

**OFFSHORE BANKING ALERT**  
**SPECIAL REPORT**



**The 10 Things You Really Need To Know  
Before Opening An Offshore Bank Account**

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## Introduction

Before writing this report, I pondered over my own experience - which now dates back to 1998. That was the year I first opened an *offshore* bank account and *entered* the offshore world in general.

I was fascinated from the start. Back then it seemed to be merely a matter of searching out some offshore tax haven and then opening an account with a bank that was established there.

And that's exactly what I did. I picked **Vanuatu**. Now, before you get flummoxed and ask where the hell that is, I'll tell you. It's in the South Pacific - a small group of islands that (at the time) fancied itself as an upcoming offshore tax haven.

That was good enough for me. I discovered there were two banks operating out of this tiny country - so I picked the larger one, an **Australian** bank which had a branch there.

To make my new found banking arrangements complete, I formed a Vanuatu IC (International Company) and opened the bank account in the *corporate* name, using an accounting company present on the island.

I felt pretty good. I was now the proud owner of my very own offshore bank account.

This particular account was set up and managed by the accounting company as mentioned, which meant they had *signatory* power over my account and that I was like an "invisible" third party.

When I wanted to withdraw funds (bank wire was the only option in those days) I had to send my instructions via email - using **PGP** (Pretty Good Privacy encryption) and then the accounting company would action my request.

Depositing funds was easier, requiring only that I send a wire transfer to the

account directly.

Each month I received a statement via the accounting company and a bill for their services.

Back then there was no internet banking to speak of, and not even a basic debit card - just a plain bank account that cost me more than \$50 a month to operate (with accountancy charges). But it did the trick. It allowed me to experience the reality of banking offshore - and to take advantage of the privacy it offered.

All went well for a couple of years. I was building an internet business at the time and I found a credit card merchant in Canada who wired accrued funds to my Vanuatu bank account once each month. And the money piled up nicely.

The easy ride finished straight after **9/11** - when suddenly the spectre of international terrorism caused the USA to initiate far-reaching banking regulations - applicable to all accounts (worldwide) that were transacting in USD.

Very soon, Vanuatu found itself on a **blacklist** - and it was impossible to wire USD directly to my account. At first the Australian bank did a praiseworthy job of trying to make things work - by allowing funds to be wired directly to their main branch in Australia, then redirected by an internal transfer to the books of their Vanuatu branch.

This worked for a while. But soon after I became aware that my Vanuatu company and bank account were becoming a **liability** rather than an asset. And that was lesson 1 in my emerging offshore experience: be very careful what jurisdiction you choose for your offshore banking presence.

My second lesson in offshore banking came a couple of years later, when I formed a **Belize** corporation and opened a corporate account with a Caribbean bank.

Once again, this was accomplished with the assistance of an *agent* - who provided the company and the bank introduction. And all went very smoothly. That is, until I started to make use of the account in a big way and was wanting to deposit and

withdraw increasingly substantial amounts of money.

That's when things became difficult. You see, this bank was a small bank, operating through a sub-account of a larger bank - which in turn imposed strict guidelines on how such accounts could be operated.

The end result was that each deposit and withdrawal required onerous documentation and verification – asking me to provide things like invoices to validate outgoing payments and proof of funds for incoming ones.

After a while all this became so tedious that I seriously wondered about this offshore bank account stuff - especially when actually using one was becoming more onerous.

At the same time I had another corporate account with another small Caribbean-based bank (because the Caribbean was **the** offshore banking center, so I thought). The bank was helpful and responsive, but soon fell victim of the same regulatory environment - making it equally unsuitable for any serious offshore business enterprise.

Fortunately for me, at the same time and in parallel with the above mentioned experiences, I had early on opened a *personal* offshore account with a large British bank - based in the **Isle of Man**.

This gave me a taste of offshore banking with a *difference* - the fact that I could actually use this account the way I wanted to, without burdensome petty rules about how I could use my own money.

As I write this report now, I'm still with this bank and am quite convinced I'll never leave!

