

ACCC on currency conversions

██████████
██████████
8th October 2018

Dear Sirs,

Background information:

I own and operate a micro business of just one person. I deliver Human Organisational Factors training, primarily to aviation companies, both here in Australia and overseas. When my company earns income overseas it is brought back into this country helping the balance of payments. One of the pivotal subjects which I teach is the difference between making human error and committing violations. What the banks have done in this case is no error. It consists of clearly considered planned repeated violations.

This has been overseen but ignored by governments and regulators alike for decades.

Key points:

1. During my research on currency conversions for a contract bid, the (██████████) bank stated 'the daily rate' applied plus a fixed fee of \$15. This is misleading advertising. What was not clearly stated was that the 'rate' to be applied by the bank was the banks own internal 'retail rate'. 'Daily rate' implies the Forex rate. (I have worked in several countries, in very few would this sort of deceptive practice be tolerated by industry or permitted by their regulators. Those states which do, are of the third world. In the Northern Hemisphere the daily rate is the Forex rate.) This meant that for a single transaction of approximately \$11,000 (\$11,295.60) the 'fees' amounted to very nearly five hundred dollars. (\$498.49) This represents this bank taking five percent out of my micro businesses income in addition to the fixed fee.
2. If during contract bid preparations I had known in advance of these 'fees' I should have been able to incorporate them into my bidding price. Please note that this has the effect, a 5% price hike, of making my company less internationally competitive. As I was deceived, I could not budget for it, therefore I lost money. These excessive fees were and remain hidden costs. At the time and subsequently I have requested written details on the so called 'retail conversion rates' however the bank refuses to provide any documentation. These fees are therefore demonstrably 'hidden'.
3. I complained to the NSW Ombudsman and in due course was reimbursed these unacceptable and unjustifiable costs to my company for that first transaction. This is a clear indication that those fees are unsupportable.
4. When the next similar payment arrived from the same client, the bank once again took a like amount or proportion of the total. This meant that for two simple

financial transactions my micro business company was forced to pay out in the order of a thousand dollars AUD in 'fees'. This the difference between Forex and 'retail'.

5. However when on this second occasion I again complained to the Ombudsman, the Ombudsman informed me that the banks lawyers told them it is nothing to do with them (the Ombudsman) and so refused to assist me any further!
What, dear Sirs does it say to you, when the perpetrator against the plaintiff is able to simply tell the Ombudsman, 'drop it, it is nothing to do with you.'? When the Ombudsman obsequiously complies, it shows a lack of both regulatory competence and accountability. This absence of government department accountability is why we have a Royal Commission into the Banks and financial services. Now we have a new expression as a part of our everyday lexicon. "*Fee for no service*". I suggest that you should expect that expression to be applied more broadly in the months and years to come.
6. When I purchased foreign currency at a retail exchanger for overseas expenses, I paid for them and the fees in Australian dollars with my company credit card and yet the bank took a 'currency conversion fee'. The payment was made in AUD and there was no conversion involved. Why is this rort being permitted? Rort is too genteel; I believe it should be referred to as theft, a theft permitted by the 'authorities'.
7. The banks have been profiteering and continue to operate in a 'regulation-lite' environment in Australia.
A 'voluntary undertaking' is all too evidently ineffective. Sitting down and partaking of a cup of tea, pinkie raised, with someone whose personal morality and company ethics allow them to knowingly invoice the deceased, is not ever going to work. But I feel sure it will lead to many pleasant social encounters for the employees of the taxpayer funded regulators. Perhaps, may it in turn lead to a nice little position, say in a bank post- civil service?

Look at the big picture here. With such ineffectual regulatory or government support of Micro Small and Medium Enterprises, plus the fact that that one third of the largest corporations in Australia are permitted to pay little or no tax, this country is I fear, heading for civil unrest.

The banks operate as a cartel enabled by politicians. The banks privatise their profits while socialising their debts with tax-payers money.

The ongoing failures of the ineffective banking and finance industry regulators continue.

Unaddressed, I fear Australia is going to experience some very major and divisive problems in the years to come. In the meantime however we, the Australian people, could perhaps

save considerable amounts of our money by rationalising or entirely closing down these ineffectual, acronym entitled, costly government bureaucratic entities.

It is not personal, it is just business. The acronym regulators of Australia are simply not delivering return on investment.

If you should suspect that I am frustrated, you would be correct. I have lived in countries where what is now occurring here in Australia, goes on routinely. I moved to Australia because I want to live in a first world nation. Australia deserves better. I am deeply concerned where all this will lead to in this my country.

