



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B10/1C

Arthur K. H. Yuen JP  
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12 February 2010

Ms Fermi Wong  
Executive Director  
Hong Kong Unison Limited  
Flat 1303, 13/F, Wang Yip Bldg  
1 Elm Street  
Tai Kok Tsui  
Kowloon

Dear Ms Wong,

Hong Kong ethnic-Pakistani residents being refused to establish bank accounts

Thank you for your letter of 10 February 2010 addressed to Mr Norman Chan bringing to our attention problems experienced by members of minority groups in obtaining banking services.

You will be aware that press reports on this matter included the allegation that some bank staff had quoted HKMA requirements as a reason for declining to open bank accounts for members of minority groups. I would like to assure you that the HKMA has no general prohibitions or requirements on the opening of bank accounts for individuals of specific nationalities or ethnic groups.

As you are aware, Hong Kong is required to establish an anti-money laundering and counter terrorist financing (AML/CFT) regime in line with internationally recognised standards prescribed by the Financial Action Task Force on Money Laundering (FATF). Accordingly, the HKMA has issued guidelines pursuant to the Banking Ordinance requiring banks to identify and verify the identity of all customers. Banks are also required to assess whether a customer poses a higher risk of money laundering or terrorist financing, and subject any customer assessed to be of higher risk to more extensive customer due diligence when opening an account and thereafter throughout the bank's business relationship with the customer. In assessing the risk profile of a particular customer, all relevant factors are considered. These include nationality, place of residence, the location of the customer's business and counterparties, and the customer's connections to jurisdictions that

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insufficiently apply the FATF standards.

The Interpretive Notes of the HKMA's Supplement to the Guideline on Prevention of Money Laundering clearly indicate that:

*"AIs should adopt a balanced and common-sense approach with regard to customers connected with jurisdictions which do not or insufficiently apply the FATF recommendations. While extra care may well be justified in such cases, it is not a requirement that AIs should refuse to do any business with such customers or automatically classify them as high risk and subject them to enhanced CDD process. Rather, AIs should weigh all the circumstances of the particular situation and assess whether there is a higher than normal risk of money laundering."*


The HKMA has been careful to ensure its requirements are not subject to any possible misunderstanding and in July 2009, it amended the Supplement to the Guideline on Prevention of Money Laundering to minimise the potential for any such misunderstanding. At the same time, the HKMA also reminded banks to review their existing practices to ensure compliance with the Race Discrimination Ordinance and to provide appropriate training and guidance to their staff.

The HKMA takes matters of this nature very seriously and on becoming aware of the recent reports, issued a circular to banks on 28 January 2010 reiterating its position that such alleged activities were contrary to its requirements and directing banks to review their internal policies and procedures accordingly, and give suitable training and guidance to staff so that they properly understand the relevant requirements. The HKMA will conduct more detailed examinations on individual banks' policies and procedures should there be concern about systemic lapses in this regard.

With regard to the cases summarised in the attachment to your letter, I note that you have not given details of the individual complainants. It may be that you are unable to do so for client-confidentiality reasons. We understand that some of the banks concerned have already contacted you and offered to follow up on individual cases. In our circular to banks on 28 January 2010, we have asked them to ensure that all complaints are dealt with promptly and sensibly and to offer appropriate redress as required. The banks' complaint-handling procedures should be the first channel for dealing with cases of this nature. However, should you or your individual clients wish to furnish details of cases to the HKMA, we will take up these cases with the banks concerned.

I hope this addresses the concerns raised in your letter and thank you again for taking the time to bring them to our attention.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'S' followed by a horizontal line and a vertical line extending downwards from the end of the horizontal line.