

RBS – time to ask the big questions

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I've blogged about RBS and its problems from the time before it was almost nationalised. The issue does not go away. As the Guardian notes:

Royal Bank of Scotland faced renewed criticism over its [decision to hand out £1.3bn of bonuses to its investment bankers](#) this morning as the state-controlled bank reported a loss of £3.6bn.

I'm not going to go on about bonuses. I've suggested taxes to tackle them in [Taxing Banks](#). Financial transaction taxes will also, for reasons I explain in that report, have a significant impact on their behaviour and pay — although many seem to seek to deny this.

The real questions regarding RBS are not about bonuses. They're about:

- 1) Why this bank was not wholly nationalised
- 2) Why RBS and Northern Rock were not merged to create a bank ensuring access to financial services for all
- 3) Why RBS did not become the core of a new National Investment Bank for SMEs
- 4) Why Northern Rock did not become the core of a new bank financing affordable housing
- 5) Why RBS could not have been used as the financier at the core of the Green New Deal.

These things could have happened, and should happen still. Instead a desire to maintain the status quo, to keep Northern Rock as an outlying player in the mortgage market, to keep RBS as a major operator in all the most abusive forms of socially useless financial trading, and to keep both in line with the demands of a market that has obviously failed is left as the driving motive for their management.

This is what is wrong with RBS. Nothing will change until we change the way we approach banking. That has not happened yet. As a result the next disaster is waiting to happen.