

## **Financial System Inquiry Submission from Oliver Roberts**

**23 February 2014**

The 3 most important issues are:

- 1 the safety of deposits
- 2 the high cost of unsecured debt (ie. credit card interest)
- 3 the limited options for productive, low-risk, long-term investment in Australia

The 3 most important outcomes are recommendations to government to legislate for, respectively:

- 1 a split of banks into "savings" and "commercial" institutions. Savings banks to invest depositors' moneys into first mortgages of owner-occupied housing and infrastructure bonds only. Capitalisation of the entities created by the split, to be in proportion to the historical contributions to retained earnings from the bank's housing/infrastructure lending and the rest,
  - 2 the costs of credit card use to be equitably split between all users of credit cards, which is achieved by a low administration fee (say 1% of the transacted amount), and a substantial minimum monthly repayment (say 20% of the balance owed), and
  - 3 the issuance of infrastructure bonds, available to the general public and self-managed superannuation funds in small denominations, with rates set by a book-build among the larger financial institutions.
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