The above is just a very small *sample* of my previous offshore experiences - with the banking sector only. I could easily write a substantial essay on my other offshore ventures - with companies, financial institutions, financial intermediaries, e-currencies and various investments. But that is not part of *this* story!

So, having introduced myself, by way of my previous offshore banking experience, it's now time to turn to the subject of this report ...

*The 10 things you really need to know, before opening an offshore bank account.*

So let's begin:

## **1. The Most Important Benefits of an Offshore Account**

**WG Hill**, the author of the underground classic PT, was quoted as saying: *Get your money out of country, before your country gets the money out of you!* And this strikes at the core of what offshore banking is about.

When you bank in your own country you take a substantial risk. You must know this. Even worse, your funds are not secure from unauthorized withdrawal. Let's say you owe a tax bill which you are contesting. Now, in most of the modern Western democracies, it's a simple matter for the government to **seize** the funds from your domestic account. One day you have \$10,000 in there - and the next day you don't.

Secondly, most Western nations now get the banks to do their **tax** collecting for them. This is done by the practice of automatically deducting a *withholding* of tax on any interest earned. In this way your domestic banks are tax **agents** and put the government's interests above your own - the client.

Opening an offshore bank account puts your funds out of harm's way. If you had \$10,000 in an offshore account, your own government could not siphon it off automatically. And if you are banking in a place where there is no tax charged on interest, then your funds are growing quicker - without any withholding taxes being applied at source.

Thirdly, an offshore bank account gives you more financial **privacy** - something in great demand in this increasingly regulated world.

Lastly, there's the **flexibility** that comes with having more than one bank account –

in more than one country. This strategy allows you to hedge your bets and keep your cash in dispersed locations.

## 2. Choose Your Jurisdiction Wisely

Not all jurisdictions (countries) are equal. Every bank is governed by the laws of the country it is licensed to operate in. It is also governed by a plethora of internationally-applicable financial oversight regulations.

Take my previously quoted Vanuatu banking experience. Once the USA decided that terrorists may be banking in small tax havens (like Vanuatu), they made it increasingly difficult to do banking business in that country. Even something as simple as a SWIFT wire transfer can be stopped - making it impossible to fund your account.

While some typical offshore tax havens appear ideal as banking jurisdictions, the truth is that often they aren't - precisely because they have been, or are being, **targeted** in some way by anti-money laundering laws or other financial restrictions on how they conduct business.

You don't want to end up in the middle of such a financial *conflict*.

Another factor to take into consideration is the geographical *area* in which the bank operates and the existence of any information sharing treaties between the countries in that area.

For example, if you live in the EURO zone, then it would generally be unwise to open a bank account in say the **Isle of Man**. Why? Because banks in that jurisdiction are obliged to comply with increasingly intrusive regulations which may demand disclosure of the bank's client information.

It can even involve your offshore bank deducting a non-declared rate of tax from your interest bearing accounts - just the thing you may be trying to avoid.

Where you currently live in the world impacts on *where* you can bank offshore.

For remember, offshore simply means somewhere **other** than where you currently reside.

### 3. Think Twice Before Choosing a Small Bank

On the face of it, a small offshore bank may appear an attractive proposition. Perhaps they offer a greater level of personal service. Perhaps you like the idea of their smallness and feel you'll be better looked after there.

However, there are a number of **downsides** when dealing with minor banks. The first of these is the fact they must likely operate via a sub-account of a major bank - in a piggyback relationship. This means that when you send funds to your small bank, you are in fact sending funds to a *sub-account* of the larger bank.

The downside here is that the larger bank will impose various restrictions on how the small bank conducts business. It also downgrades the actual banking experience - both for yourself and for those you may do business with.

An example is the usually simple process of wiring funds to your account. With any major bank you will have a fairly simple set of instructions - which may include a SWIFT code (international transfers), an ABA code (USA), an IBAN number (EURO zone), or a BSB number (Australia).

