Kanazawa University,
Faculty of Economics and Management
Discussion Paper Series
No. 86

Overview of the History of Banking Supervision: Need for, and Implications of a Study on Global Banking Supervision

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First Version on 17 May 2024
Second Version on 27 December 2024

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Contents

1. Introduction: Research Questions and Background

Modern financial markets adjust continuously, particularly during moments of financial crisis, such as the US and Swiss authorities faced in their responses to the financial turbulence among the US small and medium sized regional banks, namely, Silicon Valley Bank (SVB), Signature Bank (SBNY), and First Republic Bank (FRB), and the Swiss second largest bank, Credit Suisse. Although these disturbance in 2023 occurred approximately fifteen years after the Global Financial Crisis (GFC) in 2008 – 10, there have been plenty of questions about how to make the world's financial markets and financial systems sound and resilient. In this historical research we aim to study how international cooperation may improve and co-ordinate global financial supervision.

Initially, policies of financial and banking supervision were the sole province of individual nation states. While monetary policy aiming at price stability has traditionally been the cornerstone of central banking, prudential policy has become increasingly important, aiming to achieve financial stability. Prudential regulatory policy has become a second pillar for central banking.

Market participants watch every monetary policy move that central banks make. But their concern and viewpoints are essentially short-term.

On the other hand, prudential policy is generally based on a mid- and longer-term perspective. Much of prudential policy stems from "micro-prudential policy", monitoring the soundness of 'individual' financial institutions. By contrast, a "macro-prudential policy" is concerned with a holistic framework of the financial system, in order to prevent 'systemic risk'. Macro-prudential concerns rather than micro-prudential, especially in the aftermath of the GFC in 2008, have been given greater priority. Contagion is feared, and we do not know what will be the effects of artificial intelligence (AI). Worries about systemic risks lead to more reliance being placed on macroprudential policies.

Whether considering micro- or macro-prudential policies, we need to recognise the distinction between national and global levels. As already mentioned, the field of financial regulation and supervision was initially placed at the national level. However, international cooperation was necessitated after several global systemic risks occurred in the early 1970s. These led to the birth of the BCBS (Basel Committee on Banking Supervision). As described below, the BCBS was established in December 1974, and 2024 sees its 50th anniversary. Its 50-year history included quite a few experiments in political cooperation, incorporating both grand design and technical tools[1]. This paper describes the origin of international banking supervision by the BCBS.

Table 1 shows the acronyms of this paper.

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[1] See, inter alia, Goodhart, C. (2011). *The Basel Committee on Banking Supervision: A History of the Early Years 1974-1997*, Cambridge: Cambridge University Press; Wood, D. (2005). *Governing Global Banking: The Basel Committee and the Politics of Financial Globalisation*, Aldershot: Ashgate.

Table 1：Acronyms

Acronym	Nomenclature
AI	Artificial Intelligence
BAC	Banking Advisory Committee
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BISA	Bank of International Settlements Archives
BOE	Bank of England
BOEA	Bank of England Archives
BOJ	Bank of Japan
CBRSP	Committee on Banking Regulations and Supervisory Practices
CCC	Competition and Credit Control
DTI	Department of Trade and Industry
EA	Euro Area
EBA	European Banking Authority
EBU	European Banking Union
EC	European Community
EEC	European Economic Community
ESAs	European Single Authorities
EU	European Union
FSA (JP)	Financial Services Agency of Japan
FSB	Financial Stability Board
G10	Group of Ten
GFC	Global Financial Crisis
HM Treasury	Her/His Majesty Treasury
IMF	International Monetary Fund
LoLR	Lender of Last Resort
RTS	Regulatory Technical Standards
SIs	Significant Institutions
SNB	Swiss National Bank
SNS	Social Network Service
SRB	Single Resolution Board

SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SSB	Single Supervisory Board
TNA (UK)	The National Archives (United Kingdom)

2. The Implications of History: Three Focal Points

What does history tell us about global cooperation in banking supervision? Is long-term perspective, rather than a short-term one, helpful in order to prevent financial crises that may resemble past crises in several dimensions? What is the difference or commonality in responses between current and historical crises which may have occurred fifty years, or more, ago? Can a study of historical experience, e.g. from archival records help us improve our supervisory responses better?

