

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

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Your submission:

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Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry - Online Submission

Dear Commissioner Hayne,

I think former APRA Principal Researcher Dr Wilson Sy would be the most qualified person to answer many of the questions you pose in the Interim Report. In addition to being an expert in economics and banking, he has a scientific background and is a brilliant mathematician.

I too write this submission with the advantage of a broad education. I have studied economics, history and politics and have an engineering and scientific formal education after graduating [REDACTED] in 1996. Though many may not realise it, engineers and scientists often understand more about the economy than accountants and economics graduates.

Problem

Thus far the Financial Services Royal Commission has uncovered some hideous crimes, crimes made possible with "captured regulators" and vertically integrated banking that encourages conflicts of interests. With a massive housing bubble and \$40 trillion of derivatives in Australia's banks, this nation faces disaster without appropriate intervention.

In the Interim Report you pose a series of questions:

- *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?*

The answer to all of the above questions is an emphatic "yes". Dr Sy made this clear in a *CEC Report* interview on 29 June 2018, saying, "I think the financial system is too complex for the regulators ... I think we need a much simpler system."

Solution

I refer to some other questions in the Interim 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?*

The answer to all of the above questions is an emphatic "yes". The Banking System Reform (Separation of Banks) Bill 2018 currently before Parliament, modelled on the successful US Glass-Steagall law, is urgent now!

Yours sincerely,

Jeremy Beck [REDACTED]

