

The new era of lighter touch banking regulation should ...

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Bod Diamond famously asked that the era of remorse on the part of bankers come to an end rather too soon for the public to stomach. He and Barclays parted company, partly as a consequence.

George Osborne has, however, now seemingly agreed with Bob: [as the FT reports this morning](#):

Prohibition and permissiveness alternate, in banking regulation as in history. Puritanism gives way in time to the frolics of the Restoration. Two developments this week show we are on the cusp of such a change. First, ringfenced UK banks will be allowed to return surplus capital to parent groups. Second, senior City types will be spared a presumption of guilt for compliance failures on their watch.

Forget black hats and prayer books. Full-bottomed wigs and full-bosomed orange sellers are coming into fashion.

The move back towards lighter touch regulation was signalled earlier this year. It should arrive just in time for the next banking crisis. I am not sure how the public will stomach that.