

What went wrong with libor, euribor, etc

[Finance](#)



The two entities were formed between 1998 and 1999. The wave of the scandal that hit Libor was quite huge. There was a sequence of events whose end left many countries reeling economically. The flow of the events indicated that Barclays Bank played a key role in what befell Libor some years after its formation.

2005:

Barclays bank was accused of trying to manipulate Libor and Euribor. The scheme was to use some form of coercion to adjust the dollar rates towards their favour. The bank utilized internal information in pursuit of their goal. Employees were reportedly compromised in many branches in different countries. A lot of cases involving misconduct among employees were reported. It is reported that Barclay derivative dealers made several requests to fix the currency rates. The Barclays traders would regularly call the Libor and Euribor traders asking for a specific rate.

2007:

The liquidity concerns became high in the public domain. Part of this was contributed by the instant collapse of Northern Rock. Investigations were yet underway, but it was almost obvious that Barclays had played a role. At one point, senior treasury managers had to intervene to reduce publicity against Libor. It was later discovered that Libor submissions was being set unrealistically low.

2008:

It was revealed by Barclay's agent that they were underreporting as a means of trying to reduce the level of stigma against Libor. From these realizations, the litigation process began in the bid to unveil what was behind this. The matter was undertaken by officials from New York Federal Reserve Bank. The <https://assignbuster.com/what-went-wrong-with-libor-euribor-etc/>

case proceeded up to 2012 when Barclays submitted to misconduct and the bank was fined about \$60 million.