**Insert one of the two enclosed DVDs into a Windows PC to auto-open this page.
About 15 seconds after inserting a DVD, left click on the Windows prompt on lower RHS of your monitor.
Then left click on the file titled 'Letter\_to\_Elizabeth\_Sheedy\_15-Feb-21.htm' at upper RHS, to open this letter.
Left click on it and then left click on the welter of embedded URLs in Blue Text or Red Text
to open associated files.
To leave a page and return to the previous page, click on the arrow at top left of your screen/monitor.**

**If this page accidentally closes when you leave another page, right click on your DVD Drive icon and left click on 'Open Auto Play'.
Alternatively save the folder 'CreditCards' in a folder on your hard drive, then navigate to Comms/Letter\_to\_Elizabeth\_Sheedy\_15-Feb-21.htm and left click on it.**

**If using a MAC, or the enclosed USB stick, or the enclosed DVDs do not auto-open this letter, then navigate to CreditCards/Comms/Letter\_to\_Elizabeth\_Sheedy\_15-Feb-21.htm.htm**

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15 February 2021

Professor Elizabeth Sheedy

Department of Applied Finance

4 Eastern Road, Macquarie University
NSW 2109

Dear Professor Sheedy  -  elizabeth.sheedy@mq.edu.au

**Paul Keating recently asserted that he has done more to induce the *"***[***Reverse Bank***](https://www.smh.com.au/national/keating-the-reverse-bank-has-to-quickly-rediscover-the-gear-stick-20200923-p55yh5.html)***"* to take action on controlling interest rates, than anyone else had.  The** [**Writer's**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)[**Letter to Paul Keating dated 28 Oct 2020**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5CLetter_to_Paul_Keating_28-Oct-20.htm) **(on CD, USB and A4) set out the Parliamentary bestowed** [**Extensive Powers and Responsibilities to All Australians**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtensive_Powers_of_the_RBA.htm) **conferred upon the RBA by** [**Parliamentary Acts**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm)**, together with various undertakings and representations the RBA has made in** [**Three '*Landmark*' RBA Published Papers**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABC%5CSix_Pivotal_Credit_Card_Publications.htm)**.  Upon receiving the Writer's extensive letter setting out his concerns, should the former Labor Prime Minister have rebuked the RBA for not re-imposing a maximum interest rate *Cap* (as far back as June 1992) on all** [**Credit Cards**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm)**, in order to halt the pillaging of** [**Financially Uneducated And Vulnerable Credit Cardholders**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancially_Uneducated_And_Vulnerable.htm)**, identified by the RBA as** [***Persistent Revolvers***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CPersistent_Revolvers.htm)**?**

(The[**Writer**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)received a[**Master of Applied Finance from MU in April 2001**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CPhilipJohnston-MastersDegree-AppliedFinanceMacqUni.pdf).  Prior to retirement in 2007, he worked for CBA for 37 years.  He attended the Webinar "The BEARs bite ... can you regulate accountability?" - Banking Executive Accounting Regime - on Thurs, 4th Feb.)

[**In May 2020, Choice CEO, Alan Kirkland, asserted that Credit Card Providers have stolen $6.3 billion from customers “by failing to pass rate cuts on for credit cards, banks have effectively stolen $6.3 billion from the pockets of Australians,” Mr Kirkland said**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABC%5Caustralian_banks_save_billions_by_failing_to_pass-on_%20rate_cuts.htm)**.**

**\*   "**[**The 10 costliest credit cards in Australia – and why you should avoid them like the plague**](https://www.choice.com.au/money/credit-cards-and-loans/credit-cards/articles/credit-card-interest-rates-the-ten-worst-cards)**" - CHOICE**

**\*    "[CHOICE is calling on banks to cap interest rates at 10% to stop the spread of long-term credit card debt"](https://www.choice.com.au/money/credit-cards-and-loans/credit-cards/articles/credit-card-interest-rates-the-ten-worst-cards)**

