

Standard Chartered's admission of rand manipulation triggers widespread banking probe

The pressure intensifies on banks alleged to have manipulated the rand as Standard Chartered Bank, a British multinational lender, has broken ranks and taken responsibility for its involvement in the cartel.



Source: Wikipedia.

In a significant development, the bank not only admitted to its role but also expressed its commitment to co-operate with investigators assisting the Competition Commission in uncovering the depth of the malpractice.

This admission puts additional strain on other implicated banks to come forward and disclose their actions in the ongoing investigation.

Eight years ago the Competition Commission launched an investigation into 28 banks for alleged price fixing involving the rand. Covering the period from 2007 to 2013, the commission asserted that multiple banks had engaged in manipulating bid prices, offers, and bid-offer spreads concerning spot trades involving rand currency pairs.

These alleged activities were purportedly carried out through both bilateral and multilateral communications, utilising instant messaging platforms and other modes of communication.

Furthermore, the banks collaborated by facilitating a scenario where a trader with a substantial open risk position could

execute their trades ahead of others and by collectively holding and/or withdrawing their trades to manipulate liquidity instead of engaging in typical market trading.

Several years ago, Citibank, a prominent US banking institution, acknowledged its participation in spot trading of rand currency pairs spanning from September 2007 to October 2013. The bank consented to a payment of an administrative penalty totaling R69.5m and committed to complete co-operation in the prosecution of the case.

In the latest development, Standard Chartered Bank is set to pay South African authorities R43m while also implicating other banks, compelling them to follow suit.

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