

I hope that you might accept this submission. I did not know until today that there was a banking inquiry going on, let alone the close-off date for submissions.

### **Submission to Senate Inquiry into Banking Competition**

May I suggest that the object of competition in the banking industry is to lighten the financial burden on those who must borrow, particularly for housing, as domestic borrowers are less familiar with how to reduce loan costs than are business borrowers and domestic borrowers do not receive the tax deduction allowed to most business borrowers.

There are vast reserves of cash in reality belonging to the very same borrowers, invested in superannuation under the control of lenders, which are being loaned out to their owners at much higher rates than their owners are being paid on their superannuation savings. No wonder lenders' CEOs can earn ten times what politicians do.

The safest form of superannuation any person can have is a home, as it provides excellent income in terms of rent-free accommodation and substantial capital gains over a working lifetime.

The most effective way of assisting borrowers who are being robbed blind by banks and other lenders, would be to allow people to invest their superannuation in their homes up to the full value of their homes.

Simultaneously the government could provide that the value of a person's prime residence, excepting the first person of a joint owning couple, should be used to cover the cost of retirement and nursing home accommodation for the remainder of that person's life in lieu of other taxpayers, perhaps who are owning far less wealth, having to pay for it.

What this would do is remove many people from the clutches of the moneylenders. It is a standard practice of moneylenders to lend to people more than they are likely to be able to afford to pay, provided the security is good. When the borrower gets sick, loses employment or suffers business losses and cannot service the debt, the lender imposes penalty interest thereby making it impossible for the borrower to service the debt. When the debt has risen high enough (usually after a few years) the bank forces a sale, imposes more charges and thus transfers the borrower's wealth to itself, leaving the borrower without a home or the equity they had worked so hard to put into that home.

Better than improving competition in an industry which plainly colludes illegally to set rates and charges, is to allow people to use their own superannuation to buy their homes. It is not reasonable for government to force voters to put their savings into superannuation then have it loaned back to them at higher rates than they are paid.

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