APRA Banking System Analytics

Executive Summary

Purpose

This analysis examines the structure and recent evolution of the Australian authorised deposit-taking institution (ADI) sector using publicly available APRA monthly statistics. The objective is to assess system scale, funding dynamics, institutional concentration, and portfolio structure through a consistent set of financial KPIs.

Business Questions

1. How has the size of the Australian banking system evolved in recent years?
2. Are lending activities supported by stable funding growth?
3. How concentrated is the system across major institutions?
4. How do funding and portfolio structures differ across banks?
5. How do individual banks evolve over time relative to system trends?

Key Insights

System growth is continuing but moderating

Total system assets have continued to expand, though growth has slowed relative to earlier post-pandemic periods.

This indicates a transition from recovery-driven expansion toward a more mature phase of the credit cycle.

Lending growth is increasingly constrained by funding

Loan growth has broadly aligned with deposit growth.

The system-wide loan-to-deposit ratio has stabilised, suggesting increased funding discipline and reduced reliance on wholesale funding.

Housing lending remains the dominant exposure

Housing loans, particularly owner-occupied mortgages, continue to represent the largest share of system lending.

Portfolio composition has remained structurally stable, indicating limited diversification away from housing risk.

The banking system is highly concentrated

A small number of large institutions account for a disproportionate share of total assets.

Asset size drops sharply beyond the top tier, highlighting scale advantages for major banks.

Funding and portfolio strategies vary across institutions

Banks of similar size can exhibit materially different loan-to-deposit ratios and portfolio mixes.

These differences reflect strategic positioning rather than scale alone.

High-Level Trends

1. Shift from growth-focused expansion toward balance sheet consolidation

2. Increased emphasis on funding stability
3. Persistent concentration in housing-related exposures
4. Greater divergence in strategy among mid-sized and smaller institutions

Risks and Anomalies to Monitor

1. Any renewed divergence between loan and deposit growth
2. Rising loan-to-deposit ratios at individual institutions
3. Increased concentration in cyclical lending segments
4. Structural changes driven by mergers, acquisitions, or regulatory changes

Executive-Style Recommendations

For system monitoring

Focus on funding discipline and portfolio concentration rather than headline asset growth.

For institutional analysis

Evaluate banks relative to peers with similar scale, not just against system averages.

For forward planning

Assume modest balance sheet growth and prioritise margin, efficiency, and risk-adjusted returns.

Methodology & Assumptions

Dataset Source

- Australian Prudential Regulation Authority (APRA)
- Monthly Authorised Deposit-taking Institution Statistics
- Back-series covering March 2019 to October 2025
- Institution-level, resident-only balance sheet data

Data Preparation & Cleaning

- Monthly Excel files consolidated into a single time-series dataset
- Consistent institution identifiers used across periods
- Date standardised to month-end granularity
- No imputation performed; missing values retained as reported
- Metrics used as published to avoid reconciliation issues caused by definitional changes

Data Model Overview

The model follows a star schema design:

- DateTable: Month-end dates and time attributes
- Institution: Unique ADI identifiers and institution names
- Financials (Fact Table): One record per institution per month, containing reported balance sheet metrics

This structure enables consistent aggregation across system, peer, and institution-level views.

KPI Design & DAX Measures

A deliberately limited core KPI set is used across all dashboard pages:

- Scale: Total Assets, Total Loans, Total Deposits
- Growth: Year-on-Year Loan Growth, Deposit Growth
- Funding: Loan-to-Deposit Ratio, Funding Gap
- Composition: Housing, Business, and Other Loan Shares

The same measures are reused across system overview, institution comparison, and bank deep-dive views. This ensures consistency and comparability.

Assumptions & Limitations
- Data reflects on-balance-sheet positions only
- No adjustment for mergers, restructures, or accounting changes
- Analysis is descriptive, not predictive
- Asset quality and risk metrics (e.g. impaired assets) are excluded by design to maintain focus on balance sheet structure
- Interpretations depend on selected institution and reporting period

Closing Note

This analysis is intended to support structured interpretation of banking system dynamics rather than produce fixed conclusions. The dashboard enables users to explore scale, funding, and portfolio structure consistently across time and institutions.