

Moves to loosen restrictions on banking services to SMEs in Hong Kong are "a welcome step"

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The message from the Hong Kong Monetary Authority that banks must do more to cater to foreign start-ups and small and medium-sized businesses has been welcomed by the head of Ogier's Corporate Practice in Hong Kong, Nathan Powell.

Yesterday, the HKMA intervened to warn local banks that due diligence requirements – which have been significantly tightened in recent years – have been applied too stringently and in a way that is disproportionate to the likely risk levels of foreign small and start-up customers.

The HKMA statement underlined the importance of anti-money laundering and counter-terrorism controls, but said that a risk-based approach should be adopted by banks to stop small firms from being effectively excluded from banking services.

Nathan said: "We welcome this statement by the HKMA, which brings us to a more level playing field and a more business-friendly environment.

"The international regulatory environment has put more pressure than ever on banks in terms of compliance and due diligence, but this shift to a risk-based approach is a pragmatic and forward-thinking one.

"We look forward to the HKMA publishing its list of banks willing to offer services to foreign small and medium-sized enterprises and start-ups, an initiative which will help to resolve some of the recent issues."

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