

## **Why introducing “bail-in” legislation to bolster “too big to fail” banks is a bad move**

Whilst my financial knowledge may be limited, what I do know is that I do not want my bank having legal access to my deposits to gamble in speculative ventures. Nor do I want my Government to endorse such behaviour with legislation which effectively “legalises” theft from depositors' accounts. Such behaviour is despicable and will, no doubt, lead to irrecoverable damage to the Australian economy as a whole. We can no longer trust our banks; are we to assume that we can no longer trust our Government? If this “bail-in” legislation goes ahead, the answer to this last question sadly, is “Yes”.

The Government would do well to take a look back through history to see that this type of banking deregulation and lack of accountability for reckless behaviour for the banks to access depositors' funds led to the downfall of the entire world economy. It was called The Great Depression. What got banking back on to a safe and effective footing? It was called the Glass-Steagall Act. This Act separated speculative banking from regular, commercial banking. That needs to happen again. NOW!

David Murray's assertion, as Head of the FSI, that implementing Glass-Steagall would be “too expensive” is narrow and short-sighted. To state that it is “too expensive” is ridiculous. Is it expensive to build hospitals, roads, bridges and schools? Of course it is, but this does not stop this fundamental, safe expenditure and investment from forging ahead. The Nation can and does afford what is safe and secure. What the Nation does not want to “afford” is the unsafe and potentially dangerous implementation of “bail-in” legislation, the price is too high. Glass-Steagall is the only safe, effective way of ensuring the growth of our Nation, safeguarding its Citizens' hard-earned funds and the only way to avoid the possible future domino-style collapse of the financial system. Separation of the banks should go further than simply separating speculative banking from commercial banking. It should include that there be no cross-ownership within the banking sector, that they share no directors and that they do not engage in joint ventures.

Propping up banks deemed “too big to fail”, with “bail-in” legislation is not only wrong morally, it is wrong financially. Implement Glass-Steagall NOW.

Thank you for the opportunity to submit input to this Inquiry.

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