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**CONFIDENTIAL        CONFIDENTIAL        CONFIDENTIAL**

10 July 2020

Michael West
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PO Box 1755,

Mudgeeraba, QLD 4213

Dear Mr. West

**The** [**Reserve Bank**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CReserveBankOfAustralia.htm) **breached its** [**Statutory Duty**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CStatutory_Duty.htm) **and** [**Fiduciary Duty**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFiduciary_Duty.htm) **to** [**Credit Cardholders**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm) **with poor** [**Financial Literacy Capacity**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancial_Literacy.htm) **for *inter alia* not informing the Federal Govt. as far back as late 1992** (**obligated 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 the RBA needed to re-impose a maximum interest rate *cap* (limit) on** [**Credit Cards**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CDebit_Cards.htm) **because the spread between the** [**Overnight Cash Rate**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm) **and the standard** [**Purchase**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPurchase.htm) **interest rate** [**exceeded 16%
(in June 1992**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CParliament%5CWrittenQuestions%5CChapter_5.htm)**).** [**Whereas when the 18% interest rate *cap* on all Credit Cards was removed by the RBA in April 1985, the spread was less than 1%, which is why that 18% *cap* was removed**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPrior_to_the_Campbell_Report%2C_RBA_rulled_with_Iron_Fist.htm)**. That spread is now as much as 28% on a Cash Advance**

The [Writer's](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)  [Submission to Maurice Blackburn](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CMauriceBlackburn%5CSecondLetterToMauriceBlackburn_25-Jun-17.htm) (on CD) dated 25 June 2017 sought it to run a [Class Action](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CClass_Actions.htm) against the RBA, as Principal Regulator of the Payment System, on behalf of 400,000 *circa* [Eligible *Persistent Revolver* Plaintiffs](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CEligible_Persistent_Revolver_Plaintiffs.htm), that are [Financially Uneducated And Vulnerable Australian Credit Cardholders](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancially_Uneducated_And_Vulnerable.htm) with poor [Financial Literacy Capacity](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancial_Literacy.htm) that have been preyed upon by [Predatory Advertising](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPredatorySaleOfAFinancialProduct.htm).  Each of the 400,000 *circa* had paid in excess of $20,000 in [Interest and Penalty Fees](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CInterest_And_Penalty_Fees_Revenue.htm), too often enduring [Unconscionable Credit Card Interest Charging](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUnconscionableCreditCardInterestCharging.htm) at [Usurious Interest Rates](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUsury_Unsecured_Interest_Rates.htm).

My file [**Evidence Of Unfair Credit Card Practices Which Prey Upon Financially Uneducated And Vulnerable Australians by Numeracy And Literacy Discrimination**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CQuantitativeQualitativeExpertAuthority%26NewspaperEvidence.htm) contains a veritable welter of evidence, across a variety of sources, of *inter alia* [Extreme Financial And Emotional Distress Suffered](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtreme_Financial_And_Emotional_Distress.htm) by the 400,000 *circa* [Eligible *Persistent Revolver* Plaintiffs](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CEligible_Persistent_Revolver_Plaintiffs.htm). The vast majority of the 400,000 received their first Credit Card in their late teens or very early adulthood, with not a skerrick of money management understanding, and became prey to the vultures where, without help, there they remained.

[Maurice Blackburn response letter (two full pages) dated 14 July 2017](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CMauriceBlackburn%5CMaurice_Blackburn_response_letter_14_July_17.pdf) included:

**"Conclusion**

**In our view there would be legal risks associated with a claim in relation to the circumstances outlined in your letter and for this reason the proposed claim does not meet our criteria for the pursuit of a class action.**

**Although it may be the case that financially vulnerable consumers are at risk when it comes to credit card products, we think that the concerns outlined in your letter would be best addressed by legislative or regulatory change that is designed to protect the interests of these consumers.  In this regard, we suggest that you contact your local Member of Parliament to continue your advocacy on behalf of vulnerable consumers."**

Meanwhile the Parliamentary appointed *Gatekeeper* with a charter to *inter alia* *"*[**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)**"** remained *asleep at the wheel.* The Campbell Report – Sept 1981 recommended removal of the *caps* on all bank products in an era when commercial interest rates *skyrocketed* and building societies, credit unions and finance companies had been progressively *poaching* traditional national and state bank’s depositors’ balances (accounts) since the early ‘70s. “.. by the early 1980s the banks’ share of savings had fallen to 40 per cent, compared with 70 per cent in the early 1950s.” The Overnight Cash Rate peaked at 30% in June 1985.

