

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:

Dear Commissioner Hayne,

I wish to raise several matters that I believe need to be addressed in this Commission:

1. There has been much said about "the greed of the banks" but this is to distance the human players from the issues. In the end it is the individual board members and executives who are actually responsible for the frauds, deceptions and rip-offs. The human players - especially those sitting around the Board tables and in the executive suites - are the people ultimately responsible for the shocking policies and behavior that has been exposed. These people **MUST** be made accountable because community standards of honesty and fairness are obliterated by personal greed. Behavior is the result of many things, but in business it is all about incentives. **I would like the Royal Commission to examine remuneration policy in the financial services industry. As part of that investigation, the Royal Commission should examine the role of 'remuneration consultants' and in particular the setting of goals for the senior executives who ultimately implement the policies decided by the Boards.**

2. While I agree that there is adequate regulation of the banking and finance sector, and that prescribing yet more regulation is counter-productive, it is clear that the regulators have been negligent and in some cases co-operative with the players that they are supposed to be regulating. Funding for the regulators needs to be adequate for the task at hand. Embedding regulators in banks is ludicrous and should not be considered. Penalties for breaches need to be increased significantly. The recent fines that have been imposed are akin to a whipping with limp lettuce. If you hope to stamp out bad behavior, then the penalties need to be punitive. **I would like to see the Royal Commission recommend significant increases in penalties for institutions that do the wrong thing - and also for individuals that fail in their duty of care.**

3. The best way to improve competition in the banking sector and stop the rip-offs is to increase competition. Not only is there insufficient competition in the banking sector they cartel is costing customers a huge amount and is simply enriching shareholders. There needs to be a greater focus on customer service and that requires more competition. The fastest way to increase competition is to break up the Big Four banks. The takeovers that were waved through during the GFC simply made these four entities "too big to fail" and as a result the Government of Australia now has to fret about a future financial crisis in which it will be required to "bail out" these entities for fear of hurting lots of Australians. Breaking up the Big Four would not only increase competition, it would increase the "robustness" of the Australian financial system. It would then be possible for poorly managed banks to be allowed to fail. The fear of failure would increase the pressure on bankers and finance executives to lend responsibly. **I would like the Royal Commission to recommend that the Big Four banks be forcibly broken up.**

4. I am curious to me that Macquarie Group has had very little scrutiny by the Royal Commission. Macquarie is renowned for its aggressive practices and high fees. Is there some possibility that you can get Nick Moore and the others in for a discussion of its model - perhaps with particular focus on remuneration practices. Macquarie is not known as the millionaires factory for nothing. **I would like the Royal Commission to investigate the remuneration practices of all the banks and Macquarie Group in particular.**

5. Finally, I wish to express great concern about the revolving doors in Australia between parliament and business. How many former politicians are on the Macquarie payroll? Where did Mike Baird go after he hopped out of parliament? Was it really necessary for the NSW State Government to change its banking relationship with Westpac and move the account to NAB immediately after Mike Baird joined the executive ranks at NAB. All of this smells and so I think that there does need to be regulation of politicians once they leave parliament - but that is another discussion perhaps. **I would like the Royal Commission to make a strong recommendation in relation to outlawing the revolving door between our parliaments and banks and lobbying organisations.**

I would be happy to discuss any of these points further.

Regards,

Glenn Crichton