



**THE IEL COLLECTIVE
INAUGURAL CONFERENCE
6 – 7 NOVEMBER 2019
UNIVERSITY OF WARWICK, COVENTRY, UK**

ONE LAW FOR RBS, ANOTHER FOR ITS SME CUSTOMERS

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Adam Tooze begins *Crashed* with a chapter entitled, ‘The First Crisis of a Global Age’. Perhaps the clearest demonstration of the global reach of the financial crisis of 2008 was the role of the US central bank, the Federal Reserve. As Tooze documents, the Fed provided dollars, not only to US financial institutions, but to financial institutions throughout the world economy. The Fed was a global lender of last resort.

One bank in receipt of the Fed’s support was the Royal Bank of Scotland. As is well known, RBS also received backing from the Bank of England (BoE) and HM Treasury. Between these global and local backstops, this paper draws on the example of RBS to explore the state-bank relationship in a world scarred by the global financial crisis and its aftermath.

More specifically, the RBS example provides material for thinking about the contrast between ‘financialisation’ -- flows of money into and out of financial assets -- and investment in non-financial sectors of the economy. One way of engaging with this contrast is through the now notorious treatment by RBS of small and medium sized enterprises in the five years after the crisis. While the Fed, the BoE, and HM Treasury bailed-out RBS, RBS extracted value from its vulnerable SME customers. Against the backdrop of global finance, could the UK state have forced a different outcome? Is it possible to imagine, for example, a positive role for the public authorities in the creation and allocation of credit to counter-act financialisation?