership Team with oversight by the Finance, Risk and Audit Committee.

Interest rate risk

The Company's main interest rate risk arises from distributions from cash and cash equivalents which expose it to risks associated with the effects of fluctuations in market interest rates. The Company has minimal interest rate risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid assets (mainly cash and cash equivalents) and the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The financial liabilities are predominantly due within 1 month.

Foreign currency risk

The Company is not exposed to any foreign currency risk.

Price risk

The Company is not exposed to any price risk.

Credit risk

The Company is not exposed to any credit risk.

Note 17 Events occurring after reporting date

There are no matters or circumstances that have arisen since the end of the financial year not otherwise dealt with in the financial report, which significantly affected or may significantly affect the operation of the Company, the result or the state of affairs.

Directors' declaration

For the year ended 30 June 2023

In the directors' opinion:

- a) the financial statements and notes set out on pages 46-63 are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- c) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Peter King
Chair



Anna Bligh
Chief Executive Officer

Sydney
14 September 2023

Independent auditor's report to the members of Australian Banking Association Limited

Opinion

We have audited the financial report of Australian Banking Association Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosures and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Australian Banking Association Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Australian Banking Association Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

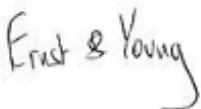
The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Ernst & Young



Richard Balfour
Partner
Sydney
18 September 2023

Notes

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Australian Banking Association

Secretariat

Principal Registered Office in Australia

Level 18, 6-10 O'Connell Street, Sydney NSW 2000

Auditors

Ernst & Young

Bankers

Australia and New Zealand Banking Group

Australian Business Number (ABN) 60 117 262 978