

Funding the Future

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The [FT reports](#):

The chief executive of UBS has attacked the UK government for its public neglect of the City of London, warning that tougher regulations will see Britain and the rest of Europe cede investment banking business to Asia and the US.

Oswald Gröbel, the veteran banker who has led the Swiss bank back from the brink of collapse over the past two years, said: "The government is so quiet about [the City]. Only behind closed doors do they pay lip service to wanting to keep the City. If it is abandoned by the government one day, God help you."

Apparently this comment "echoes the privately held views of many bankers who complain the British government's recent Project Merlin peace deal with UK banks did nothing to convert years of banker-bashing into a pro-City stance."

Maybe bankers have not noticed this, but [as Mervyn King has noted](#):

that the billions spent bailing out the banks and the need for public spending cuts were the fault of the financial services sector.

He's also noted that he's surprised people are not more angry. And yet bankers want a pro-City policy?

I wonder if they'd answer these questions?

- 1) Has there been real bank reform?
- 2) Have they changed their risk models?
- 3) Have they eliminated bonuses?
- 4) Have they stopped their tax abuse?
- 5) Has investment banking risk been ring-fenced from plain - vanilla banking?

6) Has there been a shift to rebalance the economy and reduce our reliance on financial services?

7) Have banks stopped relying on state support?

8) Have all costs of the banks' failure been repaid?

9) Have banks agreed to forego their tax losses already subsidised by the state?

If the answer to any question is no then please don't expect a pro-City policy. Because let's be clear, why should the people of the UK support a failed business sector that only exists with ongoing state support? Traditionally government has rejected support for such businesses. Why should the City be any exception?

They might like to answer that question too.