

Submission to Commissioner Hayne.

In answer to the question of complexity and simplification of the regulatory regime, I quote former APRA Principle Researcher, and bank separation advocate, Dr Wilson Sy. "I think the financial system is too complex for the regulators.... I think we need a much simpler system."

When the former Principle Researcher for APRA finds the system too complex, how can we have faith that their regulatory or enforcement staff, understand their own regulations and how to enforce them.

Judging by the findings of the R C, APRA's conduct is far less than satisfactory. Under the guise of 'financial stability', banks have been allowed to put obscene profit making practises ahead of customers. That very stability is now under threat due to a huge real estate bubble and their exposure to \$40 trillion in derivatives, all created under the watchful eye of the APRA Watchdog. It begs the question of who is watching the watchdog.

The structure of 'vertical integration', has led to conflicts of interest between serving the best interests of their customers, and exploiting their customers to maximise profits for their shareholders. Man cannot serve two masters! Nor can the banks be trusted to 'manage' these conflicts of interest. The huge profits generated by banks, is testament to their priorities. The only solution to remove these conflicts of interest, is a separation of commercial banks and all other financial businesses.

On 25 June, Member for Kennedy, Bob Katter, introduced a bill, the Banking System Reform (Separation of Banks) Bill. This Bill will enact a Glass-Steagall style separation of commercial banks from investment banks and all other financial businesses and bring much tighter Parliamentary control over APRA.

The current uncertainty and negative outlook of the people of Australia, fuelled by the warnings of many high profile business people, including present and former senior management staff, demand that these questions be answered, in fact acted on through this Royal Commission, for the future of the banking system, in fact for the future of Australia.

Despite the assertions of former Federal Treasurer, Joe Hockey, that government has no place in regulating the economy, THAT is exactly what we need to come out of it.