



## The City rat race is about to get....even more ratty

Indiana Jones, look away – the City is infested with rats. That isn't meant in the oft-quoted sense that, in London, you are never more than 5 (or is it 10?) metres away from one. No, the animal that brought the plague to London in centuries past is back, and this time it wants our jobs. It turns out it is rather good at them too, as Rattraders.com's website explains.

Rattraders do what their name suggests – they train rats to trade on financial markets. The rats are played a series of piano notes, which equate to movements in a particular market. They are then invited to press a green button to go long, or a red button to go short, depending on whether they think the market will rise or fall, and are subjected to behavioural conditioning in order to incentivise them to make a correct decision, in the form of a “bonus” in the form of food if they are correct, and an electric shock (which we are assured is minor) if they are incorrect. The idea is that the rats will learn to discern patterns in that market's performance that human ears cannot pick out.

The really worrying news for (human) traders is that, according to Rattraders' website, a fully-trained rat will outperform most humans, and they will do so at a fraction of the cost (their bonus demands, in particular, are peanuts). Financial regulators will be delighted that Rattraders are so closely aligning their workers' levels of variable remuneration with their performance, but it is unlikely that the rats (with a typical life span of four years) will be especially bothered by the PRA's new clawback rules, under which bonuses awarded on or after 1 January 2015 must be subject to clawback for at least seven years after their award.