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Australian Banks are cautioned by APRA that one economic disturbance will be catastrophic for Westpac, ANZ, NAB and CBA

Australian Banks Cautioned by APRA



Reported in the Herald Sun, June 24th. The Australian Prudential Regulation Authority (APRA) the Australian banking watch dog and regulator has delivered a chilling speech at the banking industry forum. The four major lenders are significantly vulnerability and could topple if there were one economic disturbance, the regulator says.

APAR has previously cautioned the nation might be relying too heavily on China for growth.

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Surprise jolt could bring down big four banks, says regulator APRA

AUSTRALIA'S banking sector is now so concentrated that the four major lenders could topple if there were one seismic external shock, the regulator says.

The banking watchdog's head of supervision says that as a consequence of the major banks' dominance, they are "hugely exposed" to each other.

Speaking at a banking industry forum yesterday, Australian Prudential Regulation Authority supervision general manager Charles Littrell said it was a significant vulnerability.

All four lenders were "in the same business model — they're all hugely exposed to each other", Mr Littrell said.

"Inevitably if you bet 80 per cent of the market, any trading market, you're 80 per cent of each other's books.

"We don't quite know what would happen if that business model gets whacked by external stress all at once."

<http://www.heraldsun.com.au/business/surprise-jolt-could-bring-down-big-four-banks-says-regulator-apra/news-story/4b7aa1af485c5bd7f567b77e586986aa9>