

26 /06/2020

## **Submission to the Banking Amendment (Deposits) Bill 2020**

To the committee,

Whether you want to consider this a submission or as correspondence is your prerogative but I am writing as an ordinary citizen whose pension (and that of my wife) is held in a bank in a deposit facility. Currently we receive virtually no interest on our deposit the value of which is now being eroded by inflation. However, at least our money is safe. I mean the Government Guarantees up to \$250,000.

Now I am being told that is not the case. Is someone lying to us? The Bank or the Government or APRA? I am now led to believe that in the case of a bank failure my deposit can be “converted” into bank shares. What are a bunch of worthless bank shares to me? Apparently, the legislation is ambiguous and includes a clause which refers to “any other instrument” which could be interpreted as deposits. This is typical lawyer speak and sophistry. Ordinary people want plain language – state clearly that it will not apply to deposits. If you have nothing to hide then accept the change (clarification) in the Banking Amendment (Deposits) Bill 2020, which stops any bail-in of Australian bank deposits. The Explanatory Memorandum states: *“This bill will avoid doubt as to the meaning and intent of various provisions in the Banking Act 1959 in relation to bail-in. The effect of the Banking Amendment (Deposits) Bill 2020 will be:- 1. to confirm that the conversion and write-off provisions of the Banking Act 1959 do not apply to deposit accounts as defined in the bill; and 2. to confirm that nothing in the Banking Act 1959 or any other Commonwealth legislation extends power to APRA to implement or authorise or direct the implementation of bail-in in respect of deposit accounts as defined in the bill.”*

A bail-in scheme prioritises the payment of banks’ derivatives obligations to each other, ahead of depositors. In other words, it is about stealing ordinary people’s savings. If I wanted to gamble with our pension, I would have bought shares or invested in risky assets or gone to the casino. Our savings are in the bank because the Government guarantees safety. Pass this amendment and make your intention clear.

Yours Sincerely,

Paulus Wyns