THE TIMES

# Jail terms would be a genuine disincentive for bankers

Analysis **Ralph Silva**
Updated 8 minutes ago

Buried towards the end of a 571-page report from the Parliamentary Commission on Banking Standards sits a sentence worthy of celebration: "The Commission has concluded that there is a strong case in principle for a new criminal offence of reckless misconduct in the management of a bank."

Finally, some support for a real disincentive.

By and large, bankers are a confident and self-assured group. The work demands it and, as we have heard to no end, they make a lot of money for their services. Their profession has made them rich and, as a result, they have grown immune to fines or expulsions as behavioural disincentives.

Let's be honest — if you had a billion pounds in the bank, would you slow down at the risk of a £60 speeding fine? Probably not, and that is how prominent bankers think.

Among them, such a fine would be a badge of honour to be displayed to friends while boasting of how they took their new Porsche up the M4 at speed, weaving through broken-down peasant cars. A photocopy of the citation would be enlarged, framed and placed prominently on the banker's desk next to the picture of his twentysomething wife and thirtysomething children.

Bankers see fines as most of us see dentists — a pain that you have to endure but necessary if you want to enjoy your caviar.

Clearly, financial penalties are not the answer for wayward bankers.

Fred Goodwin, the former Royal Bank of Scotland chief executive, would likely tell you that expulsion is not the answer, either. How many of us would be willing to take on the ridicule of millions for millions in financial security? Many bankers even dream of this exit; it is the best way to achieve legendary status and become the subject of a pretty good wine-bar yarn for generations to come.

It is incredible that we don't already have criminal offences intent on controlling bankers' behaviour. We have clearly seen that bankers have the ability to influence the nation's economy and, as such, change lives.

If one takes a job that affects so many, then it seems reasonable to expect a more stringent set of rules backed by cold, hard metal bars.

Prison would ruin a reputation, among customers and colleagues. A banker who did time would not dine out on it, for it is no badge of honour. Time inside is a badge of failure, of inferiority.

A stretch in prison would ensure the need for a new line of work upon release, quite possibly meaning a life among us mortals — the sort of life that so many high-priced bankers sneer at, if not dread.