



THE INDEPENDENT

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De Soto: 'We must find the financial WMDs'

By: Margareta Pagano

Raven Mount's boss says 'Mafia easier' to deal with than bankers

Buried away in the accounts of the tiny Raven Mount Group property company is the most damning attack on bankers I have seen so far in this crisis. In his financial report, Bim Sandhu, the chief executive, gives a number of examples of how appallingly the group's bankers have behaved towards him and his company. In a nutshell, Sandhu describes how badly the group has been treated by a bank manager who tried to claim breaches of a loan agreement as well as attempting to charge Raven a fat margin for lending the group its own money.

No wonder Sandhu concludes that the banking sector is playing a big version of game theory in a very non-optimal and self-interested way. The old bonus culture may be gone for now, but a worse one has popped up, he says. The danger is now that banks will reward managers who reduce their loan books with little regard for legal agreements, morals, or client relationships. Banking with the Mafia might be easier, he says: the interest rates are lower, the repayment date is known, you know what happens when you don't pay, and a handshake is honoured, whereas the banks struggle to honour contracts.

Heady stuff. What's more, he is offering £10,000 to any shareholders who can guess which bank he is writing about in his accounts – the last he will write, as he is stepping down.

Sandhu's experience shows why bankers are still loathed by the public and will remain public enemy for some time to come. It is also why the call by Sir Philip Hampton, the new chairman of the nationalised Royal Bank of Scotland, for the public to stop the national flogging of RBS will fall on deaf ears. Sir Philip and his colleagues will have to do more than this if they are to rebuild the trust the bankers have destroyed. Sir Fred Goodwin can start by giving up some of his pension, however small.



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