

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Submitted By: Elizabeth Handley

Email: [REDACTED]

Phone Number: [REDACTED]

Submission for: My Self

Name of other person, business or organisation:

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Your submission:

Elizabeth Handley

[REDACTED]

[REDACTED]

Email: [REDACTED]

Dear Commissioner,

Submission: Royal Commission into Misconduct in the Banking, Superannuation and financial Services Industry: Policy Issues Identified In The Interim Report

Thank you for the opportunity to provide comment to your Royal Commission into Misconduct in the Banking, Superannuation and financial Services Industry: Policy Issues Identified In The Interim Report

I would gladly present before the Royal Commission in any hearing if desired.

If as stated in the introduction "Australia has one of the strongest and most stable banking, superannuation and financial services industries in the world, which performs a critical role in underpinning the Australian economy'. And, as the Letters Patent also record, 'Australia's banking system is systemically strong with internationally recognised and world's best prudential regulation and oversight'. Where did we go wrong?

I feel that it has become painfully obvious that the conduct by financial services entities, including banks and their associated entities, has amounted to misconduct and the conduct, practices, behaviour or business activities by those entities has fallen below community standards and expectations. It has also become painfully obvious that the so called regulators have become captive to those they are supposed to be regulating.

Where has the population of Australia been rewarded for the stability and the support of the financial services industry in

Australia. We have allowed them to charge for services as if they are in a much less supportive market. To make matters worse we have insisted that the majority of the population utilise their services. It is now virtually impossible to work or run a business in Australia without coming into contact with the banking, superannuation or financial services industry in some form.

We have actively supported the four largest banks with a financial guarantees and they have used virtually every dirty trick in the book to transfer wealth from their unfortunate customers to themselves and their shareholders. It has led to a sense of entitlement by the leaders of these organisations and expressions of outrage by them, whenever they have been called to account, or even threatened with any real oversight.

We allowed the wrong people to be in charge. No industry that has as its primary purpose to handle other peoples wealth, to create a profit ,should be left in charge of regulating their own industry. Yet in essence that is what has happened. They know that they have become virtually untouchable with the industry now regarded as too big to fail.

It might be time to break up these too big to fail organisations into smaller components that can no longer threaten our economy if they do fail. It may also be time to create a truly competitive environment for these industries.

We have allowed these people to defraud their customers of millions of dollars and yet get off virtually scot free while they have collected millions of dollars in salary and bonuses. They should have both a sense of care and responsibility as they often have control of their customers future financial health and its attendant lifestyle benefits. What is worse they have actively encouraged irresponsible behaviour in those they supervise and have effectively punished those that remained honest and refused to participate in what are essentially dishonest practices.

The punishment must start to reflect the damage of the crime. You can be jailed for stealing a few hundred dollars but steal millions and you are virtually untouchable. The penalties handed to institutions need to be multiples of the benefit they have gained. Not meaningless fines that are fractions of the gains made. This would very quickly bring shareholders into the "be honest in your dealings" camp.

They know they are regulated in a system that has become so complex that it is virtually impossible for the average person to understand. This has led to a situation where our best and brightest are now used by banking, superannuation and financial services industries to circumvent and use the regulation they helped to create in the industries best interest. The banking, superannuation and financial services industries system should benefit the economy as a whole not just the lucky few insiders.

We need regulation that is easily understood and quickly and strongly enforced by an independent body. The regime of warnings and undertakings has been shown to be worse than useless. The lived experience is that they have been misused and totally disregarded by the banking, superannuation and financial services industries

We have allowed banking, superannuation and financial services industries a free hand in putting their hands into our bank and superannuation accounts with minimal true regulatory interference. Name another industry where you get to create and increase charges and just get to take the money with little or no oversight, understanding or approval of those who are being charged. Many people would have little or no idea what their bank accounts or superannuation is actually costing them.

We need to reinstate a government-owned and independently run banking organisation such as the Commonwealth Bank once was. We also need to set up a government-owned and independently run institution that is the default superannuation fund for the population, like Denmark or the Netherlands. These organisations would then act as real competition for both private and industry run organisations that have been seen to benefit a select group at the expense

of both the broader economy and their unfortunate customers.

The experiment with the total privatisation of the banking, superannuation and financial services industry has failed in a spectacular fashion. It is too big a pot of gold and there are too many temptations for the types of people drawn to banking to resist. We have also seen the game of mates played in spectacular fashion where they support one another in creating systems that systematically leach their unfortunate customers savings and investments.

The revolving door between industry, the regulators and government, has lead to inside relationships being used to the benefit of the private sector without due regard to public interest. While Australia has comparatively strong restrictions around when a senior public servant/Minister can work as a lobbyist, our framework could be further strengthened by:

- improving the definition of 'lobbyist', for example to include acting for even non-profit entities that represent private industry, such as the Minerals Council of Australia; and
- better enforcing existing limitations on lobbyists moving between government, regulators and the private sector.

I have personal experience of a financial institutions poor lending practises that lead to an elderly family member almost losing a long held family property. The cost of fighting the banking institution was too much for her and so she self represented with some family assistance and some publicly available legal advice. The judge was scathing of the exposed practices of the financial institution and yet many people give into these practises as they are too scared of the courts and their associated costs.

There needs to be an easier and less expensive way for the average person to defend themselves from banks and other financial institutions. One that is not controlled by these financial institutions.

I call on the Royal Commission to give serious consideration to my concerns to ensure that Australia is moving towards the best banking, superannuation and financial services industries system in the world. One that truly inspires confidence and certainty from all stakeholders and empowers our communities to meaningfully participate in the creation and investment of their wealth and ensure their future financial stability. Should you require any further information I can be contacted on [REDACTED]

I look forward to the rest of the Royal Commission and the implementation of meaningful changes to our banking, superannuation and financial services industries. I request the opportunity to appear before the Commission in their hearings into this inquiry.

Yours sincerely

Elizabeth Handley