

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

Submitted By: Jorge Roshkov

Email: [REDACTED]

Phone Number: [REDACTED]

Submission for: My Self

Name of other person, business or organisation:

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Your submission:

Banks have become the controlling factor in the provision of money matters, rather than a depository instrument which allowed deposits as safeguards for clients' monies. When this happens, the trend is to pursue matters which will bring in the greatest return to the bank .. a faceless corporation, with allegiance to no-one except its "shareholders" .. many of whom not only hold a large number of shares .. but occupy positions of decision making on the boards of the banks. This of course constitutes a conflict of interest, because the ideology is to maximise profits .. especially if that means a much greater return to the shareholders .. rather than holding the best interests of their depositors as the prime concern. This has .. as per the Commission currently under way, resulted in operational procedures which at best could be classified as morally questionable, and at worst, downright misrepresentation and total misuse of clients' funds. Hence, there MUST be a TOTAL separation between the Investment and Commercial arms of the banks, so that each arm operates totally independently of the other. In this way, on the Commercial side, depositors' funds are handled in such a way that they are safeguarded, and allow for honest and straightforward dealings with people who deposit and borrow. This would have within its parameters of operations, the understanding that there is in place a protection buffer which would not allow the Bank to lend more than a fixed ratio of its deposits. This would go a long way to precluding "bank failures" .. and Depositors' funds would need to be guaranteed. Investment Banks, on the other hand should be free to pursue whatever paths they choose .. whether it be wild investment on the Stock Exchange, or gambling on derivatives and other such instruments which may from time to time be dreamed up. Investors in such banking enterprises would of necessity be aware of the transient and non-definite success potentials of such investments, and also be aware of the fact that should the strategy turn and become pear-shaped .. they handle the losses incurred, there are NO guarantees, and NO BAIL-OUTS should the enterprise collapse completely. On the question of the Superannuation Funds .. these MUST be separated from banks, to preclude these funds .. which are growing exponentially, from being used by the current bank system, which does NOT differentiate between long term safe application of funds for growth, and quick turnover gambling on "made-up instruments", which are not only non-productive to the people and economy in general, but in the case of losses, require the Government to "guarantee" them. I therefore STRONGLY request that the Commission give these matters their GRAVEST CONSIDERATION .. as, after all, it is the WELFARE OF THE CITIZENS of this country which you need to have as your prime consideration, ... NOT the "welfare of the banks".