

New banking laws won't deter talent, but they might det...

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As the [FT notes this morning](#):

UK regulators will include banks' and insurers' senior non-executives alongside chairmen in a tough new personal liability regime to be unveiled on Monday that the City fears could deter able people from taking top roles in the industry.

The Bank of England unveiled proposals last July for a new code for senior bankers and insurers that would sanction, even jail, executives when things go wrong on their watch. It would bring in a potential criminal liability under a new offence for reckless decisions causing a financial institution to fail.

I do not think people will be deterred from taking roles in banking. Cash talks.

What I do believe very likely is that when people realise that there is personal risk attached to the decisions they take and the folly they permit then better scrutiny will happen. And that is precisely what is needed.

Professional people have long known that they face such risk. It's time bankers did the same, but moral hazard is something they have long sought to deny but have been masters in the art of using. If that is reduced this law is very welcome. And in the meantime top free-loading talent may now need to look elsewhere.