



Australian Citizens Party

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MEDIA RELEASE

Wednesday, 3 July, 2019

Truth about Australia's fake banking regulation exposed in corporate media

STOP PRESS: *Australia's sham banking regulation, exposed below, is on display in the RBA's lies about its second interest rate cut in a row. The RBA's dry statement claimed the "central scenario for the economy remains reasonable", and that the cut would make "inroads" into "spare capacity". In truth, the economy faces an unprecedented crisis, and the RBA's cuts betray sheer panic that if it can't reinflate the housing bubble, we're headed for economic collapse.*

The Australian newspaper has belatedly reported the information that a former insider has revealed about Australia's failed banking regulation—which should have been aired at last year's rigged banking royal commission.

In his 1 July column "APRA slammed over weak bank regulation", economics editor Adam Creighton reported on the recent paper by Dr Wilson Sy, the former principal researcher at the Australian Prudential Regulation Authority, which comprehensively exposes Australia's financial regulation regime as "fake".

[Click here to download and read Dr Wilson Sy's paper: The Farce of Fake Regulation.](#)

Dr Sy made multiple submissions to the royal commission, as well as offers to brief them on what he knows of the structural failings of the regulators, all of which were ignored. He also introduced himself to Graeme Samuel, who headed the APRA capability review finalised this week, and Samuel promised to call Dr Sy, but the ex-investment banker and ideological neoliberal deregulator never did. So Dr Sy wrote and released his paper, to show the Australian public that the crimes of banks exposed at the royal commission were inevitable, and still are, because our regulators are philosophically opposed to regulation.

Adam Creighton reported: "A former research head at the Australian Prudential Regulation Authority has branded bank regulation a 'farce' and 'fake', penning a 27-page missive accusing the regulator of acting as a 'financial trade guild' that protected bank profits. Wilson Sy, who worked at APRA for six years to 2010 including a stint as research head, said the reputation of regulators as 'tough cops on the beat' was a myth propagated by regulators and the major banks. 'Regulators work to benefit the industry rather than the whole community,' he said, suggesting the heads of agencies were chosen 'not to rock the boat'. 'Enforcement is totally alien to this trade guild philosophy of self-regulation. Even with new rules and regulations entities can delay compliance



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citing impracticality or unreasonable demands by regulators, who are ignorant of real-world operations,' he wrote."

Creighton noted that Dr Sy condemned the royal commission "for stopping short of recommending structural changes". Specifically, Commissioner Hayne did not recommend a Glass-Steagall structural separation of commercial banks with deposits, from high-risk investment banking and all other financial services. Hayne had been prohibited from inquiring into structure by his rigged terms of reference. Upon learning that Hayne hadn't recommended separation, the banks celebrated, knowing they could return to their predatory and reckless ways.

Glass-Steagall would stop banks from gambling with their customers' deposits, and stop them from preying on their customers to lure them into purchasing other services or making risky investments. It would also dramatically simplify financial regulation, and make it easy to enforce. "Regulations are too complex and ambiguous to enforce", Creighton quoted Dr Sy saying.

The Australian article goes on to cite Dr Sy on:

- the banks being an oligopoly;
- how the banks only compete to maximise profits, not lower costs;
- the lack of true experts in the regulators;
- the major banks' conglomerate structure allowing them to extract invisibly high fees and costs from consumers; and
- the issue being systemic, "not about a particular person".

Creighton's article is the latest evidence that Dr Sy's paper, *The Farce of Fake Regulation*, is suddenly making a big splash in Australia. Since its release, [he has been interviewed by banking expert Martin North and economist John Adams on their top-rating YouTube channel Interests Of The People \(IOTP\)](#), and reported in MacroBusiness. Ian Rogers also reported on Dr Sy's paper in *Banking Day* on 1 July, but with a twist that implied that Dr Sy was fronting the Citizens Electoral Council's agenda. The truth is that Dr Sy and the CEC independently reached similar conclusions about the state of Australia's financial system and failed regulation, and along with many others are speaking up about the problems that the mainstream media and politicians prefer to ignore.



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One of those issues is bail-in. Dr Sy was the first person in Australia to notice that the government's \$250,000 deposit guarantee, the Financial Claims Scheme (FCS), is not activated. He made this point in [his submission to the 2017 Senate Economics Legislation Committee's inquiry into the government's APRA crisis resolution powers bail-in law](#), chaired by Senator Jane Hume. He also made it in person to Senator Hume, who denied the FCS is not activated. But a few days later, then-Treasurer Scott Morrison admitted in writing that the FCS is indeed not currently activated, and that the government has discretion as to whether or not to activate it. In other words, it is not an absolute guarantee. This is one reason that the FCS is not a protection for deposits against bail-in, as politicians claim.

Thanks to people like Dr Sy being prepared to speak out, it is becoming increasingly difficult for vested financial interests and their political cronies to keep rigging the system behind the scenes. The CEC is calling on all Australians to get involved in the political fight to use this important information to force elected officials to truly reform the system so that it works for everybody, starting with a Glass-Steagall separation of banks, and stopping bail-in.

[Click here to sign the new petition to the Australian Parliament: Hands off our bank deposits—stop 'bail-in'!](#)