**[\*    "High-interest cards can have you paying back nearly ten times more in interest than low-rate cards over the long term](https://www.choice.com.au/money/credit-cards-and-loans/credit-cards/articles/credit-card-interest-rates-the-ten-worst-cards)"**

[**Paul Keating recently spurned the RBA to follow the '*long lead*' of several *'central banks'* to increase their *fiscal pot*, by buying long dated Govt. bonds from new electronically created money sourced '*out of the ether'* - QE**](https://theconversation.com/reserve-bank-dallies-with-indolence-instead-of-helping-government-pursue-full-employment-paul-keating-146768)**.** In light of the below assertion, the former Labor Prime Minister should be concerned about the plight of hundreds of thousands of[***Persistent Revolvers***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CPersistent_Revolvers.htm)that represent a mere[**12.58%**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CActions%5CCreditCardStatistics_4-May-17.xls) *circa* of all[**Credit Cardholders**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm), yet contribute a *whopping* 80% *circa* of all[**Interest And Penalty Fees Revenue**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CInterest_And_Penalty_Fees_Revenue.htm)generated from [**Credit Card Products**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm), often suffering[**Extreme Financial And Emotional Distress**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtreme_Financial_And_Emotional_Distress.htm)**:**

[**"No one in Australian public life had done more to lift up the Reserve Bank while giving it a singular discretion over interest rates than I did. And no one carried a greater cost of it."**](https://www.smh.com.au/national/keating-the-reverse-bank-has-to-quickly-rediscover-the-gear-stick-20200923-p55yh5.html)

67% of Credit Cardholders, identified by the RBA as [***Transactors****,*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CTransactors_and_Revolvers.htm) enjoy their
[**Lines of Credit**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CLine_Of_Credit.htm)by regularly using their[**Credit Cards**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm)at virtually no financial cost, even though the RBA has previously asserted that the[***User Pays Principle***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm)should apply to[**Credit Card Products**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm)**.**

[**Is Australia really an egalitarian country?**  **Five Prime Ministers have *talked it* by professing so.  But our Federal Govt hasn't *walked it*, obligated under Section 51 of the Australian Constitution, to the detriment of Financially Uneducated and Vulnerable Australians that possess, often through no fault of their own, poor Financial Literacy Skills; some Credit Card Issuers have deployed Predatory Advertising and charged Usurious Interest Rates and Penalty Fees, Targeted at Credit Cardholders with Low Financial Literacy Capacity**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CEgaliterian_Country.htm)**.**

Why has none of Australia's venerated constitutional lawyers '*called ou*t'[**Australia's Principal Regulator of the Payments System**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm)for breaching its[**Statutory Duty**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CStatutory_Duty.htm)and its[**Fiduciary Duty**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFiduciary_Duty.htm)to ***"***[**best contribute to.......... the economic prosperity and welfare of (ALL) the people of Australia**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm)" due to the RBA not recommending to the Commonwealth Govt (under[**Section 11(1) of the Reserve Bank Act 1959**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CSect_11_Reserve_Bank_Act_1959.htm)) that it (RBA) re-impose a maximum interest rate *Cap* on[**Credit Cards**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CDebit_Cards.htm)when as far back as[**June 1992, the spread between the Overnight Cash Rate and the average Purchase interest rate exceeded 16%**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CParliament%5CWrittenQuestions%5CChapter_5.htm)?  That *Cap* had stood at[**18% until it was removed in April 1985**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CPrice_stickness_in_credit_card_interest_rates.htm)when the spread/margin between [**Overnight Cash Rate**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm)and that 18% *Cap* was less than 1%.

[**Prior to the Campbell Report *circa* early 1980's, the RBA regulated all Australian bank interest rates with an *Iron Fist***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPrior_to_the_Campbell_Report%2C_RBA_rulled_with_Iron_Fist.htm) dating back to the failure of banks in the 19th century[-**"... when de-regulation resulted in adverse consequences, re-regulation ensued..."**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPrior_to_the_Campbell_Report%2C_RBA_rulled_with_Iron_Fist.htm)**.** The [**Writer**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm) attributes the deft silence from constitutional lawyers and legal academia that a *Cap* should be re-imposed to protect[**Financially Uneducated And Vulnerable Australians**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancially_Uneducated_And_Vulnerable.htm)is due to ignorance, apathy and an unwillingness to challenge a division of government, when government directly or indirectly has feed many of them.