Prudential policy is a major instrument which central banks and financial regulatory authorities often have among their mandates. However, there are occasions when governmental authorities have that responsibility, such as Ministry of Finance (Treasury) or Ministry of Economy and Industry. For instance, in Japan the Ministry of Finance had the mandate for financial supervision prior to the separation of fiscal and supervisory policies with the establishment of FSA (Financial Services Agency). In general, central banking has two responsibilities: first, price stability; secondly, financial stability. Prudential policy is a vital tool for the second. A banking system or, more broadly, a financial system is a key feature of any nation state, and the state needs policies that enable it to operate effectively. It is difficult to unite these diversified systems which reflect on each nation's features beyond national borders. So how can we achieve a foundation of international co-ordination? Consequently, they only reached any agreements after strenuous efforts and lengthy discussions. This process provided BCBS with a fundamental role and a raison d'être.

Specifically, we emphasise the following three points.

First, banking supervisory systems and policy are intrinsically part of each nation state's sovereignty. Such prudential policy embraces financial regulation and supervision.

Initially, regulation implies a stipulation based on "rules", effectively a fundamental law, a detailed law, or a more modest directive. These are discussed, drafted, and ultimately enacted through the approval of a legislative organisation such as respective parliaments. Naturally, they are based on the sovereign right of each jurisdiction in rule-making. So, it is not easy to get them agreed internationally. Legislation is forged in each nation state's jurisdiction.

On the other hand, supervision implies monitoring whether these rules have been complied with well or not. Even though a rule is enacted, it is really not to be implemented by private banks, or even by authorities such as the central banks or financial supervisor. For instance, Basel III which the BCBS introduced in the aftermath the GFC was subsequently checked by the BCBS to assess to what extent it has been put in place actually and monitored. The results were published in the form of a heatmap (matrix) in its report. For example, in Japan, banking sectors are checked by the FSA's inspections and BOJ (Bank of Japan)'s on-site examinations, to assess how far private banks comply with the directions of the supervisory authorities. Supervisors worry about a "gap of recognition" between the authorities and private institutions.

The second point relates to the methodology of international cooperation, and concerns what kinds of *modus operandi* we should adopt for adjusting their national diversity to forge a common foundation. No single member state, or 'sovereign' can be shoe-horned into complete uniformity. Each member state has its own mandate and its responsibility.

On the other hand, we cannot deny the existence of some uniformity in banking regulation. In fact, in the European Union (EU), the European Banking Union (EBU) whose core is the Euro Area (EA) was proposed for the first time in June 2012[2]. In practice, the Single Supervisory Mechanism (SSM) was established in November 2014. As a framework of the SSM, the Single Supervisory Board (SSB) was created within the European Central Bank (ECB)[3], and the SSB directly supervises the 113 significant institutions (SIs) in the EA, as of January 2024[4]. The headquarters of the SSB of the ECB is located in Frankfurt. By contrast, the headquarters of the Single Resolution Board (SRB) in the framework of the Single Resolution Mechanism (SRM) was located in Brussels. The SRM was launched in January 2015 and started as a full-fledged system

[2] A recent study of the EBU in Japanese, See: Sato, H. (2023). *The Dynamics of Banking Supervision: Advances in Europe and Global Challenges*, Tokyo: Maruzen Publishing.

[3] Since the launching of the SSM in 2014, ten years have now passed. The speech by the Chair of the Supervisory Board was insightful, focused on the first decade of the EBU and future perspective. See: Buch, C. (2024). "Financial integration in Europe: where do we stand after the banking union's first decade?", speech at the "Globalisation: What's Next?", conference co-organised by the Banque de France, the Centre for Economic Policy Research, the World Bank and the University of Surrey, Paris, 30 April.

[4] European Central Bank/Banking Supervision. (2024). *List of supervised entities*, 1 January.

in January 2016. The SRB is in charge of European internal resolution issues based on the Single Resolution Fund (SRF). The SRB holds a legal conference regularly to discuss substantive agendas and publishes articles in relevant Journals[5]. As its foundation, the European Banking Authority (EBA), launched in January 2011 as one of the European Supervisory Authorities (ESAs), manages the Single Rulebook and designs the single regulation system, buttressed by detailed regulatory technical standards (RTS). It is an example of fixing transnational banking regulations by the adoption of "hard-law[6]" which has a legal power of restriction[7].

