



John McFarlane OBE
Group Chairman
Barclays plc
1 Churchill Place
London
E14 5HP

HOUSE OF COMMONS
LONDON SW1A 0AA

24 September 2018

Dear Mr. McFarlane,

As Co-Chairman of the All-Party Parliamentary Group (APPG) on Fair Business Banking I refer to your statements with regard to both PPI and regulation in the financial services sector in the aftermath of the Global Financial Crisis.

Your claim that PPI is turning Britain into a nation of fraudsters ignores a crucial point. If the banks had not mis-sold (some would say fraudulently misrepresented) these products in the first instance on such an industrial scale, there would be no need for compensation or, indeed, the opportunity for claims to be lodged. To lament the 'decline of the City' due to PPI, ignores the fact that any alleged decline in the City comes as direct result of the actions of a sector that was out of control, and that relied on misrepresentation to drive unprecedented levels of profit by exploiting an entire nation in order to bolster revenue, bonuses and dividends.

To say that the Government needed these fraudulent claims to bolster consumer spending to stimulate the economy is insulting to the working people of this country that had their hard-earned money taken from them by coordinated, corporate deception. It is quite right that the FCA has stepped in to protect the consumer. That is their job.

Regarding your statement on regulation, we speak from the perspective of commercial and business lending, which is unregulated. It is generally accepted that deregulation precipitated the liquidity crisis that caused the crash of 2008 and in the aftermath, it was the unregulated business banking sector that bore the brunt of the capital raising efforts of large financial institutions. At the APPG we deal, on a daily basis, with the catastrophic human consequences this have been inflicted on our SME community. Beyond the individual stories, this has caused a loss of confidence in the entire financial services sector, directly impacting confidence, economic growth and national productivity.

As we reach the ten-year anniversary of the government bail-out of RBS, Lloyds and HBOS, public trust in the financial services sector is at an all-time low. My colleagues at the APPG and I are very clear, we need a strong, vibrant financial services sector. We want the City to thrive but to do so, it must stop blaming the victims and start to take responsibility for both the liquidity and conduct crises we have seen over this past decade.

Should you wish to discuss the issues raised in this letter, I would welcome the opportunity to meet.

Yours sincerely

Kevin Hollinrake MP

Co-Chairman of the All-Party Parliamentary Group on Fair Business Banking