

Letters: We need wholesale reform of the banks

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[Letters: We need wholesale reform of the banks | Business | The Guardian](#)

From this morning's Guardian:

As *Jill Treanor reports* ([Anger escalates over Royal Bank of Scotland plan to pay £1.3bn bonuses](#), 25 February), this week's announcement by the 84% tax-payer-owned bank will be unpalatable to the vast majority of British citizens. The very same institutions that left Britain and the world economy tilting on the edge of collapse have benefited the most from state action. Despite this, they are once again cashing in unjust and unearned rewards. In light of this, it's right that we demand "never again": we cannot afford to turn back to the way our banks were run before the crash. We now need wholesale reform.

We therefore call on the government to instigate a package of regulations and reforms that would amount to a new banking settlement, in order to bring financial services more in line with the social and economic needs of the people. In the short term, we should look at capping remuneration (set as a percentage of net revenue), this would help tackle flagrant high pay, shore up bank balance sheets and provide a level playing field across the banking sector. RBS and Lloyds would then no longer be a "prisoner to the market". We should also repeat the bankers' [bonus windfall tax](#), and extend it to [hedge funds](#) and [private equity](#) houses, the riskiest and shadiest financial operators.

In the medium to long term, we must harness the wealth of the financial sector for socially useful means with a [transactions tax](#). We should also have a new [Glass-Steagall Act](#) to separate retail and investment banking. Finally we should now establish a [high pay commission](#). If introduced in the right way, these reforms would significantly transfer risk from the state and taxpayers back on to financial institutions, while at the same time fundamentally change banks behaviour and change the culture of the City. The government must have the conviction to ensure that never again will the short-term financial interests of the finance sector come before the needs of the wider economy and society.

Andrew Simms, Policy Director, nef

Ann Pettifor, author, The Coming First World Debt Crisis

Baroness Helena Kennedy QC

Billy Hayes, General Secretary, CWU

Chris Edwards, Senior Fellow, Economics, University of East Anglia, UK

Dave Prentis, General Secretary, UNISON

Dennis Leech, Professor of Economics, Warwick University, UK

Dr Martin Parker, University of Leicester School of Management

Dr Sally Ruane, De Montfort University

Gavin Hayes, General Secretary, Compass

Geoffrey Hodgson, Research Professor of Business Studies, University of Hertfordshire, UK

Guy Palmer, Director, The Poverty Site

Howard Reed

Lindsay Hoyle MP

Neal Lawson, Chair, Compass

Nick Isles

Paddy Tipping MP

Prof Dave Byrne, Durham University

Prof George Irvin, SOAS University

Prof Gregor Gall, University of Hertfordshire

Prof Hugh Willmott, Cardiff Business School

Prof Karel Williams, Manchester Business School

Prof Malcolm Sawyer, Leeds University Business School

Prof Martin Parkker, School of Management, University of Leicester

Prof Peter Case, Bristol Business School

Prof Prem Sikka, EssexBusinessSchool

Prof Stefano Harney, School of Business & Management, QMUL

Prof Tim Jackson, SurreyUniversity

Richard Murphy, Tax Justice Network UK

Rt Hon John Battle MP

Stewart Lansley, author, Rich Britain: The Rise and Rise of the New Super-Wealthy

Sunny Hundal, Liberal Conspiracy

Tony Lloyd MP

Victoria Chick, Emeritus Professor of Economics, University College London, UK

Will Straw, Liberal Conspiracy

Ismail Erturk, ManchesterBusinessSchool

Ann Clwyd MP

Dai Davies MP

Derek Wyatt MP

Frank Field MP

John Austin MP

Mark Durkan MP

Mark Lazarowicz MP

Michael Clapham MP

Michael Meacher MP

Paul Holmes MP

Sam Tarry, Chair, Young Labour

Prof Christine Cooper, University of Strathclyde