Now, could we also achieve a simple regulatory framework among those outside the EU such as the United States, Canada, Switzerland and Japan? The short answer is no. Otherwise, how about coordination and cooperation in order to get closer to commonality? The institution which attempts to do so is the BCBS, in its role as a global banking supervisory organisation. The BCBS adopts a "soft-law" approach to banking regulation, rather than "hard-law" approach. In a nutshell, it is a gentlemen's agreement, which is not legal-binding. If a member state could not comply with a soft-law regulation, the BCBS is not able to punish it with enforcement. In that sense, it does not have any stringent restrictions, however, it aims to construct a "de facto standard". It means that it delegates its supervisory framework via peer pressure among the member states, to obtain a self-regulation amongst themselves. Such mutual understanding is important in the field of banking regulatory and supervisory policies.

Thirdly, we look at global banking supervision through the viewpoint of a specific country. We chose the United Kingdom[8]. The UK played a major role in the BCBS in their early years. Within the BCBS, the British approach to banking regulation worked well. George Blunden and Peter Cooke were key figures, both from the Bank of England (BOE). They ran the so-called Blunden and Cooke Committees respectively, and took initiatives to enhance international cooperation from the mid-1970s to over the course of 1980s. For the UK, international coordination was not an easy and simple story. The British had to be in tandem with the European Economic Community (EEC), a centrepiece of the European Community (EC), since the

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[5] For instance, the latest SRB Legal Conference 2023 discusses resolution issues in considerable detail, including such issues as relations with the UK and cross-border resolution.

[6] As recent research on the *hard-law* and *soft-law* in the banking supervisory field, see: Goodhart, C. and Sato, H. (2024). "A Note on the Differences between European and International Methodologies of Banking Regulation and Supervision", *CEPR (Centre for Economic Policy Research) Discussion Paper Series*, DP18840, 16 February.

[7] The EBU stemmed from the *de Larosière Report*, published in February 2009 in the aftermath of the GFC, aiming to reduce the link of banking and sovereign crises.

[8] Gardener (1986) delineates the UK's banking supervisory system in the mid-1980s. See: Gardener, E.P.M. (ed.), (1986). *UK Banking Supervision: Evolution, Practice and Issues*, London: Allen & Unwin.

UK had joined the EC in 1973. So while the UK took leadership in international regulatory and supervisory cooperation, it also needed to be in concert with the EEC. We need to clarify how the UK maintained balance between the EEC and BCBS.

3. Methodology of Research

We consider several research methodologies. First, this study touches on the fields of financial history, history of central banks, central banking theory, theory of international finance, and theory of financial regulation. This research has used archival records, both those in central banks' and national archives. Specifically, we have used the Bank of England Archives (BOEA) in London, the UK National Archives (TNA) in Richmond, the Bank for International Settlements Archive (BISA) in Basel, Switzerland. Such archival document centres are essential reading for a study dealing with the 1970s and 1980s. These records include documents in ongoing preparation. We have also used other archives, such as the archives of Bank of Japan (BOJ) and Swiss National Bank (SNB).

Next, second, we have to limit the historical period that we target. We target the period from 1972 to 1989 in terms of research on the origin of global banking supervision. This study, however, does include prerequisites at the beginning of the 1970s, prior to the establishment of the BCBS in 1974. Particularly, we lay out two points: (1) controlling the Euro-currency, and (2) Groupe de Contact, which consisted of six EEC member states. The research considers the original character of each state's banking supervisory policy, reflected in its banking system, and what were the common and differentiated points of its individual policies of supervision at that moment. What were the key points during these 18 years? What might all this imply for our modern world?

From our study of the period 1972 – 1989, we would like to set up subjects for discussing modern global banking supervision. The subjects will have two aspects: (1) exploring the origin of global banking supervision and its new development via archival records, and (2) focusing on this target period.

4. Basel Committee on Banking Supervision: The Establishment in December 1974

The Basel Committee on Banking Supervision (BCBS) has been the main institution for implementing banking supervision world-wide, and for designing a sound financial system. The BCBS is based at the Bank for International Settlements (BIS)[9] where central banks gather and discuss monetary and financial issues. The BIS brings together central banks' experts, so it helps that the BCBS is also at the same place. It is a central bank centre whereas in the International Monetary Fund (IMF) each member state's Ministry of Finance has a key responsibility. In other words, the BIS/BCBS is the place where its political neutrality is assured, enabling it to discuss international financial agendas objectively, and separately from more political considerations.

