

The Bank of England and the UK Banking Supervision from the Mid-1970s to the Early 1980s: The Relationship between the UK's and Basel's Methodologies

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Abstract

The history of banking supervision *per se* has been one of abstruse themes in the field of international finance. However, in the aftermath of the Global Financial Crisis (GFC) in 2008, micro- and macro-prudential policies have become indispensable and vital domains in an effort to stabilise our economy when it comes to facing financial crises. This paper focuses on the UK's banking supervision from the mid-1970s to the early 1980s and seeks to clarify the leadership in the Basel Committee on Banking Supervision (BCBS). Firstly, we delve into the details of the development of the UK Banking Act in 1979. Then, secondarily, this study aims to intertwine the two facets, namely, the UK's initiative and the early years of the BCBS served as a pioneer of international institutions for the harmonisation of banking supervision. By analysing the connection between the UK's and Basel's approaches to banking supervision at the targeted period, we may gain a better understanding of the implications for the current international harmonisation of methodologies. This study could contribute to a long-term lens of the BCBS and the Financial Stability Board (FSB) focused on a coherent convergence in our international arena.

Keywords: *financial history, Bank of England, Banking Act 1979, Basel Committee on Banking Supervision*