

Banks must hold new gilts

Published: January 13, 2026, 11:57 am

[FT.com / UK / Politics & policy - FSA puts down a global marker.](#)

The tougher new liquidity rules for banks and investment firms announced by the UK's Financial Services Authority on Monday has set down a marker for other nations as they seek to prevent a repeat of last year's financial crisis.

The rules could require UK banks to increase their holdings of high-quality government bonds by an estimated £110bn (\$175bn), or roughly one-third in the first year after they are implemented.

I seriously doubt that is enough: I note the Guardian suggests a much higher figure. [It says:](#)

New rules issued by the City regulator that could force Britain's banks to hold up to £900bn of top quality government bonds — more than three times current levels — were criticised yesterday for posing a risk to economic recovery and hindering London's position as an international financial centre.

I, unsurprisingly, take the opposite view.

First, the government should see this as funding for a [Green New Deal](#). That reduces our dependence on finance - as has to happen.

Second, if banks make less - so what? As has been proven - they've lost much more and cost much more in lost revenue than they have ever contributed to the UK, so that is advantageous.

Third, the risk of another crash is reduced.

Fourth the risk of abuse from foreign banks is reduced.

This is good work.