Although its current title is the Basel Committee of Banking Supervision, from its establishment in December 1974 to the end of the 1980s, it had been known by the name of Committee on Banking Regulations and Supervisory Practices (CBRSP). Initially, the Steering Committee on Euro-Currency Markets of the Group of Ten (G10)[10] was reckoned as an origin. In 1974, West Germany's Bankhaus Herstatt collapsed and, the term "Herstatt risk" appeared relating to risks on a cross-border basis. So, transnational cooperation was necessitated to prevent systemic risk.

However, the banking system of each member state was rather different, so these respective banking supervisory systems, aims, and choices of means of monitoring were differentiated. The first BCBS/CBRSP meeting was held in February 1975. The document on 26th of September 1975, half a year after the first meeting, was entitled "Report to the Governors on the supervision of banks' foreign establishments"[11].

This report raised two large issues, despite being written in the early years of the BCBS. First, there have been three kinds of style for banks to establish a foreign presence, etc. The first is a branch, which remains an essential part of its parent bank. The second is a subsidiary, which is organised as a legal company in its host (business) country and a legally independent

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[9] The BIS which was established in 1930, has a longer history than the IMF, that was launched in 1944 by the Bretton Woods Conference. The motivation of the BIS' creation was, however, dealing with German reimbursement in the aftermath of the First World War.
[10] The member states of the G10 in an alphabetical order are twelve countries as below: Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. Spain joined on 1st of February, 2001. See: Bank for International Settlements. (2001). *History of the Basel Committee and its Membership*, March.
[11] Committee on Banking Regulations and Supervisory Practices. (1975). *Report to the Governors on the supervision of banks' foreign establishments*, BS/75/44e, Confidential, 26th September 1975.

organisation from the control of its foreign parent bank. The third is a joint venture, which is organised as a legal company in its host (business) country and legally independent from the control of its two or more parent banks. Most of these joint ventures are foreign owned companies, and they are not necessarily banks[12].

The second large point is that there are three critical elements for operation and dealing with risks as follows. The first is liquidity, the second is solvency, and the third is foreign exchange operations and positions[13].

The first two elements, namely, liquidity and solvency are critical in the field of prudential policy. When it comes to current financial crises, controlling liquidity is one of the most important prudential regulatory policies. We also have to consider: (1) central bank's available liquidity supply of foreign currency, especially, the US dollar via a swap agreement, (2) central bank's mandate to provide a special loan in its role as the Lender of Last Resort (LoLR). In addition, solvency must be a vital key word. The key is to assess whether a bank which is close to crisis or in a crisis, is failing (facing collapse but not collapsed yet) or failed (already collapsed). In that sense, liquidity is supervised via a macro-prudential viewpoint and solvency via a micro-prudential perspective. Both the supervision of liquidity and solvency are substantive issues in a period not only prior to a crisis but also to determine resilience after a crisis.

As for the third element "foreign exchange operations and positions", this relates primarily to the floating exchange regime (Japan transformed in spring of 1973), in the aftermath of the collapse of Bretton Woods. This regime encouraged active speculation,[14] largely via derivative transactions, often hedged, in tandem with the fluctuating markets that occurred in this regime. Such speculative activities, together with the growth of hedge funds led to a consequent series of international currency crises in the 1990s.

5. The Growth of the Euro-Dollar Market in London and its Implications

The point which we need to recognise when reviewing banking regulation and supervision is that the UK embraces the City of London as a leading international financial market. In the framework

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[12] *Ibid.*, p. 1.
[13] *Ibid.*, p. 1.
[14] See: D'Alvia, D. (2023). *The Speculator of Financial Markets: How Financial Innovation and Supervision Made the Modern World*, Palgrave Macmillan.

of the Bretton Woods system, which the UK had adopted, the City of London was a focal point where British and foreign private banks gathered and transacted financially, and a key centre for private sectors to raise funds and invest.

In the City of London in the late 1970s, the Euro-currency market expanded remarkably at the beginning of the 1970s, initiated in the 1950s and developed in the 1960s as a "third market". It had an advantage in terms of 'soft' regulation and tax regime, where private financial institutions transacted in foreign currencies, especially the US $, but excluding the pound sterling, UK's domestic currency[15].

The euro-currency market, has after been called "the euro-dollar market", since the most important currency was the US dollar. The genesis of the euro-currency market was in the latter part of the 1950s. According to the Bank of England Archives, banks in London had taken deposits denominated in US dollars for finance for overseas trade in the US dollar, because of the restriction on UK pound transactions for external trade in 1957. Furthermore, the beginning of convertibility of UK pound in 1958 became a powerful new motivation for banks in London to accept deposits denominated in foreign currencies and to make loans denominated in them[16].

