

A week on it's very clear Vickers got it wrong

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I tweeted yesterday that it was good to see William Keegan and Will Hutton in the Observer saying the Vickers report has got it wrong on banking.

It was good to see Larry Elliott saying the same thing today - and his arguments are easily the best of the three for saying so.

As he argues, strength is in diversity, as real sciences recognise but economics does not.

Vickers seeks to maintain homogeneity in banking: keeping in place a few over-large banks. These will remain too large to fail. They will still fail to innovate - which is why they are hopeless suppliers to the UK's small business sector who they so obviously do not understand.

Worse, they will remain dependent upon government guarantees to underpin their risk. And as is already obvious, the so called 'ring fences' to protect the retail component of these banks will be completely permeable making them a charade that will be worse than useless. Not least because, quite rationally, if the investment banking arm of such an entity is failing there will, inevitably, be a run on the retail part whether a ring fence is in place or not.

Only by separating Britain's banks, not just by breaking up those we already have to ensure investment and retail banking can never be mixed again, but by re-mutualising Northern Rock, by ensuring RBS becomes a bank for sustainability, by creating a Post Bank that delivers basic banking services for all, and which provides loan repayment mechanisms linked to direct deductions for benefit payments to replace the Social Fund and consign doorstep lenders to history for good, plus real support for credit unions and real building societies, will we create the diversity the UK's banking sector needs to sustain our well being into the future.

Vickers is not yet a lost opportunity.

It could be.

It is a consultation: please write and tell it what you want. And don't rely on someone else. They might not deliver for you. But you can.

Search the Independent Commission on Banking to find comment details.

(Sorry - no links - short of time - but easy to find on Guardian web site).