

So much for competition between banks - it's all about ...

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The [FT reports](#):

Regulators in the US, Japan and UK are investigating whether some of the biggest banks conspired to ["manipulate" the benchmark interest rate](#) used to calculate the cost of billions of dollars of debt.

The investigation centres on the panel of 16 banks that help the British Bankers' Association set the London interbank offered rate, or Libor — the estimated cost of borrowing for banks between each other.

In particular, the investigation was looking at how Libor was set for US dollars during 2006 to 2008, immediately before and during the financial crisis, people familiar with the probes said.

So much for competition and the power of the market then.

Actually, as always, it's about rigging the system to ensure monopoly power rules at cost to ordinary people.

Adam Smith said so long ago. He was right.

Those of us who say so now are right.

That's why regulation - and a confident state willing to enforce it - are essential to well-being.

And yes - before you shout, I know it's just an investigation right now. But it's not as if we haven't seen such things before. And yet still the rolls say the market delivers optimal results when all the evidence is it doesn't - unless the state intervenes.