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CCLG  
BANK OF ENGLAND  
Threadneedle Street  
London  
EC2R 8AH

11 November 1986

P D P Barnes Esq  
HM Treasury  
Treasury Chambers  
Parliament Street  
London  
SW1P 3AG

WGP

Dear Peter,

REVIEW OF LAW AFFECTING BANKING SERVICES

You wrote to David Norgrove on <sup>at 11am</sup> 16 November about the proposed review of the law affecting banking services.

We have two suggestions relating to the wording of the Draft Reply and Terms of Reference. Our first concern is the mention in the Draft Reply of the proposed EFT-POS/debit card amendment to the Consumer Credit Act. As it stands the text of the Draft Reply implies that the proposed amendment has been withdrawn because of the decision to set up the Review. Our concern is that the banks have so far been told, by the Economic Secretary, that it is being withdrawn because of the need not to jeopardise the smooth passage of the Banking Bill through Parliament. As you know, the banks are unhappy about the exclusion of this amendment, and we feel that the Reply as now drafted would do little to appease them and, because it gives a different explanation, could add to their feeling of being let down. Since the subject is probably of little relevance to others, we suggest that the point might instead be included, if thought appropriate, when the Economic Secretary writes to the Chairman of APACS telling him formally that the amendment has been dropped.

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The Bank's other point of concern relates to item 2(a) of the Terms of Reference. In our view this gives undue prominence to the differences in "the law and practices of different parts of the UK". While we accept that these differences will need to be covered in the Review, we would suggest that this item in the Terms of Reference should more appropriately be placed as 2(c) rather than at the head of the list, to avoid any impression that it is regarded as more important than the fundamental issues of developing technology and of banker-customer relationships.

You should not of course construe this letter as a favourable answer to Sir Peter Middleton's letter of 10 November to the Governor, who is abroad.

I am sending copies of this letter to David Norgrove (10 Downing Street) and to the copy recipients of your letter.

*Yours sincerely*

*John Footman.*

J R E Footman  
Private Secretary  
to the Governor

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