

Dear Commissioner Hayne,

Thank you for your efforts to expose the shocking misconduct rampant in the banking, superannuation and financial services industries and just as importantly, shine a light on the terrible human impact that greed and unbridled self-interest from our bankers has had on our community.

I am a 20-year-old university student studying IT at the University of Melbourne, and over the past few months I've been following your hearings with intense interest. The case studies shown and testimonies given in the hearings so far have led me to a few conclusions in response to the issues you raised in your interim report:

- Vertical integration fails the very customers it should be serving and should be abolished. The conflicts of interest inherited in such a business model means that customers are shunted into products they often don't need and sometimes cannot afford, while the only people who really benefit are the shareholders and bank executives.
- The major banks have grown far too big and should be broken up in a Glass-Steagall manner (you may be aware there is such a bill already before parliament, the *Banking System Reform (Separation of Banks) Bill 2018*, which I believe should be supported and passed into law). Separating the inherently speculative activities of banks (namely the trading of derivatives) from the banks' core functions of lending, payments and deposits will not only safeguard the savings of everyday Australians from the myopic risk-taking of a minority of individuals, but will also ensure that lending no longer prioritises lending for residential housing over much-needed lending to the start-ups and small businesses of our nation's entrepreneurs, which will in the long run contribute in a far more positive way to Australia's economic and social prosperity.
- Penalties for misconduct in the banking and financial industries are far too weak. Jail time and significantly larger financial penalties will be essential to deter management and employees throughout the chain of command at our financial institutions from committing grossly unethical and criminal behaviour. Financial crime that destroys lives and livelihoods must not be given a free pass. Imagine the message that would be sent to the people of my generation and younger if such behaviour is allowed to continue with only the lightest of sentences – what would that say about what we as a society value?
- The regulators have been far too lax in their enforcement, in large part because they've become far too cosy with industry (as John Kehoe points out in his piece '*Bank boards are full of former regulators*' (22/10/18) in the *Australian Financial Review*). Regulators must be given a greater incentive to punish bad behaviour where punishment is due, and with the appropriate force, without fear of reprisal from the companies they target.

Thank you for taking the time to consider my opinion.

Yours sincerely,

