

Thank you for the opportunity to hear my submission on this important area by the Financial System Inquiry panel.

My recommendation is that bail-in not be allowed in Australia as a means of stability for big banks (TBTF) faced with financial failure.

In stead I recommend a tougher approach – that of Glass-Steagall type separation of investments from traditional banking. I believe it needs to be brought back into Australia as soon as possible since the banking sector (apparently) needs desperate measures at this time.

The banking system wasn't fixed by the 2007 GFC bail-out's, nor can it be fixed by proposed bail-in.

Tougher measures than bail-in are needed to stabilise our present situation.

There appears to be a systemic problem of our banks who have moved from traditional banking of loaning into productive areas into highly speculative gambling type schemes such as derivative trading and losses can hit a big bank so hard they want to be bailed out by governments to avoid their collapse as we saw in 2007, and now, by citizens deposits using bail-in.

The alternative considered by some countries is 'ring fencing' does not appear to work as intended because it does not provide a strong enough framework to deal with bankrupt banks.

The only viable and proven framework for dealing with bankrupt big banks – to allow the Australian (and world) economy to continue in a stable way – appears to be Glass-Steagall type where it provides the orderly separation of investments from traditional banking needs to be brought back.

Glass-Steagall method worked after the Great Depression in the United States of America and we know it can do what is need to best deal with any future banking crisis.