

## [New report: Regulatory Myopia](#) [1]

Written by [Blog Editor](#) [2] | Tuesday 16 June 2009



'Regulators, not under-regulation, caused the financial crash'. The financial crash occurred because regulators were too preoccupied with form-filling and did not see that the whole financial system was at risk, a leading economic think-tank says today.

Like Members of Parliament in the expenses scandal, the banks did not actually break any of the regulators' rules. But the rules were targeted on the wrong things, allowing a disaster to flare up under the regulators' noses.

The comments come in a report, *Regulatory Myopia*, from the Adam Smith Institute, which is its response to Lord Turner's Report on financial regulation, and published ahead of the Chancellor's Mansion House Speech in the City of London.

The Institute says that Turner is wrong to suggest that regulation was too 'light touch' for the job. The banks, it says, are minutely regulated, from how they deal in the credit markets to how quickly they pick up the phone to their customers. More regulations would not have saved the system, and will not do so now. Rather, the mistake was a shortage of overall supervision that would have seen the potentially fatal risks that the banks were running and would have intervened to curb them.

The report's authors, London Business School Fellow Tim Ambler and regulation consultant Keith Boyfield, say that the Bank of England should take on this supervision role, and that far from being expanded, the powers of the regulator, the Financial Services Authority (FSA), should be cut back to 'match its competence'. The FSA, they say, must realise it is 'part of the problem, not the solution'.

Click [here](#) [3] to download a PDF of *Regulatory Myopia*.

[blog comments powered by Disqus](#) [5]

---

**Source URL:** <http://www.adamsmith.org/blog/miscellaneous/new-report-regulatory-myopia>

### Links:

[1] <http://www.adamsmith.org/blog/miscellaneous/new-report-regulatory-myopia>

[2] <http://www.adamsmith.org/taxonomy/term/5808>

[3] <http://www.adamsmith.org/images/stories/regulatory-myopia.pdf>

[4] [http://disqus.com/?ref\\_noscript](http://disqus.com/?ref_noscript)

[5] <http://disqus.com>