The euro-dollar market was beneficial to the UK in expanding the domestic financial market and to provide business to domestic financial institutions. Moreover, the transatlantic connection was strong, especially as British finance tended to be affected by developments in US commercial banks.

The documents on the 1977 Wilson Committee in the Bank of England Archives reported this background. Thus, the US had faced a deficit in the balance of payments since 1959. Hence, traders outside the US acquired the large amount of US dollar balances, and did not want to change their US dollar balances into UK pound or their own currencies, but kept the balances in the US dollar and held them outside the US as deposits. The expansion of the euro-currency market was affected at the beginning of, and middle of the 1960s by two factors: (1) restrictions on direct capital export from the US, and (2) restrictions of interest payments on US dollar deposits in the US under Regulation Q. This promoted a shift from the US domestic banking

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[15] On the growth of the euro-currency market, See: Johnston, R.B. (1983). *The Economics of the Euro-Market: History, Theory and Policy*, London and Basingstoke: Macmillan; Einzig, P. (1965). *The Euro-Dollar System: Practice and Theory of International Interest Rates*, Second Edition, London: Macmillan.

[16] The Bank of England Archives, 1A179/7. External Finance and the City, Secret, Draft, 14.7.1977, pp. 6-7.

system to business in US dollars outside the US, and stimulated the activities of overseas branches and subsidiaries of US banks, particularly in London and the Caribbean. The City of London benefited from such international banking businesses. In the Caribbean, the local authorities supported American banks' activities, especially via exemption from taxes[17].

So, the City of London promoted such financial markets, especially the euro-dollar markets. Mostly the main power remained with the US, particularly, the American commercial banks. Their businesses were an integral spring board for the progress of the City of London.

6. Conclusion: The UK Banking Act 1979, with Particular Respect to Cross-Sector and Cross-Border Regulation

Thus far, we have considered implications and necessity for an analysis of banking supervision through a global and historical perspective. Even though the historical context is, to some extent, different from the current status, the study helps to show how to regulate and supervise the banks/financial institutions effectively which have a global reach.

Although this historical study focuses on the supervisory system and policy for "banking", in fact, banking supervision has a close relationship with supervision of "financial markets" more widely, including supervision of investment banks and securities companies, and also "insurance company". Hence, we also need to consider "cross-sector", in order to deal with "cross-cutting issues" within a holistic financial system. This is not only relevant to the policy of FSB (Financial Stability Board) currently in 2024, but also relates to several of the issues discussed in the Wilson Committee in the latter part of 1970s. To put it differently, the archives of the Wilson Committee in 1977 in the Bank of England show that the target of supervision then not only related to the banking sector, but also covered the whole financial market. Indeed, banking supervisory policy was part of British macroeconomic policies in the (inflationary) circumstances at the time[18].

We also need to consider banking regulatory and supervisory issues from a "cross-border" angle under a floating exchange rate regime. In the course of the 1970s, the UK had been gradually dealing with the enactment of the Banking Act 1979. The UK had traditionally

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17 The Bank of England Archives. 1A179/7. *Op. cit.*, p. 7.

18 For instance, the series of archival records held in the Bank of England Archives are as below: Bank of England Archives. 1A179 Series. Wilson Committee.

embraced an original *modus operandi* of banking supervision, including discretionary personal conversations with institutions and players in financial markets[19]. For instance, France, as an advanced economy, introduced its first Banking Act in 1941, whereas a Banking Act in Britain was not enacted until forty years afterwards in 1979. Earlier British banking supervision had been based on "Common Law". In 1979, for the first time, a banking act which was based on a legal statute was established in the UK. Perhaps, two points should be noted. First, the earlier fragmented mandate of banking supervision between the HM Treasury, Bank of England, and DTI (Department of Trade and Industry) converged on giving primary responsibility to the Bank of England. Secondly, the Banking Act 1979 introduced a system of "deposit insurance".

