How to open an ultra-safe Offshore Bank Account in Hong Kong

From a financial perspective, Hong Kong is still one of the freest places in the world.

Hong Kong is actually making things easier for business, cutting tax rates and even issuing tax rebates (shocking, I know...).

All of that at a time when the rest of the world is cracking down on its productive citizens and confiscating as much wealth as possible.

This free intelligence report is based on the Hong Kong section of Sovereign Man: Confidential’s Worldwide Banking Review.

It’s a comprehensive 99-page intelligence report that covers dozens of banks in over 20 banking jurisdictions with detailed analyses and step-by-step instructions.
Currency

We have mentioned numerous times that Hong Kong dollar (HKD) today probably represents the best alternative to the US dollar.

Right now the Hong Kong dollar is “pegged” to the US dollar at 7.80, +/- a very narrow range.

For US dollar investors this means that you could deposit US dollars at a bank in Hong Kong, and then convert those US dollars into Hong Kong dollars (and back) at almost no cost.

Holding Hong Kong dollars makes a lot of sense.

If the US dollar goes through a period of strength, the Hong Kong dollar will mirror that strength.

But if there’s ever a major crisis in the US dollar, the Hong Kong Monetary Authority could simply “de-peg” and revalue the Hong Kong dollar to a much higher level--- thereby preserving your purchasing power.

So holding Hong Kong dollars essentially gives you ALL of the benefits of holding US dollars, but with free downside protection in the event of any major US financial catastrophe.

Jurisdiction

Deposit Insurance Scheme
Up to HK$500,000 (~US $65,000)

Central Bank
The Hong Kong Monetary Authority’s Solvency is 17%

Government
39.5% debt to GDP

Additional Risk Analysis
- Dependence on China
- Total deposits >350% of GDP
Hong Kong’s banking system remains incredibly sound by the global standards.

The Hong Kong Monetary Authority (HKMA) is among the most solvent central banks in the world. It runs a US $450+ billion strong national wealth fund which more than offsets (multiple times) Hong Kong’s 39.5% public debt.

Hong Kong (along with Singapore) is at the top of a very short list of solvent jurisdictions in the world where we truly and wholeheartedly can recommend opening a bank account.

We also remain very comfortable recommending Hong Kong as a transactional (business) banking destination.

It’s worth pointing out that for transactional banking Hong Kong banks have some of the most competitive fees and lowest exchange rate spreads we’ve come across.

Hong Kong banks generally charge between US $15 and US $25 to send an international wire transfer, which are possibly the lowest fees in the world.

The HK banking system’s dominos all look good. But there’s one problem: As we mentioned in our last banking review, it is increasingly difficult — though still possible — for a non-resident to establish a bank account there.

It’s also difficult to establish a corporate account: Hong Kong banks will generally only engage in banking relationships with HK companies listed in the Hong Kong Companies Registry. Those companies will almost certainly need a Hong Kong resident director, based in the country.

But we think Hong Kong is such a great banking destination that our team has exerted significant effort and hours finding ways for you to open an account there.

One thing we discovered in our quest was that two of the banks we recommend below now have a centralized compliance process. No matter which branch you visit, all of your documents are sent to a processing center where your application will be evaluated.

In most cases, you must allow at least a week before they will grant you an answer.
Banking options for non-residents

Before we get into the banks themselves, let’s talk about the challenge: opening an account as a foreigner, especially from abroad.

At first blush, for example, HSBC seemed like a great option for opening an account from a distance.

The process of applying for an account at HSBC from abroad looked like this (at a first glance):

- First, you needed to become an account holder at one of the American branches of HSBC, a process that could be done entirely online;
- Then, you would apply for a bank account at HSBC Hong Kong by calling the HSBC International Banking Center (+1.877.850.4722).

But it doesn’t really work like that.

It turns out that HSBC wants you to demonstrate strong ties to Hong Kong… such as a work contract with a local Hong Kong company, or a long-term visa (not a tourist one), or a legal dependent who lives there.

Even if you are planning to purchase property in HK and need a bank account for this purpose, the bank requires evidence of an executed purchase contract, or of a down payment.

Bottom line: Don’t bother trying the distance option unless you do indeed have a strong tie to Hong Kong already.

On the bright side, it is still possible (though perhaps not easy) to open an account once you are on the ground.

When considering Hong Kong banking, we would recommend that you first try HSBC and Citibank. Make sure you contact them beforehand to see what the latest application requirements are.
Citibank

Yes, Citibank is a subsidiary of a US bank.

No, we are not ordinarily fans of US banks.

But keep in mind that even though Citi is a subsidiary of Citigroup, the Hong Kong operation functions as a completely separate business unit.

Citi is subject to Hong Kong’s banking regulations and capital adequacy requirements, not those that apply in the USA.

That alone is a big step up from banking with Citi’s US parent. And it would be a way to get exposure to Hong Kong dollars, as well as to other foreign currencies.

As we’ve said before, Hong Kong dollars, by virtue of their being pegged to the US dollar, are a great proxy for USDs... with an added potential upside should the peg ever be revalued higher.

Citibank Hong Kong engages in virtually no derivatives trading. (Its American parent company, however, trades more derivatives relative to its assets than any other bank in the world that we analyzed.)

