

21 August 2023

Dr John Small
Commerce Commission New Zealand
44 The Terrace
P O Box 2351
Wellington 6140

Dear Sir


Enclosed is my submission. Re- Personal Banking Services Market Study that the Commerce Commission is undertaking.

My submission is about the structure of the industry which I understand is part of your investigation. Enclosed is a letter that I have forwarded onto all Members of Parliament back in November 2022 for your perusal and also some quotes from well know persons regarding the banking system that NZ operates that back up my submission.

After reading my letter that I sent to all members of parliament one can see that the entire structure of our banking system needs to change and I hope that your final report next year will explain to the public how banks operate to enable them to make massive profits at the expense of New Zealanders.

If you require any further information I can forward this onto you. I am also available to come to Wellington to have a face to face discussion with the commission if required concerning this very important issue.

Thanking You





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22 November 2022

Dear Member of Parliament

I am disturbed how little the public and also many professional people who have no idea how the Big 4 Banks operate in NZ. Banks make the bulk of their money by giving Customer Loans. Most people including many politicians believe that banks get “money” deposits from customers and these deposits are then re-loaned out to other customers who want to borrow money from the bank and the banks profits is the difference from what they pay for deposited funds from customers and what they charge out to customers who borrow these funds.

Example: - Banks gives depositor 4% Interest and re-loan these deposits “money “out at say 6% interest. Banks profit 2% interest. (THIS IS TOTALY INCORRECT.) When a bank gives a loan to anybody Company, Local and Central Government. 98% of the loan is created out of thin air. They don't have this money in deposit at all. When a bank issues a loan they simultaneously “create a deposit” which goes on to their books as a bank assets. Their assets increase by the same amount as the loan.

Banks in NZ last year created out of thin air in excess of \$30 Billion Dollars. So what we have is new loans issued from banks of 30 Billion Dollars in one year created out of thin air and banks assets have also increased by 30 Billion Dollars because they also have created 30 Billion Dollars of deposits on their books. Banks get all the interest on this created money and when NZ Reserve Bank lowered the official cash rate to .25%, banks were loaning out this created money at around 2.5% to 3.5%. Now the NZ Reserve Bank has been increasing the cash rate to 3 to 3.5% and the banks are also increasing their interest rate on their 30 Billion Dollars of created money to around 6 to 7%.

Example: - If you borrowed One Million Dollars from a bank at 3.25% your interest cost would be \$32,500 per year. Now the bank has increased its interest rate to say 6.5% you will be paying \$65,000 to your bank each year. It has cost the bank nothing to earn the extra \$32,500 each year. You must not forget that this One Million Dollar in the first place was created out of thin air. The bank does not have to pay any interest to anybody. It is all profit for the bank. For the banks to justify their profits they make, also quoted by the Minister of Finance and NZ Reserve Bank Governor that their return on assets is somewhere around what other companies are making. We must not forget that most of their assets they quoted are also created out of thin air when issuing loans because they created a deposit at the same

time which goes onto their books as an asset.

I have only worked what banks created in this example of one year. Banks have been creating 10 to 30+ Billion Dollars in NZ for the last 20+ years. This is why they can claim they have X amount of assets all originally created out of thin air and are on their books as assets.

The banking system in NZ that the government allows to operate is a massive Ponzi Scheme. It is corrupt and evil to the core. If anyone else did what the banks do they or persons would be in jail and locked up for life. The banks have been operating this Ponzi Scheme for years and getting away with it. It is destroying the capitalist .system as we know it.

The Minister of Finance Grant Robertson and Reserve Bank Governor also bank CEOs and many other politicians no exactly how corrupt and evil the banking system is and fail to do anything about it. Those persons who know how the system is rigged should be all put in jail also because they fail to do anything about this massive Ponzi Scheme by allowing it to go on. It would seem to me Free Speech is not allowed when it comes to the Financial Industry.

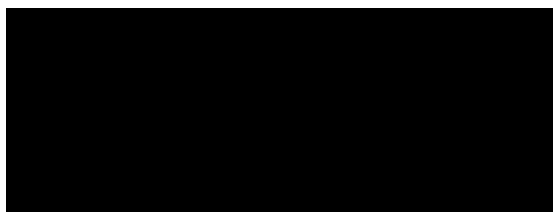
This letter has been forwarded onto all members of parliament in New Zealand and a number of High Profile New Zealanders.

Some of you will have no idea as to how the banking system works or have distorted ideas how the banking systems operate and that's why I am sending you a copy of this letter.

The Ponzi Scheme that the banks operate can only be "changed" by Parliament that is why I am bringing it to your attention. Most people in NZ work very hard for their money and work long hours and some have more than one job to put food on the table and a roof over their heads and it is unacceptable for any organisation, company, or bank, etc to be able to create money out of thin air and profit from it.

Some Members of Parliament that received this letter will be sceptical as to the contents of my letter and opinions.

All what I say is correct and is documented so please do your own research before throwing this letter into the bin.





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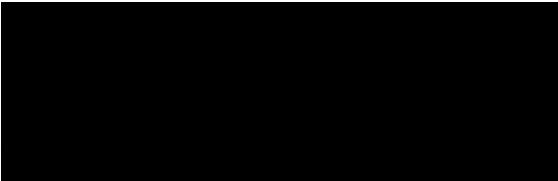
15 February 2018

Reserve Bank Governor
P O Box 2498
Wellington 6140

Reserve Bank Governor

In the year 2017 I would like to know how much money was created by all the banks that operate in New Zealand and then have on loaned out this created money to customers? (Customers to include Local and Central Government.)

Thank You I await your reply.



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20 February 2018

Dear Mr [REDACTED]

RE: Money created by banks

Thank you for your letter dated 15 February 2018 addressed to the Reserve Bank Governor, which I am responding to on his behalf.

The amount of money created by banks as new lending in calendar 2017 was \$21.436 billion. This information is derived by comparing the end-of-year totals for domestic credit published on the Reserve Bank website, as part of the table **Banks: Assets - Loans by sector** at the following web page <https://www.rbnz.govt.nz/statistics/s30-banks-assets-loans-by-sector>

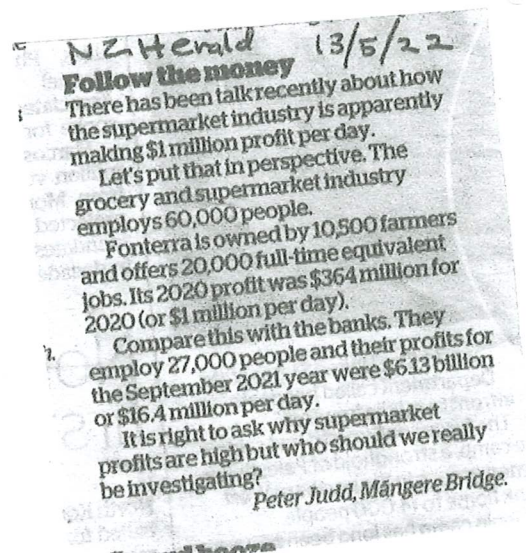
Yours sincerely

[REDACTED]

External Communications Advisor
Reserve Bank of New Zealand

The study of money, above all other fields in economics, is one in which complexity is used to disguise truth or to evade truth, not to reveal it. The process by which banks create money is so simple the mind is repelled. With something so important, a deeper mystery seems only decent.

- Dr John Kenneth Galbraith,
American Economist and Presidential Adviser.



We must never let the finance sector become masters of the economy when they should be the servants of the economy for the good of all New Zealand.

The Road to Ruin

James Rickard