

KPMG: 'too big to fail'

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Reuters [has reported:](#)

South Africa's central bank has told top lenders they cannot fire auditor KPMG [KPMG.UL], entangled in a scandal involving friends of President Jacob Zuma, because it might undermine financial stability, two sources with knowledge of the matter said.

KPMG sacked its South African leadership two weeks ago after it found work the accounting firm had done for companies owned by the Gupta family "fell considerably short" of its standards.

Their headline is:

South Africa's central bank tells lenders that KPMG is 'too big to fail'

So now we have auditors too big to fail, and being paid substantial sums despite that for the risk that they are very obviously no longer taking. If ever there was a recipe for moral hazard this was it.

The case for total reform of the audit market grows by the day.