Australian Citizens Party

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MEDIA RELEASE

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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 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.

Petition

Hands off our bank deposits—stop 'bail-in'!

TO THE HONOURABLE THE SPEAKER AND MEMBERS OF THE HOUSE OF REPRESENTATIVES

Hands off our bank deposits - Petition (339.06 KB)
Download PDF of petition

This petition of concerned citizens draws to the attention of the House that:

Australia and the world are facing a new financial crisis, with panicked financial authorities slashing interest rates and trying to stimulate the housing market to save the banks, which are in grave danger from their excessive mortgage lending and reckless and fraudulent lending standards;

Global financial authorities expect Australia to prop up failing banks through "bail-in"—converting bonds and deposits into shares or writing them off—which will enormously damage individual savers, businesses, charities, superannuation funds and all other enterprises which lose their funds;

Legal analysis of the crisis resolution powers legislated secretively for APRA in February 2018 has confirmed they could be used to bail in bank deposits;

The government denies deposits can be bailed in, but admits the law is from the Financial Stability Board (FSB), which applies bail-in to bank depositors;

The FSB and International Monetary Fund are directing Australia to implement stronger bail-in laws like those in New Zealand, the EU and the USA, which all apply to deposits;

To stop this planned theft, we therefore ask the House to:

1. amend the 2018 law to explicitly exclude deposits;
2. block the stronger bail-in legislation the government is planning;
3. rescind APRA's crisis resolution powers and pass instead the Separation of Banks Bill 2019 to protect deposits from speculation.

Click here to sign the petition: Hands off our bank deposits—stop 'bail-in'!

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 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 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.

Sign the petition and join the fight!

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