Funding the Future

UK banks are rubbish: of course they are undervalued

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The FT noted last night that:

Jeremy Hunt has called in Britain's largest banks to discuss why they remain so poorly valued compared with global peers, as ministers seek feedback on how to help boost the sector and the competitiveness of the City of London.

Let me offer a list of reasons why UK banks are undervalued:

* Terrible service

* Distance from the communities they serve

* Total self obsession

* Purveyors of an arrogant sense of superiority unjustified by facts

* Far too closely associated with tax havens

* Upholders of the class system

* Risk aversion, meaning they almost only loan with property-based security and almost never fund business risk

* Excessive financial trading

* Overly large bonuses

* Opacity

I am sure there are more, but solve those, and they would be better.

And what business is this if the Chancellor, anyway? Addressing bank failure to serve the community is an issue. Concern with valuation is not.