

## 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:

Re - Interim Report p323, structural regulation of banking activities

I am specifically addressing "ring-fencing" of deposits.

I understand that despite announced government policy that ordinary bank deposits would never be subject to a "bail-in", the relevant legislation in fact is not clear on the matter and the definition of "instruments" allowed to be seized could include deposits on the say so of APRA or by the banks rewriting their terms and conditions.

When people choose to invest money in hopes of making a profit, they do so at their own risk. However, deposits are NOT investments. Ordinary bank account holders such as myself get either a few cents per annum or zero interest while being hit with hefty fees, though it is our funds the banks are gambling with in their reckless, unprincipled pursuit of profits which are then siphoned off into dividends and bonuses and never seen by those of us who provided the stake money. Furthermore we have no choice but to have an account because salaries and pensions are not paid in cash.

I would submit that for any account set up in such a way that interest is less than fees, the bank clearly is operating a book-keeping service only and holds the deposit in trust. And if a book-keeper takes the client's money it is a criminal act.

The way to set people's minds at rest would be for parliament to protect not-for-profit deposit accounts by clear legislation. The fenced-off deposits would form part of the reserve capital the banks are required to maintain. This would also shield taxpayers from unfairly having to foot the colossal bill to bail out those accounts up to \$250,000 each, a safety net which must surely encourage the banks to play fast and loose with depositors' money.

The banks have proved that they cannot be trusted to self-regulate and APRA seems toothless and/or complicit. There should be tighter legislated oversight of financial institutions, especially in the governance of risk management, incorporating serious penalties for non-compliance so that the ordinary Australian is protected from either bail-ins or bail-outs.