

THE RIGHT HONOURABLE MALCOLM FRASER, AC, CH

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26 August 2014

## Submission to Financial System Inquiry

Dear Mr Murray

I wish to submit my views to your inquiry, on the nominated topic of "Stability—addressing too-big-to-fail".

I am firmly of the view that Australia should not adopt the European policy of "bail-in" of depositors in order to save failing banks.

Instead, Australia should fully separate retail banking from the speculative activities of investment banks, which the Glass-Steagall law did in the United States so successfully from 1933 until its repeal in 1999.

It is appropriate for the government to back the retail banks that serve the community, but it should make it clear to investment banks that they are no longer too big to fail, and therefore responsible for their own losses.

Yours sincerely



(Malcolm Fraser)

Mr David Murray  
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