[**On 24 Sept 2020, Paul Keating delivered a letter to the media that was critical of the RBA for *inter alia* not increasing the money supply (creating new fiscal monies under QE) by purchasing long dated Govt bonds from Treasury in order for the Commonwealth Govt**](https://www.abc.net.au/news/2020-09-24/paul-keating-attacks-rba-over-recession-response/12694710)[**to finance its COVID impacted budget deficit**](https://www.abc.net.au/news/2020-09-24/paul-keating-attacks-rba-over-recession-response/12694710)**.** Six weeks' later, on 4 Nov, the RBA announced that it would purchase $100 billion of Govt bonds by increasing the money supply to fund the bond purchases. **"RBA governor Philip Lowe has announced a $100 billion quantitative easing program to lower interest rates across Australia's economy."**

**Two months later** [**on 2 Feb 2021, the RBA announced that it would "...purchase an additional $100 billion of bonds issued by the Australian Government and states and territories when the current bond purchase program is completed in mid  April."**](https://www.rba.gov.au/media-releases/2021/mr-21-01.html)*Prima facie*, Paul Keating's critical 24 Sept '20 letter to journalists, and accompanying brazen comments venting his disappointment at the RBA *'not being pro-active'*, brought on a rapid result, particularly as the RBA had refrained from following the lead of 'central banks' in many Western economies that have resorted to QE.

The [**Writer**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)telephoned Paul Keating's PA, Susan Grusovin, in mid-Oct and explained that he was keen to present evidence to Paul Keating that the RBA should have re-imposed a *Cap* on Credit Card interest rates to protect Australians with poor[**Financial Literacy Skills**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancial_Literacy.htm). On 28 Oct 2020 the[**Writer**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)postedhis detailed[**Letter to Paul Keating dated 28 Oct 2020**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5CLetter_to_Paul_Keating_28-Oct-20.htm)(on CD, USB and A4) hopeful that Paul Keating would similarly *trumpet* criticism of the RBA for not having re-imposed a maximum interest rate *Cap* on Credit Cards (as far back as[**June 1992 when the spread between the Overnight Cash Rate and the average Purchase interest rate exceeded 16%**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CParliament%5CWrittenQuestions%5CChapter_5.htm)).  The *powers* and *obligations* bestowed upon the RBA by [**Parliamentary Acts**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm) far exceed the obligations upon the USA and UK 'central banks' to protect vulnerable citizens in banking transactions - refer Section 2B of[**Extensive Powers bestowed upon the Reserve Bank**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtensive_Powers_of_the_RBA.htm)**.**

The[**Writer**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)emailedPaul Keating's PA, Susan Grusovin on [**29 Oct 20**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5Cemail_to_Susan_Grosovin_sent_29_Oct-20A.htm) and on [**4 Nov 20**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5Cemail_to_Susan_Grosovin_sent_4_Nov-20.htm) explaining his letter to Paul Keating dated 28 Oct 20 that include several attached files.

Many[**Credit Card Issuers**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm)have engaged in[**Predatory Advertising**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPredatorySaleOfAFinancialProduct.htm)charging[**Usurious Unsecured Personal Loan Interest Rates**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUsury_Unsecured_Interest_Rates.htm) overtly [**Targeting Credit Cardholders with Low Financial Literacy Capacity**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CNumeracyAndLiteracyTargeting.htm) **-** [**Financially Uneducated And Vulnerable Australians**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancially_Uneducated_And_Vulnerable.htm)suffering[**Extreme Financial And Emotional Distress**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtreme_Financial_And_Emotional_Distress.htm)for over 25 years, whilst 67% of Credit Cardholders, identified by the RBA as[***Transactors,***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CTransactors_and_Revolvers.htm) have enjoyed their [**Lines of Credit**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CLine_Of_Credit.htm) from regularly using their[**Credit Cards**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm)at virtually no cost, even though the RBA has previously written that the [***User Pays Principle***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm)should apply to[**Credit Card Products**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm)**.**

