

## **A Submission to the Financial System Inquiry 19<sup>th</sup> July 2014**

The Australian banking system should be split into Commercial Banking and Investment Banking for the good of all Australians

While the banks say this will be expensive, which is quite understandable and expected – but – YES, expensive for their operating expenses or bottom line but will guarantee bank depositors are safer from bank failure and be inexpensive to depositors,, should this not be a priority for the banks to have short, medium and long term security for part of their regular clients

Investment Banking failures should not draw on Commercial Banks's resources but should remain a separate entity thus not penalizing normal every day depositors, as this should be a fundamental focus of banks to protect ordinary depositors against much higher risk investments – derivatives for example – now in the trillion dollar levels – RISKY indeed but the average depositor must bare the brunt for all investments outside the normal commercial field

The system as is, allows the banks full control over all banking activities and maintain common deposits lumping commercial with investment, investment banking must be separated again, as before 2000, to protect ordinary depositors and governments alike from raids on all deposits in the event of investment failures, and thus NO government bail outs on behalf of tax payers

Investment banking is a far risky affair than commercial banking and while small business is dealt a savage blow as is, with relatively high interest rates, splitting the banking will allow much more dynamic growth in small business through lower interest rates, resulting in more loans – which in turn will help to build Australia's economy back to it's former glory and prosperity

Any global financial crisis will not cripple our nation and it's small business if the banks are separated into two entities – Commercial ( domestic) and Investment ( International )