

Wirecard UK seeks to avoid collapse

Scramble to avoid closure of operations comes as Singapore expands probe

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The international fallout from the Wirecard scandal grew yesterday, as the German group's UK subsidiary scrambled to avoid collapse and Singaporean authorities prepared to expand their "extensive" criminal investigation into the company.

Newcastle-based Wirecard Card Solutions said it was "working hard" to restore operations after the Financial Conduct Authority forced it to stop all regulated activities. It has appointed turnaround specialist Alvarez & Marsal, which is also considering other options including placing the business into administration if it cannot convince the regulator to lift its suspension, according to people briefed on the situation.

The FCA took action against WCS on Friday to protect customer deposits after its German parent company collapsed into insolvency a day earlier. By yesterday, the regulator was coming under growing pressure over its handling of the affair, which left millions of customers frozen out of their accounts with little to no notice.

Tony Craddock, director general of the Emerging Payments Association, a trade group, wrote an open letter urging the FCA to unfreeze WCS "as soon as it can". "Without this suspension being removed rapidly, we believe there will be significant and lasting damage to individuals, companies and the UK's current and future prospects as leaders in fintech," Mr Craddock wrote.

The FCA said it had "seen good progress by the firm in meeting the conditions we set", but added "we cannot lift the restrictions without reassuring ourselves that the firm has been able to satisfy all our concerns".

The majority of WCS's customers were based in the UK, but the FCA crackdown also affected international groups such as US money transfer specialist Payoneer, and Italian group SisalPay. SisalPay, which is owned by private equity firm CVC Partners and Italy's largest retail bank Intesa Sanpaolo, said yesterday that it had put aside €20m to reimburse its 325,000 customers.

Separately, Singapore's authorities were poised to expand an "extensive" criminal investigation into Wirecard that started last year after the FT published reports raising questions about integrity of the company's accounting.

It comes after the FT reported that, between 2016 and 2018, Wirecard's auditor EY relied on documents and screenshots provided by a third-party trustee and Wirecard itself as confirmation that Singapore's OCBC Bank held up to €1bn on behalf of the group. A person briefed on the details said Wirecard has no banking relationship with OCBC and that its former Singapore-based trustee does not have an escrow account with the bank. OCBC did not receive any query from EY in relation to Wirecard between 2016 and 2018, the person added. OCBC declined to comment.

Yesterday EY informed Wirecard that it is refusing to sign off the company's 2019 results and also withdrew the audit for the previous year, according to a person with direct knowledge of the matter.

Wirecard did not immediately respond to a request for comment.

Additional reporting by Olaf Storbeck



Wirecard UK cerca di evitare il crollo