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<http://www.scmp.com/business/money/article/1150993/local-banks-refuse-accounts-poor-and-ethnic-minorities>

HK banks refuse accounts to poor and ethnic minorities

Business›Money

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People are being denied bank accounts because of ethnicity or poverty, writes Nicky Burridge

Aneesah, from Pakistan, has been denied a bank account five times. She has been in Hong Kong for two years and wants to open an account to save some of the money her husband gives her for weekly housekeeping. That way, she would have some money of her own, and some for her two girls, aged eight and four.

She took her passport, Hong Kong ID card and her mobile phone contract - as proof of her address - along to the bank. But the bank representative she spoke to said that was not enough and asked to see her tenancy agreement. Aneesah said the agreement was in her husband's name, not hers.

"They asked me: 'why do you need to open an account? You are a housewife, not a working woman'," she says.

Aneesah tried to open an account at five banks but was blocked at each, so she gave up.

"I was really upset. I have been here two years and my husband is a permanent resident. I felt I was not being treated equally. I need to save money, but I can't because nobody will open an account for me. I have two friends who have had the same problem. I think everyone should be allowed to open a bank account," she says.

This is the world of Hong Kong's unbanked, people who have been denied access to a simple savings account with a local bank.

They are denied conveniences we all take for granted, such as ATM machines and the ability to pay bills with electronic transfers. A credit card is out of the question. Almost anything that involves money is more complicated and, typically, more expensive.

There are three broad categories of people who are denied banking services. They include domestic helpers, the very poor, and people from South Asia.

Domestic helpers and the very poor are denied access because they find it difficult to meet the minimum deposit level, which is generally HK\$5,000. Since 2007, HSBC charges HK\$50 a month to holders of its Hong Kong dollar saving account if their average balance over three months falls below HK\$5,000.

Banks also require a fixed address which rules out the itinerant and the homeless.

South Asians face a different problem. No bank wants to be accused by an American senate committee of aiding a South Asian terrorist organisation. They carefully review every account opened offshore by people from hot spots such as Pakistan. Pakistani applicants in Hong Kong are blitzed by requests for paperwork and background information.

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It's a bigger problem than most might think, although a request to the Hong Kong Monetary Authority for the number of the city's unbanked met with a lacklustre response. "We do not have the statistics on the number of unbanked in Hong Hong."

Despite an absence of hard statistical data, Kylie Uebergang, co-founder and executive director of PathFinders an organisation to help pregnant migrant women, estimates most of the city's 300,000 foreign domestic helpers do not have a bank account in Hong Kong.

Sze Lai-Shan, of the Society for Community Organisation, says a large portion of Hong Kong's street sleepers and those living in atypical accommodation such as boats are shut out from bank accounts.

Tellingly, the Hong Kong government created a whole payment system for people without banking accounts for its Scheme \$6,000 plan (by which HK\$6,000 was given to each permanent resident). The government arranged payment through the post office.

Other groups of people struggle to open a bank account simply because of their nationality.

Fermi Wong, executive director of Unison, says people from Southeast Asia, India, Nepal and Pakistan have had problems opening a bank account.

"The situation is most difficult for people of Pakistani nationality," she says, explaining that banks are very concerned about facilitating money laundering or aiding terrorist organisations. "Some of these people have lived in Hong Kong for 30 years or were born here, but they still have to produce a lot of extra documents to open an account."

She says not only did these people have to provide proof of their address in Hong Kong, but they were also often asked for proof of their address in Pakistan.

They were also asked to show their rental agreement or mortgage documents, employment contract, and in some cases, even their school report card. Their application for an account was also often submitted to the bank's headquarters and could take up to three months to process.

Domestic helpers make up much of Hong Kong's unbanked population. Their story is somewhat different. Banks such as Hang Seng will let people open a savings account with an initial deposit of HK\$500. The service includes unlimited free ATM access, although clients will be charged HK\$20 every time they use a teller at a bank.

But many helpers find charges at the local banks prohibitive on the main service they require - sending money back home each month.

Jenny has worked in Hong Kong for over 20 years. She used to have a bank account with HSBC, but she stopped using the bank five years ago because she found it difficult to maintain the minimum HK\$5,000 monthly balance.

This is how she manages her money: She is paid HK\$6,000 per month from her employer and sends HK\$2,000 back home to the Philippines using a branch of the Philippine National Bank (PNB) located in Worldwide House. She pays rent for a room of about HK\$1,500 a month and uses the remaining HK\$2,500 to cover personal expenses.

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She feels there is the constant danger of theft in her flat, a three-bedroom apartment that is occupied by nine other helpers. She sleeps with her purse by her head as she feels her money isn't safe whenever she is separated from her purse, even when she takes a shower. Going to the beach is out of the question because she can't swim with her money. "I'm always holding my money," says Jenny.

Jenny uses PNB - an agent of money transfer company Western Union in Hong Kong - because it only charges HK\$20 to wire money to the Philippines. Hang Seng Bank and HSBC charge HK\$220 for such a transfer. PNB also offers a better exchange rate for the peso. On the day that *Money Post* called, PNB offered 5.094 pesos for one Hong Kong dollar. HSBC quoted a rate of 4.878 pesos per Hong Kong dollar.

For these reasons, helpers rely on wire-transfer entities such as those found at Worldwide House, where they line up each month to send money home.

Cynthia Tellez, general manager of the Mission for Migrant Workers, says many helpers also face problems when their contracts are terminated, as their employers often pay outstanding money by cheque.

"They get the cheque at the last minute, when they are due to leave in two days' time and they have no way of cashing it. They often go home with the cheque, hoping they will be able to cash it there, but they can't," says Tellez.

People also need to have a bank account in order to receive certain government benefits, such as Comprehensive Social Security Assistance (CSSA) or the Old Age Allowance.

Sze explained that, although the government made special arrangements for people without bank accounts to receive money under the Scheme \$6,000, regular benefits still have to be paid into an account.

Rehana Beugm, 38, has first-hand experience of the hardship caused by this issue. Beugm's husband had been receiving CSSA for their four children, aged between two and nine, but when her husband stopped passing on the money to her, she contacted social workers to arrange for it to be paid to her directly. Unfortunately, as she did not have a bank account, this was not possible.

Beugm, who originates from Pakistan but has lived in Hong Kong for three years, tried to open an account but was asked for reams of documentation, including proof of her address in Pakistan and a letter proving she needed the account to receive CSSA. The bank referred her application to its head office, which took six weeks to respond.

During this time, Beugm could not claim any CSSA and she fell behind with her rent and was constantly hassled by her landlord. She could not pay for her son's schooling and she didn't have money to buy food.

Eventually, with the help of a social worker, she managed to open an account with Hang Seng Bank. People on low pay also have to have a bank account if they want to apply for a dependent visa for their partner or children.

Uebergang has come across cases where helpers have married temporary or permanent Hong Kong residents, but their partner is unable to apply for a visa for them because they cannot prove their income.

"Immigration wants to make sure that the person has the capacity to support a dependent," she says.

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