

## FINANCIAL REGULATORY REFORM

I share your concern over the role played by the regulators during the financial crisis. The tripartite system of regulation, designed by Gordon Brown during his tenure as Chancellor of Exchequer, is broken. Having taken away the Bank of England's historic role in monitoring the overall level of debt in the economy, the tripartite system neglected the crucial areas of financial stability and systemic risk. Britain is living with the consequences of those ill-considered changes today.

My party has set out plans to abolish the failed tripartite system of regulation and give the Bank of England responsibility for maintaining financial stability. In our recent white paper on financial regulation, we explain how a Conservative government will create a strong regulatory framework, as an essential component of a sustained economic recovery. We have pledged that a Conservative government will;

- Abolish the Financial Services Authority (FSA) and the tripartite regime is operated with the Bank of England and the Treasury.
- Create a strong and powerful Bank of England with the authority and powers necessary to ensure financial stability.
- Create a powerful Consumer Protection Agency that will bring together in one place the consumer powers currently split between the old FSA and the Office of Fair Trading.
- Demand that banks set aside much more of their own money for their risky lending as a form of insurance policy.
- Appoint a Treasury Minister with special responsibility for fighting our corner in Brussels so that European regulations are right for the City of London.
- Ask the Office of Fair Trading and the Competition Commission to conduct a focused examination of the effects of consolidation in the retail banking sector.

The decisions that led to the banking crisis represent a policy failure of historic proportions. We now need deep, wide-ranging reform that matches both the magnitude of the crisis and the scale of the hardship inflicted on the British public. If we can bring stability to our banking system, and reward long-term returns over short-term bonus chasing, then we will have put in place a key foundation stone of an economic recovery.

If you wish to know more about Conservatives' vision for financial regulatory reform, please read our white paper *'From Crisis to Confidence: Plan for sound banking'* at [www.conservative.com](http://www.conservative.com).



NIGEL WATERSON

Member of Parliament for Eastbourne, Willingdon and East Dean  
Please visit my website: [www.nigelwaterson.com](http://www.nigelwaterson.com)

