

Just a typo: bank's latest excuse fails to convince

Written by Lai Chen-chang 賴陳昌

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The turbulence surrounding Mega International Commercial Bank and the hefty fine levied on its New York branch has been going on for almost a month. The most recent explanation offered for the incident is that it was a “typographical error.”

The Executive Yuan's task force overseeing the Mega Bank case has revealed that credit transactions between the bank's Panama and New York branches in 2014 reached a total of US\$491 million, but the report from the New York branch to the New York Department of Financial Services stated that the amount was mistakenly given as US\$4.491 billion, and that this resulted in a misunderstanding.

Reading between the lines, the implication is that Mega Bank has been wrongfully given an excessive fine. The problem with this explanation is that it is lacking in persuasiveness and has only made the public even more curious about the bank's dealings.

The financial report was in English, with the amount likely written as “491 million” or “4.491 billion,” which is very different from, and clearer than how it would be rendered in Chinese, in which 491 million would be written as 4.91 yi (100 million, 億), while 4.491 billion would be written as 44.91 yi. There is a huge difference between these two ways of writing it, and it is not a matter of a simple typo.

Even if the numbers were written using Arabic numerals, there would also be a difference of an extra decimal and three zeros, and there is very little chance that this would happen by mistake.

Furthermore, accounting requires that debit and credit balance out, which in itself provides an automatic control of how the sums flow.

Finally, most modern accounting software has functions to prevent mistaken input.

This is why the idea that a typo can occur in a bank accounting system that must focus on

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accuracy, and that the mistake would remain undiscovered for such a long time is utterly inconceivable. It also raises reasonable suspicions that the whole input mistake is the result of a lack of follow-up and lax controls.

Any process including an audit and a review would be able to discover this kind of mistake, and it is hard to believe that Mega Bank's reports would not be subjected to any kind of checks before they were submitted. It is very likely that such a mistake would be the result of a lack of detailed and comprehensive planning.

Newly appointed Mega Financial Holding Co chairman Michael Chang (蔡昌) is an experienced accountant and it is very unlikely that he would not understand this reasoning.

Furthermore, if this is really only a matter of a typo, that would mean that the US fine of US\$180 million is also a mistake, and Mega Bank should do all it can to overturn the decision. It would only be reasonable to expect that the bank would not pay the fine just to put the whole affair at rest and live with what would in that case be the untruthful accusation of being guilty of money laundering. However, there are no signs that the bank is about to make such a move.

In addition to highlighting the bank's diffidence, how would such an illogical approach be able to convince the general public?

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Translated by Perry Svensson

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