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THE VIEW
RICHARD HARRIS

Travails of banking

Opening a bank account in HK is proving to be a tough challenge for start-ups and individuals due to the nonchalant attitude of lenders

Why can't I get a bank account? One of the rites of adulthood is opening a bank account – mine was in 1974 when I went to HSBC and said, "I'd like to open a bank account please". "With whom?" "Whoever has lots of money!"

Opening a bank account in Hong Kong is harder than finding a good bookseller. I was actually so young that I had "minor" stamped on my chequebook – it is difficult to imagine an 18 year old opening a bank account today.

The information required to open a bank account in Hong Kong is of biblical proportions. Account opening is so bureaucratic that it is inhibiting our economy. Paperwork requiring notarisation by lawyers is commonplace and (rather quaintly) I have even been asked for my marriage certificate.

The banks must be telling their tellers, "just say no", as they massively gold plate international standards for anti-money laundering and anti-tax evasion.

It is not as if the banks know what to do with the information. After 42 years with my bank, I was told that my "know your client" details were insufficient and my account would be limited – just six months after a lengthy interview.

My wife has made four visits to a bank so far to become a signatory for a charity where she previously had signing rights.

Standard Chartered Bank inconveniently and unilaterally closed my longstanding pension fund account last year because it was too small – described officially as "not fulfilling KYC requirements".

Start-ups, offshore pension accounts, and companies coming

into Hong Kong have been particularly hard hit.

Banks insist on levels of turnover over (say) HK\$10 million, which for a start-up is ridiculous. If you cannot tick the right boxes, such as an entrepreneur without a regular income – you are outside the system.

Two dynamic and very experienced friends setting up in a highly regulated industry were told by HSBC, that having "asset management" in the name is a no go.

Citibank said that they have a policy of not opening accounts for Securities and Futures Commission licensed companies.

A Christian pastor has still to find a bank that will accept his account for a start-up educational and training company. Standard Chartered advised that accounts take three to four weeks to open and indicated the chances of suc-



New mobile payment systems could soon challenge traditional banks.

cess were low. Rumours are rife that some banks are asking for HK\$10,000 to merely look at the paperwork.

And if you are small and have a political profile, you have no hope – as Joshua Wong and Agnes Chow found when seeking to open a bank account for the student-led political group Scholar-

ism – leading to accusations of "political censorship".

For some, the banks show too much interest. A friend recently fell behind in making his personal loan repayments, causing a barrage of harassment from the recovery department.

He requested a personal meeting to rearrange his affairs but the

callers were just "smile and dial" bullies. The system does not allow human interface, apparently deliberately.

Emails up to the China CEO failed (or perhaps precipitated) legal action, resulting in a global bank spending his money on lawyers to drive him out of his home.

And because most banks securitise mortgages, they may not even have title to his flat. My friend is now unable to open a bank account for a new company with another business partner.

Our economy's need for bank accounts is paramount. World Bank figures show that nearly 750 million people opened bank accounts for the first time between 2011 to 2014, and 62 per cent of people globally hold accounts of some form.

In Hong Kong we average over 4.5 separate banking relationships, one of the highest rates in the world – so the banks are in a position to cherry-pick their customers to maximise profit and cover their costs and risks.

However, operating a simple account has become a utility, like water or electricity; and banks have become too big, lazy and inefficient to care.

The Hong Kong Monetary Authority, has been eerily silent about something that has become a major obstacle to government strategy to promote start-ups and innovation.

The bank's attitude will backfire because competitors and other payment methods are lurking. The biggest corporates today, in terms of credit risk, are safer places to hold accounts than the banks. It is easier to open accounts with Asia-based banks with global ambitions.

New mobile payment systems, such as blockchain, are coming just as surely as driverless cars. Unless the traditional banks shape up, they could become as redundant as vinyl records or camera film.

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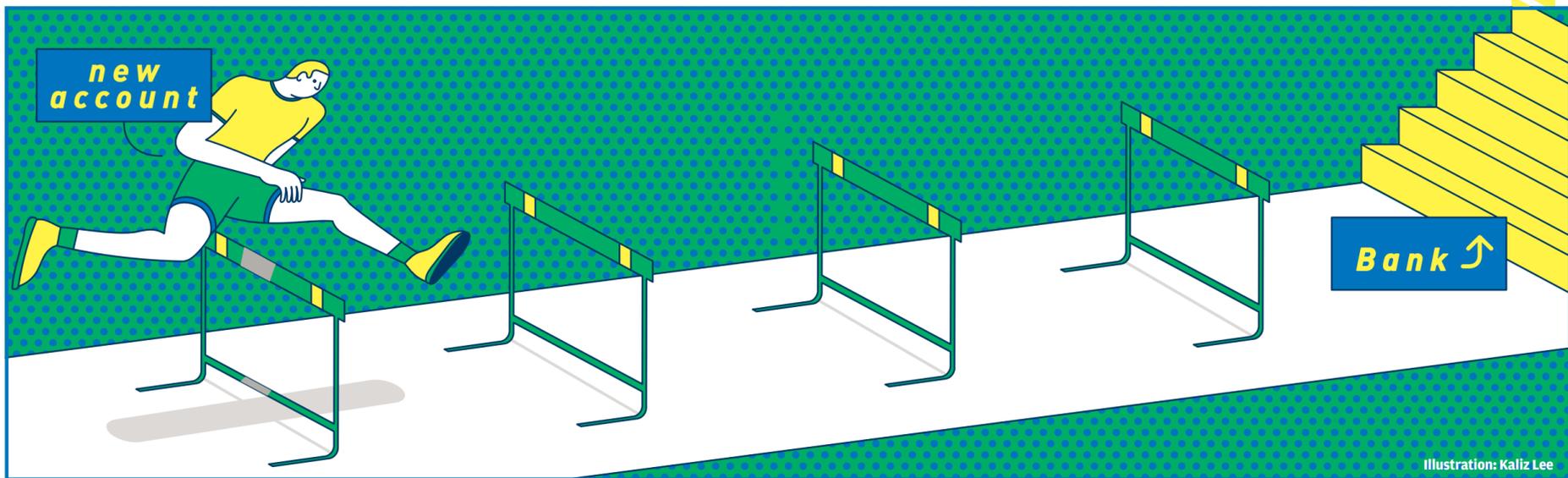


Illustration: Kaliz Lee