

The protection framework should be redesigned with much higher protection limits. It would provide greater stability for both lenders & borrowers.

Investors in the UK should be entitled to rely upon deposits of at least £100,00 in regulated institutions. Had such a scheme been in force, it is likely that the worst of the Northern Rock crisis would have been avoided.

The present relatively low level of protection for depositors leads to unnecessary panic at the first hint of trouble. There were no queues of investors in the U.S. demanding withdrawals. You need only look to their regulatory framework to establish the reasons.