

International Financial Advice

# The Expat Guide to Offshore Banking



# About the Organisation

AES International offers independent financial advice, offshore banking, investment management, tax planning and insurance services to private clients in 36 countries across Europe and the Middle East.

We have won in excess of [20 financial awards](#) including **Best Global Offshore Banking Team** of 2014, **Best Private Wealth Manager Adviser in the United Arab Emirates of 2014** and **Best International Financial Planning Firm** of 2013. AES International also won The Sunday Times Virgin Fast Track 100 **Best Management Team** award for 2012, as well as being the fastest growing financial services organisation for two years running, which is a testament to the trust our clients put in our financial planning services to help them achieve their goals.



## About the Author

Carlton serves High Net Worth and Ultra High Net Worth private clients for AES International across the Middle East, providing them with independent financial planning advice that covers their offshore banking arrangements, tax planning and investment management needs.



Previously, he was with Barclays Private Bank in London and Dubai advising clients with assets of £5m to £1 billion on how to protect, grow and plan their wealth. Before joining Barclays, Carlton worked at Grant Thornton, a leading UK accounting and tax advisory practice where he advised families and entrepreneurs on their wealth typically created through the sale of their businesses to global companies including Google, Red Bull Formula 1 and Blackrock Asset Management. His diverse clients have included Premier League football players, PGA Tour golf players, international pop music stars, TV and media companies.



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## CHAPTER

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# 1

## Introduction



# Introduction

## The aim of this guide

This guide will explain what offshore banking is, who should have an offshore account, how to open an account, which countries are the most popular offshore banking centres and the benefits of banking of offshore banking.

At [AES International](#) we help our clients open offshore private bank accounts every day and we are proud to be the winner of the Best Global Offshore Banking Team of 2014 in recognition of our service and advice.

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## CHAPTER

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# 2

What is offshore banking?

# What is offshore banking?

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The reason to bank offshore can be thought of as ABC...

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Offshore banking simply means you have a bank account that is located outside your home country of residence.

In simple terms, banking offshore can be thought of as ABC, if you are from country A, you live in country B, you should bank in country C.





# What is offshore banking?

There are many benefits for an expat of using an offshore bank to invest their savings, but of course, offshore banking can appear mysterious. It has been associated with dubious practices like tax evasion and money laundering; recent history such as the Swiss banks being opened up to financial scrutiny by the United States government, has revealed that in *some* cases, this is true. Individuals have been prosecuted and had significant financial penalties applied to their wealth for non-disclosure of their cash and savings upon which tax should have been paid.



However, the vast majority of individuals who open an offshore account are using it for legitimate reasons.



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## CHAPTER

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# 3

Which banks offer offshore accounts?

# Which banks offer offshore accounts?

Opening an offshore account can be done through most of the world's largest banks. If you are planning to move abroad to work and live as an expat, it is a good idea to get the account opening process underway before you leave. This can be done through most of the major high street banks' private banking arms.

For those who have already left their home country, become an expat and taken up residence to work and live in their new country, it should still be relatively easy to find a bank that will open up offshore banking facilities for you. The big international global banks usually have a local banking presence in all the major cities of your new home country.



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## CHAPTER

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# 4

Am I eligible for offshore banking?

# Am I eligible for offshore banking?

“ Banking in one of the offshore centers has historically been associated with wealthy individuals. ”

These days, offshore banking is used by many more people, mainly expats, to help them manage their finances from one place. There are a number of other benefits to offshore banking as well, which we will cover later.

The requirements for offshore banking do mean you need to have a high level of savings and income to be eligible for offshore banking. But due to the nature of their jobs and (often) lower tax regimes, many expats are eligible to open an offshore bank account. Several banks accept opening account balances as low as £50,000 or \$75,000, or an annual income of £100,000 to £150,000 which can be transferred into the account on a monthly basis.

As well as your being able to transfer your lump sum savings and your monthly salary into your account, offshore banks can be very flexible in their lending to private clients, particularly for property purchases. Therefore, if you have mortgages on property, particularly in an established market like the UK, you may want to consider asking what lending rates and terms your chosen offshore bank will offer you.

The other area that offshore banks consider as part of the overall eligibility criteria for opening an account with them is investments. If you have an investment portfolio and are prepared to transfer that as well as your savings, salary and possibly existing mortgage, an offshore bank may well view your application very favourably. If you can demonstrate that you want to build a broad relationship and have the appropriate amount of wealth, you should be able to select from a range of offshore banks who will offer you banking, lending and investment facilities.

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## CHAPTER

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# 5

How do I open an offshore bank account?

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Banks are more rigorous in their 'know your client' documentation.

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Each offshore bank and offshore banking centre will have its own requirements and processes for opening and setting up an account, so you will need to check what these are.

The basic steps of opening an account will be similar to the steps you took to open an account back home, although as you will see from the list below, there are some additional verification and source of wealth details that you will need to provide, in order to complete the offshore account opening process:

1. Application form: Personal details (only one page must be the original)
2. Passport and visa (if working abroad)
3. Proof of address (utility bill, tenancy agreement, bank statement or employee letter)
4. W8 BEN form (must be completed by a non US person)
5. AES Terms of Business
6. Direct Debit agreement

# How do I open an offshore bank account?

Your application form will need to be fully completed and include details of how you accumulated your savings, particularly the savings that you are going to initially deposit into your offshore account. This is all part of worldwide action against money laundering and tax evasion that has historically taken place, particularly through the offshore banks. Regulators are tightening up their rules, and ensuring banks are more rigorous in their 'know your client' documentation, so banks avoid taking in money acquired through illegal activities.

Evidence that you can provide to your offshore banking provider to show you have acquired your savings legitimately can include pay slips, bank statements and even accountant's letters demonstrating how you have accumulated your wealth, for example, through the sale of a business. If you have made wealth through the buying and selling of property, the sales contracts and documentation may be needed and if your savings come from investments, contract notes of your purchase and sale prices can also be helpful in substantiating the origin of your wealth.

Details of any existing loans and debts that you hold with other lenders will be of particular interest to your new offshore bank if you are planning to borrow funds from it to buy property or to leverage investments (for example). Offshore banks will scrutinise the legitimacy of this section of your form in order to satisfy themselves that your wealth has been accumulated legitimately.



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# 6

What type of offshore bank account can I open?

# What type of offshore bank account can I open?

## Multi currency accounts

All offshore banks will offer you multi-currency current accounts, usually in at least the three major currencies of sterling, euros and US dollars, and some will offer a wider range of currencies like the Japanese Yen and Swiss Franc.

## Fixed term deposit accounts

As well as a current account, you will usually be given the option to open a fixed term deposit account, which is a good place to hold longer term deposits, from between 1 month and 1 year, for which account holders can usually get higher rates of interest on their savings.

## 'Roll up' or 'accumulation' accounts

These type of accounts are sometimes offered to clients where interest is capitalised and paid at maturity. It can be helpful for tax planning.

## Offshore debit / credit card

Offshore banking clients are typically offered a choice of cards, gold, platinum or black, to reflect the higher levels of wealth they hold. These cards give account holders instant access to their funds across the global ATM network normally without charge. Card holders are also given higher daily cash withdrawal limits of £1,000 to £2,000 per day, or the currency equivalent, rather than the typical card limit of £500.

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