

To Whom it concerns

18/08/2014

RE: The NEED for responsible banking policy in Australia - the **Financial System Inquiry 2014**

Dear Sir/Mam

I would like to concisely explain my understanding the current banking system that Australia operates under in everyday language. I am very concerned for the future of my family under this system.

It has been explained to me that banks use a leverage system called Fractional Reserve Banking which allows them to convert the total of deposits and credit card debts of their customers into 6 times the value for speculative investing on global markets. As an example, they can take 100 million dollars of actual deposits combined with credit debt* (*which seems completely wrong - it is debt - not real funds) and effectively have 600 million dollars of investment funds to use on the world markets. When things are going good, the profits are incredible, yet, when there is a sudden slump in the global markets, the banks can have severe losses. A 50% value drop in world markets can cause a 300% loss to the banks. It is then expected that tax payer money should be used to bail them out of a situation that the greedy banks created! This is thoroughly unethical and irresponsible! In recent months it is being suggested that depositors funds should be used to 'bail-in' these irresponsible (too big to fail) gamblers - this is completely unacceptable!

It must be noted that this thoroughly unethical situation was made possible by the politicians of Australia in 1999. Ultimately the politicians are responsible and this is why it is most important for Australia's future to restore the former responsible banking system of Glass-Steagall which completely separates real banking from irresponsible global gambling. To not restore the time tested and proven Glass-Steagall banking system is extremely irresponsible concerning the welfare of the Australian people.

The current politicians of Australia have a Duty of Care to set policies that will protect the Australian people from avoidable financial failures and economic ruin - Glass-Steagall is the solution!

Deeply concerned,

Philip Salt