



All Party Parliamentary Group on
Insurance &
Financial Services

News Bulletin

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Regulatory debate dominates the group's summer agenda

THE BUSY CONCLUSION to the summer session of Parliament was, for the group, dominated by the rapidly developing debate on regulatory reform.

The key topics at a series of meetings with major insurers, the Financial Services Authority and the Financial Services Competitiveness Group focused on the high level issues, including the need to restore consumer confidence, the likely impact of the credit and banking crisis on the savings and protection markets and the future of bank regulation. This latter topic was thoroughly explored by the group with many members keen to understand the implications of enforcing different capital regimes for different types of banks. MPs of all parties felt that this was the right road to advance down, although there was no consensus on how far towards a differential capital regime for retail and investment banks

– or even enforced separation – regulation should go.

Financial institutions appeared relaxed about the prospect of strongly differentiated capital regimes even if enforced separation along the lines of the old American Glass-Steagall Act, which was repealed in 1999, arrives. The message they wanted policymakers to hear is that the UK must not do this in isolation as it would potentially undermine the UK's competitive position.

Remuneration in the banking sector and its influence over business and investment decisions was another hotly debated topic. There was agreement that excessive remuneration had played a part in the recent financial crises but no sense of agreement within or among different political parties about the right solutions. All of these topics are likely to figure in the group's autumn agenda.

Financial Services Competitiveness Group stresses importance of the sector UK economy

OVER 50% of the value of the UK's financial services sector is outside London, according to the Financial Services Competitiveness Group which presented its report to the group earlier this month.

The FSCG, which the Chancellor of the Exchequer co-chaired with former Citi chairman Sir Win Bischoff, said that there must be a clear direction for the UK international financial services industry both in terms of the wider UK economy and in working with other countries. It also highlighted the need for more work to be done to reaffirm the UK's reputation for competence, reliability and trustworthiness, although it said it was important to understand that the recent problems had been mainly caused and suffered by the banking sector.



Bischoff: focus on stability needed

The group pleaded for greater stability and predictability on taxation and a new sense of partnership with emerging financial centres with London focusing on where it can add value.

Autumn session kicks off with BLF reception and PADA meeting

THE GROUP will hit the ground running in the autumn session with the annual reception with the Business Leaders' Forum, hosted by *Post Magazine*, on the evening of Tuesday 13 October in the Terrace Pavilion.

The Business Leaders Forum brings together the most senior executives from the general insurance market and in recent years has been addressed by key ministers and opposition spokesmen including cabinet ministers Ed Balls and Hilary Benn and Mark Hoban from the opposition front bench.

Then, on Tuesday 20 October, the Personal Accounts Delivery Authority will meet the group to explain how it is setting up the huge systems required to support the introduction of Personal Accounts in 2012. The PADA will be led by its chief executive Tim Jones. This meeting will be at 4pm in one of the House of Commons committee rooms.

Chairman: John Greenway MP

Deputies: Baroness Turner of Camden, Vince Cable MP, Lord Hunt of Wirral

Hon Secs: Sir John Butterfill MP, Jim Cousins MP, Edward Leigh MP

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