

I wish to comment on many things but I have time restraints being working poor, yet I hope to answer some of the questions put forward in the interim report. The light has been shone on the banking and financial sector after much resistance from politicians and banking lobbyists in Canberra. It seems the rats are scurrying and trying to make it up to the public. It may even cause a recession. Two main points I want to get across are

1: We need a structural separation of deposit taking banking and all other financial services (share, stock markets, derivatives, insurance, superannuation, etc etc)

This can be achieved by using the Glass-Steagall act currently being tabled by some in parliament.

2: the Royal commission needs to be extended and expanded the terms to include liquidators, Debt collectors and third party administrators.

1: Consumer Lending

- What duties does an intermediary owe to a borrower?
- What duties should an intermediary owe to a borrower? **Full disclosure of who pays the intermediary for signing on a borrower and ongoing or trail fees.**
- What should be disclosed to borrowers about an intermediary's remuneration? **How much initial AND ongoing remuneration the intermediary stands to benefit and for how long after the borrower buys the product.**
- What steps, consistent with responsible lending obligations, should a lender take to verify a borrower's expenses? **A detailed questionnaire of borrowers living expenses and a 3 month bank report of expenses to compare for confirmation. Details of ALL direct debits and regular outgoings. Consideration of seasonal expenses like planned holidays (and how often) and Christmas expenses.**
- Do the processes used by lenders, at the time of the hearings, to verify borrowers' expenses meet the requirements of the NCCP Act? Do the processes now used meet those requirements?

- Should the HEM continue to be used as a benchmark for borrowers' living expenses? **NO. It is not a true or good representation. A more detailed look into expenses will only do. Otherwise increasing the HEM by perhaps 50% and also include other non standard living costs that most people regularly purchase.**
- Is the offer of a credit limit increase, where the customer has consented to receive such marketing, consistent with the NCCP Act obligation not to provide credit that is not unsuitable for the customer, having regard to their requirements and objectives? **No it is not consistent with the NCCP Act. A proper review of the customer's current position will be the only way to correctly evaluate requirements and objectives.**
- Is the offer of a credit limit increase based only on information held by the bank about a customer a breach of the NCCP Act obligation to take reasonable steps to verify the consumer's financial situation? **Yes, I do feel it is a breach. This is not prudent and diligent banking.**
- When an employee or intermediary is terminated for fraud or other misconduct, should a licensee inform their clients of the reason for termination? **Absolutely. This misconduct will most likely have been across some, or all of the other dealing.**
- When an employee or intermediary is terminated for fraud or other misconduct, should a licensee review all the files or clients of that employee or intermediary for incidence of misconduct? **Absolutely. There is a great chance of more fraud and misconduct being unveiled. This should be industry standard practice or as part of regulations.**
- Are certain types of add-on insurance, by their nature, poor value propositions for customers? **Not sure**

## 2: Financial advise

- How does a financial adviser's employer encourage provision of sound advice (including, where appropriate, telling the client to do nothing)? **Take away sales benefits and stick to a salary remuneration scheme. Extra money for more sale= GREED. Encourage and provide training on sound advising and looking after the customers' needs.**

- How do advice licensees encourage advisers aligned with the licensee to provide sound advice (including, where appropriate, telling the client to do nothing)? **Take away sales benefits and stick to a salary remuneration scheme. Extra money for more sale= GREED. Encourage and provide training on sound advising and looking after the customers' needs.**
- Can conflicts of interest and duty be managed? **NO, the royal commission has exposed this and ASIC/APRA's toothless regulation. No more conflicts of interest.**
- How far can, and how far should, there be separation between providing financial advice and manufacture or sale of financial products? **TOTAL separation...this mode of business has not worked and has stolen many millions from the public. Financial advice and manufacturers of financial products should be separate...end of story.**
- Should financial product manufacturers be permitted to provide financial advice?
  - At all? **NOT AT ALL**
- Should financial product sellers be permitted to provide financial advice?
  - At all? **There should be full disclosure on what products the seller's sell (and receives sale dividends) and which they do not. They should only advise on the best use of those products to retail clients?**
- Should an authorised representative be permitted to recommend a financial product manufactured or sold by the advice licensee (or a related entity of the licensee) with which the representative is associated? **There should be full disclosure on what products the representative sell (and receives sale dividends) and which they do not. They should only advise on the best use of those products to retail clients?**
- Should the grandfathered exceptions to the **conflicted remuneration** provisions now be changed? **YES**
  - How far should they be changed? **Remove all grandfathering exceptions going back 11 years to before the GFC of 2008-09**

