

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Submitted By: Mrs Kay Christensen

Email: [REDACTED]

Phone Number: [REDACTED]

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 Hayne:

Sir, in response to your request for submissions on structural change within the banking industry, I cannot put it too strongly that the only way to rein in the power of the banks is to break them up by legislating a Glass-Steagall separation of traditional deposit-taking commercial banks from all other financial services.

As you noted in your report, sir, precedent exists for such a ruling & during the sixty years Glass-Steagall was in force in America there was no major company collapse; within a decade of its repeal, however, the economy was engulfed in the GFC, eventually leading even President Clinton, who had agreed to the final take down of the legislation, to admit that he had made a mistake.

'Ring Fencing' as enacted by the British Parliament, was always going to prove ineffectual in controlling the banks: bankers are adept at finding loop-holes & as one official has commented, they are able to 'get between the wallpaper & the wall' in such matters. Bank management cannot be trusted to self-regulate; CEOs are answerable to their shareholders & as has become painfully obvious, they put profits ahead of the welfare of their clients & all other considerations, as witnessed by their preference for home mortgage lending over lending for business or infrastructure.

Commissioner Hayne, I also urge you to investigate APRA's bail-in powers, now facilitated by recent crisis resolution legislation which enables banks arbitrarily & without notice to change the terms & conditions of deposit accounts, thus allowing APRA to order a bail-in of deposits. Only recently a Treasury official told a concerned layperson that this was a matter that should be taken up with the Royal Commission.

I therefore ask that you would investigate the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018. The Bill was rushed through the Senate ahead of a foreshadowed amendment, heightening fears of an imminent banking collapse, in spite of denials to the contrary.

Finally Commissioner: APRA, the titular watchdog of the banks, has proved itself inadequate in its supervisory capacity, serving as it does the overseas interests which fund it rather than the national interest. It should be answerable to the Australian parliament rather than dictating terms to government. This would appear to be an area in serious need of restructuring.

(Mrs) Kay Christensen