

Misrepresentation and misuse of the word "bank" in Hong Kong by crypto firms

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) wishes to remind members of the public to be cautious about certain overseas crypto firms, which are not licensed banks in Hong Kong, making representation in Hong Kong that they are "banks" or using the word "bank" in the descriptions of their products or services. Such acts may constitute a contravention of the Banking Ordinance.

It has come to the HKMA's attention that at the activities hosted in Hong Kong by two overseas crypto firms which are not licensed banks in Hong Kong, one of the firms was reported to have made representation that it was a "bank", while the other firm had described its card product offered on its website as "bank card". The HKMA is concerned that such claims by these firms may mislead consumers to believe that they are licensed banks in Hong Kong and are under the HKMA's supervision, and such products and services are provided by licensed banks in Hong Kong.

Under the Banking Ordinance, only licensed banks, restricted licence banks and deposit-taking companies (collectively known as authorized institutions) which are authorized by the HKMA can carry on banking business or deposit-taking business in Hong Kong. Other than licensed banks in Hong Kong, it is an offence for any person to use the word "bank" in the name or description under which the person carries on business, or makes any representation that the person is a bank or is carrying on banking business in Hong Kong (Note).

The HKMA wishes to remind members of the public that crypto firms which are not authorized institutions in Hong Kong are not supervised by the HKMA. Overseas crypto firms with names carrying the word "bank" or overseas "crypto banks" claiming to be licensed elsewhere are not necessarily licensed banks in Hong Kong. Also, products or services with names carrying the word "bank" are not necessarily provided by licensed banks in Hong Kong.

If there is any doubt, members of the public may refer to the register of authorized institutions on the HKMA's website (<https://vpr.hkma.gov.hk/eng/regulatory-resources/registers/register-of-ais-and-lros>), or call the HKMA's Public Enquiry Service hotline (2878 8222).

Note:

Under section 97 of the Banking Ordinance, it is an offence for any person, other than a licensed bank in Hong Kong or a central bank, without the written consent of the Monetary Authority, to use the word "bank" or any of its derivatives, or use the letters "b", "a", "n", "k" in that order, in the description or name under which such person is carrying on business in Hong

Kong; or to make any representation that such person is a bank or is carrying on banking business in Hong Kong. Under section 97A of the Banking Ordinance, no person is permitted to describe himself, or otherwise hold himself out, so as to indicate, or reasonably be construed to indicate, that he is a licensed bank, or carrying on in Hong Kong banking business, unless he is a licensed bank in Hong Kong.