Hall of shame

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BANKING sells itself as a cut-throat industry, lavish in its rewards but steadfast in its treatment of underperformers. A year into the credit crisis, it has too often been steadfast in its rewards and lavish in its approach to failure.

The three banks that have suffered the heftiest losses since credit first crunched—Citigroup, Merrill Lynch and UBS—have all swept out the old management since their problems surfaced. But of the ten banks to have spilt the most red ink over the past year (see table), five have the same chief executives in place.

Some can muster decent arguments for continuity. HSBC, which reported its first-half results on August 4th, has taken heavy losses but is strongly capitalised and well diversified; its shares have been a rare haven for bank investors. Bank of America can justifiably claim to have stood back from the worst excesses of America's mortgage-lending boom.

Other bosses have fewer hiding-places. Royal Bank of Scotland, which was expected to unveil further losses on August 8th, finalised the costly acquisition of ABN AMRO, a Dutch bank, after the crunch had started. Its boss, Sir Fred Goodwin, is widely thought to be living on borrowed time. Washington Mutual, a Seattle-based thrift, has suffered the largest share-price decline of the ten. Kerry Killinger did enough damage to lose his role as chairman in June but not, apparently, enough to lose his position as chief executive. John Mack retains both roles at Morgan Stanley despite some sloppy risk management.

Stories of survival spread far beyond the top ten. It appears particularly hard to get the sack from British banks. The bosses of Fannie Mae and Freddie Mac, America's limping mortgage giants, continue to draw handsome salaries. Firing people does not guarantee success: signs of impatience with new brooms like John Thain at Merrill are now visible. But it ought to be the price of failure.

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