

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: No

Your submission:

To The Royal Commission,

I believe that the banking system that as evolved over the last 400 years is in serious need of reform.

One issue is that the customers of a bank are counted as unsecured creditors, this standard is quite low in my opinion.

This creates a moral hazard for banks, especially when a bank can be both a commercial and investment bank at the same time.

They take risks with other people's money and if they fail, they will say they are too important to fail and demand that politicians give them the right to take money from the people (either via a bail out or bail in) both come from the same creditor (the people). (One is just more direct)

Banks in the modern era should be regulated to the same standards as a utility company. Because the free flow of wealth is as important to our modern civilization as water, power & data.

Please don't be afraid to be strong with the banks. They might whine and complain and say that their business model will break but at the end of the day the risks they pose to our society if they fail are so great that they need to be held accountable to the people.

A banking licence in it's current form allows banks to do what no other company can do, which is fractional reserve which means a bank can have \$100 million in hard cash or other assets and create up to \$3 Billion in in liabilities. This privilege, in my view, is an extraordinary power to create money at the flick of a signature. (this is commonly called a fractional reserve system).

As such I believe that at the very least we should be able to regulate them with the following.

1. GLASS-STEAGALL - SHOULD BE ENACTED

2. APRA - REMOVE ALL LAWS THAT GIVE THEM POWER TO BAIL IN DEPOSITS

3. CHANGE THE TERMS AND CONDITIONS OF BANK ACCOUNTS REGARDING THE BANKS POWER TO CHANGE THE TERMS AND CONDITIONS ANY TIME THEY CHOOSE WITHOUT GIVING SUFFICIENT NOTICE TO ACCOUNT HOLDERS.

4. CONSIDER INSTATING A NON-FOR-PROFIT NATIONAL BANK THAT WILL ALLOW PEOPLE WHO DON'T TRUST THE CURRENT BANKING SYSTEM TO PLACE THEIR MONEY IN A SYSTEM WITH ZERO LIABILITIES AND ZERO RISK OF LIQUIDITY SHORTAGE. THIS WOULD BE A FULLY RESERVED BANK WITH NO CHANCE OF FINANCIAL FAILURE.

I would like to point out that point (4) would be greatly valuable in the event of a banking crisis as it would act as a financial emergency shelter for all people & businesses living in Australia. It can be just an online deposit bank providing free basic banking services to personal and businesses. This would provide good competition to the current banking system and reduce their ability from operating as a cartel or monopoly in the financial sector.

Thank you for your public service.

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