

## BANKING FOR PEOPLE, NOT FOR PROFIT

Banks hold a privileged position in our society as the custodian of other people's money. But the banks have shown that they don't respect this responsibility. Bank executives' first priority are the banks' profits and their own pay cheque that is linked to these profits. And despite a Royal Commission and a recession, the Government has continued to bend to the will of the major banks and their dominance over Australia's financial system. The Greens have a plan to reform the banking system so that it operates in the best interests of people, not for corporate profits.

### A LEVEL PLAYING FIELD

For decades the big four banks – Westpac, NAB, ANZ and CBA – have written the rules to suit themselves and protect their market share. Government and regulators have both failed to give other players in the market a fair run. And despite the first recession in decades, the major banks are back to raking in mega profits.

It's time to level the playing field to ensure that regional banks, credit unions and co-ops are able to offer competitive services. The Greens will increase the major bank levy from 0.06% of their loan book to 0.20% of their loan book. This would still be at the lower end of the estimated benefit the major banks enjoy by way of reduced wholesale funding costs as a result of the market's expectation that they are 'too big to fail'.<sup>1</sup>

### BREAK-UP THE BANKS AND FIX UP THE REGULATORS

The Royal Commission uncovered a shocking degree of rot in Australian banks. Much of this was a result of 'vertical integration'. This is the business model where conventional savings and loans banks are also the owners of superannuation, insurance and wealth management arms. Many banks have, or have said that they would, disintegrate this model. But legislation is needed to force it to happen and to force it to stay that way.

The Greens will break-up the banks so that they can no longer cross-sell their own products. Ownership would be restricted so that an institution can only be one of either a bank, a superannuation fund, an insurer, or a provider of other financial products.

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<sup>1</sup> Productivity Commission, Competition in the Australian Financial System: Inquiry Report, June 2018.

The Royal Commission also showed that banking regulators have conflicted responsibilities and are too close to industry. In the wake of the Royal Commission, ASIC adopted the motto 'why not litigate'. But barely three years later, under the cover of the pandemic, and with a new Chair, ASIC has switched back to a pro-business frame of 'promoting economic recovery'.

The Greens would fix this by returning responsibility for regulation of the sale of retail financial products to the ACCC, as it was before the Howard Government. ASIC would retain responsibility for regulating non-retail products, and APRA would continue to be the prudential regulator.

## AUSTRALIA POST BANKING

The advent of internet banking coupled with the banks' singular focus on profit has resulted in a raft of bank branch closures over the last twenty-odd years, particularly in regional areas. This has meant that many people now rely on Australia Post for face-to-face banking. But banks aren't required to allow Australia Post to process their transactions. ANZ recently withdrew from the agreement with Australia Post. This is threatening the continued access of customers to face-to-face banking as well as the viability of many local post office operators. And the protracted negotiation process that Australia Post has to go through was the catalyst for Christine Holgate's contentious sacking.

The Greens would make sure that the Australia Post network is utilised and would ensure that everyone has access to face-to-face banking. The Greens would require all banks to allow Australia Post to process their transactions, with fees set to cover the cost of local post office operators providing this service.

## BETTER CONSUMER PROTECTIONS

At the first chance they got, under the cover of the pandemic, the Government sought to water down consumer protections in favour of the banks. In direct contradiction to the first recommendation of the Royal Commission, the government tried to repeal the obligation on banks to lend responsibly.

The Greens would keep responsible lending laws, and increase consumer protections by:

- Implementing outstanding recommendations of the Banking Royal Commission.
- Modernising consumer credit laws, including for buy-now-pay-later products.
- Ensuring all aspects of consumer credit are regulated under the National Credit Code.
- Capping payday loans at 10% for establishment fees and 2% for monthly fees.
- Banning the charging of fees on accounts that are above the direct costs incurred by a bank.