

Media Coverage

Why updating your bank information helps keep criminals out of HK

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I recently returned to Hong Kong after spending the previous three and a half years running HSBC's Commercial Banking business in China. Since I started working in Hong Kong again, I've met a lot of our customers, from small enterprises to large listed companies. A lot of their comments have been quite similar. They will tell me they are happy with HSBC and appreciate our products and the service we provide. But then they will say: "why are you asking me to update my account information?"

We understand that no-one is thrilled when their bank requests them to update their information. But providing banks with that information helps the Bank to know our customers better and in turn identify criminals in order to safeguard the financial system, on which we all depend, from them.

When we do not receive the information requested, we must suspend banking services – and ultimately end our banking relationship with a customer. So if you receive a request for up-to-date information from us, please do respond by the deadline set.

At HSBC, we are asking more of our customers in Hong Kong to update their information and I apologise for any inconvenience that causes. We know that the vast majority of our customers are honest and legitimate and we want to continue serving them.

But today's reality is that up-to-date information is a critical weapon for all banks in the fight to prevent criminals from accessing the financial system. Global regulators expect banks to know their customers by having current information about them. And in a dynamic

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international financial centre like Hong Kong, having the latest information about a business is vital in ensuring that we know who we are dealing with.

Understanding what criminals use the financial system for is the best way to see why banking services are withdrawn when information requests go unanswered.

Money laundering is a vast global industry, estimated to be worth between US\$800 billion and US\$2 trillion globally each year.

Hong Kong's large and internationally-connected banking system underpins its position as a global financial centre, but it also means we have to be highly vigilant about attempts by criminals to exploit it.

The criminals behind money laundering cause immense harm and suffering around the world.

Financial crime presents other real threats to businesses here in Hong Kong. Criminals are constantly trying to steal money through Business Email Compromise techniques such as "CEO fraud," in which a fraudster impersonates a company's boss and instructs an employee to make a wire transfer.

The international criminal enterprises that organize these frauds are highly sophisticated and well-funded. They may employ lawyers, linguists, hackers and social engineers in their efforts to win the confidence of employees with access to company finances. Then they trick them into making wire transfers to bank accounts actually controlled by the criminals.

According to the U.S. Federal Bureau of Investigations, this scam has accounted for over US\$3 billion of thefts from companies globally since 2015. It has caused painful losses and great distress to companies in Hong Kong, too. However, having up-to-date information about customers can help banks identify potential fraudsters.

Business customers who receive requests from us will need to provide up to date information about their business and relevant documentation. This covers topics including the nature of the business, its ownership, which countries it operates in, the source of its funding, the purpose of the account and so on.

Commercial Banking customers with a relationship manager can seek assistance from this person. Those who do not have a relationship manager can call our specialists at the number provided in our letters.

Understanding in more detail who we bank is vital to our defences against criminals. That is why the requests for information that more of our customers have received this year are so important – and why we may be obliged to suspend or even close the accounts of those who do not respond.

HSBC is committed to ensuring that our requests are clear and reasonable, and that it is simple and convenient for customers to respond. With this in mind, we will continue to improve our digital channels for responding to requests for information. For example, customers can already provide us with their information via an online portal but we are also working to enable them to upload their supporting documents digitally, rather than having to bring these to a branch or send them by post.

We understand that providing up-to-date information to your bank causes inconvenience. But it is in the interests of both banks and businesses to defend the integrity of Hong Kong's financial system and provide our customers with a banking environment which is safe to operate in. We look forward to receiving the information we request from customers so that we can achieve this together while continuing to meet their banking needs.

Note: If customers have any enquiries, please contact HSBC Commercial Banking via our hotline +852 2748 8288.

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