



# Australian Citizens Party

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## MEDIA RELEASE

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29 January 2021

### Save responsible lending laws from the asset-strippers!

Australians have until next Wednesday 3 February [to make submissions](#) opposing the government's policy to scrap responsible lending laws.

Demonstrating yet again how they first and foremost serve the banks, the government is pushing a bill to repeal the responsible lending laws that reduce the ability of banks to trap people in unpayable debt and strip their assets.

"It is extremely difficult to win against a bank that has ripped you off", said Dr Peter Brandson of bank victims group Bank Reform Now. "Just imagine how hard it will be if they have not broken the law."

The Senate Economics Legislation Committee is conducting an inquiry into the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020, which is taking submissions until Wednesday 3 February. Express your strong opposition by writing a simple letter to the committee ([information available on the inquiry website here](#)) demanding they oppose the repeal of responsible lending laws, which would only benefit the banks.

The banks are simply predators, and just as the leopard cannot change its spots, they cannot change their nature despite the controversy of the 2018 banking royal commission. Of course, it helps the banks that they own a government of shameless toadies who serve them first and foremost and have no capacity for shame when it comes to anything that benefits the banks. So even though Commissioner Kenneth Hayne explicitly recommended that responsible lending laws should not be repealed, and in fact their enforcement should be beefed up, the banks' supreme sycophants Scott Morrison and Josh Frydenberg have taken advantage of economic concerns, amplified by the extraordinary circumstances of the pandemic recession, to say that because bank lending is crucial for an economic recovery, obstacles to lending should be removed.

(Never mind that due to record low interest rates and ridiculous government subsidies for homebuyers, bank lending is again going gang-busters, but, predictably, only for housing, which is all that the banks are interested in.)

"No bank has an interest in lending to a customer that cannot repay", assured Australian Banking Association CEO Anna Bligh on 25 November 2020. In other words, trust us.

Oh, really? Rubbish. Banks absolutely do have an interest in trapping customers in debts they cannot repay. For one, the banks never lose—they get to strip the customers of their assets. The Banking and Finance Consumers Support Association's Denise Brailey has tirelessly and repeatedly exposed that as house prices zoomed in the 2000s, the banks aggressively targeted elderly "asset-rich, income-poor" Australians to trap them into mortgages they could never hope to repay, even committing fraud on the mortgage documents to justify the loans, in order to seize their homes.

(Click here to watch Denise Brailey's interview on *Citizens Insight*: "[Morrison's lower lending standards will send lambs to slaughter](#)".)

Another way the banks never lose is that in this modern era of "financial engineering" and exotic derivatives, the banks have ways to turn bad loans into assets they can pass off to mug investors—and institutional investors using "other people's money"—as mortgage-backed securities, collateralised debt obligations, collateralised loan obligations, and the like. They also outright gamble on the debts using interest rate derivatives, and credit default swaps.

In a 2 December opinion column in the *Sydney Morning Herald*, the CEO of the Consumer Action Law Centre, Gerard Brody, reminded Australians of the consequences of irresponsible lending:

"Recall the situation of royal commission witness Nalini Thiruvangadam", Brody wrote. "Nalini was given an unaffordable car loan by Westpac's Bank of Melbourne after a car dealer put inaccurate information on her application. Westpac knew full well of her financial position, as she had an account with them and had also asked for a loan from them previously. The loan granted to her was unaffordable from the start.

"Nalini made many payments to her detriment, pawning her beloved jewellery and falling behind on her rent. Nalini was often in arrears on her loan but kept making payments for a number of years. This

meant the bank and the car dealer who arranged the loan profited handsomely from the arrangement, raking in commissions and late fees.

“The same can be said of thousands of people who carry large debts on credit cards at high interest over many, many years.”

Brody explained the new bill substantially reduces consumer protection in three main ways:

1. It reduces legal rights for consumers, removing the right to take legal action for compensation for banks breaching responsible lending standards;
2. It removes many criminal and civil penalties, particularly for banks, which reduces incentives for lenders to comply with good lending standards because it reduces the likelihood that banks will face court penalties for breach of lending standards; and
3. It weakens credit assessment processes, as lenders will no longer be required to understand the borrower’s requirements and objectives for a loan, increasing the risk of inappropriate lending with greater fees or interest.

Two years ago, Commissioner Hayne handed his banking royal commission report to Treasurer Josh Frydenberg, but uncomfortably refused to pose for the cameras, perhaps knowing that the government had no intention of seriously reforming the banks. This latest bill proves that in spades. Australia is always quick to sanctimoniously accuse other countries of corruption, but the hold the banks have over Australian politics is as corrupt as it gets. Contrast Scott Morrison’s slavish devotion to the banks, and tolerance for all manner of criminality, to his vicious assault on Australia Post CEO Christine Holgate for spending \$20,000 on Cartier watches to reward executives. Not only is the contrast revealing of his hypocrisy and double standards, but yet again this was Morrison defending the banks, as Holgate had shown that Australia Post would make an excellent public bank, which would break the banking monopoly of the Big Four banks.

The banking system will only be reformed if the people of Australia relentlessly demand it. This inquiry is another opportunity—[please click here to make a submission](#).

Click here to sign the petition: [An Australia Post ‘people’s bank’—a win-win solution for the nation](#)