More QE nailed on as building industry recession deepens
Ben Chu on construction sector's worst slide in three years
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'I fear that if I were to be given $1 it would leave me overpaid'
Simon English with a tongue-in-cheek look at Diamond's next big day tomorrow
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claims Diamond

Runners and riders: potential candidates to take over from Diamond are headed by Barclays' head of retail and business banking

executive chairman of HSBC, could be in the running as a short-term solution. Bill Winters, former head of investment banking at JPMorgan in London, is another possible runner. Former Barclays finance director and then chief executive of JPMorgan Cazenove Naguib Kheraj is another. David Roberts, a former Barclays man currently helping out at Lloyds, has been mentioned. There is even a suggestion John Varley, who handed over to Diamond, just over a year ago could be asked to come back.

'Ideally they would like someone totally clean... someone not in the public eye'

Odds shorten on nice guy of banking being given top job

SOME bankers are said to rule by inspiration. Some by fear.

By contrast, Antony Jenkins, increasingly seen as the only viable internal candidate to replace Bob Diamond, is known as the nice guy of banking. "You don't have to raise your voice or thump the table to get your point across," he told an interviewer.

Jenkins, who began his career at Barclays in 1983 and turns 51 next week, was head of Barclaycard when he was promoted in 2009 to take charge of the bank's retail arm, a business that then had 38,000 customers and 60,000 staff. He replaced Frits Seegers, a man routinely described as "menacing".

The last time Diamond appeared before the Treasury Select Committee in January 2011, Jenkins was with him, hardly saying a word and leaving some to conclude he was Diamond's bag carrier. Others noted that Jenkins – AJ to some – had always been at loggerheads with Seegers and that only one still works at Barclays, suggesting more steel than at first appears.

Jenkins' appeal to the Barclays board could be that he is untainted by investment-banking scandals.

He is also the executive in charge of diversity and inclusion at Barclays, a role which now may be seen as bolstering his case.

What is clear is that a man who just a week ago was dismissed in the City as too lightweight for such a job, is seeing his star rise daily.

Regulators fear Bob's vengeance

Simon English

CITY figures were today licking their lips in anticipation of what Bob Diamond might say when he testifies to the Treasury Select Committee after his shock resignation.

Until this morning it was expected that he would be mostly contrite as he fought to keep his job.

The Square Mile is now wondering if Diamond, known to be frustrated and angry at how the bank is perceived, could turn on regulators and politicians. He said in a statement this morning: "I look forward to fulfilling my obligation to contribute to the Treasury Committee's enquiries related to the settlements that Barclays announced last week without my leadership in question."

City sources suggest the Bank of England's Paul Tucker, the FSA's Hector Sants and Lord Turner, as well as senior politicians such as Gordon Brown and George Osborne could come under attack.

Scuppered hopes? Bank's Paul Tucker

Ian Gordon, banking analyst at Investec, said: "Bob can now speak more freely at the Select Committee show trial tomorrow."

Alan Miller, a fund manager who runs SCM Private, said: "It will be interesting what he says not just about Tucker but maybe the FSA and Sants – Diamond unplugged!"

One City stockbroker said: "This isn't over by a long chalk. Diamond feels hounded out by the MPs so he might well go down fighting and take a few other city big names with him."

Some say Diamond could in effect scupper Tucker's bid to replace Sir Mervyn King as Governor of the Bank of England were he so minded.

Diamond is due to speak at 2pm tomorrow afternoon.

Embattled bank's troubles far from over

Anthony Hilton

CITY COMMENT

EVERY penny of value created by Barclays chief executive Bob Diamond could well be lost as a result of the Libor-fixing scandal, and every pound of bonus he has ever been paid should be clawed back following his departure today.

Whether or not he knew about the goings-on deep in the bowels of his organisation is irrelevant, just as it is irrelevant whether Rupert Murdoch knew about the phone hacking taking place in the News of the World. These things happened because of the culture created by the leadership at the top.

Shareholders in Barclays should read the judgment of the American authorities and be very afraid. Its tone and content are in stark contrast to the limp-wristed reprimand from the Financial Services Authority. Further, when one recalls the nature of the offence for which a few years ago the NatWest Three were first pursued then extradited to the US in 2006 and subsequently tried and imprisoned, one has to wonder at the chances of those involved in this scandal escaping the long arm of American justice.

They may think they are safe because they did nothing wrong on American soil. Neither did the NatWest trio. And the Americans take a very dim view of anything that smacks of collusion between businesses where the intention is to deceive or short-change the customers. The auditors and non-executive directors might also not rest to easily either.

How can they say they could have had no hint of what was going on when Gillian Tett wrote about it in the Financial Times five years ago, and when that and other newspapers including this one have had regular updates over the past two years on the progress of the regulators' investigations.

If last week came as a surprise to the non-executives, they have simply not been paying attention, not asking the right questions and succumbing to the same kind of blinkered group-think that was apparently such a feature of boardroom life at Royal Bank of Scotland. If they think that is a fair depiction of their behaviour, they should all resign.

It is also astonishing to think that Barclays' board believes an internal inquiry headed by Sir Mike Rake will set our fears at rest. He was on the board for much of this time. It's a bit late to get him to start asking difficult questions. But he won't get the answers anyway. Problems of culture are behavioural, and accountants only understand numbers. They have not got a clue when it comes to these modern-day cultural risks. But others were alive to the dangers, had the board cared to listen.

"Boards – and not just bank boards – can no longer assume that internal control systems are adequate. Most are likely to be completely blank where behavioural and organisational risks, and risks emanating from the board itself, should be," says Anthony Fitzsimmons of consultancy Reputability Inc.

It is also not a great time for Barclays' auditors, PricewaterhouseCoopers. Suffice it to say that the firm also audits JPMorgan, swallowing a $5 billion trading loss created by its "London Whale", and MF Global, spectacularly bankrupt. I wonder how comprehensive is that firm's insurance cover.

Indeed, insurers everywhere must fear the worst because the American judgment referred to earlier has kicked the door so wide open that every litigation lawyer in the US will rush through. The potential litigation sums are not only large in absolute terms, they are also large in terms of tier one equity.

'If last week came as a surprise to the non-executives, they have not been paying attention'

So presumably the ratings agencies will shortly wake up to the fact that the banks face yet another hit, and put them on credit watch for another major downgrade. That will affect their ability to do business because it has consequences for their funding collateral postings and counterparty dealings.

SO there is a distinct possibility of a major hit on profits. But retained profits are essential if the banks are to rebuild their capital at a rate acceptable to the Financial Services Authority. If these earnings get eaten up instead by provisions for litigation, it is seriously bad news for shareholders, who will be expected to cough up instead, either through an even longer period without dividends or by being diluted by further issues of shares or debt at the current depressed prices.

It also puts back in the spotlight the whole bonus culture of the banks. Are we really going to see shareholders put in more cash to keep the bank on its feet without first putting that culture to the sword?

Is a board that could not take a stand on Bob Diamond's bonus just a few months ago really going to show the necessary degree of backbone now? Does it even really understand the mess it is in? Or how long it could take to sort out?

Anthony Hilton's archive:
standard.co.uk/anthonyhilton