

# Financial institutions bail on the Guptas

 By [Nicci Botha](#)

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A number of financial institutions has severed their connection with Oakbay Investments, the company owned by the controversial Gupta family, probably in anticipation of the looming political fall-out facing President Jacob Zuma.



Since the ConCourt judgement decision on Nkandla, President Jacob Zuma's relationship with the Gupta family is under close scrutiny. © Evgenyi Lastochkin [123RF.com](#)

## Financial partners run for cover

Barclays Africa local operation, Absa, apparently ended their relationship in December 2015, although the move only became public knowledge recently. This week, the announcement by First National Bank (FNB) that it would no longer be handling Oakbay Investments' accounts followed shortly after auditing firm, KPMG, said that it had taken the decision to terminate its dealings with the company.

In addition, *Reuters* reports that investment bank, Sasfin, said it had decided to cut links with Gupta mining firm Oakbay Resources and Energy in March, two days after a newspaper suggested they may have had a hand in Zuma's sacking of finance minister, Nhlanhla Nene, in December.

Sasfin's relationship with Oakbay will formally end on 1 June, a Sasfin spokeswoman said. The decision had not previously been made public.

## The Guptas strike back

The move by FNB, prompted a statement from Oakbay, which read: "We find the timing of FNB's decision staggering given Oakbay's accounts are in excellent financial health and we have been a loyal and profitable customer for many years. In December 2015, we also received a similar notification from Absa Bank with no explanation. Interestingly, this remained confidential for over three months until a couple of days ago. We question the timing of Absa making this public."

"These latest incidents are clear proof that the recent allegations against the company and the wider Gupta family are all part of a carefully orchestrated political campaign, which, tragically, involves some of the country's most senior institutions and individuals. It is very disappointing that FNB (and Absa) have allowed themselves to be dragged into the political infighting by the campaign's orchestrators."

## Reputational risk

Despite the fact that Oakbay Investments - a shareholder in a number of private equity investments and joint ventures, such as Sahara Computers, JIC Mining Services, Shiva Uranium, *The New Age* newspaper, ANN7 TV and Clifftop Lodge - is worth R16bn on the Johannesburg stock market - these major financial services providers probably feel the risk to their reputation far outweighs the financial value of their former client.

The family is widely believed to have influence over President Jacob Zuma and his political decisions. In light of these allegations as well as the Constitutional Court decision that he should pay for the non-security upgrades at his residence, Nkandla, the president is facing incredible political pressure to step down from his position as the country's leader.

## ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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