

## Submission in response to questions raised in Commissioner Hayne's interim report

(A) Hence, the first question to be asked and answered is:

- 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

I believe the answer to both these questions is yes. I agree with Dr Wilson Sye when he says “we need a simpler system.”

(B) Are APRA's regulatory practices satisfactory? If not, How should they be changed?

- (1) Are APRA's enforcement practices satisfactory? If not, how should they be changed?
- (2) Does the conduct identified and criticised in this report call for reconsideration of APRA's prudential standards on governance?
  - (1) Definitely not, their emphasis is on bank protection rather than that of the public.
  - (2) Yes, particularly because the APRA body is made up largely by members ex the banking community and they look after the “mates” before the public.

(C) 7.5 Business structures

- Do the events that have happened raise any issue about business structures?
- Do the events that have happened invite consideration of whether structural changes should now be made?
- Do the events that have happened suggest that manufacturers of financial products should not be permitted to provide, whether by employee or authorised representative, personal financial advice in relation to products of a kind it manufactures?

In each case the answer is yes, as the current vertical integration creates conflicts of interest which are frequently decided in favour of the bank's profits rather than the best outcome for the client.

Deposit taking and investment banks should be two completely separate businesses with no common staff or directors.

(D) What responses should be made to the conduct identified and criticised in this 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?

Once again I believe the answers to the three questions is yes in each case. A solution is already before Parliament in the Banking System Reform (Separation of Banks) Bill 2018. There is no doubt the banks and APRA will fight hard to prevent this Bill becoming law as it will definitely curtail their reprehensible conduct.

Investment banking will be separated from commercial banking and APRA will be under heightened Parliamentary control.

As I was the victim of unethical conduct by a bank some 30 years ago, I have a particular interest in the outcome of this Commissioner's inquiry.

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