

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:

I am making this submission in support of a structural separation between traditional banking activities (deposits and loans) and more risky investment activities (eg wealth management, stock broking, insurance and superannuation). At present there is a deep structural conflict of interest between profit maximising activities and the need for the banks to provide essential services to ordinary citizens, eg small businesses, farm customers and ordinary Mums and Dads.

The top priority of banks is to provide the essential service to its customers of: deposits and loans, including savings accounts, credit cards, mortgages and business lending. As the former ACCC (Australian Competition and Consumer Commission) Chair, Allan Fels, has recently stated 'some aspects of banking are comparable to a utility, everyone needs banking services to be available, to that extent it's an essential service.'

When banks engage in large scale superannuation funds (including default funds and choice funds), insurance (including life and general insurance) and complex financial products used for investment banking, hedge funds, self-managed super funds, financial markets, they become too complex for regulators such ASIC (Australian Securities and Investments Commission) and APRA (Australian Prudential Regulation Authority) to monitor and manage. To date both these bodies have failed to protect customers from the banks, which has been exposed so glaringly by the Royal Commission into Banks.

At present, a Private Member's Bill is before Parliament, having been submitted on 25 June 2018 by Senator Bob Katter of the Katter Party to have a full bank separation between traditional banking (essential banking services for ordinary people) and higher risk investment banking activities (as detailed above) - 'The Separation of Banks Bill'. Hopefully, our politicians (who are meant to represent their constituents - ordinary people) will engage in sincere and vigorous debate about the positive outcome for ordinary people that adopting such a Bill could result in. Adoption of this Bill will also bring APRA under much tighter Parliamentary control.

In summary: A separation of essential, traditional banking services from riskier investment banking activities would protect customer funds and would provide simpler regulatory enforcement by regulatory bodies of the banks. The banks to date have shown that they cannot be trusted to manage the conflict of interest between serving their customers and maximising profits for their shareholders. The conflicts of interest will be removed by separating commercial banks from all other businesses.