

# Royal Bank of Scotland is not a way to distribute helic...

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The [FT reports this morning](#):

*Business secretary Vince Cable will on Wednesday revive a radical plan to return Royal Bank of Scotland to the private sector by distributing free shares to the public, as the majority state-owned bank announces a £390m Libor settlement with UK and US regulators.*

I admit I find that profoundly disappointing. This is the way that the Russian state assets were privatised, and the oligarchs resulted. At all sorts of levels this is a bad idea.

First, many people will sell their shares - some, almost certainly, at an undervalue as people seek to buy entitlements. Massive steps would have to be taken to prevent that.

Second, who would get shares? Those on the electoral roll? We know that's incomplete. The logistics would be a nightmare.

Third, this fails the bank: it needs clear solid leadership and a massively diversified ownership will carry the risk that control will fall to quite small minority blocks of shares. That's very worrying.

Fourth, this bank needs to deliver state policy on lending, not pander to lowest common denominator market demands. That's how it got in the mess it's in.

Fifth, we need a green bank: I do not think mass ownership will help that objective at present. Mass ownership leads to short term thinking and long term thinking is needed.

Full nationalisation will deliver what is needed.

As it is Cable's plan looks like an excuse for delivering helicopter money to boost the economy in the worst possible way, by abusing an asset still in need of serious protection.

This plan deserves to fail, now.