



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
B9/67C
B10/1C

12 April 2019

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Introduction of Tiered Account Services

I am writing to draw your attention to the introduction of tiered account services by some retail banks and the related supervisory expectation of the Hong Kong Monetary Authority (HKMA).

The HKMA attaches great importance to the promotion of financial inclusion in Hong Kong and expects Authorized Institutions (AIs) to adopt a risk-based approach in Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) efforts, thereby enhancing the accessibility of banking services to bona fide businesses and individuals and improving customer experience. Based on feedback from the business community, especially small- and medium-sized enterprises (SMEs), start-up companies and companies from outside Hong Kong which are seeking to establish a presence in Hong Kong, it is evident that some business customers do not require the full range of banking services generally offered by bank accounts (“traditional accounts”), particularly at the initial stage of banking relationships. The HKMA has thus been exploring with banks the introduction of a new tier of bank accounts (“Simple Bank Accounts” or “SBAs”) which offer a narrower set of banking services, and correspondingly, require less extensive customer due diligence (CDD) measures to be carried out at account opening.

SBAs follow the overarching principles of the risk-based approach in that the extent of CDD measures undertaken should be commensurate with the assessed

risk level of the business relationship¹. The narrower scope of banking services offered by SBAs would correspond to lower levels of risk (compared with traditional accounts) and thus less extensive CDD measures required.

There is no “one-size-fits-all” approach for SBAs and individual banks may, based on their own risk assessments, determine the scope of services to be offered and the extent of CDD measures to be applied in a commensurate manner. Tiered accounts may transition to accounts offering a wider range of services, and in such cases AIs would conduct any further necessary CDD measures commensurate with the risks involved. The streamlined account opening process of SBAs would offer more choices and enhance customer experience, particularly when the customers cannot readily furnish certain CDD information/documents required for traditional accounts and yet do not indeed require the full range of services at the initial stage. Banks are expected to clearly communicate the scope of services of SBAs to the customers during the account opening process.

Some retail banks have already launched SBAs for corporate customers. The HKMA strongly encourages AIs to support the initiative and introduce SBAs that fit their individual circumstances to further facilitate access to banking services in Hong Kong.

Should you have any questions regarding this circular, please feel free to contact us at bcd_caseteam@hkma.iclnet.hk or aml@hkma.iclnet.hk.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Eureka Cheung)

¹ For the avoidance of doubt, AIs are required to comply with all the requirements set out in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) (“Guideline”) when opening SBAs. Chapter 2 of the Guideline articulates the HKMA’s guidance on the risk-based approach.