

## Mervyn King is right this time

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The [FT reports this morning that](#):

*The City was abuzz with talk of Mervyn King on Monday, as the Square Mile digested a weekend interview in which the Bank of England governor took swipes at the banking industry.*

*Bankers, consultants, even regulators, were puzzled: why was the country's central bank boss expressing ever more extreme views about the City and why now?*

The answer is:

*Mr King is understood to have made the case for narrow banking — essentially a UK replica of the Glass-Steagall legislation introduced in the US after the 1929 Wall Street crash — when he was interviewed privately by the commission before Christmas.*

*But much to the governor's likely chagrin, it appears that the furthest Sir John is inclined to go is towards forced "subsidiarisation" of universal banks — making them ring-fence their high street and investment banking operations to make them safer.*

*From Mr King's point of view, the work of the commission is the last realistic opportunity to shape an overhaul of bank structures and avoid a repeat of the financial crisis.*

And this time Mervyn King is right. This is our last chance. And he's right to stick his neck out. Because banking has not changed. It's abusing as usual. And that has to stop.

Mervyn King has made many mistakes. This is not one of them.