

UK Banking Act 1979 and the Bank of England: Policy Stance and Implications for the European Banking Union

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Abstract

This paper discusses banking supervision and regulation in the UK through historical analysis. It sheds light on historical aspects, particularly the developments in the 1970s related to the preparation of the UK's banking legislation. It is evident that there are disputable issues in the June 2012 European Commission's proposal for European Banking Union (EBU). Although there are several factors to be clarified carefully around issues such as the harmonisation of deposit guarantee schemes, such as the European Deposit Insurance Scheme, we can observe a gradual progress of the EBU. The UK was once an important member of the European Union (EU) as a non-Eurozone member state. During the 2016 referendum, the UK voted to leave the EU and, therefore, it has to deal with several inevitable issues with alacrity such as deciding on a single market and Irish border in transitional period after its exit in March 2019. On the other hand, the UK has been adjusting its banking regulatory and supervisory systems in tune with the European Economic Community, European Community, and EU. The process and features of the accumulated UK banking supervisory methodology of the 1970s would contribute to finding indispensable implications for the current EBU. The study uses the Bank of England Archives and partially the documents of the National Archives in London. Despite the fact that 40 years have passed between the 1970s and the 2010s, we can explore the original aspects of the harmonisation of banking supervision and regulation in the Eurozone.

Keywords: The Bank of England, Banking Supervision, Economic History

JEL Classification: F65 (Economic Impacts of Globalization: Finance), G28 (Financial Institutions and Services: Government Policy and Regulation), N24 (Economic History: Financial Markets and Institutions: Europe: 1913-)