

## SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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The law governing financial services entities and their conduct too complicated. As former APRA Principal Researcher and Glass-Steagall bank separation advocate, Dr Wilson Sy said in an interview for the [29 June episode of the CFC Report](#), "I think the financial system is too complex for the regulators ... I think we need a much simpler system."

The 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. The banks' structure, a.k.a. vertical integration, created the conflicts of interest between serving their customers, and exploiting their customers to maximise profits for shareholders. The banks cannot be trusted to "manage" these conflicts of interest, and relying on more rigorous law enforcement is unrealistic. The conflicts of interest must be removed, by separating commercial banks from all other businesses.

The financial services law be simplified. The structural change in the industry is absolutely necessary. The solution is in legislation that is already before Parliament, the [Banking System Reform \(Separation of Banks\) Bill 2018](#), introduced by the Member for Kennedy Bob Katter on 25 June. It will enact a Glass-Steagall separation of commercial banks from investment banking and all other financial business, and bring APRA under much tighter Parliamentary control.