



Parliamentary Commission on Banking Standards QSD on 3 September 2019

On 3 September 2019 the Bishop of St Albans is due to “ask Her Majesty’s Government what assessment they have made of the implementation of the recommendations of the Parliamentary Commission on Banking Standards and the opportunities for further banking reform”.

The Parliamentary Commission on Banking Standards was a joint committee appointed by Parliament in July 2012. It was chaired by Lord Tyrie, then Conservative MP for Chichester and chair of the House of Commons Treasury Committee. The commission was established in the context of the 2008 financial crisis, and specifically following the 2012 London Inter-bank Offered Rate (LIBOR) scandal. The commission was established with the remit to:

- consider the “standards and culture of the UK banking sector”;
- assess the lessons learned for corporate governance and Government policy; and
- to make recommendations for legislative and other regulatory action.

The commission published four reports between December 2012 and April 2013, on the following subjects: banking standards; banking reform; proprietary trading; and the failure of Halifax/Royal Bank of Scotland (HBOS). The commission’s fifth and final report, [Changing Banking for Good](#), published in June 2013, made over 100 recommendations. The report stated that its principal recommendations focused on five themes:

- making individual responsibility in banking a reality, especially at the most senior levels;
- reforming governance within banks to reinforce each bank’s responsibility for its own safety and soundness and for the maintenance of standards;
- creating better functioning and more diverse banking markets in order to empower consumers and provide greater discipline on banks to raise standards;
- reinforcing the responsibilities of regulators in the exercise of judgement in deploying their current and proposed new powers; and
- specifying the responsibilities of the government and of future governments and parliaments.

The Coalition Government published its response to the report in July 2013. It stated that the Coalition Government had made progress in reforming the banking sector, through the passing of the Financial Services Act 2012 and the introduction of the Banking Reform Bill (now the Financial Services (Banking Reform) Act 2013). The response also said that the Coalition Government strongly endorsed the principal findings of the report and intended to implement its main recommendations.

In November 2014, former members of the commission released a statement summarising the progress that had been made in implementing its recommendations. The former members acknowledged that while some of the report’s recommendations had been implemented, many others remained

“unaddressed”. The commissioners stated that it was “essential that the momentum behind our reforms is maintained”.

In June 2018, in answer to a parliamentary question on banking standards, Theresa May’s Conservative Government stated that it had implemented the “major recommendations” of the commission’s report, both through the legislation cited above and by widening the remit of the Prudential Regulation Authority. The Government said that it continued to monitor the impact of those reforms.

Key Information

- Parliamentary Commission on Banking Standards, [Changing Banking for Good—Volume I: Summary, and Conclusions and Recommendations](#), 12 June 2013, HL Paper 27-I of session 2013–14, pp 8–13

Summary of the commission’s report, setting out its recommendations for reform of the banking sector.

- HM Treasury and Department for Business, Innovation and Skills, [The Government’s Response to the Parliamentary Commission on Banking Standards](#), July 2013, Cm 8661, pp 3 and 5–7

Foreword and introduction of the government’s response, summarising the progress made in reforming the banking sector and setting out the government’s commitment to implement the commission’s recommendations.

- Parliamentary Commission on Banking Standards, [Statement by Former Members of the Parliamentary Commission on Banking Standards](#), 4 November 2014

Statement summarising the commissioners’ views on the progress made in implementing the commission’s recommendations.

- HM Treasury, [Government Completes Banking Reforms](#), 5 March 2015

Press release reporting the finalising of legislation under the Financial Services (Banking Reform) Act 2013, which implemented key recommendations from the commission’s report.

Parliamentary Debate, Statements and Questions

- [Debate on ‘Banking Sector Failures’](#), HC Hansard, 12 July 2018, cols 389–418WH
- House of Lords, [‘Written Question: Banks: Standards’](#), 28 June 2018, HL8669
- [Oral Question on ‘Financial Services: Regulation’](#), HL Hansard, 6 September 2017, cols 1952–4
- [QSD on ‘Parliamentary Commission on Banking Standards’](#), HL Hansard, 8 September 2016, cols 175–90GC
- House of Lords, [‘Written Question: Banks’](#), 27 January 2015, HL4103

Press Articles and Comment

- Kalyeena Makortoff, '[Overhaul of UK is Poor Banking Culture is Slow, Admits Standards Chair](#)', *Guardian*, 13 November 2018
- Iain Withers and Tim Wallace, '[Barclays is First UK Bank to Complete £1bn Ring-fence to Split Retail Lending from Investment Banking](#)', *Telegraph* (£), 1 April 2018
- Brendan Barber, '[Bankers Need Higher Standards to Regain Trust](#)', *Financial Times* (£), 13 March 2018
- Jill Treanor, '[Lords Fail to Overturn Government Plans to Soften Rules on Banker Accountability](#)', *Guardian*, 15 December 2015

Further Reading

- House of Commons Library, [Banking Services: Reform and Issues](#), 21 December 2017
- House of Lords Library, '[Changing Banking for Good](#)' Report: Progress of Implementation, 19 August 2016

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