- If they should be changed, when should the change or changes take effect? **Within 6 months of the end of the royal commission.**
- Should the life risk exceptions to the conflicted remuneration provisions now be changed? **Unsure**
  - How far should they be changed?
  - If they should be changed, when should the change or changes take effect?
- Should any part of the remuneration of financial advisers be dependent on value or volume of sales? **NO, this practise conflicts with clients best interest and the advisors end up chasing profit for themselves.**
- Should all financial advisers (including those who now act as authorised representatives of an advice licensee) be licensed by ASIC? **Yes**
- Are current product and interests disclosure requirements sufficient to allow customers to make fully informed choices? **Unsure. I have not been involved in current products for a few years.**
- Should the period after which a client must positively review an ongoing fee arrangement be reduced from two years to one? **One would be better otherwise, I believe the ongoing fee arrangements should not exists unless there is constant and intensive monitoring of products.**
- Should platform operators be permitted to deduct fees on behalf of licensees without the express authority of the client of the platform operator? **NOT AT ALL**
- When an employee or authorised representative is terminated for fraud or other misconduct, should a licensee inform their clients of the reason for termination? **Absolutely**
- When an employee or authorised representative is terminated for fraud or other misconduct, should a licensee review all the files or clients of that employee or intermediary for incidents of misconduct? **Yes, as stated earlier.**
- Should negotiation and settlement be the main approach for a regulator?

As described in the action plan in the regulators toolbox. The **FIRST** approach should be negotiation and settlement (depending on severity) but not **THE MAIN APPROACH**. This method of toothless enforcement has let the industry loot everyone else

- Should there be greater focus on general deterrence in regulatory strategy? **Unsure about question**
- Should a component of **enforceable undertakings** be the acknowledgment of specific wrongs? **There should be specific acknowledgement of the wrongs and the rest of the industry should be made aware of such.**
- Should self-reported breaches of the Corporations Act generally attract legal sanctions unless some special circumstances exist? **Possibly, BUT, only for the said breach and maybe a better outcome for entities with a self reported breach.**
- Should banning orders continue to be preferred to civil penalty proceedings in case of licensee/adviser misconduct? **NO. Misconduct has gone unchecked and regulators turning blind eyes away from this. Harsher penalties are required.**
- Should ASIC make more use of its Section 916G power to give a licensee information about a person who is or will be a representative of the licensee? **Absolutely. A licensee should have a good overview and history of a prospective representative to relieve their risk of penalties to their own business dealings.**
- Does Section 916G need to be amended so as to be more effective?

**Well it hasn't been too effective thus far, so yes. More efficiency and clout for the regulators should be required.**

- Should there be more focus on criminal proceedings against licensees rather than individual advisers? **Absolutetly, licensees have been getting away with deflecting the issue and keeping up the imbedded culture.**

### 3 Small and medium enterprises

The most general issues emerging from consideration of lending to small and medium enterprises can be identified as being:

- Should there be any change to the legal framework governing small and medium enterprise (SME) lending? **YES, there should be consideration and protection of small businesses and proper due diligence.**
- In particular, should any lending to SMEs come within the reach of the *National Consumer Credit Protection Act 2009* (Cth) (the NCCP Act)?  
**YES**

I have run out of time to further submit any more answers.

Thankyou,

