



Bank Reform Now

Taking Real Action To Bring About Real Change In Banking

www.bankreformnow.com.au

Submission From Bank Reform Now To The Financial System Inquiry

24.8.14

Your preliminary report ignores the most critical issue regarding our Financial System - TRUST.

I am sure that you have noticed the mainstream media is filled with stories of criminal activities involving banks and their financial planners - usually involved in vertically integrated arrangements. Just recently CBA and Macquarie Bank have been shown to have profited by ripping off hundreds of thousands of investors. NAB has also been in the news lately charged with giving inappropriate loans based on fraudulent Loan Application Forms. We are talking about fraud and forgery in everyday bank business activities.

My own family's finances were also decimated by the National Australia Bank using falsified loan application forms to grant totally unjustifiable loans to a member of my family.

Being a previous head of a major bank - CBA – Mr Murray would not only be well aware that these types of activities are common but would have also profited from them. It would be amusing that the government thought it reasonable to pay a banker to investigate bankers - except for the fact that the massive profits that the banks enjoy come, in large part, from people having their finances and lives deliberately - in a premeditated fashion - destroyed.

The business model used by NAB (and others) is very simple, it is not acceptable and it needs to be investigated and reformed.

Bank representative identifies an appropriate target - or one who is, in some significant way, related to a high income earner. The target has assets that the bank expects will become theirs at some point in the future – it is just a matter of time.

Inappropriate loan is given.

Commissions are earned.

Profits are taken.

Dividends are paid.

However for the so called client –

Interest is paid.

Fees are paid.

Penalties are gouged.

Assets are seized.

Families are destroyed.

The problem, of course, is that bank loan officers are rewarded for increasing their loan book. Their pay, bonuses and promotions are dependent on getting increased business for the bank. The bigger the loans and the more of them they generate the better off they will be. This puts in place an incentive for bankers to work in their interests and often actively against the interests of their client – this must be neutralised. Up to now CEOs and Directors turn a blind eye to maladministration of lending because the bank's profits and their own pay also depends on inappropriate and predatory lending. Why do governments, their regulatory authorities and their intermittent inquiries also turn a blind eye to these activities?

I am happy to see a call for better trained bank officers. I am also pleased to see calls to instil ethical behaviour and standards in the way bankers operate. However we will only see a real change when the penalty for the crime is greater than the reward. To put it even more bluntly - bank profits will be much less if they are no longer able to rip off their clients.

How many bank executives have been sent to jail thanks to government regulatory agency investigations? There are numerous examples where action should have been taken. The USA is starting to hold banks accountable - it will happen here in Australia too – perhaps sooner than you would think. I would like to see a significant start in this direction as a direct result of your Inquiry.

You may detect a degree of anger in this communication. What happened to my family was shocking but my blood boils when I speak to bank victims that have worked all their lives only to see the fruit of their labour stolen by predatory bankers who see their job simply in terms of transferring other people's money into their own pockets. Do you understand how much anxiety, depression and heartache exists in our communities due to financial stress?

I am so angry about what is happening that I am about to launch a campaign to expose the banks and their criminal business model. My organisation - Bank Reform Now - will be pushing for reforms that will change the way banks operate. We hope to help ease the financial and mental health burden people face. One man can't do all this – but this is not just one man working to bring about change. BRN is a people powered campaign, and believe me – the people are angry and they want action.

I will list a few of our goals for bank reform here:

1. If a bank uses fraud to enrich itself the victim should be fully compensated by the bank back to the position they would be enjoying had the fraud not occurred.
2. If a banker engages in predatory unconscionable lending practices (aka - maladministration of lending) they should face a jail term. This means the specific bank officials that worked on the client's case may be jailed. If it becomes apparent during investigation that upper echelon management facilitated, condoned or encouraged the criminal action then they too would face a custodial penalty. This should apply all the way to the top – right up to a complicit CEO.
3. Banks should not be donating to political parties.
4. We will also be mounting a strong case for a wide ranging Royal Commission with extraordinary powers to fully investigate the banks and the way they operate.
5. We are determined to make sure that the public becomes well aware that the Global Financial Crisis was caused in very large part by inappropriate lending and other criminal activities committed by banks. The key issue is that everyone is affected by bank malpractice even if they don't have a bank account let alone a loan. Many people may not fully understand the many ways their lives are made harder by bad banking practices. Banker and government cover-ups will no longer work and in fact are setting people up for further financial turmoil simply to enrich the upper echelons of the finance sector.

I respectfully ask the Inquiry staff - Do you think if bankers faced real penalties for real crimes bank CEO's and Directors would continue to turn a blind eye to these types of abuses?

Banking as we have come to know it is white collar crime on a grand scale. This is a systemic and systematic failure of corporate governance. Do not attempt to tell me otherwise. I have seen and heard countless examples of predatory activity. Every day people are contacting me with their horror stories.

The rewards of people's life work are being harvested by unscrupulous pathetic bankers who put their commissions, bonuses and promotions ahead of the interests of the bank's clients – often leaving them with nothing.

I have put submissions into the recent Senate Inquiry into ASIC. That Inquiry deliberately shielded NAB - this will be exposed in great detail very soon. I mention this to your Inquiry very bluntly just to make sure that it is 100% clear - This is a serious issue – cover-ups and whitewashes will no longer be tolerated by a well-informed public.

This Inquiry will not be taken seriously if it does not properly address the criminal corporate culture that exists in the finance industry.

It wasn't long ago when crooked bankers using fraud and forgery to increase bank profits were called "Star Performers" by their CEOs. Well - The Jig Is up. The Party Is Over. Banking must be reformed. The people are demanding action and I will be providing a massive conduit for this call to grow and achieve real and lasting results that will benefit the public. Any politician or banker standing in the way will be exposed and feel the heat of this movement.

More information:

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Senate ASIC Inquiry Submissions referred to above. Note: the Supplementary Submission was censored by the Senate. The Senators felt it was “not relevant” to disclose how much money the Big Four Banks contributed to the Big Two Political Parties. They also felt it wasn't relevant to have page after page of examples of NAB fraud and dodgy business practices exposed by their inquiry. I hope your inquiry handles these important issues differently.

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Thank you for your time,

Yours faithfully,

Dr Peter Brandson

Dr Peter Brandson
CEO Bank Reform Now