[**Labyrinth of ‘*Concealed Spiders*’**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CLabyrinth_Of_Concealed_Spiders.htm)exposes 'nine examples' of [**Unconscionable Conduct**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUnconscionable_Conduct.htm)from [**Predatory Advertising**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPredatorySaleOfAFinancialProduct.htm) of some [**Credit Cards**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm)**.**

[**Inaction by APRA and ASIC was attributed to some scandals exposed in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry**](https://www.moneymanagement.com.au/news/policy-regulation/asic-and-apra-accountability-royal-commissioner)**.** ABCNews Business Editor,[**Ian Verrender**](https://www.abc.net.au/news/ian-verrender/5261264), article (26 Nov 2018)[**Is it time for corporate watchdog ASIC to be put down?**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABC%5CIs_it_time_for_corporate_watchdog_ASIC_to_be_put_down.htm)includes "It is this cosy relationship that forms the nub of the problem".

Yet far more consequentially,[**Australia's Principal Regulator of the Payments System**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm)has been complicit with[**Credit Card Issuers**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm)that engaged in[**Predatory Advertising**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPredatorySaleOfAFinancialProduct.htm)even though the Commonwealth Govt had enacted legislation for the [**Principal Regulator of the Payments System**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm)to act upon[**Unconscionable Conduct**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUnconscionable_Conduct.htm)from [**Predatory Marketing**,](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPredatorySaleOfAFinancialProduct.htm) in particular concealed interest penalties [in **9 font Arial dark grey in 98 pages *T&Cs***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CUncon_Cond%5CBalTransfers%5CANZ%5CANZ-CreditCards-Conditions-Of-Use.pdf), of some [**Credit Cards.**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm)

*Post* the 2018 Royal Commission**, "**[**ASIC and APRA, in addition to the Royal Commission recommendations addressed to them specifically, are now working with the Federal Government to assist the development of legislative reform**](https://www.claytonutz.com/knowledge/2020/march/asic-and-apra-provide-update-on-post-financial-services-royal-commission-regulation)**":**

* **"**[**ASIC Management Accountability Regime**](https://download.asic.gov.au/media/5419737/amar-accountabiity-map-published-19-12-2019.pdf)and[**Governance and Senior Executive Accountabilities**](https://www.apra.gov.au/sites/default/files/Governance%20and%20Senior%20Executive%20Accountabilities.pdf)**:**The FSRC recommended that the purpose of the Banking Executive Accountability Regime (**BEAR**) also be applied to both ASIC and APRA – both regulators released their accountability framework in December 2019."
* "APRA is providing assistance with legislative reforms that give effect to the Financial Accountability Regime (that will extend the BEAR regime). ASIC is also focused on implementation arrangements for new laws as they commence."

**The central issue:**

[**Prior to the Campbell Report *circa* early 1980's, the Australia’s ‘central bank’ regulated all Australian bank interest rates with an *Iron Fist***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPrior_to_the_Campbell_Report%2C_RBA_rulled_with_Iron_Fist.htm) dating back to the failure of banks in the 19th century[-**"... when de-regulation resulted in adverse consequences, re-regulation ensued..**"](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPrior_to_the_Campbell_Report%2C_RBA_rulled_with_Iron_Fist.htm)

**"**[**CHOICE is concerned that low income earners are disproportionately affected by the costs of credit cards. Persistent Revolvers are overwhelmingly from low income households.18  Interest payments made by these consumers help subsidise the rewards programs offered to Transactors, who tend to be wealthier and attracted to high-interest cards that offer redeemable points as prizes for frequent usage**](https://www.pc.gov.au/__data/assets/pdf_file/0018/222174/sub042-financial-system.pdf)**"**.