These codes allow for direct transfers to your bank account - where the beneficiary is **you**. However, if you are dealing with a small bank, quite often the actual beneficiary is the **bank** itself - with you only being mentioned on the additional *comments* or *for further credit to* fields of the wire transfer form.

This may not look like a negative, but I can assure you it is. It's much better to be dealing with a bank which has its own direct SWIFT code, where **you** are the stated beneficiary of incoming funds, rather than appear to be a sub-account of another bank.

Another downside to using a smaller bank may be the inability to get a good credit card account - something which I discuss later in this report.

#### 4. The Truth About Privacy and Anonymity

Back in 1998, when I first got involved in offshore banking, you could genuinely get an anonymous bank account. In this case it was called a *Sparbuch*, out of **Austria**. It was a simple *passbook* account which required no ID to open. Such accounts were known as **bearer** accounts - which means if you had possession of the passbook, then you had access to the money.

How times have changed! Nowadays you cannot open a bank account without proper ID. And it's not enough to simply provide a copy of your passport. No, you need to get such a copy *notarized* as genuine.

In most cases, you will also need to provide at least one banking reference, as well as proof of address (usually by providing a copy of one or more utility bills).

**Swiss** banking has always been held up as the pinnacle of banking privacy, and that largely holds true - even though they are under increasing pressure to comply with international norms. The Swiss, however, have a vested interest in maintaining their **USP** (unique selling proposition), that they provide the most secure and private banking in the world.

But privacy in an offshore bank is *conditional*. Most offshore banks will be covered by privacy protection measures, which could include such things as it being a criminal offence for a bank employee to disclose the details of any client's financial affairs. However, these laws can usually be breached by the presentation of a **court order** issued on the basis of suspected *criminal* activity.

This is all well and good for those of us who are not *criminals*, and usually means our privacy is pretty well assured. The trouble is in the **definition** of crime.

It's well known that certain banking jurisdictions have now succumbed to pressure to include **tax avoidance** as a criminal offence - meaning your account information could be disclosed under such an assertion if part of a court order from another country.

So you may as well accept the fact that truly bullet-proof private banking is hard to come by - and *anonymous* banking is a thing of the past.

## 5. The "Open a Swiss Bank Account" Scam

The internet is awash with offers to provide various offshore bank accounts - with the most popular being a **Swiss** one. Trouble is, you can end up paying big bucks to one of these outfits, only to find out they do not open an account at all - but merely provide you with the documentation you need to apply on your own behalf.

Now, if you'd known that in the first place, then you wouldn't have paid for the report telling you how to do it!

Fact is, there are many offshore operators offering to open offshore accounts - where in most cases you can save yourself a couple of hundred dollars (or more) by doing it yourself.

It's true that in some cases a bank introduction is a worthwhile investment - both in terms of your own time, and in cutting through some red tape. And if this is what you seek, then you need to carefully scrutinize all such account-opening offers before handing over your money.

Most of the "open a Swiss Bank Account" ads are simply offering bank account opening documents and a few guidelines in return for a substantial lump of your cash. So, save your money and do a bit of research to come up with the account opening information yourself.

## 6. The Impact of KYC and FATF

Offshore banking has become a lot more *restrictive* since **9/11** - as the US enforces stringent regulations aimed at combating what it terms *money laundering*. This catchall approach means that straight-up, honest people find themselves having to jump through hoops just to get started.

Unfortunately, there seems to be no end in sight to this process - so all you can do is bite the bullet and proceed.

When you first apply to open an offshore bank account you will immediately feel the impact of **KYC** (know your customer) regulations. Banks have a way of making this requirement sound as if its in your best interest, but that's just them trying to sweeten a bitter pill.

In effect, the bank will want to know a lot more about you than they would have a few years back. They will want not only to sight your valid ID, proof of address and business, banking or personal references, but they will also want to know *what* you do.

You will be expected to disclose the nature of your business. You will likely be asked as to the usual purpose and size of your anticipated typical transactions - both in and out of the account.

In other words, the bank wants a **profile** on you and your business endeavours - so they can establish your typical account activity. And if you step *outside* this in any significant way, you are likely to be asked to explain such deviations.

