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Financial System Inquiry

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Submission - Interim Report of the Financial  
System Inquiry

I am most concerned that the government might consider stealing depositors' money to save insolvent "too-big-to-fail" banks. Such straight out robbery is surely an indictable offence. Particularly when insolvencies result directly to gambling with depositors' money in speculative activities - derivatives, risky investments.

Surely a simple and effective solution for government would be to split banks into separate institutions:

- a. legitimate commercial banks that serve the community - for ordinary savings and real asset production; and
- b. investment banks that engage in risky speculative ventures, merchant banks and bankers.

That policy operated very successfully in the USA under the protective glass-Steagall legislation from June 1933 until its repeal in 1999. Numerous financial crises have recently occurred, causing governments to impose austerity measures on the people, (eg. Cyprus, Greece, Spain, Ireland), the consequence of a very questionable policy of unfettered deregulation. And in haste we need another Commonwealth Bank to serve the people & country.  
RM Pherson.