

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

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The current banking Royal Commission is providing a disturbing insight into how much faith 'the public' should place in the assurances of APRA – THE BANKING REGULATOR! When the revelations of vertical integration abuses by the Big Four banks and AMP first emerged from the royal commission hearings in April, many experts, including former Competition regulator Allan Fels and former Reserve Bank chairman Bernie Fraser, called for the obvious solution: break up the banks. End vertical integration, to remove the conflict of interest between serving customers and gouging profits. The banking industry has a raft of financial 'products' for which the public need protection –SUPERANNUATION is but ONE OF THESE! It has previously been disclosed that Australian banks are vulnerable to the extent of some \$34 TRILLION in DERIVATIVES. Whereas APRA has stated Australians are not at risk - EXPERTS DISAGREE! GLASS STEAGALL was introduced in the US in 1932 by US President Franklin D. Roosevelt – specifically to underwrite the GENERAL WELFARE PRINCIPLE – i.e. protect the 99%. (A concept which clearly has been sacrificed on the altar of the GLOBAL FINANCIAL MARKET GODS) Enacting GLASS STEAGALL separated the 'speculative financial economy' from the real (productive) economy. In this regard it successfully/effectively protected the US public until its repeal in 1999! Without such protection it is hardly surprising that the unregulated 'Wolves of Wall Street' should soon deliver us all the 2008 Global Financial Crisis which followed. At the time of the last GFC, AUSTRALIA's enviable financial position allowed this country to emerge relatively unscathed from the crisis, compared to the rest of world. IT IS GENERALLY UNDERSTOOD THAT AUSTRALIA IS NO LONGER IN THIS FINANCIAL POSITION! A Glass-Steagall (style) structural separation of banks would stop banks from owning, and therefore looting, super funds and the myriad of other 'products' from the 'speculative financial economy'. If, in principle, the 'GENERAL WELFARE' of the AUSTRALIAN PUBLIC is an overall objective of this Royal Commission I put forward that the findings of the Royal Commission should INCLUDE THE AFOREMENTIONED RECOMMENDATION FROM MANY EXPERTS, including former Competition regulator Allan Fels and former Reserve Bank chairman Bernie Fraser, who have called for the obvious solution: break up the banks - end vertical integration, to remove the conflict of interest between serving customers and gouging profits. To this end, the Banking System Reform (Separation of Banks) Bill 2018 has already been tabled in the Australian Parliament!