[Prior to the Campbell Report *circa* early 1980's, the same 'central bank' had 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)Australia's *Watchdog* that has pronounced itself to be the [Principal Regulator of the Payments System](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm), has been complicit with some [Credit Card Providers targeting Australians with poor Numeracy and Literacy Capacity](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CNumeracyAndLiteracyTargeting.htm) - detailed in my file [**Labyrinth of ‘*Concealed Spiders***’](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CLabyrinth_Of_Concealed_Spiders.htm).

Australia no longer has rampant inflation with 20% and 30% Overnight Cash Rates. Rather its economy is plagued with stagflation. Presently the Overnight Cash Rate is 0.25%.

It took the threat to [Brand Name](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CBrand_Name.htm) of *inter alios* the [*Four Pillars*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFour_Pillars.htm) from an approaching Royal Commission into Misconduct in Banking for a ***Red Faced*** ABA, under a *parachuted in*, Anna Bligh, to urgently prohibit some [Unconscionable Credit Card Practices](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CLabyrinth_Of_Concealed_Spiders.htm) by the ABA regulating ALL [Credit Card Issuers](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm) in Aust. to implement, no later than 1 July 2019, the ABA's '[**Banking Code of Practice**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABA%5CBanking_Code_of_Practice_2019.htm)'. Amongst other mandated compulsory banking changes, the ABA's '[**Banking Code of Practice**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABA%5CBanking_Code_of_Practice_2019.htm)' ‘*o*[*utlawed*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABC%5CBanks_revamp_code_of_practice.htm)*’* the [unconscionable practice](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUnconscionable_Conduct.htm) of charging interest on all [Purchases](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPurchase.htm) made during the previous month unless every dollar of those [Purchases](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPurchase.htm) was repaid by the [Payment Due Date](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPayment_Due_Date.htm) - that existed in [**Example 1** - Unconscionable Conduct - St George Visa Card](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CUncon_Cond%5CStGeorge%5CExample_1_St_George_Visa.htm). If you made $1,000 of Purchases and repaid that $1,000 a day after the Payment Due Date, or paid $999 by the Payment Due Date, you were levied interest at around 20% on $1,000. That practice which existed for well over 20 years on an increasing scale flies in the face of *‘user pays’* pricing. Interest should have only been levied on any unpaid amount which was the practice when Bankcard was launched in 1974.

Please now read **Annexure A** (3 pgs).

**1.       Overview**

[Earlier last month, 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.](https://www.afr.com/companies/financial-services/banks-debunk-credit-card-publicity-stunt-20200609-p550v4)

\*    "[CHOICE is calling on banks to cap interest rates at 10% to stop the spread of
 long-term credit card debt"
\*    "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)"

[*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 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) to their Credit Cards.  The remaining 20% of that $6.3 billion 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% 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.  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 the application of for [Credit Card Products](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm).

Section 5:2 of "[**RBA's Reform of Credit Card Schemes in Aust:**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTwoExceedinglyCostlyMonthlyInterestChargingPractices.htm) merited application of the
*User Pays Principle*:- page 117

**"Reform of credit card schemes will also have a direct impact on credit cardholders and is likely to result in some re-pricing of credit card payment services. However, this is the means by which the price mechanism is to be given greater rein in the credit card market. A movement towards a “*user pays*” approach to credit card payment services would be consistent with the approach adopted by Australian financial institutions in pricing other payment instruments under their control."**

Point 6 of 'Introduction' acknowledges that some [Credit Cardholders](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm) enjoy the convenience of using [Credit Cards](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm) without contributing to [Credit Card Issuers](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm)' operating costs:

**"Within the latter group, there is a third group which directly contributes very little to the costs of credit card schemes – these are the cardholders (known as** [***Transactors***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CActions%5CTransactors_and_Revolvers.htm)**) who settle their credit card account in full each month.  Although they normally pay an annual fee, they pay no transactions fees, enjoy the benefit of an interest-free period and in many cases earn loyalty points for each transaction**."

