

**SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT**

Submitted By: Michael Offe

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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,

In your interim report you raise a series of questions and have asked for submissions from members of the community. Firstly thankyou for your interest in, and request for feedback from us the general public.

The Royal Commission has clearly shown significant problems in our Nation's Banking industry and the way in which it is managed and regulated. Problems many have been aware of to some extent or another for some time and it has been a positive step to see some of these significant issues brought to light by the public process of the Royal Commission.

In answer to one of your observations about legislative regulation of the structure of the banking industry having been employed in the past - particularly the US Banking Act 1933 (otherwise known as the Glass-Steagall Act)...

The separation of investment banking from standard public & small business banking (which typically looks after the finances [deposits & home/business loans] of the public)... would significantly improve the financial safety for the public and small business without them being exposed to catastrophic losses posed by the risky investment banking practices.

This clear separation would also effectively solve the half measure attempt of Government Guarantee of the public's deposits that was introduced post 2008 - I say "half measure attempt" because it was well known that the big 4 banks exposure was far higher than the Government Guarantee was capable of covering.

Further it would also address the terrible practice of 'Bail in' that was introduced, allowing customer's funds to be confiscated to prevent a total meltdown of the financial sector. As I understand it, the current vertically integrated structure essentially means that the banks can take big gambles and risks in their investment banking practices knowing that if it all goes bad, they are going to get some degree of Government bail out as well as being able to retrieve consumer's funds.

In answer to some of the other questions you have posed...

1. Yes it would appear that APRA has been a toothless tiger or simply not doing their prescribed job and should be significantly restructured to enable effective monitoring of banking practice,
2. The current banking model also appears to be so heavily integrated into different areas of business that the effective regulation may in fact be close to impossible.
3. In most respects I agree with your premise that new layers of law or regulation should only be put in place if there is a clearly identified benefit, and that simple ideas should be the basis of these regulations. These two points are an invaluable premise under which all regulation should be developed and structured. That said the current regulation, combined with the currently allowed banking structure and monopolist attitude of the banking sector are facilitating mass abuse towards the general small banking customer, not to mention significant risks to their life savings and livelihoods.

I believe their is bill tabled (introduced by Member for Kennedy, Bob Katter) that would address many of these issues.

[https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bId=r6136](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r6136)

I thankyou for taking the time to consider this feedback and look forward to seeing your recommendations for significant changes to the banking sector here in Australia to prevent the risks and abuses that have been identified. I trust our members of parliament will also take action on these very important matters and not bend to the fancies of the big financial institutions, but rather make the radial changes that are evidently required.

Yours sincerely,

Michael Offe.