

Pauline Hanson: 'Overcome the systemic failure in our banking system'

Following is the speech Senator Pauline Hanson included in Hansard when she introduced the Banking System Reform (Separation of Banks) Bill 2019 on 12 February.

The Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has highlighted the necessity for banks to be limited to their core industry.

The vertical integration of the banks providing additional services including financial advice, insurance and superannuation have been shown to be the root cause of rorts, over charging and profit gouging.

Australia's best-known finance commentator Alan Kohler wrote in *The Australian* on 3 December 2018 and I quote:

I have been opening a random sample of the 10,140 submissions—just short ones from individuals. Without exception they called for the banks to be broken up and most of them, surprisingly, used the term 'Glass-Steagall'—suggesting that the now-repealed American law that used to forcibly separate banking from insurance and investment banking be introduced into Australia.

Alan Kohler stated further:

That would certainly be a fertile field for the Royal Commissioner to plough, although most of the banks have already announced plans to break themselves up along those lines so perhaps such a recommendation would lack drama.

Unlike most commentators and politicians, however, Kohler is not totally fooled by these moves from the banks that appear as if they are separating voluntarily.

Continuing, he made the following very important point:

But Westpac says it will keep its insurance and wealth management division and AMP and Macquarie have not announced any plans to get rid of their banks, so an Australian version of Glass-Steagall would make it uniform and would make sure they didn't slide back into their bad old 'one stop shop' ways in future.

Kohler now joins the ranks of other notable Australian experts who have endorsed the Glass-Steagall option.

In the aftermath of the global financial crisis, Don Argus, former CEO of National Australia Bank and former Chairman of BHP, said in *The Australian* on 17 September 2011 and I quote:

People are lashing out and creating all sorts of regulation, but the issue is whether they're creating the right regulation ... What has to be done is to separate commercial banking from investment banking.

Former ANZ director John Dahlsen wrote in the *Australian Financial Review* on 21 August 2018 and I quote:

Problems in banking will not be solved until the structure is changed ... With barriers removed it is possible that banks and the investment market will move to unlock shareholder value in structural separation, following the principle of the US Glass-Steagall Act, which kept commercial and retail banking separate. Voluntary demergers would threaten the gravy train of 'coupon clipping' for fee extraction, but enforced separation in Australia seems inevitable...

Former ACCC chairman Professor Alan Fels was quoted in *The Australian* on 9 August 2018 and again I quote:

There are a number of serious structural issues that need to be considered, the first and most obvious is the separation of the activity of creating financial products and then offering so-called independent advisory services to customers on what are the best products. A second very important



Pauline Hanson introduces the Banking Separation Senate bill.
Photo: Screenshot

one is whether there should be a structural separation between traditional banking activities and the more risky investment activities ... Banks benefit from the implicit guarantee on their deposit liabilities which flows into their trading activities.

Banking expert Martin North of Digital Finance Analytics stated in his submission to the Interim Report of the Royal Commission:

The large players are too big to fail and too complex to manage, and need to be broken apart. A modern Glass-Steagall separation would achieve this, and is proven to reduce risk, and drive better customer outcomes and right-size our finance sector.

Former APRA Principal Researcher Dr Wilson Sy recommended in his submission to the Royal Commission:

The financial system should be structurally separated to simplify regulation, increase competition and innovation, and better serve the community.

The Banking System Reform (Separation of Banks) Bill 2018, previously introduced by the Honourable Bob Katter MP in the House of Representatives but since lapsed, is being introduced by Pauline Hanson's One Nation Party into the Senate due to my party's ongoing commitment to overcome the systemic failure in our banking system and, more importantly, in bank management per se.

The Australian population are appalled at the bad behaviour of bank management.

The quest for greater profits to the detriment of their own depositors is disgraceful.

The quest for greater bonuses has transcended into pressure on staff throughout the banking system to push their depositors into taking that bank's financial services advice which results in those depositors taking out related company insurance and superannuation policies without concern as to their suitability.

Of course, the epitome of that bad behaviour is taking fees from estates of deceased persons.

The Banking System Reform (Separation of Banks) Bill 2019 will put in place a banking system that, I hope, will prevent a repetition of the history being aired before the Hayne Royal Commission.

I commend this Bill to the Senate.