

4/36 Walpole Street,  
KEW. VIC. 3101  
5<sup>th</sup> August, 2014

The Chairman,  
Financial System Inquiry,  
GPO Box 89,  
Sydney NSW 2001

Dear Sir,

In response to your call for submissions regarding the present financial situation and its solution, I submit my considered opinion on the matter

First of all I say "NO" to bail-in..

In Australia, it has always been the understanding of the general public that, in depositing one's money with a bank, one expects the bank to use its best endeavour to make use of that deposit to earn interest for the depositor as well as benefit for itself. It goes without saying that the bank should use prudent methods to accomplish that, because the bank has become Trustee of the depositors' money. In using depositors' money to speculate (gamble) on e.g. derivatives, the bank has committed a gross breach of trust. To consider taking money from the deposits of "unsecured creditors" to repay the bank for its own losses from speculating is criminal, unless legislation renders the practice legal. Even then the practice would be highly immoral and further breach of trust.

The situation would not have occurred, and won't happen in the future, if legislation similar to Glass-Steagall were in place. Its effect is to separate the functions of banks. Then, deposits from personal and commercial depositors are safeguarded from all speculative activities. The sooner that type of legislation is introduced the better.

A final point: the Governments, both State and Federal, should never have sold to private enterprise their State Banks and the Commonwealth Bank. Privately owned banks, like our four TBTF banks, have no concern for the common welfare. Their interest lies with their shareholders and executives. The original purpose of government-owned banks was to provide funds for building of infrastructure etc. which now has to be found by raising taxes, going into partnership with private enterprise or borrowing at high rates of interest.

So, there is my opinion: No 'bail-in', introduce Glass-Steagall type legislation and re-introduce a national bank.

Yours sincerely,



(Margaret P. Hogan)