[youtube:http://uk.youtube.com/watch?v=SoitZdH3ddQ auto]Future of banking after the 2008 credit crunch and sub-prime crisis will be rocky but stability will of course return. It is not the end of the world and despite the headlines, ordinary life continues and will do so for most people in most parts of the world. It will take many months for trust to be restored in bank balance sheets. The global financial crisis is so complext that it will take some years for the full situation to unravel. But huge steps taken collectively at the same time by governments of large economies will help restore some order in the markets.

Nationalisation of banks, capital injection, debt swaps - what will banking look like when all this blows over? Banking will once again become profitable and a good place for shareholders to invest. Retail banking, corporate banking, wholesale banking and investment banking will continue to be needed - albeit operating in a more regulated environment. The banking crisis will lead to further consolidation. Expect many cuts in retail outlets and staff redundancies.

This will remove competition from the market and allow greater profit margins over things like commercial loans and mortgages or current account bank charges. Expect new entrants to fill the gap once the crisis is over - as is always the way in any market where competiitive pressures have eased. There are many other kinds of businesses that are interested or committed to banking - for example supermarket chains. And they will also be interested in entering the mortgage market, especially if they succeed in attracting savings.

Bank share prices are likely to show recovery over the next 2-3 years, in some cases sooner than that with possibly some sharp rises. This could also mean that the end cost of expensive government rescue packages may be lmuch ess than feared, if they involved providing banks with equity in return for shares.

Taxpayers may actually make a gain from their public ownership of slices of banks. While huge remuneration for CEOs and Chairman of banks will come under scrutiny, and while regulation will be stricter, we can expect rewards for the most skilled bankers to once again be very generous. Interest rate cuts will also help banks indirectly by stimulating the businesses they lend to and helping to take the edge off a long recession.

Huge complexities of global finance will offer fresh opportunities for highly talented bankers - with regulators and risk managers struggling to catch up.

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