Back in 2011, a[fter sharing emails with Ms. Sharon van Etten, Media & Public Relations Office, Reserve Bank of Aust](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CComms%5CPhilJohnston%27sEmailToRBA_sentTues20Dec.htm), the [Writer](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm) posted his [extensive submission (on 3 CDs and A4) to the RBA on 8 Dec 2011](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CComms%5CResponse_to_RBA_8_Dec_11b.htm) seeking application of the [*User Pays Principle*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm)*.* [Section 8](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CComms%5CSection_8_of_Writer%27s_letter_to_RBA_dated%208_Dec_11.htm) of his submission accords with recommendations within "[**RBA's Reform of Credit Card Schemes in Aust:  "I A Consultation Document**" – Dec 2001](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5Cconsultation_document__dec_2001.htm).  "[**A movement towards a “user pays” approach to credit card payment services would be 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%5CRBA%5Cconsultation_document__dec_2001.htm)**.**" He posted the same CDs twice more in the following weeks – 9CDs in all, plus A4 hardcopies. He emailed Ms. Sharon van Etten that he had posted those CDs and A4 hardcopies. He never received a response.

Pursuant to my Section 8 of my extensive submission to the RBA sent 8 Dec 2011, the [RBA](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CReserveBankOfAustralia.htm) should then have re-imposed a maximum interest rate on all [Credit Card](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cards.htm)s, ideally a maximum interest rate -

1.        of **850 basis points** *circa* (for [Purchase](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPurchase.htm)s); and

2.        of **950 basis points** *circa* (for [Cash Advances](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Advance.htm)),

above the RBA [Overnight Cash Rate](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm).  But ideally it should have re-imposed a maximum interest rate almost 20 years earlier when the spread between the [Overnight Cash Rate](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm) and the average [Purchase](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPurchase.htm) interest rate [exceeded 16% -  back in June 1992](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CParliament%5CWrittenQuestions%5CChapter_5.htm).

[Inaction by APRA and ASIC has been 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).  Puzzlingly [Australia's Principal Regulator of the Payments System](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm) came out of that Royal Commission unscathed.  It should not have because of the [*Extensive Powers* conferred upon the Reserve Bank](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtensive_Powers_of_the_RBA.htm), in particular under the [*Payment Systems (Regulation) Act 1998*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf)*,* bestowed an obligation upon the RBA to inform the Commonwealth Govt. that it (RBA) needed to re-impose a maximum Credit Card interest rate limit/cap as far back as late 1992 by -

* setting Standards that *"*[*are in the public interest*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTo_Act_In_The_Public_Interest.htm)*"* relying (from July 1998) on
[Division 4, Section 18](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAccessRegimes%5Csection_18.htm) of the [Payments System Regulation Act 1998](http://www.austlii.edu.au/au/legis/cth/consol_act/psa1998333/s18.html),
* for a previously [Designated](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAccessRegimes%5CDesignationCreditCardSchemesAustralia_2001.htm) Payments System (under [Division 2—Section 11 of the *Payment Systems (Regulation) Act 1998*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAccessRegimes%5CDivision_2_Section_11.htm)*,*
* after having also previously imposed an [Access Regime](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAccessRegimes%5CCreditCard_Access_Regime_Feb-2004.htm) under [Division 3 Section 12](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAccessRegimes%5CDivision_3_Access_to_Designated.htm)*.*

Failure to notify successive Commonwealth Govt’s that the Principal Regulator of the Payments System needed to re-impose a maximum interest rate to protect *in alios* Credit Cardholders with poor Numeracy and Literacy Capacity constitutes gross negligence and willful misconduct of its regulator obligations under civil law because –

1) RBA’s paper"[**Reform of Credit Card Schemes in Aust:  "A Consultation Document"**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5Cconsultation_document__dec_2001.htm) **in Dec 2001** argued for greater application of the [*User Pays Principle*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm); and

2) a mere 12.58% *circa* of all Credit Cardholders, described by the RBA as *Persistent Revolvers* have contributed a whopping 80% 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.

**2.       Australia's *Central Bank* previously regulated all bank interest rates**

[Prior to the Campbell Report *circa* early 1980's, the RBA had imposed an 18% maximum interest rate upon all Credit Card Issuers*.*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CPrior_to_the_Campbell_Report%2C_RBA_rulled_with_Iron_Fist.htm)Australia's banking history evidences that ["... 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).  Due to failures of banks in the 19th century, Australian banks had been highly regulated.  [Particulars of deregulations and subsequent re-regulations are well chronicled](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParticularsOfDeregulationAndSubsequentRe-regulationAreWellChronicled.htm).  [That 18% cap on the maximum interest rate on all Credit Cards was withdrawn in April 1985](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CPrice_stickness_in_credit_card_interest_rates.htm) when the [Overnight Cash Rate was a smidgeon over 17% during an era of very high inflation](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCash_Rate.htm), when building societies, credit unions and finance companies were “*stealing*” the regulated banks funding base.

