

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

Name of other person, business or organisation:

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Your submission:

Misinformation by Treasury and APRA and Terms & Conditions applicable to Bank deposits.

I propose that the commission consider the "Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2018" to determine whether, despite advice by Treasury and APRA, Bail-in of deposits is possible through a change to the Banks Terms & Conditions which is possible without advanced notice.

I do not recall ever seeing Terms and Conditions applicable to deposits and do not recall ever formally accepting such terms. Surely this is dishonest practice.

The Background is as follows:

A Senate Committee, chaired by Jane Hume, questioned Treasury and APRA on whether Bail-in of deposits was facilitated by the proposed legislation "Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2018". The committee was advised that Bail-in of deposits was not included in the legislation because it only applied to instruments that have conversion or write-off provisions "in their terms" and since deposits don't include provisions for conversion or write-off in their terms and conditions, they couldn't be bailed in under this law.

However, although the terms and conditions of bank deposit accounts do not include explicit terms that allow for conversion or write-off, they do include a catch-all provision that allows the banks to change their terms and conditions at any time without advance notice. Moreover, the banks cite "regulator guidance" as one reason for doing so. In other words, APRA can order the banks to change the terms and conditions of their deposits to allow for a conversion or write-off, and a bail-in of deposits would be legal under the APRA crisis resolution powers law.