

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

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OPINION PIECE – MODERN BANKING – Mike Musgrave

The one element missing from the interim report of the Hayne Financial Services Royal Commission is that it did not address the root cause of missed opportunity to solutions of problems raised by Financial Services misconduct.

The root cause of most problems highlighted was the fact that clients of financial services have no proper direct access to the senior management of any major financial institution for which to find resolutions to irregularities or misconduct. Instead they are forced to deal with staff who have no authority to act on a client's behalf, be it banks or insurance companies.

Banks have and are closing their branches; the ones that remain have no bank managers who are familiar with the vagaries of local community econometrics. Nor do the staff have authority to bargain for a better rate-of-return for customers.

Insurance companies have very few service branches manned by staff with authority with which to alter a chose-in-action.

Financial advisors are generally sub-contractor or commission agents with little interest or knowledge in trying to solve complex legal problems associated with their client's family tax arrangements or powers of attorney.

The Commonwealth '*Peoples Bank*' was privatized in 1991 and since that time the bulk of taxpayers have missed out on nearly \$90bn in dividends. (A similar story goes for Telstra). AMP was de-mutualized in 1998 and has lost it's mantle as being in the top five of Australian companies by asset valuation. One solution may be to establish another '*Peoples Bank*' through the Australia Post network, manned by experienced financial services staff.

As you can see from the above, the financial services sector problems aren't caused by greed or dividend return alone. There is simply no workable mechanism in place to solve problems as they manifest themselves by dealing directly with customers/clients face to face.