AFME Statement on UK Bank Tax and Regulatory Structure

It is essential that in finalising the details of the proposed bank tax, the government ensures that banks can continue both to make an appropriate level of additional contribution to public funds and to still use their capital to support economic recovery.

We do not believe that tax policy should be used as a substitute for effective regulation. The windfall tax does not reduce risk in the financial system so there is also clearly a need for government, regulators and firms to collaborate on developing a robust regulatory structure that includes a resolution regime that will cope with bank failures without having to resort to taxpayers.

We welcome the clarity on the future structure of the regulatory regime but would stress that the most significant factor in achieving good regulation is not the organisational structure of the regulators but the quality and ability of the regulators’ staff.

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Notes to Editors

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