[Until 1980 banks could not offer more than 3¾% on a passbook account.](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CParliament%5CWrittenQuestions%5CChapter_17.htm)  "[From 1966, when personal loans were introduced, the maximum rate that banks could charge was set by the Reserve Bank](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CParliament%5CWrittenQuestions%5CChapter_17.htm) "

**3.       Australia's *Central Bank*'s obligation to the Australian people**

The [RBA](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CReserveBankOfAustralia.htm), Australia's 'central bank', has professed itself to be [Australia's Principal Regulator of the Payments System](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm).

Section 2 B. of [**Extensive Powers and Responsibilities**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtensive_Powers_of_the_RBA.htm)evidence that the RBA's *powers* and *obligations* to *'inter alia' "*best contribute to.......... the economic prosperity and welfare of the people of Australia" are **"unique among central banks"** andexceed the obligations upon the USA and UK 'central banks' to their peoples' welfare.

The [*Payment Systems (Regulation) Act 1998*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf)obligatesthe [Payments Systems Board](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CPaymentsSystemBoard%E2%80%99sMandate%26Objectives.htm) to always [*Act in the Public Interest.*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTo_Act_In_The_Public_Interest.htm) The [Act](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf) "allows it to undertake more direct regulation of ‘*designated’* payments systems when it judges it to be in the public interest. This may involve the imposition of **access rules or operating standards** for participants in such systems."

["Increasingly, central banks are being given explicit authority for payments system safety and stability, **but the Board's legislative responsibility and powers to promote efficiency and competition in the payments system are unique**.](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAttachment_%27D%27-Payments_System_Board.htm)

Below are extracts from [**Reserve Bank of Australia Bulletin  -  July 1998 - Australia’s New Financial Regulatory Framework**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5Creserve_bank_of_australia_bulletin_July1998.htm) that chronicles the Reserve Bank's powers, set out in the [*Payment Systems  (Regulation) Act 1998*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf), that allow the Reserve Bank to undertake more direct regulation of ‘designated’ payments systems to –

**"... promote competition in the market for payments services, consistent with the overall stability of the financial system..."** **when it judges it to be *"in the public interest"* whichmay involve the imposition of access rules or operating standards for participants in such systems**:

"The new Payments System Board is responsible for the Bank’s payments system policy, the objectives of which are:

•     controlling risk in the financial system arising from the operation of the payments system;

•     promoting the efficiency of payments systems; and

•     **promoting competition in the market for payments services, consistent with the overall stability of the financial system**.

The Bank’s powers in this area, set out in the [***Payment Systems (Regulation) Act 1998***](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf), **allow it to undertake more direct regulation of ‘designated’ payments systems when it judges it to be in the public interest. This may involve the imposition of access rules or operating standards for participants in such systems. The Act also provides a framework for regulation of purchased payment facilities, such as travellers cheques and stored-value cards."**

**4.     Australia's *Central Bank* has failed its obligations to the Australian people**

Australia's 'central bank' has never exercised its rights -

\*       under [Part 5—Miscellaneous, Section 26](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CPart%205%E2%80%94Miscellaneous.htm) of the [*Payment Systems (Regulation) Act 1998*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf)to ask for financial data from the major [Credit Card Issuers](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm) of [Interest & Penalty Fees](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CInterest_And_Penalty_Fees_Revenue.htm) revenue for each of their Credit Cardholders for all [Credit Card Products](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Products.htm) for a minimum of 12 months, or even 6 months, in order to establish if the [*User Pays Principle*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm) applies, notwithstanding that the RBA argued for greater application of the [*User Pays Principle*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm) in its paper"[**Reform of Credit Card Schemes in Aust:  "A Consultation Document"**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5Cconsultation_document__dec_2001.htm) **in Dec 2001**; or

\*       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) to **" ....inform the Government, from time to time, of the Bank's monetary and banking policy**" having regard to its obligations under [Section 10(2) '**Functions of Reserve Bank Board**' of the Reserve Bank Act 1959](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CSection_10_Functions-of-the-RBA_Board..htm)  to ***"*best contribute to.......... the economic prosperity and welfare of the people of Australia**", to set new Standards under [Division 4, Section 18](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CAccessRegimes%5Csection_18.htm) of the [Payments System Regulation Act 1998](http://www.austlii.edu.au/au/legis/cth/consol_act/psa1998333/s18.html) by re-regulating a maximum Purchase interest rate and re-regulating a maximum Cash Advance interest rate after it published [**LOAN RATE STICKINESS: THEORY AND EVIDENCE**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5Cloan_rate_stickiness.htm) in June 1992 when it professed to be intent upon adopting the [*User Pays Principle*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CUser_Pays_Principle.htm)to Credit Cards*.*

