



Australian Citizens Party

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432 **Email:** info@citizensparty.org.au **Web:** citizensparty.org.au

MEDIA RELEASE

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De-banking a weapon in the war on cash

Westpac has reportedly “de-banked”—cut off from banking services—hundreds of business clients in recent weeks. Westpac’s excuse is it is going out of its way to be squeaky clean following its record \$1.3 billion fine for its breaches of anti-money laundering/counter-terrorism financing (AML-CTF) laws revealed in late 2019. The businesses targeted by Westpac are involved in the non-bank/cash economy, including gold and silver bullion dealers, Bitcoin traders, and cash remittance (international transfer) companies. However, unlike Westpac, these businesses are fully compliant with AML-CTF requirements—Westpac and the other major banks are targeting them as part of their war on cash to destroy competition to the banking system and force everyone to transact electronically through the banks.

Channel 7 News reported on 19 June that the banks are boasting of using the COVID-19 pandemic to ram through their pre-existing cashless economy agenda. According to the banks, they achieved in just 10 weeks a goal of reducing cash use they thought would take five years! The Big Four banks closed 170 branches during the national lockdown months, Channel 7 reported, some of which aren’t expected to reopen. The banks are on track to reduce the number of ATMs from 28,000 nationwide to just 15,000.

The Morrison government tried to assist this goal through its bill to ban cash transactions above \$10,000; however, following a massive public backlash it has gone quiet on the law. The ATM Industry Association (ATMIA) has launched a Change.org petition to protect cash use in the economy by mandating that businesses must accept cash as a form of payment for transactions below \$10,000 (above that it’s up to the business). In a position paper, the ATMIA stated:

“Some retailers have gone cashless, which denies members of the public the freedom to choose how they wish to pay for goods and services. Cash, as public money, is guaranteed as legal tender and yet cannot be used at these cashless retail outlets. In addition to being public money, cash is a back-up when systems fail or malfunction. With the recent [attempted] introduction of a \$10,000 limit on cash transactions in Australia, it is essential to secure the role of cash as a payment option for transactions below this amount. The ATM Industry Association proposes a mandate for cash as a payment option for in-person transactions below \$10,000.” (Sign the petition, [“Save cash—our right to access and use cash must be protected by law”](#) on Change.org).

While the banks boasted of being able to fast-track cash reduction goals, in the same period the Australian public voted with their feet and demanded record quantities of cash. *The Australian* on 15 October reported that between mid-March and the end of June the Reserve Bank issued \$7.7 billion in high-value banknotes to the private banks to meet a surge in demand by the public. This year cash in circulation increased by 12.6 per cent compared with an average of 5 per cent in recent years. Due to concerns about the banks and the financial system and policies such as the “bail-in” of bank deposits to prop up failing banks, Australians withdrew cash in enormous quantities either to hoard, or to put in alternatives to the banks, including gold and silver bullion, and Bitcoin.

On 14 October, Paul Thomas of Commander Security Services received a letter from Westpac dated 2 October giving him effectively 12 days’ notice that Westpac was closing his accounts. Commander Security is a cash-in-transit business based in Sydney (a small competitor to Armaguard) that provides cash to ATMs and remittance companies, which is why Westpac is targeting the business. However, unlike Westpac and the other big banks, Paul Thomas’s clients are fully compliant with AUSTRAC, the regulator that enforces AML-CTF laws. Westpac didn’t give a reason for closing the accounts—a Westpac contact said the decision was made by a “faceless division” which doesn’t deal directly with customers—but another Westpac source confirmed the bank’s excuse is a determination to be squeaky clean following its record AUSTRAC fine. Yet this is clearly a smokescreen for knocking out businesses that compete with the banks.

Michael Kukulka of the Melbourne Gold Company has had the same experience, but from *all* the banks. His business was first de-banked by Westpac, then by CBA, and then NAB. Effectively none of the major banks will bank with him, and neither will most smaller ones. The banks were ruthless: not only did they close his business accounts, they also closed the personal accounts of all staff and family members connected to the business. Cut off from almost all banking services, the Melbourne Gold Company was forced to deal almost entirely in cash, which had to be stored onsite in company safes. This proved to be too much temptation for one employee, who in April conspired with a friend to rob

the business of \$3.9 million—the third biggest heist in the history of Victoria!

On 27 October [One Nation Senator Malcolm Roberts questioned banking regulator APRA on “bail-in” and de-banking](#), and the cases of both Paul Thomas and Michael Kukulka, pointing out that they are in areas of the economy that are in competition with the banking system. “APRA appears to be turning a blind eye to banks de-banking their rivals—can you explain that?” Senator Roberts asked. APRA chairman Wayne Byres tried to deflect from Roberts’ questions by saying consumer protection isn’t APRA’s responsibility, but he agreed to look into their cases.

The major banks in Australia enjoy an implicit government guarantee—they are too big to fail. That must come with conditions, such as not being allowed to de-bank customers unless they have committed crimes. Otherwise, a permanent solution to de-banking is a public bank, such as a Post Office bank, owned by the government, which would be required to provide banking services to everybody. The private banks have repeatedly failed Australians—it’s time for the public bank solution.

Fight bail-in: We have an opportunity on 30 November to force Parliament to pass Senator Malcolm Roberts’s bill to protect deposits in all banks from bail-in. Call your MP and Senators straight away and demand they vote for the Banking Amendment (Deposits) Bill 2020. [Click here to find contact details for your MP and Senators](#).

Click here to sign the petition: [Hands off our bank deposits—stop ‘bail-in’!](#)