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Financial System Inquiry
<http://fsi.gov.au/consultation/submissions/>

Too Big to Fail?

Dear Sir/Madam

Breaking the banks into commercial and non-commercial is a simple way to deal with the too-big-to-fail problem.

The problem is with the assumption that banks are too big to fail. That shouldn't be the case.

Otherwise bad behaviour is rewarded and the problems that create collapses are never addressed.

Banks are meant to serve the economy and as such they should not be involved in risk taking speculative behaviour with depositors funds.

Likewise they shouldn't be speculating with virtual cash... which seems to underlie the current problems.

The banks are not subject to a free market system if they are not permitted to fail. Bail-outs do not normally apply in free market systems. Why should banks be different?

Yours sincerely

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