

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Submitted By: Alexander Joseph Walsh

Email: [REDACTED]

Phone Number: [REDACTED]

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:

7.5 Business Structures?

Don Argus, former head of NAB said many years ago that Commercial Banking and Investment Banking are two completely different businesses and should therefore be completely separate. The Investment arm of banks have used the house mortgages of commercial banks to create a huge derivatives market which has put the whole banking system at risk of complete failure in a crisis such as the GST. A far worse crisis is now waiting in the wings. The only obvious way to resolve this problem is to separate the two businesses so that the Commercial Banks carrying peoples savings are not put at risk by the casino type activity of the investment banks. Why should the people who put their savings into the bank, have those savings put at risk by the gambling in derivatives. Also separation prevents house mortgages being used for the purposes of derivative gambling. The government can safely guarantee the commercial banks when separated and the investment banks can go bankrupt if they fail. We should not have a system where the investment arm of banks can bring down the commercial banks. Commercial banks can be simply regulated for the purposes of receiving deposits and lending money to business, housing, farming, industry - all of the things that are for the general welfare of the people. No gambling. No derivatives. No insurance or superannuation involvement. In other words no vertical integration of businesses that are not simple banking.

The conflicts of interest must be removed. Adding more regulation only works temporarily, until there are clever ways developed to get around the regulation. Therefore don't regulate, remove the conflicts and job done.