

Standard Chartered: one stage removed from reality

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I note [the FT says this morning](#):

Standard Chartered has sought advice about whether it can pursue a legal action against the US regulator that on Monday accused the British bank of being a rogue institution which had funded \$250bn of Iranian sanctions breaches.

The bank's legal advisers believe "there is a case" for claiming reputational damage, according to two people close to the situation, although StanChart is conscious of the delicacy of taking an aggressive stance towards its regulators.

Oh dear: Standard Chartered does seem to want to go out of its way to prove it's in the wrong here. First, it's already admitted its guilt. OK, it says it's only a tiny number of cases it got wrong - but the whole of anti-money laundering regulation is aimed at identifying and stopping a tiny number of cases. In that case admitting it got only a tiny number of cases wrong is like saying it actually got all the relevant cases wrong. None of the rest matter. In that case, guilt is guilt and trying to cast these cases off as 'admin errors' is not the point: the whole point is that such errors are meant to be detected and stopped. Let's put it another way then: the regulator would appear on this evidence to be right, and Standard Chartered looks to be guilty of decided misinformation. Second, sure you can try to intimidate your regulator but that's just another example of the contempt that Standard Chartered is already documented as showing towards the whole concept of being held to account for what it does. As yet bankers, here in the UK especially it seems, really haven't woken up to the idea that regulation is there to tell them what to do. It seems very obvious that bankers simply see regulation as something to be got round, or as a source of profit by using it as a mechanism for creating monopoly profit opportunity when loopholes can be exploited. Threatening the regulator for reputational damage when you've already pleaded guilty, publicly, looks like a decidedly odd course of action unless you're at least one stage removed from reality. But maybe that's what Standard Chartered, like the rest of the banking community, is.