In April 1985 the RBA removed an 18% interest rate *Cap* on Credit Cards when the overnight cost of funds was 17.2% *circa* - spread was less than 1%. The spread between the current [**Overnight Cash Rate**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm)of 0.10% and the highest[**Cash Advance**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Advance.htm)interest rate[**(Latitude Financial's Go Mastercard) is now over 28%**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CImages%5CGo_Money_Mastercard_Latitude_Financial.jpg)(25.9% + 3% - 0.10% = 28.7%.

[***Persistent Revolvers***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CActions%5CPersistent_Revolvers.htm)that account for a mere[**12.58%**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CActions%5CCreditCardStatistics_4-May-17.xls) *circa* of [**Credit Cardholders**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm)contributed a *whopping* 80% *circa* of that $6.3 billion [**Interest and Penalty Fees Revenue**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CInterest_And_Penalty_Fees_Revenue.htm)due ostensibly to [**Credit Card Issuers**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm)not passing on falls in the [**Overnight Cash Rate**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm)**.** The remaining 20% of that[**$6.3 billion**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABC%5Caustralian_banks_save_billions_by_failing_to_pass-on_%20rate_cuts.htm) was paid by other [***Revolvers***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CActions%5CTransactors_and_Revolvers.htm)thataccount for 20.42% *circa* of all [**Credit Cardholders**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm).  The remaining 67% *circa* of all [**Credit Cardholders**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm), described by the RBA as[***Transactors***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CActions%5CTransactors_and_Revolvers.htm)***,*** contributed *zilch* of that [**$6.3 billion**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABC%5Caustralian_banks_save_billions_by_failing_to_pass-on_%20rate_cuts.htm) of  [**Interest And Penalty Fees Revenue**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CInterest_And_Penalty_Fees_Revenue.htm).  Hardly, an example of the [***User Pays Principle***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm)that "[**RBA's Reform of Credit Card Schemes in Aust: "I A Consultation Document" – Dec 2001**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTwoExceedinglyCostlyMonthlyInterestChargingPractices.htm)advocated it apply to [**Credit Card Products**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm)[**"....consistent with the approach adopted by Australian financial institutions in pricing other payment instruments under their control**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTwoExceedinglyCostlyMonthlyInterestChargingPractices.htm)**."**  [**But its Board never adopted its own published policy document**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTwoExceedinglyCostlyMonthlyInterestChargingPractices.htm).

**Question:**

Would you pass on to a couple of legal academics that believe that
**equality**, [**egalitarianism**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CEgaliterian_Country.htm) and **a *fair go*** are worthwhile social norms to read the[**Writer's**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)[**Letter to Paul Keating dated 28 Oct 2020**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5CLetter_to_Paul_Keating_28-Oct-20.htm)and ponder if a former Labor PM that recently criticised the RBA over not instigating QE should *speak out* to encourage the RBA, albeit belatedly, to apply the [***User Pays Principle***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm)to[**Credit Card Products**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm)by *inter alia* re-imposing a maximum interest rate for[**Purchases**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPurchase.htm) and a maximum interest rate for [**Cash Advances**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Advance.htm)?

The [**Writer's**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)  [**Letter to Paul Keating**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5CLetter_to_Paul_Keating_28-Oct-20.htm) also provides -

A)       [**Thirty-Two Questions Directed at Three Financial Services Regulators, or a Royal Commissioner, and Supporting Evidence**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRoyalCom%5CQuestions%5CQuestions_Table.htm) that warrant each question being asked in a Second Wave of the Royal Commission into Financial Services; and

B)       an [**Evidence Facts Sheet**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CComms%5CFacts_Sheet_for_Paul_Keating.htm) that further supports each of the [**Thirty-Two Questions**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRoyalCom%5CQuestions%5CQuestions_Table.htm).

Yours sincerely


Philip J. Johnston