

# **HKMA – Anti-Money Laundering Seminar**

## **Address Proof for Personal Customers**

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## **HKMA - Industry Working Group (IWG)**

- **Represented by 20 banks and chaired by HKMA**
- **First working group paper on Residential Address Proof submitted in Dec 2006 – outline of industry concerns and recommendations**
- **Guidance papers on Address Proof for Personal Customers issued by HKMA on 31 Mar 2008**
- **Do not form part of the formal regulatory requirements but are practices expected to be adopted unless with equally effective alternative control measures**

## **HKMA - Residential Address Proof Requirements**

- **HKMA Supplement paragraph 3.2(b) – identify the customer and verify the identity using reliable, independent source documents, data or information:**
- **HKMA Supplement paragraph 3.3 – identity of an individual include:**
  - **Name (former or other name(s))**
  - **Date of birth**
  - **Nationality**
  - **Residential address (and permanent address if different)**

# HKMA - Residential Address Proof Requirements

## ➤ Coverage

– Personal account customers

and also

– Individuals “connected” to non-personal customers

For examples:

- Directors
- Account signatures
- Principal shareholders
- Ultimate beneficial owners
- Trustees

## **HKMA - Residential Address Proof Requirements**

- **General expectation: AIs are advised to check the address of the applicant by appropriate means (e.g. sighting utility or rate bills, home visits, etc.)**
- **Common sense approach to handle cases where the customers are unable to provide address proof**

## **Practical Difficulties Experienced by AIs**

- **Expatriate staying in a service apartment with no utility bill, etc; and property in home country has been sold**
- **Immigrants or expatriates who just arrived HK**
- **Celebrities, privileged and well known persons who usually use office address/PO Box as correspondence address or refuses to disclose addresses and provide address proof (e.g. threat of kidnapping)**
- **Individuals living in village and address proof only carries village lot's no**
- **Strong resistance from corporate customers**
- **Utility bill in a foreign language**
- **... ..**

## **Impact**

- **Inconsistent standards among AIs**
- **Customer service experience**

## **HKMA Guidance Paper -**

### **Recommended Acceptable Address Proof - Tier 1**

- **utility, rates or tax bills**
- **bank or credit card statements**
- **management fee bills**
- **letters issued by government or other public bodies**
- **correspondence received from banks, MPF providers, insurance companies or professional bodies**
- **mobile phone or pay TV statements**



## **HKMA Guidance Paper -**

### **Recommended Acceptable Address Proof - Tier 1**

- **rental agreements showing the address of the customer and having the customer as one of the contracting parties**
- **ID card, passport or driving licence (with the customer's photo on it), which shows the customer's address in the home country**
- **(for overseas domestic helpers) a copy of the domestic helper's employment contract which shows the domestic helper's residential address in Hong Kong and his/her permanent address in the home country**

## **HKMA Guidance Paper -**

### **Recommended Acceptable Address Proof - Tier 2**

- **correspondence received from the customer's employer which shows the residential address of the customer**
- **letters issued by a qualified intermediary confirming the address of the customer**
- **up-to-date annual returns which contain the customer's residential address**
- **address proof of an immediate family member plus a written confirmation from the immediate family member that the customer is living at that address (especially for customers who are students, housewives or senior citizens)**

## **HKMA Guidance Paper - Recommended Acceptable Address Proof - Tier 2**

- **an acknowledgement of receipt duly signed by the customer in response to a letter sent by the AI to the address provided by the customer**
- **a land search report on the address provided by the customer which confirms that the customer is the owner of the property**
- **a copy of the statement which is sent by the AI to the address provided by the customer and is returned by the customer during his/her visit to the AI.**

## **HKMA Guidance Paper-**

### **Other Conditions**

- **Apply Tier 2 only if Tier 1 document is unavailable**
- **Address proof must be recent (i.e. issued within 3 months)**
- **Grace period for completing the verification of address proof extends from 1 month to 3 months if address proof is the only missing documents**

## **The Way Forward - Some Suggestions:**

- **Allow wider scope of risk based approach (e.g. more streamlined process / 1 tier approach only)**
- **Revisit the current address requirement as part of customer identity (e.g. benchmark with the practice of other international financial centre)**
- **Utilization of electronic verification of identity**

**Thank You**