

City bankers could receive unlimited bonuses as Bank of England pay consultation begins

City bankers may soon be able to receive unlimited [bonuses](#) after the [Bank of England](#) today announced plans for a consultation on scrapping the so-called 'bonus cap'.

The decision to scrap the cap, which sets limits on the ratio between fixed and variable pay in financial services, was among the few policy moves that survived [Kwasi Kwarteng's](#) disastrous 'mini-Budget' after much of it was axed by his replacement, [Jeremy Hunt](#).

Under the current rules, which were introduced under EU legislation in 2016, city bankers may not receive a bonus greater than their salary, or not more than double their salary subject to shareholder approval.

In a statement, the Bank of England said: "The proposals to remove the current limits on the ratio between fixed and variable components of total [remuneration](#) aim to strengthen the effectiveness of the remuneration regime by increasing the proportion of compensation at risk that can be subject to the incentive setting tools within the remuneration framework – including deferral, payments in instruments, and risk adjustment."

"Over time, the regulators consider that the proposed changes should also help remove unintended consequences that have arisen as a result of the bonus cap, namely growth in the proportion of the fixed component of total remuneration, which reduces firms' ability to adjust costs to absorb losses in a

downturn.”

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