

Rate-Rigging Scandal Spreads to S Korean Banks

Contributed by Tom McGregor
Wed, Jul 18, 2012, 06:57 PM

A South Korean financial regulator has launched an investigation into alleged interest rate rigging by some of the nation's leading banks. The BBC News reports that, "the Fair Trade Commission is looking at possible collusion over setting certificates of deposit (CD), used as a benchmark to set lending rates." The banks under investigation are Kookmin, Shinhan, Woori and Hana, which follow the Libor-rigging scandal that involved Barclays and other London banks.

According to the BBC, "brokerage firms, which report CD rates twice a day, are also under suspicion. A CD is a way of saving with a fixed interest rate and maturity sold by banks and circulated in the secondary market by brokerages."

Financial firms receive benefits from high CD rates, since many household loans are connected with them, which are frequently used to help South Koreans purchase homes.

To read the entire article from the BBC News, link here: Tmcgregordallas@yahoo.com