

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: Yes

Your submission:

My reply to Commissioner Hayne's questions: All Commissioner Hayne questions in quotes:

"Is the law governing financial services entities and their conduct too complicated?"

"Does it impede effective conduct risk management?"

"Does it impede effective regulatory enforcement?"...

"Is the regulatory regime too complex? Should there be radical simplification of the regulatory regime?"

My answers: Yes to all of the above.

"Are APRA's regulatory practices satisfactory? If not, how should they be changed?"

"Are APRA's enforcement practices satisfactory? If not, how should they be changed?"

My answer: No, APRA's behaviour is not satisfactory.

"Does the conduct identified and criticised in this report call for reconsideration of APRA's prudential standards on governance?"

My answer: Yes.

Re: 7.5 Business structures

"Do the events that have happened raise any issue about business structures?"

"Do the events that have happened invite consideration of whether structural changes should now be made?"

"Do the events that have happened suggest that 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? "

My answers: Yes to all the above. The banks' structure, a.k.a. vertical integration, create a 'conflicts of interest' between serving their customers, and exploiting their customers to maximise profits for shareholders and bank employee bonus'. The latest revelations to the Commissioner show yet again that private banks cannot be trusted to "manage" these conflicts of interest. The conflicts of interest should be removed with urgency. Relying on more rigorous law enforcement is unrealistic in this environment since the chance of finding 'loopholes' increases with more layers of legislation.

Commissioner Hayne:

"What responses should be made to the conduct identified and criticised in this report?"

"Are changes in law necessary?"

"Should the financial services law be simplified?"

"Should the regulatory architecture change?"

"Is structural change in the industry necessary?"

My answers: Yes to all of the above. The conflicts of interest should be removed by separating commercial banks from all other businesses. A workable 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 can enact a Glass-Steagall separation of commercial banks from investment banking and all other financial business, and bring APRA under much tighter Parliamentary control.

Thank you for considering my answers.