**5.      Australia's *Central Bank* should have regulated most of the changes pronounced in the ABA's** '[**Banking Code of Practice**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CABA%5CBanking_Code_of_Practice_2019.htm) **at least twenty years earlier**

In view of the above noted obligations, at least from the[*Payment Systems (Regulation) Act* in 1998](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CC2016C00591.pdf), if not several years beforehand, -

**\*** [Australia's Principal Regulator of the Payments System](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CParliamentary_Bestowed_Mandate.htm) has breached its [Statutory Duty](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CStatutory_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)"; and

\*       its [Payments Systems Board](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5CPaymentsSystemBoard%E2%80%99sMandate%26Objectives.htm) (post 1998) has abrogated its responsibility to always
[*Act in the Public Interest*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTo_Act_In_The_Public_Interest.htm)by failing to **"..undertake more direct regulation of ‘designated’ payments systems when it judges it to be in the public interest**",

due to condoning [Two Exceedingly Costly Monthly Interest Charging Practices](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CTwoExceedinglyCostlyMonthlyInterestChargingPractices.htm) (**Annexure A**) by many [Credit Card Issuers](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Card_Issuer.htm) that [Targeted Credit Cardholders With Low Financial Literacy Capacity](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CNumeracyAndLiteracyTargeting.htm), whereupon [Financially Uneducated And Vulnerable Australians](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancially_Uneducated_And_Vulnerable.htm), many from *their late teens of early 20s*, suffered [Extreme Financial And Emotional Distress](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CExtreme_Financial_And_Emotional_Distress.htm) which carried on for many years.

Why is the [Writer](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)so adamant that the RBA has patently failed is parliamentary responsibilities?  Answer: Because *inter alia* [**LOAN RATE STICKINESS: THEORY AND EVIDENCE**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CRBA%5Cloan_rate_stickiness.htm) (June 1992) recognised*:*

**"4. SUMMARY AND CONCLUSIONS**

This paper examines the degree of price stickiness in the market for bank loans. …..**For credit cards, personal loans, owner-occupied housing loans and the standard overdraft rate, changes in the banks' marginal cost of funds have not been translated one for one into the contemporaneous lending rates."**

**Annexure B** (9 pgs)is an A4 of my ‘detailed letter’ to you in two CDs and two USB Sticks that contain a lot of embedded threads to facilitate appraising my allegations (of negligence) against the RBA. I hope that you will pass a CD or USB Stick onto two or three unassociated litigators to opine on the statutory interpretation of the clauses that I have relied upon in Annexure B to either support, or refute, my allegation that the RBA has breached its [Statutory Duty](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CStatutory_Duty.htm) and [Fiduciary Duty](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFiduciary_Duty.htm) to [Credit Cardholders](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CCredit_Cardholders.htm) with poor [Financial Literacy Capacity](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CDefinedTerms%5CFinancial_Literacy.htm) by failing to observe [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) when the gap widened to over 16% in mid-1992.

Instruction on how to auto open the CDs in a Windows Operating System are set out at the top of **Annexure B**.

**Annexure C** (6 pgs)is an A4 of Thirty Two Written Questions - most directed at the Governor of the Reserve Bank that I prepared to support a second wave of the Royal Commission into Misconduct in Banking *‘et al’.* I have prepared extensive evidence to support each of those 32 written questions.

**6** **Postscript**

If the recent contrite behaviour by the Financial Services sector, specifically Australia’s *Four Pillars* and Citibank, is to remain, the RBA **must be held to account** for theExtreme Financial And Emotional Distress that 400,000 *circa*Financially Uneducated And Vulnerable [*Persistent Revolvers*](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CClass_Actions%5CEligible_Persistent_Revolver_Plaintiffs.htm)have suffered during the last 20 years or so, due to the RBA’s negligence that has bordered on ‘conflict of interest’ with the very financial institutions that Parliamentary Acts legislated it, as far back as 1959, to regulate to control interest rate marketing behaviour.

Yours sincerely



Philip Johnston - the [**Writer**](file:///F%3A%5CDocuments%5CMy%20Web%20Sites%5CMuggaccinos%5CCreditCards%5CWriter%5CWriter.htm)