

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Submitted By: Monty Woodbridge

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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:

Royal Commissioner (RC) Kenneth Hayne's question:

1. Is the law governing financial service entities and their conduct too complicated? YES.
2. Does it impede effective conduct risk management? YES
3. Does it impede effective regulatory enforcement? YES
4. Is the regulatory regime too complex? YES
5. Should there be radical simplification of the regulatory regime? YES

Former APRA principal Researcher Dr. Wilson Sy, said in an interview on 29 June 2018 "I think the financial system is too complex for the regulators - I think we need a much simpler system."

RC Hayne:

1. Are APRA's regulatory practices satisfactory? If not, how should they be changed? See below.
2. Are APRA's enforcement practices satisfactory? If not how should they be changed? See below,
3. Does the conduct identified and criticised in this report call for consideration of APRA's prudential standards on governance? See below.

APRA's behaviour is not satisfactory as they have used the excuse of financial stability by allowing the banks to engage in practices that maximise profits, at the expense of their customers. Ultimately this has become a threat 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, all of which is a threat to the financial system. At present this bubble is almost at three times the level of the 2008 GFC.

RC Hayne:

7.5 Business Structures:

1. Do the events that have happened raise any issue about business structures? YES
2. Do the events that have happened invite consideration of whether structural changes should be made? YES
3. 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? YES.

IT IS A YES TO ALL THE ABOVE. The banks' structure a.k.a vertical integration created the conflicts of interest between serving their customers and their greed to maximise profits for their share holders. This conflict of interest must be removed by separating retail and commercial banking from all other businesses banks seek to develop

- RC HAYNE:
1. What responses should be made to the conduct identified and criticised in the report? See below.
 2. Are changes necessary? YES
 3. Should there financial services law be simplified? YES
 4. Should the regulatory architecture change? YES
 5. Is structural change in the industry necessary? YES

THE SOLUTION IS IN LEGISLATION already before Parliament and titled "The Banking System Reform (Separation of Banks) Bill 2018, introduced by the Member for Kennedy Bob Katter, seconded by Andrew Wilkie MP on the 25 June 2018. The bill will enact a Glass-Steagall separation of commercial banking from investment banking and all other financial business and brings APRA under much tighter Parliamentary control.

There is a very important aspect within the big four banks terms and conditions of acceptance of loans and deposits "THE

"SMALL PRINT" giving banks the license to steal, manipulate customers into fraudulent transactions that fleece unsuspecting customers with the added risk of banks being compensated for their reckless trading in derivatives and sub-prime products. The question must be asked, is it feasible to place an injunction on the banks to stop any moves to help themselves or through the regulators, in the event of another GFC, by tapping into their "small print" terms and conditions, thus causing great financial losses to their depositors and commercial accounts by committing fraud by increasing mortgage lending. The Money Temple must be cleansed of unscrupulous money lenders whose self interest knows no bounds.

Kind regards.

Monty Woodbridge