

Alan & Claire Bateman

26 August 2014

Financial System Inquiry
GPO Box 89
Sydney NSW 2001

Dear Sir / Madam,

Submission to the Financial System Inquiry: Stability – Addressing too-big-to-fail

The viability and stability of the Australian banking system is essential to Australia's financial system, but it is also essential that the citizens of Australia have a high level of confidence in the integrity and security of the Australian banking system, and are kept appropriately informed of matters that may affect their financial planning and investing.

At this time most Australians would have little or no knowledge of the "bail-in" system proposed by the Financial Stability Board. If the "bail-in" system is implemented in Australia, without a legal separation of speculative and traditional banking functions, it is likely that most Australian citizens (once they become aware of the financial ramifications of a "bail-in" system) will lose substantial confidence in their belief that bank deposits are safe, which may lead to a belief of insecurity and instability in Australia's banking system.

Accordingly, if the Australian Government believes that it may now be necessary to introduce legislation to implement "bail-in" for international financial stability, then before such legislation is proposed for consideration by parliament, the legal and financial structures of Australia's banks should be examined in detail, so that any new laws will fairly and adequately implement a banking system that promotes Australia's part in international financial stability whilst assuring security of bank deposits for most Australian citizens. Further, information should be made available to the Australian public to enable them to consider the proposed legislation, and then participate in a referendum.

Yours faithfully,

Alan & Claire Bateman