15 December 2010

**AFME comment on the National Audit Office report, "Maintaining the financial stability of UK banks: Update on the support schemes"**

We welcome the NAO's report as it provides independent analysis of the real cost of the banking crisis to the UK taxpayers. That the maximum amount that could be paid by the taxpayer has reduced by some 46%, from £955 billion to £512 billion, is good news and it may be that the final figure will be lower still if the UK government profits from the eventual disposal of its shares in the nationalised banks.

The key now is to ensure that the process of reform in the banking sector continues so that we do not face another situation in which taxpayers are asked to support a failing bank. Much progress has already been made, including more robust risk management, stronger corporate governance, and increases in capital held.

The most significant step now would be for the banks and legislators to agree on a resolution regime that would enable a failing bank to be refinanced without resort to government funding. Our members are working on mechanisms that could achieve this and we have been encouraged by the response so far of leading politicians and regulators.

We must also ensure that new regulation, particularly on capital adequacy, is proportionate so that the banks' ability to continue supporting economic recovery is not hampered.

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**Notes to Editors**

AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks, key regional banks, brokers, law firms, investors and other financial market participants.

AFME was formed on 1 November 2009 from the merger of LIBA (the London Investment Banking Association) and the European operations of SIFMA (the Securities Industry and Financial Markets Association). AFME participates in a global alliance with SIFMA in the US, and the ASIFMA (Asia Securities Industry and Financial Markets Association) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, [www.AFME.eu](http://www.AFME.eu).