

The Association of Corporate Treasurers

Comments in response to

Banking reform – protecting depositors

A discussion paper

October 2007

December 2007

The Association of Corporate Treasurers (ACT)

The ACT is a professional body for those working in corporate treasury, risk and corporate finance. Further information is provided at the end of these comments and on our website www.treasurers.org.

Contact details are also at the end of these comments.

We have canvassed the opinion of our members through our Policy and Technical Committee and Payments Working Group.

General

We appreciate the opportunity to contribute to this consultation process.

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Response

The ACT agrees that the Government's overall objectives for the financial system should be stability, competitiveness and consumer confidence. We appreciate the additional focus on business, corporate and institutional customers who need continued access to banking services in the event of bank financial distress. We are not intending to address the issue of retail deposit protection.

Our primary concerns lie in the area of critical banking services addressed in clauses 3.11 to 3.18 and Questions 3.7 to 3.9 and 3.11. Over and above 'retail-type' corporate banking services (e.g. corporate current accounts) we would also have concerns that broader financial systems (e.g. payment systems) can also be insulated from individual bank financial failure. We are keen to stress that there is not solely a difference in size between corporate and individual bank customers, but one of range – in terms of services used, but also scale – in terms of the impact on the wider economy. It may be therefore that these considerations are looked at as a separate but complementary area of the subsequent consultation.

Our members interact with all financial service providers and will be keenly interested in the development of the Government's thinking. The ACT would be pleased to engage in discussions with the HM Treasury on these matters. In any event we look forward to commenting on the draft proposals when they are published in 2008

The Association of Corporate Treasurers

The ACT is the international body for finance professionals working in treasury, risk and corporate finance. Through the ACT we come together as practitioners, technical experts and educators in a range of disciplines that underpin the financial security and prosperity of an organisation.

The ACT defines and promotes best practice in treasury and makes representations to government, regulators and standard setters.

We are also the world's leading examining body for treasury, providing benchmark qualifications and continuing development through training, conferences, publications, including *The Treasurer* magazine and the annual *Treasurer's Handbook*, and online.

Our 3,600 members work widely in companies of all sizes through industry, commerce professional service firms.

Further information is available on our website (below).

Our policy with regards to policy and technical matters is available at <http://www.treasurers.org/technical/resources/manifestoMay2007.pdf>.

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