

The SNP needs to adopt plans for a Scottish Reserve Ban...

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The following post was shared by Dr Tim Rideout on the Facebook page of the Scottish Currency Group, of which I am a member, yesterday. I share it here because I support this demand.

We are having another go at getting the resolution on drafting the bill to set up the Scottish Reserve Bank onto the SNP conference agenda. There is not much time but if you are in an SNP Branch then please ask your Secretary if your branch could support the resolution by submitting a copy to National Secretary before July 23rd. The 20 or so branches that did this in October 2020 should not need to ask members to approve it again as they already did that last October.

Principles for Establishing the Scottish Reserve Bank

Conference notes that the April 2019 Conference resolved that an SNP Government be ready to introduce a Scottish currency as soon as practicable after Independence Day.

Accordingly, Conference agrees that an enabling Bill be drafted to expedite implementation of this policy in anticipation of a vote for independence.

Conference further agrees such a Bill should legislate that:

- a) A Scottish Central Bank be established;
- b) The bank be named the Scottish Reserve Bank;
- c) The bank be wholly owned by the Scottish Treasury and have no share capital or external investors;
- d) The bank be headed by a Governor and Directors appointed by the Scottish Parliament and should at all times be answerable to Parliament;

- e) The bank should be ready to introduce a Scottish currency as soon as practicable after Independence;
- f) The Scottish Parliament will decide on and instruct the bank of the name of the Scottish currency;
- g) The Scottish Parliament will authorise the Scottish Government to direct the bank's monetary and fiscal policies;
- h) The bank will hold and administer the Treasury accounts;
- i) The bank may provide loan and overdraft facilities as deemed appropriate by the Directors in fulfilment of the policies prescribed by Parliament;
- j) The bank will hold and manage the Foreign Reserves;
- k) The bank will provide a Scottish Banking Licence to companies wishing to provide banking services in Scotland and will exercise supervision and regulation;
- l) The bank may permit clearing banks to continue to issue their own bank notes. The bank will collateralise any such currency by taking 100% bonds as deposits.
- m) the bank will set up and oversee the operation of a Scottish Sovereign Wealth Fund which will exist to make strategic investments to support the long-term resilience, efficiency and well-being of the nation and her people; and
- n) the Scottish Sovereign Wealth Fund will provide an update on its operations to the Scottish Reserve Bank annually and will form part of the bank's annual report to Parliament.

Supporting Statement

SNP policy is to start the preparations for a Scottish Currency ASAP after a vote for Independence (April 2019 Conference). The key task is to establish the Scottish Reserve Bank as the new central bank for Scotland. That will require legislation to be approved by Parliament.

The motion sets up the principles. Reserve Bank is a common term in use in many countries. The central bank is an integral part of government so it would be fully owned by the State. The bank is the source of the currency and as such does not require any capital (though it will require sterling funding of the running costs up to the date when the new currency is launched). Given the importance of the national currency, the stability of it, and the effects of monetary and other policy that would be pursued by the central bank then it is proper that the Governor and Directors of the central bank should be answerable and accountable to Parliament and Ministers. It should be Parliament and Ministers that instruct the bank as to the monetary policies to be

pursued. The remaining principles are essentially technical and simply provide that the central bank will hold the government accounts, manage the foreign reserves and administer a Sovereign Wealth Fund. As is standard practice anyone wishing to run a bank in Scotland will require to be licensed and regulated by the central bank.