This chapter examines structural regulation and reform in the UK. Structural reforms refer to direct regulatory intervention into a bank’s business structure. This applies particularly to large banking groups in the UK. In brief, large banking groups in the UK may be compelled by regulation to restructure themselves for the purposes of preserving key economic functions that are socially important while maintaining their competitive edge. Although structural reforms are aimed first and foremost at containing systemic risk and improving the resolvability of banks, these reforms may also go some way towards changing the culture of banks, especially retail banks, so that the conduct of retail banks may be more aligned with the public interest in their social utility functions. The chapter then considers other options in structural reforms, which include the Volcker Rule implemented in the US as well as the superseded Glass–Steagall Act.
10. Structural regulation