

Arthur Yuen: Bank account opening and maintenance

Opening remarks by Mr Arthur Yuen, Deputy Chief Executive of the Hong Kong Monetary Authority, at the Briefing cum networking session on "Bank Account Opening and Maintenance", Hong Kong, 21 April 2017.

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Good afternoon, ladies and gentlemen,

1. A very warm welcome to all of you to this briefing and networking session. We are going to discuss the important issue of business account opening and maintenance, and this event is jointly organised by the HKMA and Invest Hong Kong. I would like to first of all welcome all the representatives of Chambers of Commerce, who share the same concern as the HKMA that some SMEs and start-up companies from overseas are finding it difficult to open bank accounts in Hong Kong.
2. I am sure you would all appreciate that over the past years, customer due diligence (CDD) requirements have tightened **globally**, and Hong Kong followed this international trend. Needless to mention is also that a very small number of banks, for a variety of reasons, need to comply with requirements or standards mandated by their head offices or overseas authorities, thus leading to de-risking efforts in some instances. Surely no one would disagree that we are now in a more complex world, and sometimes we indeed have to deal with sub-optimal outcome. But I totally appreciate that knowing it is one thing, and experiencing the effect of it is quite another.
3. To address this concern of the business community, the HKMA has been working very hard with banks and various stakeholders in tackling the issue. Our aim is to maintain a robust AML regime in Hong Kong while the system does not undermine access by legitimate businesses and ordinary citizens to basic banking services. So we require banks to apply a risk-based approach to the CDD process, and also emphasize the importance of banks' engagement with customers to ensure that they are treated fairly. Since our sharing session last summer and the further guidance we provided to banks last September, it is now time to take stock of the latest developments. I will leave it to the banks to talk more about the improvement measures that they have pursued or are pursuing. They would also discuss the various practical aspects relating to account opening and account maintenance at the panel discussion later on.
4. While full efforts are being made to improve the situation, there is also feedback that some foreign companies are under the perception that Hong Kong is not a welcoming place for business, and have therefore turned to banks in other jurisdictions to open accounts. This is very bad for Hong Kong's reputation. For those of us who know what is being done, Hong Kong is clearly and definitely not closed for business. One of the important points now is therefore : how can we turn around such a negative perception.
5. Last month, the HKMA launched a **dedicated webpage on our website** to provide more comprehensive information related to bank account opening and maintenance. At the same time, we have set up a **dedicated email account** to facilitate the public and business community to provide feedback directly to the HKMA. The HKMA webpage contains information about account opening and maintenance procedures, documentation and information requirements for opening banking accounts, and contact details of banks. Furthermore, our webpage also provides information on what banks should not do, and useful tips for reference of customers whose account opening applications have been rejected. There is also a "What's New" section to provide an update of banks' recent initiatives regarding account opening and maintenance. The feedback we received through the email account is handled by a dedicated team at the HKMA.
6. Some of you might have already browsed through our dedicated webpage and noted that

some banks have acted on your comments that a **dedicated hotline** would help improve customer experience. Indeed, some unpleasant experience might have been caused by mis-communication or even just a language issue, and a dedicated hotline resourced with properly trained front-line staff would be helpful.

7. In our outreach to Chambers in recent months, we have also received comments that it is not user-friendly for business persons overseas to make several trips to Hong Kong for opening a bank account. We fully agree with that. And I would like to share with you that some banks have launched what we may call a “**pre-vetting**” process for account opening. This means an applicant may request to first submit the documentation and information required for opening an account to the bank by mail, fax or email, and the bank will “pre-screen” or “pre-vet” them before arranging the applicant to have a face-to-face meeting in Hong Kong. I trust this change in process flow would be welcome by customers based overseas.
8. We are also working closely with the industry to explore the use of technology to enhance the efficiency of account opening processes, such as **KYC Utilities** (“KYCU”) and technology to allow remote account opening. You may have heard about KYCU, which are third-party platforms that aim to manage data as a strategic asset across banks to reduce duplication and cost and assist banks in making decisions, on all types of risks, including but not limited to AML, and as a result to make smarter business decisions. For example, a single source of customer data or documents would remove the need of a customer to provide KYC documentation to every bank, and may shorten the turnaround time for new account opening. We have had a number of discussions with major banks and relevant technology providers and steps have already been taken by both the HKMA and some major banks to take this work forward. At the same time, we understand that several banks are looking at the use of technology to allow remote account application by the use of video conferencing. We are working closely with those banks and the industry association and we believe this is another promising development on the horizon.
9. Admittedly a lot of related **work** is still **in progress**, but we hope that you would begin to feel that **customer experience is improving**. The HKMA will continue to work with the banking industry, business community and stakeholders to deal with this global and very complex issue. And if you have any ideas and comments, please feel free to raise it at the panel discussion, or you may approach your “targeted” banks at the networking session that follows, or make use of the HKMA’s dedicated webpage and email account to provide feedback to us.
10. I have talked long enough and now is the time for me to pass the stage to Mr Charles Ng, Associate Director-General of Investment Promotion of InvestHK, co-organiser of today’s event, to say a few words. Charles, please.