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Independent Political Party

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Pauline Hanson introduces bill to break up the banks

One Nation leader Senator Pauline Hanson has introduced the Banking System Reform (Separation of Banks) Bill 2019 into the Australian Senate, for a Glass-Steagall-style structural separation of the too-big-to-fail (TBTF) banks.

(The US *Glass-Steagall Act* of 1933 separated deposit-taking commercial banks from risky investment banking as well as other financial services, including insurance. It successfully protected Americans from banking crises for almost 70 years until its ill-fated repeal in 1999.)

Senator Hanson moved on 12 February: "That the following bill be introduced: A Bill for an Act to re-establish confidence in the banking system, to separate retail commercial banking activities involving the holding of deposits from wholesale and investment banking involving risky activities, and for other purposes."

The Separation of Banks bill will do what the banks and government ensured the Hayne royal commission didn't do—break up the structure that has transformed the banks into predatory profit-gouging machines at the expense of their depositors and customers.

Virtually every hearing of the banking royal commission threw up evidence that the vertical integration of banks—the combination of normal banking with insurance, financial advice, funds management, stockbroking and superannuation—was a massive conflict of interest which the banks exploited to lure customers into products they didn't need and charge fees for no service, including to the dead.

The government had colluded with the banks to rig the royal commission's terms of reference to ensure that it didn't examine the structure of the financial system; consequently, despite the issue dominating the hearings, royal commissioner Kenneth Hayne did not recommend structural separation, to the extreme glee of the banks and their international investors who profit from their gouging business model.

In essence, by not recommending separation, Hayne's punishments in his final report did not meet the crimes revealed in his hearings, and the banks know they have got away with it. Many experts have criticised this as the biggest failing in Hayne's final report.

Senator Hanson's bill dares to go where Hayne couldn't. It fully breaks up the vertical integration structure, giving the banks two years to divest from their non-core financial businesses.

It also ends the so-called horizontal integration of commercial banking with investment banking, the trading in risky securities and derivatives, which exposes deposits to dangerous speculation. The banks not only use deposits as collateral for their gambling, but when their bets blow up and they face collapse, as happened in the 2008 crash, they use their deposits to extort the government to bail them out, under the threat that if they crash they will take their innocent customers' savings with them. This is what it means to be "too big to fail". More recently, governments, including Australia's, have enacted "bail-in" laws to preempt the collapse of TBTF banks by seizing deposits to absorb the banks' gambling losses. Hanson's Separation of Banks bill ends TBTF, and protects deposits by not letting them be exposed to risky activities.

Finally, it brings the failed regulator APRA under much stricter Parliamentary control.

At the conclusion of her speech introducing the bill, Hanson said: "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."

And it will. Demand your MPs and Senators support it.

What you can do:

- Call your MPs and Senators today with this message: The royal commission is a massive failure—you must support the Banking System Reform (Separation of Banks) Bill 2019 to break up the banks!