

I am only a Businessman however I have learnt quite an amount in my time. One of the things that I enjoy looking into is risk sequestration and I think I have a fairly good handle on it. When trying to set up infrastructures to protect assets and help limit loss through contagion spread there are a number of mistakes you can make and manage to loose it all in one go. Our current banking system seems poised to have that happen. It is foolish to believe that big profits mean stability especially when those big profits are being secured by not writing off bad debts and highly risky and leveraged ventures.

**Current System** – Banks allowed to invest in anything they want without limits.

Probable end point while times are good - Massive profits

Probable end point when times begin to go bad – Total Wipe-out

Likelihood of Bad Times – Guaranteed. Just like a casino the longer we are at the table....

The current system is allowing the banks to not only utilise our deposits as security for their own loans but to do it in an arrangement that is multiplying both the payoff while times are good, but also the impact should things begin to go bad. Unfortunately there is one natural endpoint in this particular game and it has been played out in history before. That end point is probably not going to be any more than one or two banks going to the wall, but should current attempts to install Bail in Legislation be successful the remaining banks creditors will confiscate our funds as a nation of people. This particular route will have wide reaching ramifications and is almost certain to devolve into civil unrest of the highest magnitude.

**Ring Fencing** – The speculative and deposit taking banking separated internally or by Subsidiary

Probable end point while times are good - Massive profits

Probable end point when times begin to go bad – Total Wipe-out

Likelihood of Bad Times – Guaranteed. Just like a casino the longer we are at the table.....

Whether the internal separation is good or not does not change that the ACN is still going to be the same entity. If it is the same entity then the creditors will simply take the assets anyway (even depositors funds if bail-in is allowed into our legislation). Even if you set up a wholly owned subsidiary as a risk dam and only conduct the risky trading from there the money to complete the risky trades must be developed through capital injection or loans. If a wholly owned subsidiary goes into receivership and the bank who loaned it the money to trade can't get its money back the effect is exactly the same.

**Complete Separation** – Banks not allowed to engage in speculation or own a company that does

Probable end point while times are good - Good profits

Probable end point when times begin to go bad – Reasonable profits

Likelihood of Bad Times – Guaranteed. Just like a casino the longer we are at the table.

Although when times are good there will not be as much profit derived (high risk always means higher possibility of profits) it does mean that bankers will have to find other areas for the cash deposits to be utilised. This means that there is not possible to put it into the high risk speculation arena and it will naturally flow into others instead. This in itself will reduce the likelihood of this stop start economy that we seem to be in at the moment where we are bunny hopping down the road like we have forgotten how to drive a manual car again.

**\*\*\*WARNING\*\*\***

Wildly throwing the dice over and over without expecting the casino to win is called a gambling addiction. If my brother came to me and said can you please pay my house off, I just lost it in a game of dice, I would tell him no. In that case WHY would I be willing to pay for a bankers gambling addiction, my deposits are my deposits earned through my blood sweat and tears. If I am going to lose them I think it only fitting that it be through me enjoying that throw of the dice, not someone else.

We are at a juncture in time where we have taken out safeguards and within 1-2 decades the exact same issues have played out again, surely even a moderately intelligent individual can see that this situation will replay until we re-enact this separation again. This lack of action is hurting business confidence, hurting the average person and massively hurting our society. Government should only intervene when people can't sort out their own mess and this is one of those situations. Stop the pain. Separate the banking systems. Restore order PLEASE!