

Funding the Future

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I published this video this morning. In it, I argue that the UK's banks are amongst its least popular businesses because they don't give a damn about their customers and provide a perfunctory service. The UK government could provide an alternative in that case - and did at one time, called the GiroBank. I suggest that Labour should get on and do this again.

<https://www.youtube.com/watch?v=aMwYICDBiM4>

The observant will notice that we are now giving more attention to the design of our YouTube thumbnails: they apparently have a big impact on traffic levels.

The audio version of this video is here:

https://www.podbean.com/player-v2/?i=xvnzn-1689fce-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=c73a3a&font-color=&logo_link=episode_page&btn-skin=ff6d00

The transcript is:

The UK government could create a state bank for us all to use.

It has, after all, already got its own bank for itself to use, that's the Bank of England, and it has got a savings bank, because that is exactly what National Savings and Investments is. That is a savings bank that holds well over £200 billion of deposits at any point of time, and which contributes to the funding of the government's so called national debt.

But it's not that type of bank that I'm talking about. I think the UK government should have a bank exactly like Lloyds and Barclays and NatWest and so on. Why? Well,

because it did provide one of these banks once. It was called the GiroBank. I can well remember it when I was in my late teens and early twenties.

It provided a really useful service - a fairly basic banking facility, but which did include a bank current account, and a bank savings facility, which could of course be linked to NS& I now. It could provide a debit card and a credit card these days. And, perhaps quite crucially, it could provide mortgages.

And mortgages are a really important thing for a state to provide. In the USA, most people's mortgage is in some way or other backed by the US government, which might come as a surprise to the free marketeers of the UK, but they provide long-term fixed interest rate mortgages for people that does not leave them exposed to the shenanigans that the Bank of England have been using to impose a cost of living crisis on the UK.

But why do I want this bank? Well, most of all because I want there to be digital inclusion in this country. And right now there isn't. By digital inclusion, I mean that people actually will have a bank account that they can access. And if there was such an account for the millions of people who are currently unbanked in the UK, then it would be easier to pay benefits.

It would be also easier to ensure that people could access their money where they needed it.

And, this bank could become the centre of the bank hubs that I think should exist in every town and village in the UK so that there is a continuing presence of banks in our community, which I think is so important.

They could, of course, exist alongside post offices with which they could share premises.

Now, if we had such a bank, what we could ensure is that people would not be penalized in the way they are by the current banking system if they make a mistake and they have a low income and they run low balances in their account. We could ensure that the people who had these accounts were not subject to such forms of penalty that are imposed by profit maximizing banks.

And let's also be honest, such a bank would actually attract vast amounts of custom because, candidly, most of our High Street banks aren't really very interested in doing business with us.

They might want our credit card balances if we're heavily overdrawn so that they can exploit us with interest rates of 30 plus per cent or thereabouts a year, because that is nothing less than exploitation. But when it comes to the routine operation of a bank account, they're frankly utterly uninterested altogether in what we do.

And therefore, to have such a facility available would be really important.

This would make a difference to millions of people's lives. It would provide them with a secure form of banking arrangement that they need not worry about with regard to penalties and which would ensure that they actually do have a reliable way of accessing their funds paid to them by the government.

It would also make a difference by ensuring the continuity of banking in our communities. If Labour really worried about financial inclusion in our society, they would do this. And we'd all win.

As would the small business community as well, I suggest. Because this type of bank should also provide facilities to them and many of them find it very hard to get going with the bank right now.

This is a change for the better that Labour could deliver. I urge them to do so.

It happened before, as I say. The National GiroBank did exist until it was taken over by the Alliance and Leicester Building Society and eventually lost in one of the many banks that crashed in 2008. We could have it again. We need to commit to it. It needs to be nationalised. It needs to deliver a public service. It could become a public good. Labour could do this. I urge them to do so.