

## 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:

**With reference to Commissioner Hayne's questions posed in the interim report:**

- 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?

*A resounding "Yes" to all of the above. I think the financial system is too complex for the regulators we need a much simpler system.*

- 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?

*APRA's behaviour is totally unsatisfactory. The excuse of maintaining financial stability has allowed the banks to engage in practices*

*that maximise their profits at the expense of their customers. Some customers, as you have seen and heard, have lost EVERYTHING. Ultimately the banks' actions and APRA's complicity are the real threats to financial stability, because in seeking to increase their profits from mortgages the banks have inflated a massive housing bubble and incurred a \$40 trillion exposure to dangerous derivatives - MBS - mortgage backed securities, which allows banks to place liabilities "off the books."*

### 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?

*The banks' structure of vertical integration, created the conflicts of interest between serving their customers, and exploiting those same customers to maximise profits for shareholders, create massive bonuses and salaries for CEO's. The banks cannot be trusted to "manage" these conflicts of interest, and relying on more rigorous law enforcement is unrealistic. The conflicts of interest must be removed, by separating commercial banks from all other businesses. I am not saying the banks cannot move forward as separate entities - where they have a simple deposit taking and loan to mortgages and small to medium businesses, which as we all need this type of banking is a utilitarian banking service. However banks can of course operate their derivatives trading, share trading and forex trading BUT NOT WITH CUSTOMERS deposits as a fall back position. Nor should they have access to tax payers money - which is after all what the government would use in a bail-out scenario. A bank operating as an investment house MUST be completely separate from the utility of deposits and loans. Of course they can continue under the same name - but with a clear distinction between the two.*

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?

*I believe "YES" to all four questions. 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. The country is run by the government - state and federal MP's and Senators voted into office by the electorate. We do not go to the polls to elect a bank or bankers to run this country and yet they do. This massive power wielded by the banks which has sucked the life out of home owners, farmers and small business owners has been incrementally acquired aided and abetted by APRA. At no point does APRA have the best interests of the individual or the country at its core. It is there to facilitate the removal of vast wealth into the hands of banks and bankers. The bill mentioned above will insure a safe and healthy utilitarian banking system for the masses and allow those who wish to dabble/gamble with risky investment structures to do so at their own peril and prevent ordinary people being put on the hook for the debts.*