Note that initial deposit requirements start quite low:

10,000 HKD (~US $1,300) – Standard Account

500,000 HKD (~US $65,000) – Citi Priority

The catch to nab those low minimum deposit requirements, though, is that you need to provide proof of a local HK address.

When we pressed them, Citibank representatives told us that you are not required to have a Hong Kong ID, just a local utility bill or a bank statement with a local address, among other options.

If you can’t supply that, then as a non-resident, you’ll be offered the Citi Gold account. There, the minimum deposit requirement is 1.5 million HKD.
(-US $193,000).

Just recently Citibank Hong Kong has sent out an email to their regular account holders, who are using an international mailing address, asking them to raise the account balance to 1.5 million HKD before January 2017, otherwise, a monthly maintenance fee of 400 HKD (-US$50) would be applied.

Note as well that if you are a US citizen, you are not allowed to engage in any investment banking. But you can hold a checking and/or savings accounts.

**Tel:** +852.2860.0333 (They don't make things simple for the caller; to speak to an operator, you will need to press 2, then *2#, 0, #, and, finally 1.)

**Web:** [https://www.citibank.com.hk/](https://www.citibank.com.hk/)

**HSBC**

HSBC is another outstanding bank that may open accounts if you personally visit their branch in Hong Kong.

And they do open accounts for foreigners (including US nationals), but, again, may want to see a strong tie to Hong Kong.

However, from what we have experienced by talking to bank’s specialists, you still have a chance of opening an account with them even as a tourist.

You’ll need to bring your passport and proof of address with you (doesn’t have to be local).

And if you get lucky and your application passes through the approval chain, you will enjoy an account with no minimum, and one of the lowest transaction fees in the world.

As for its financials, we find HSBC’s to be solid, presenting no major reason for concern.

However, the bank’s solvency of 8.8%, while still very good, is technically
below what we like to see for a bank with the highest safety grade. Its conservative liquidity is also in the low digits... not great. But the overall jurisdictional picture is still very good.

As with Citibank, HSBC has its own hierarchy of account types:

HK$5,000 (~US $645) – Standard Account
HK$200,000 (~US $25,800) – HSBC Advance
HK$1,000,000 (~US $129,000) – HSBC Premier


Tel: +852.2233.3888 (International Services)
Web: https://www.hsbc.com.hk/

DBS

DBS offers perhaps the most straightforward option for opening a Hong Kong account today.

DBS is a much smaller bank than HSBC and receives high marks from us for its healthy capitalization ratio of 10.9%.

Its total liquidity is also an incredibly high 49.5%.

This essentially means that half of the money the bank takes in from the customers is being stashed away in different forms of cash.

In DBS's case, the money is held mostly in government debt and is deposited with other banks to earn interest.

In fact, they do not keep much cash on their own accounts at all. That makes its conservative liquidity just 2.6%, which adds to counterparty risk, but not overly so in our opinion. If in case of a major financial shock they can still
get half of all the money they are owed, that should be more than enough.

One of our team members did some boots on the ground research and found out that DBS has a special “Foreigner Package” with higher minimums: HK $200,000 (~US $25,000) and no requirement of local proof of address to open an account.

Overall, DBS seems quite welcoming to foreigners. In conversation, they don’t come across as overly concerned about you having HK residency, or even proving that you live – or work – in HK.

If a quest to open an account with HSBC or Citi goes bust, DBS might be a viable option.

Before visiting to Hong Kong, don’t forget to double-check their account opening requirements.

Tel: +852. 2290. 8888 (select “3” for English, then “2” for banking services and finally “8” to be connected to English speaking representative. Please note that understanding the operator’s English was sometimes a challenge for us.)

Other contact options are listed here:

Web: [https://www.dbs.com.hk/personal/support/contact-us-support.html](https://www.dbs.com.hk/personal/support/contact-us-support.html)

**Conclusion**

So, let’s recap—a bank account in Hong Kong is a great idea because:

- The banks in Hong Kong are much safer than their counterparts in the West, with better liquidity and capitalization, lower loan-to-deposit ratios and significantly lower exposure to toxic derivative instruments.

- Hong Kong is one of the most important financial centers in the world, so the banks there are used to dealing with foreigners, and are especially great for transactional banking.

- The Hong Kong Monetary Authority and the Hong Kong government are actually prudent institutions, with ample tools at their disposal.
should any type of financially cataclysmic event occur.

• As a result, the Hong Kong dollar is a great alternative to keep your savings in, especially if your primary currency is otherwise the US dollar and you don’t want to take the foreign exchange risk.

So in many ways, your downside is protected, but you still get the upside potential if the US dollar peg is revalued or abandoned.

And since the central bank is so highly capitalized, the currency risk is quite low.

On the other hand, it’s worth noting that the numbers for banks in Hong Kong (as well as all over the world) have gotten worse in recent years.

We would of course like to see that trend reverse, but we’re still comfortable recommending banking in Hong Kong, and indeed bank there ourselves.

We’ve analysed dozens of offshore banks in over 20 banking jurisdictions...

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Inside we’ll show you which countries are the most suitable for your personal circumstances and which banks....

• Are the safest in the world

• Pay the highest interest (over 4% in USD and even more in local currencies)

• And even gives you step-by-step instructions on how you can open an offshore bank account without leaving home.

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