

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Submitted By: John Mcgowan

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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:

To Commissioner Haynes.

I present my response to your interim report on the Financial Services Royal Commission as follows:

#1. Regards your questions on LAW,RISK MANAGEMENT, REGULATION & ENFORCEMENT REGIMES;

YES,we need a radical simplification in the financial services sector's regulatory regime,(Refer to Dr Wilson Sy's comment,in the 29 June CEC report, , where he is speaking as a former APRA Principal Researcher). I believe this requires a simplification of, and an improvement in the effectiveness of the relevant regulatory laws, their application and enforcement.The evidence seems to be indicating that they are both too complex, and ineffective.

#2. Regards: APRA's PERFORMANCE (i.e REGULATORY & ENFORCEMENT PRACTICES & THE UPHOLDING OF PRUDENTIAL STANDARDS)

My answer to your question is "NO!". APRA's performance (and its behaviour), have clearly been shown to be unsatisfactory, possibly unethical. So called "financial stability", has consistently been used as an EXCUSE to dangerously AND unfairly favour banks at the expense of their customer's rights, security and the standard of service they receive. Conversely, it is APRA itself, and some agents of the financial services industry, whom I hold primarily responsible for seriously jeopardising our economy's stability and our financial system's security, (both domestically & globally) This includes the PECARIOUS predicament we are NOW in and the bulk of any future negative consequences we may experience. Namely, I am referring to the these agents complicity in the creation of a highly inflated housing market bubble,In addition to this is their role in contributing to our now over-exposure to a dangerously "top heavy", \$40 Trillion derivatives market..... (ENOUGH SAID?..'Dont think so.)

It appears that certain members of the financial services community in Australia have been complicit in having APRA bypass its own regulatory function. APRA's prudential standards of governance,now stand as a parody of itself!.. (Consider it a case perhaps,of "NON-PRUDENTIAL" STANDARDS OF GOVERNANCE?!)

#3. Regards BUSINESS STRUCTURES.

(This issue now presents us with a tragedy in the making!)...Events revealed by hearings so far, make the issue of current business structures, one of PRIMARY IMPORTANCE AND URGENCY.The facts as NOW revealed, don't just "invite consideration", but DEMAND both IMMEDIATE & DIRECT ACTION, AND STRONG LEADERSHIP. I propose the URGENT introduction of business structure reforms, in the form of the legislation ,currently tabled in the federal parliament,namely THE BANKING SYSTEM REFORM (SEPARATION OF BANKS) BILL.2018 (,which has been sitting there , undebated since Aug.'18) Current bank structures involve vertical integration. This creates conflicts of interest between the serving of customers, and exploiting them to maximise profits for shareholders.The banks cannot be trusted to "manage" these conflicts of interest and any move to more rigorous law-enforcement is unrealistic.The conflicts of interest, MUST BE REMOVED by separating commercial banks from all other businesses.

#4. On CHANGES IN LAW, REGULATORY ARCHITECTURE & the matter of STRUCTURAL CHANGE.

My response is YES,YES,YES, to positive change in all these areas.The Glass Steagall style legislation cited above, and now before federal parliament, when enacted, will provide the separation of commercial banking

activities, from investment banking AND ALL OTHER FINANCIAL BUSINESS!...and...BRING A.P.R.A UNDER MUCH TIGHTER PARLIAMENTARY CONTROLL.

This concludes my submission and I thank you for your attention to it, and of course for your diligent service.

YOURS SINCERELY,

JOHN MCGOWAN