

Australian Citizens Party

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MEDIA RELEASE

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The tyranny of ‘debanking’—cash ban puts everyone at the mercy of banks

STOP PRESS: Morrison blinks on cash ban! The Morrison government has delayed the Senate report on the cash ban, originally due tomorrow, until 28 February to consider the evidence. The flood of calls that Senators are receiving are working! Keep up the pressure.

Banks are private businesses and have the right to close the accounts of any customers they no longer wish to do business with. It’s called debanking and it’s not uncommon. If the government passes its totalitarian ban on cash transactions, starting at \$10,000 but with a view to reducing it over time, Australian businesses and individuals who get debanked will be effectively locked out of the economy, stuck in a commercial limbo in which they are unable to engage in any significant transactions. One debanked business owner said to the Citizens Party: “If they pass the cash ban, what am I to do? They may as well send me to jail.”

At the 12 December Senate hearing on the cash ban bill, the Small Business and Family Enterprise Ombudsman and the Australian Taxpayers’ Alliance raised the issue of debanking to the surprised senators, who had never heard of it before. Here’s an excerpt of the transcript:

Dr Craig Latham, Deputy Small Business Ombudsman: “But we’re coming across a number of situations where banks are actually removing people from their books. We call it ‘debanking’ ... not offering services. This could be point-of-sale equipment, but it could also be holding an account with the bank. It is happening across a number of industries—newsagents, adult services and other industries as well. We’ve seen examples of people associated with tattoo parlours or gun shops being debanked as well.”

Senator Rex Patrick, Centre Alliance: “For social conscience reasons, are you saying?”

Dr Latham: “We are having trouble fathoming exactly for what reason you would try to debank legitimate businesses.”

Senator Patrick: “In that respect it would be quite legitimate for businesses to try to debank banks, because they have an awful track record and the government is in effect forcing people to use these very entities that engage in abhorrent commercial conduct.”

Alexandra Hordern, Director, Advocacy, Small Business Ombudsman: “I think the key is: if a bank refuses to deal with a particular business and the business needs to make transactions of over \$10,000, requiring that business to deal with an entity that won’t deal with them puts that business in an impossible position.”

Private oligarchy with long tentacles

Some of the more common cases of debanking include adult stores and vaping shops—presumably due to the banks making a “moral” judgement. Although it’s very rich for the predatory, gouging, money-laundering and child exploitation-facilitating banks to cast a moral judgement on other, perfectly legal businesses.

There are other cases of debanking, however, that in no way are due to the banks’ hypocritical moral judgements and social considerations, but solely due to their power to do so. The extent of their power, and how far the banks are willing to go to debank people both as businesses and individuals, is chilling.

One such case involves a Melbourne-based bullion dealer, who buys and sells precious metals. This legitimate business complies with all laws and regulations, including anti-money laundering (AML) disclosure requirements; in fact, AML disclosures made by this business have assisted the authorities in combating crime. The only possible reason for the banks to disapprove of this business is that it is somewhat of a competitor to the banks, given that it is becoming increasingly common for Australians to vote with their feet against banking corruption and financial recklessness by moving their money from banks into other investments, including bullion.

The bullion dealer was first debanked by Westpac, which was at least courteous enough to ensure the

business had a functional account with another bank before shutting down his accounts.

CBA debanked him next, and of all the banks he dealt with was the most malicious and destructive. In 2014 they cancelled his personal credit card without notice when they knew he was on an overseas holiday, forcing him to cancel the holiday and return to Australia. CBA also debanked the bullion dealer's parents, despite his mother having no involvement in the business. Despite telling the Australian Financial Complaints Authority they would not close his father's corporate account, CBA closed it anyway with all the money inside the account.

Illustrating that the Big Four banks are an oligopoly, NAB also debanked him, using a top law firm. NAB not only debanked his corporate accounts, but him personally, as well as his father and mother again, and this time also an employee. The bullion dealer, his family and employees are not just debanked by the main banks, but also by their subsidiaries, including Bankwest, UBank, Bank of Melbourne etc.

The banks gave no reason for the debanking, and there was no negotiation. According to the debanked businessman, everything is on their terms and is essentially "too bad go away and don't come back". As an experiment after being debanked, he tried to open a personal account at CBA. Once he handed over his ID the consultant came back with the manager who said: "Sorry sir, we can't open an account for you and I have to ask you to leave."

In response to the government's proposed cash ban, which will make it impossible for him to conduct any business at all, this businessman made a submission to the Senate Economics Legislation Committee's inquiry on the cash ban, and followed it up with a call to Committee Secretary Mark Fitt to explain his personal case. Mr Fitt suggested that if the cash ban passes, he could continue to do business by purchasing bank cheques from the banks. However, when he approached the banks to test that theory, he was informed in writing that as he has been debanked from all banking services, and bank cheques are a banking service, he would not be able to purchase bank cheques.

The banks are a private-sector oligarchy with enormous power over the economy, he reflected. "The oligarchy can 'ban' you personally and 'ban' your family members from banking with them. Essentially, you have no right to a bank account like most people assume."

This is the tyrannical power structure that PM Scott Morrison, Treasurer Josh Frydenberg, Assistant Treasurer Michael Sukkar, the Treasury, and KPMG intend to put all Australians at the mercy of with their totalitarian cash ban law. If the banks are prepared to go to such lengths to crush low-level competitors, what if they decided to debank people and political parties who campaign against their corruption?

[Call your Senators](#) to demand they vote against this rank corruption and assault on our civil liberties.

[Click here for copies of the new "Fight the totalitarian ban on cash!" flyer to distribute.](#)