As a business owner/ operator I see the government and its bureaucracies constitute one of the greatest risks to my business.

I believe the primary reason that you (ACCC) are now acting, is in an attempt to mitigate the reputational damage caused to you and your tax payer funded brethren by the appalling revelations of the Royal Commission which the Government fought so long and so hard to prevent until it, 'the elected Government of the day', was simply told by the four major banks to set up a Royal commission.

Regarding the absence of adequate oversight, *"Where the bloody hell were you?"*

The continued behaviours of you various members of the self-described 'Political Class' are I believe damaging the people of this nation, its economy and future economic prospects. Sadly there appears no-one in the fourth estate who will ask pertinent questions.

E.G. *"If you Australian politicians and bureaucrats continue to behave in the manner which you do, how long will it be before this country, this nation, experiences significant possibly major social and civic unrest and/ or takeover?"*

I immigrated in 1988 to Australia, to a wonderful young bright and forward looking country. Over the last ten to fifteen years it has declined sharply and continues to do so under what is essentially an absence of leadership and morality demonstrated by no accountability.

We are told repeatedly that we have now had 26 years of continuous economic growth. If so why do we (the Australian people) have a massive debt?

If we are the smart country, why do we not have a sovereign wealth fund like that of Norway which is on track to exceed \$ 1 Trillion US Dollars by 2020? (See the book '*Trillion Dollar Baby*' by Paul Cleary an Australian). When I say a sovereign wealth fund, I do not mean the local mechanism set up to merely ensure civil servants pensions.

Please pass the word, if you bureaucrats and politicians continue to behave in the manner which you do presently, it will kill the 'golden goose' which for the time being provides you all with such handsome remuneration.

It would I feel be remiss of me to only complain, therefore I offer some solutions as well.

SOLUTIONS:

1. Given no interference from Canberra, Peer to Peer (P2P) transfers using blockchain and or smart contract technology are the way forward. This technology eliminates the need for trust, something which is understandably absent in our present under-regulated 'banking system'.
2. As it stands, the current banking system is a government supported cartel populated by (alleged) criminals. Take just one example. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3. Cryptocurrencies, I heard recently that on behalf of a charity for children in Africa, a sum of four million USD was transferred internationally in a matter of a few minutes, and for a cost of 45 cents US. Why are you not ~~advising~~ ^{pressuring} the government to require the widespread introduction of this technology?
4. Smart phone technology e.g.

“Another is Moeda, a microfinance platform linking investors in developed markets with cooperative businesses in rural Brazil. Moeda utilises [blockchain](#) technology to allow investors to buy the platform’s cryptocurrency, then allocate that currency to specific businesses through an app. Banks in Brazil exchange the [cryptocurrency](#) for local tender, meaning exchange rate fees and other middleman costs are avoided, as is regulation. The blockchain, or “distributed ledger” nature of the financing process, creates great trust and transparency.”

Source: <https://www.intheblack.com/articles/2018/06/01/smartphone-banking-in-your-pocket>

5. Can Australia regain its integrity? Consider our Australian politicians and industry regulators before answering that question. With these two factors in effect, Australia is being, and will be effectively prevented from ever taking any leading role. Very

regrettably this destructive effort is the only type in which the Australian government and its bureaucracies are effective.

6. Commencement of application of regulatory enforcement. One hopes that this should not be necessary to explain.

In closing I must record the fact that as a direct result of the failures mentioned above, I am now obliged to take time away from trying to run my micro-business to do your job for you. If ACCC had been on top of its function, this correspondence should never have been necessary. This is yet another example of the ongoing failure of government and its bureaucracies. I am now doing the job which you have been already paid (partly by me) to do.

Exactly as calculated by the banks, I now have to choose if I should take hours, days perhaps weeks from running my company, most probably for nothing in terms of results. If you and people like ASIC and APRA had only done your jobs reasonably. These matters would never have occurred.

Maybe Paul Keating was correct when he called Australia *"a banana republic"*?

I formally request two things:

- A. Would you please answer this question? *"Would you please advise me how I can receive foreign currencies without such impost?"* You should know the range of methods available for a micro business. I have to trust that your honour will not allow you to hide behind the 'we are a government department and cannot provide advice' feeble excuse for failure to competently regulate.
- B. That at least you confirm reading this communication?

If you 'want to help' this nation and also me, start to do your job effectively.

Yours bitterly disappointed,

