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Israeli Banks bear Conduct Costs as well

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Conduct costs are issued against Israeli banks as well.

Last week, Mizrahi Tefahot Bank, the third largest bank in Israel, included in its third quarter financial report, notice of a US investigation into the bank.

Two years ago, the US Internal Revenue Service (IRS) opened an investigation into several Swiss banks that they suspected were helping US residents evade taxes. The investigation included the Swiss branches of Mizrahi Tefahot Bank.

In contrast to other banks, which are participating in an arrangement between the Swiss and US governments that includes fines, Mizrahi Tefahot's Swiss branch was notified by the US authorities that it was not included in the arrangement, because an investigation had been opened into its business, and it was requested to provide additional statistics and information

The investigation into Mizrahi Tefahot Bank was transferred directly to the US authorities. Analysts claim this signifies that Mizrahi Tefahot Bank could be facing an extensive fine, if it turns out that it violated US regulations.

This story of Mizrahi Tefahot Bank is only one example of misconduct of Israeli banks that ends in Conduct Costs. Other Israeli banks have also been involved in similar affairs. But Israeli banks are not alone: Similar issues occur in other countries as well.

This manifests the need to widen the Conduct Costs Project and transform it into a global, international project, which will include the collection of data from different countries; carry out an international comparison; and endeavor to draw common conclusions.

In any event, we can all agree that the Conduct Cost Project is as relevant as ever.