Some five or six years earlier the Secondary Banking Crisis (1973-75)[20] had a major impact on British financial markets[21]. This was a crisis of several fringe banks. It did not stem from a large or significant bank. Prior to the crisis, the new policy of CCC (Competition and Credit Control)[22] put in place in 1971, represented an easing of the competitive environment for British banks. The Secondary Banking Crisis occurred because the British did not have a systemic and efficient banking supervisory regime based on a legal framework for its "two-tier" banking system. After some time, the Bank of England issued a rescue, or, "lifeboat", by lending a large amount of money. The Bank of England made a comprehensive analytical report of these events in January 1978. In this report, the Secondary Banking Crisis was classified into three phases: the first phase was from November 1973 to March 1974; the second phase was from March 1974 to December 1974; the third phase was after January 1975[23]. The document in the archive stated

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[19] See: Capie, F. (2010). *The Bank of England: 1950s to 1979*, Cambridge: Cambridge University Press. This deals with monetary policy, exchange rate phenomena, financial crises, and banking supervision based on a comprehensive approach from the 1950s to 1979 when the Banking Act was established. In chapter 12 titled "Banking Supervision", it records the process of the Banking Act 1979 via a study of the Bank of England's archives. Beginning with the financial situation in the 1950s and 1960s, it explores the Secondary Banking Crisis, pressure from EEC, legislation, and international cooperation for banking supervision.

[20] The documents on the Secondary Banking Crisis on 17th of January 1978, namely, "The Select Committee on Nationalised Industries, Briefing Material", set out clearly the causes and circumstances as well as the "lifeboat (which means a rescue)" by the Bank of England. See: Bank of England Archives. 2A170/1. The Select Committee on Nationalised Industries, Briefing Material, 17. 1. 1978.

[21] See: Reid, D. (1982. 2003). *The Secondary Banking Crisis, 1973-75: Its Causes and Course*, First published by Macmillan, London and Basingstoke, Second published by Hindsight Books with an introduction by Kynaston, D.; Capie, F. (2010). *The Bank of England: 1950s to 1979*, Cambridge: Cambridge University Press, Chapter 11, "The Secondary Banking Crisis".

[22] See: Capie, F. (2010). *The Bank of England: 1950s to 1979*, Cambridge: Cambridge University Press, Chapter 9, "The Road to Competition and Credit Control".

[23] Bank of England Archives. 2A170/1. The Select Committee on Nationalised Industries, Briefing Material, 17. 1. 1978.

that the Bank of England had for centuries cooperated with other authorities in order to safeguard the British banking system[24].

In 2023 fifty years after the Secondary Banking Crisis, the US medium-sized banking crisis in March 2023 occurred; neither stemmed from a large nor significant bank. The crisis of 2023 differs from the Secondary Banking Crisis, as it was a “digital” bank run accelerated by SNS (Social Network Services).

In the 1970s, the EEC (European Economic Community) was preparing its banking directive. The United Kingdom joined the EEC in 1973; however, prior to entry, the UK participated in the discussions on the EEC’s banking regulatory harmonisation in 1972. Joining EEC membership in 1973 meant that the UK had to participate not only in the formulation of EEC’s banking directives, but also had to comply with the legal jurisdiction of the EC (European Community) based on statute law. The EEC’s First Banking Directive was enacted in 1977. This motivated the UK to establish its first Banking Act in 1979, partly as a consequence of external pressure from continental European countries, buttressed by the axis of the Franco-German relationship.

The UK Banking Act was reviewed by the HM Treasury[25] in the course of the 1980s, and it was updated in the Banking Act 1987. Meanwhile, the EEC set up its Second Banking Directive in 1989, in the light of changes in the situation of internal banking management. The promotion of European internal coordination for banking regulation and supervision, was organised within the European Commission, notably in the BAC (Banking Advisory Committee)[26].

In both the 1970s and 1980s[27] the UK and BCBS, took a leading role in developing global banking supervision.

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[24] *Op.cit.*, “Why the Bank Became Involved”, Central bank’s function in defence of banking system, p. 1.

[25] The archival records held by the National Archives (TNA) in the UK are valuable, especially with a series of HM Treasury files. See: TNA, Treasury files: Review of Banking Act, various issues.

[26] With related to the history of BAC within the European Commission, see: Mourlon-Druol, E. (2016). “Banking Union in Historical Perspective: The Initiative of the European Commission in the 1960s-1970s”, *Journal of Common Market Studies*, Vol. 54, No. 4, pp. 913-927.

[27] See: James, H. (2020). *Making a Modern Central Bank: The Bank of England 1979-2003*, Cambridge: Cambridge University Press, especially, Chapter 8 “Shaved Eyebrows: Banking and Financial Supervision”.

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