Stop ‘Bail-in’

The Citizens Party will stop any ‘bail-in’ of Australians’ savings deposits. Bail-in is the international policy devised following the 2008 GFC to ostensibly avert the need for a taxpayer ‘bailout’ of banks through a ‘bail-in’ of bank creditors, which includes depositors. To prop up failing banks, regulators write off, or convert into effectively worthless shares, a percentage of the deposits of their customers.

Following the first bail-in of banks in 2013, in Cyprus, the Citizens Party exposed and fought the Australian government’s plans to legislate bail-in here. The government denied any such plans, but on 14 February 2018 it snuck legislation through Parliament, the *Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018*, giving the bank regulator APRA crisis resolution powers to bail in certain instruments, but with wording so broad that Citizens Party legal advice identified it could extend to deposits.

In February 2019 the IMF demanded the Australian government implement a full bail-in system. The Citizens Party will rescind APRA’s bail-in powers, and the Separation of Banks bill will bring APRA under much tighter Parliamentary control.

In April 2019 the Citizens Party was provided with the **Legal opinion: Australian deposits can be ‘bailed in’** (Download PDF of Legal Opinion)

In an extraordinary development, in July 2019 Australian banks made changes to their deposit terms and conditions. By any analysis, these changes are positioning the banks legally for bail-in. HSBC Australia has made the most explicit changes, which, according to a professional legal opinion, have the effect of giving HSBC legal cover for the very actions taken in the 2013 Cyprus bail-in. Read the **Legal opinion: Banks changing deposit T&Cs for bail-in** here. (Download PDF of Legal Opinion)

On 30 November 2020 the Banking Amendment (Deposits) Bill 2020, tabled by One Nation, came up for a vote in the Senate. Passage of the bill was blocked by the major parties teaming up to protect the banks. For the full story read the 1 Dec. 2020 Media Release: Bail-in vote: Labor teams with Liberals against the people

Despite this vote, the goverment pledged to re-examine the bail-in clause and its implicit inclusion of deposits, and forces in the Australian parliament are continuing to push the government to amend the law as it stands. The fight continues.

Latest update

Bank protection mafia demands impunity for ‘bail-in’ agents - 26 May 2021 - *Australian Alert Service*

PETITION: Hands off our bank deposits—stop ‘bail-in’!

With panic breaking out in the financial system, the danger grows that bank customers will have their deposits “bailed in” to save desperate banks. The Citizens Party (formerly Citizens Electoral Council) is escalating its fight against bail-in with a new petition calling on Parliament to scrap bank regulator APRA’s existing bail-in powers and stop the plans that are under way to legislate stronger bail-in laws.

Sign the petition and join the fight!

Download PDF copy of the petition

Background: Bankers devised ‘bail-in’ so financial risk falls on households

The nasty truth about the global banking system is that it is rigged to privatise profits and socialise losses, of which bail-in is the ultimate example. The system is designed so that the risks taken by bankers in their reckless financial gambling with other people’s money are ultimately borne not by the bankers, but by households.

In a very important 28 May 2019 video post, “When The Music Stops, Who’s Going To Be Left Holding The Baby?”, banking expert Martin North of Digital Finance Analytics goes through the International Monetary Fund’s April 2019 Global Financial Stability Report. Having waded through the technical details of the 160-page report, North reveals: “It shows how households are the bedrock, who will ultimately pick up the pieces if the financial system crashes, whether it be through sovereign debt defaults, bank funding costs, insurance, and via bail-in, higher taxes, or loan defaults.”

[Click here to watch “When The Music Stops, Who’s Going To Be Left Holding The Baby?”].

North quotes former Bank of England deputy governor Paul Tucker, one of the principal architects of bail-in, who told a 5 November 2014 forum in Washington DC that the risks in the financial system must be borne by households: “You absolutely can’t allow banks and shadow banks to hold it”, Tucker said. “So that leaves you with insurance companies, pension [superannuation] funds, mutual funds, etc. And when I’ve said that in other groups people have said, ‘My goodness, it’s households!’ … Well, there are only households… Do you want all the risk to fall back on Wall Street firms?”

This is criminal, not least because regulators like Tucker and APRA, and the technocrats at the IMF, Bank for International Settlements and the Financial Stability Board, who have set up the global bail-in regime, have not stopped the banks from engaging in the reckless and fraudulent practices that increase the risks in the system—in fact, they have assisted them!

A stark example of this complicity was presented by Philip Soos of LF Economics in a 31 May 2019 interview on the *CEC Report*, “Only fraud can turn around falling house prices”. One of Australia’s leading experts in mortgage control fraud, Soos explained in detail how the regulators allowed Australia’s banks to lend against massively understated expenses and income levels, in order to justify making bigger and bigger mortgage loans to grow the housing bubble. Since the banking royal commission spooked the banks into lifting lending standards, loan sizes have been cut in half and so house prices are falling; the only way the banks will be able to reverse those falls is to return to massive levels of mortgage fraud.

[Click here to watch “Only fraud can turn around falling house prices”].

Panicked that falling house prices will cause a banking crash, the RBA has slashed interest rates to an all-time low of 1.25 per cent. If that and other emergency measures don’t work, APRA has the power to order a bail-in of special bonds and deposits to keep banks afloat, the pain of which will be suffered by ordinary households. Even the banks are in denial that this could happen, but it’s not their decision. In New Zealand, which has an explicit statutory bail-in regime called Open Bank Resolution, the banking association, comprising banks owned by Australia’s banks, in a recent submission to the Reserve Bank of New Zealand (RBNZ) said, rightly, that deposits *shouldn’t* be bailed in, but also expressed doubt that they would be. [In a 29 May press conference RBNZ Governor Adrian Orr] called it “astounding” that the banks assumed if they failed the RBNZ would bail them out—a clear message to expect bail-in.

As the [European experience of bail-in proves], it is an insane policy that destroys households but also the banking system, by destroying the public’s trust in banks to keep their money safe. Australians must stop this policy in its tracks, and fight for a Glass-Steagall separation of the banks instead, to keep deposit-taking banks separate from the risks of financial gambling.

Further background on the Bail-in policy and the Citizens Party’s fight against it read through the following pages.

- Who created bail-in?
- Bail-in overseas—horror stories
- History of the CEC's fight against bail-in
