



Barclays chief executive Bob Diamond resigns

Chancellor George Osborne says Diamond's exit after interest rate scandal was 'right decision for Barclays and for country'

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Bob Diamond has resigned from Barclays in the face of relentless political pressure for him to go following the interest rate manipulation scandal.

An attempt by the board to save his position by accepting the resignation of the chairman, Marcus Agius, on Monday has failed. Instead Agius will now become full-time chairman and lead the search for a new chief executive.

In a stunning turnaround - only on Monday the 60-year old chief executive was vowing to stay - Diamond is to go immediately after a 15-year career with the bank and only 18 months as chief executive.

Diamond's resignation was welcomed by the government, which has come under increasing pressure to launch a public inquiry into the scandal. George Osborne, speaking on BBC Radio 4's Today programme, said it was "the right decision for Barclays - and for the country".

"I think Bob Diamond's resignation is the first step towards the new age of responsibility we need to see."

Asked whether he had played a part in Diamond's exit, the chancellor denied it, saying he was not in his job to decide who ran Britain's banks.

Osborne also condemned the City's "corrupt practices", suggesting that criminal cases over the bank's manipulation of the inter-bank lending rate would follow, even though no one responsible has yet been charged with any offence.

Ed Miliband said Diamond's departure was "necessary and right", but repeated his call for a public inquiry.

"This is about more than one man," the Labour leader said. "This is about the culture and practices of the entire banking system which is why we need an independent, open, judge-led, public inquiry."

But Diamond's decision to quit - and the return of Agius - dismayed some in the City.

One investor said: "We are clearly now left with the worst of all possible situations. We don't have a ready-made candidate and a chairman who has no credibility."

After an initial fall this morning, Barclays shares edged 1% higher to 170.5p, reflecting a view that the the worst of the political storm may have been passed. They fell 15% last week, wiping £4bn from Barclays' stock market value.

Diamond, 60, is understood to have decided to go on Monday evening, and informed the board of his decision. But one source said it was a matter of semantics as to whether Diamond went or was pushed.

There is no mention in Barclays' statement of any compensation for Diamond, but shareholders are determined that it should be kept to a minimum. Since Diamond's pay was first disclosed by Barclays in 2006 he has amassed £100m in pay and perks.

The former investment banker Bill Winters, who sat on the independent commission on banking, will be regarded as a candidate to succeed Diamond, whose attempts to focus on the bank's commitment to "citizenship" have speculatively backfired.

Diamond said: "My motivation has always been to do what I believed to be in the best interests of Barclays. No decision over that period was as hard as the one that I make now to stand down as chief executive. The external pressure placed on Barclays has reached a level that risks damaging the franchise - I cannot let that happen.

"I am deeply disappointed that the impression created by the events announced last week about what Barclays and its people stand for could not be further from the truth. I know that each and every one of the people at Barclays works hard every day to serve our customers and clients."

Diamond will still appear before MPs on the Treasury select committee on Wednesday where he is expected to face tough questioning about when he knew about the bank's manipulation of the London inter-bank offered rate (Libor).

Last week Barclays was ordered to pay £290m to settle claims that it used underhand tactics to try to rig financial markets. The penalties from UK and US regulators, including a record £59.5m fine from the Financial Services Authority, follow allegations it manipulated Libor and Euribor interbank lending, which govern the rates at which banks are prepared to lend to each other in the wholesale money markets.

Agius said: "As chief executive he [Diamond] has led the bank superbly. I look forward to working closely with the chief executives of our businesses and the other members of the executive committee in leading Barclays' world class businesses in serving our customers and clients and delivering value for our shareholders."

The Lib Dem peer Lord Oakeshott said: "This is a great day. Bob Diamond was the greedy gambler, personified. What really matters now is that the criminals inside Barclays, that they are charged and they are convicted and the full force of the law is brought to bear. Stealing money as a banker is the same thing as stealing from a house."

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