

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 245 [NW256E]
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245. Mrs H O Mkhali (EFF) to ask the Minister of Finance:

- (1) Whether he has found that currency manipulation plays a role in illicit financial flows; if so,
- (2) whether he has found that banks who take part in currency manipulation should have their licences revoked; if not, why not?

NW256E

REPLY:

- (1) No I have not, since the National Treasury does not have any evidence on whether there is any form of currency manipulation and hence not able to assess the impact of any alleged manipulation on illicit financial flows. The National Treasury has also checked that the South African Reserve Bank likewise does not have such evidence, and would like to invite the Honourable Member to provide any such evidence if she has any.
- (2) As stated above, neither the National Treasury nor the South African Reserve Bank have any evidence that any bank has taken part in currency manipulation. We are aware that the Competition Commission is investigating a case of price fixing and market allocation in the trading of foreign currency pairs involving the Rand, which it has referred to the Competition Tribunal for prosecution. The currency market is a deep and liquid market, and it is difficult to determine any material or long-lasting impact of any one transaction on the level or value of the currency.

It is also important to differentiate between the impact of any transaction on consumers and the impact on the value of the rand – current cases before the Competition Commission appear to be related more to the conduct of bank traders towards clients, rather than providing evidence of affecting the actual value of the rand, but let us await the outcome of that investigation before making any conclusions.