

# Media Coverage

## Keeping personal accounts personal

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We all want banking to be simple, and most of us would rather avoid having to contact our bank when we have so many other things to do.

But the reality is that unusual payments into personal accounts can trigger concerns at banks – and can even result in banking services being interrupted or ended if questions about the transactions remain unanswered.

By ensuring that activity in individual accounts is truly personal and can be explained as such, by responding to banks' requests for information in a timely way and by letting banks know if they expect unusual activity in their accounts, customers can ensure that banking remains straightforward.

I know some customers may feel that this is a different approach to what they are used to, and that banks are scrutinizing them more closely than in the past.

But today's reality is that banks have to be alert to unusual activity in their customers' accounts. We are working closely with governments, regulators and law enforcement agencies globally to protect the financial system on which we all depend from criminals. An estimated USD800 billion to USD2 trillion is laundered around the world annually – including the proceeds of activities such as human trafficking, fraud, terrorist financing and the trade in illegal drugs.

We know that the vast majority of our customers in Hong Kong are honest and legitimate – and we want to ensure that they do not experience any disruption in their banking services.

This information is issued by

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With this in mind, the best advice for personal customers is to ensure their accounts remain personal.

Most individual customers would use their accounts to receive income such as salaries and to make payments for expenses like rent, mortgage repayments or household expenditure. Customers may also use their account to manage their personal wealth, giving rise to activity such as buying and selling investment products.

And there is no problem with individuals receiving legitimate payments to their personal accounts from their business interests, providing these are properly documented. Payments arising from directors' remuneration, the repayment of accounted directors' loans, dividends or the sale or purchase of equity stakes can easily be validated by a company's annual accounts and or receipts.

Personal accounts are not business accounts, though, and should not be used for business purposes such as receiving payments from suppliers.

It is also in business owners' own interests to make use of business banking services, rather than personal banking, for their business needs. Banks can offer specialized facilities, products and advice for different industries which are not available to individual customers.

Indeed, problems can arise when banks observe activity in personal accounts that does not correspond with the normal profile of a personal account and that is difficult to validate. Examples of this would include large wire transfers or cash deposits which cannot be explained by supporting documentation.

Transactions like these can raise red flags for banks because they resemble the patterns typically observed in undesirable activity such as fraud, tax evasion or money laundering.

In such situations, banks may ask their customers to explain activity that is different from what is expected in the account as a result of the customer profile we hold. This may be impossible if documents cannot be produced to validate them.

If what appears to be unusual activity continues and cannot be explained, a bank may have no alternative but to end their relationships with the customer in question.

This is clearly not desirable for customers or their banks. It can be avoided if personal customers give us an accurate picture of how they will be using their account, are able to explain unusual transactions and – crucially – that they respond to requests for information when they are received.

This can help us understand the activity in accounts and ensure that services are not unexpectedly disrupted or accounts closed.

We understand that fraud is a threat to the community in Hong Kong and advise our customers to be careful in verifying communications from banks, including requests for information.

If a customer is concerned that a letter or phone call may not be genuine, we would ask that they either go to a branch with the letter or information about the message they have received, or visit their bank's public website and call the number published there.

HSBC is investing in its ability to better identify potentially criminal activity and keep it out of our financial system. We have built a dedicated team of specialists in tackling financial crime and have been equipping all of our employees to speak up when something does not look right.

But we cannot succeed without our customers' support in ensuring that we understand activity in their accounts and have up-to-date information about them. I want to thank all of our customers for their support in helping us protect the financial system against criminals.

*ends/all*