

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

Commissioner Hayne: As indicated in Chapter 8, I begin from the premise that no new layer of law or regulation should be added unless there is clearly identified advantage to be gained by doing that. And I begin from the further premise that very simple ideas must inform the conduct of financial services entities.

Hence, the first question to be asked and answered is:

- Is the law governing financial services entities and their conduct too complicated?
 - Does it impede effective conduct risk management?
 - Does it impede effective regulatory enforcement?
- ...Is the regulatory regime too complex? Should there be radical simplification of the regulatory regime?

Answer: Yes to all of the above. The financial system is too complex for the regulators and therefore holistically, too easy for industry to abuse, evidentiallyevidentially.

Commissioner Hayne:

- Are APRA's regulatory practices satisfactory? If not, how should they be changed?
- Are APRA's enforcement practices satisfactory? If not, how should they be changed?
- Does the conduct identified and criticised in this report call for reconsideration of APRA's prudential standards on governance?

Answer: No, APRA's behaviour is not satisfactory. APRA is a captured regulator with a clear conflict of interest. The Royal Commission has exposed their manifest failures. The revolving door between politics and industry must come to an end via a 12 to 24 month moratorium.

APRA needs to be completely overhauled replaced by a Regulator with a mandate to eliminate illegal and high risk conduct by banks, protect consumers and depositors and ensure stability of the financial system for the benefit of the Nation, not the Banks.

Commissioner Hayne:

7.5 Business structures

- Do the events that have happened raise any issue about business structures?
- Do the events that have happened invite consideration of whether structural changes should now be made?
- Do the events that have happened suggest that manufacturers of financial products should not be permitted to provide, whether by employee or authorised representative, personal financial advice in relation to products of a kind it manufactures?

Answer: Yes, the banks' structure, a.k.a. vertical integration, created the conflicts of interest between serving their customers, and exploiting their customers to maximise profits for shareholders. The banks have demonstrated they are unable to manage the conflict of interest or the vertical integration vis a vis fraud based on top down policy and bottom up practice. Speculative activity such as derivatives trading has introduced systemic risk into the banking system, in particular to depositors. Banking separation is the only viable option to manage this industry.

Commissioner Hayne: What responses should be made to the conduct identified and criticised in this report?

- Are changes in law necessary?
 - Should the financial services law be simplified?
...
- Should the regulatory architecture change?
...
- Is structural change in the industry necessary?

Answer: Yes, yes, yes, and yes. The solution is in legislation that is already before Parliament, the [Banking System Reform \(Separation of Banks\) Bill 2018](#), introduced by the Member for Kennedy Bob Katter on 25 June. It will enact a Glass-Steagall separation of commercial banks from investment banking and all other financial business, and bring APRA under much tighter Parliamentary control.