SUBMISSION ON THE BANKING AMENDMENT (DEPOSITS) BILL 2020

As I am a self funded retiree with a heavy reliance on financial institutions' Term Deposits. By default I need to have certainty about their status, particularly in times of financial crisis. I have been tracking the issue of retail deposits being at risk, be it perceived or otherwise, of being used to BAIL IN *a failing financial* institution and/or to stablise the financial system. The current and foreseeable financial circumstances continue to heighten that uncertainty and concern. Consequently, I support the provisions in the Banking Amendment (Deposits) Bill 2020 for the following reasons:

1. the wording in the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 Section 11CAA (b) "any other instrument" lacks clarity and has been incorporated into the Banking Act. It is causing uncertainty not only amongst Authorised Deposit-Taking Institutions but also with account holders. The proposed amendment brings clarity and certainty to the Banking Act.

2. in spite of the lack of clarity in the legislation, Treasury, the Reserve Bank of Australia, APRA and Members of Parliament have stated that retail deposits cannot be converted into equity. Their interpretation of the legislation is only made transparent if the Banking Amendment (Deposits) Bill is passed into legislation.

3. any deflection of opposition to the Bill to the Financial Claims Scheme (FCS) fails to understand or acknowledge that the FCS is only activated at the political discretion of the government after a bank(s) has been declared insolvent. Prior to that, the lack of clarity in the wording 'any other instrument' presents as a loophole to seize deposits in an endeavour to prevent insolvency.

4. the proposed amendment to Section 11CAD prohibiting APRA changing the Terms and Conditions of bank deposits to exclude their conversion or write off is supported as it gives clarity and ensures confidence not only for account holders but also ADIs.

Patricia Warren

25th June 2020