For example, if you have an account with say \$20,000 sitting in it, and have typical monthly ingoings of one or two thousand, and a similar amount coming out - then any large *deviation* from this could trigger a reaction.

If you suddenly concluded a large business deal which was to result in a deposit of say \$250,000, then the right course of action would be to advise the bank of this in *advance*. If you simply initiated a wire transfer without such advance notice, chances are your incoming deposit would be held up until an explanation (or even some documentation) was forthcoming.

The moral of this story is this: keep your nose clean; advise the bank of any unusual anticipated account activity; and build up a good relationship with your bank - so as to avoid embarrassing unpleasantness!

## 7. What You Need to Open an Offshore Account

Opening an offshore bank account needn't be traumatic - if you know what to expect and what you're in for.

You need to carefully consider your banking requirements. Do you want a *personal* or *corporate* account? In most cases a personal account is sufficient - and is usually easier to open. Some offshore banks will only open corporate accounts in person – not on the internet or by mail.

However, if you really want a corporate account, make sure you have your corporate documents available, as you will need to send photocopies as part of the account-opening process.

Of course you'll need to have valid **passport**, and will have to get it notarized by a *Notary Public* (which you'll usually find in large legal firms). This process involves making an appointment with the Notary and having him sight your passport, then make a copy and add his Notary seal and signature, stating he personally viewed your passport.

As previously mentioned, you'll likely also need one or two utility bills as *proof* of residence.

Most banks will ask for a banking **reference** - and yet, at the same time, not offer them! This strange anomaly has caused me, on many occasions, to simply say that I cannot get references issued by my bank. In such cases the bank where you are wanting to open a new account will usually accept *contact* information for any other bank account you have - and seek your permission to approach them if they deem it necessary.

You will also want to find a bank where the opening deposit and ongoing monthly fees are not too onerous. You'll find there is a great difference between banks in this regard.

One bank may be happy to accept an opening deposit of \$1,000, while another

may put their minimum at \$10,000 or even \$50,000.

So make sure you find out what the *minimum* opening deposit is, as well as the monthly account operating costs. These can vary. Some banks will waive an activity fee if you maintain a minimum monthly balance (say \$5,000), while others will charge a flat fee which could be anywhere from \$10 to \$20 or more each month.

You'll also need to decide on what type of account you want - a *current* (non-interest bearing in most cases) or *term* account (where interest is paid, according to the currency on deposit).

Some banks will follow up a written account application process with a *phone* call, so they can speak directly with you. This has happened to me personally, and is to be considered as part of their KYC policy.

When I got phoned up for an account I opened recently, the bank officer asked me **why** I wanted to bank with them (as I lived in a different country), and what the main *purpose* of my account was. He seemed happy with my answers and my account was opened 24 hours later.

The good news is, once you have gone through the mill and opened your account, you'll find the bank (like any company wanting to make a profit) will want to *retain* your business and keep you happy!

A good banking relationship is like *gold* – so hang on to it.

## **8. The Facts About Offshore Credit Cards**

One of the most frustrating restrictions on your offshore banking experience will likely be the obtaining of a useful *credit* card.

Most offshore banks will readily offer you a **debit** card - you know, a plain ATM card like you have from your domestic bank. These are usually *Cirrus* and *Maestro* branded, although in EURO countries *Visa Electron* is quite popular.

Now while these cards are very useful, the main function (when issued by an offshore bank) is to withdraw *cash* from ATM machines.

This is where the desire and need for a full-blown credit card comes in. However, due to rules laid down by Visa and MasterCard International - such cards are usually only available to *residents* in the country the bank operates from. So, for example, if you have a bank account in an offshore jurisdiction, their Visa card may only be available to *local* residents - not you.

Some offshore banks have overcome this by issuing **secured** credit cards - which are not really credit cards at all, but rather a Visa or MasterCard branded card which is backed by cash you put on deposit. Usually, in such cases, you will be required to deposit \$5,000 or more and be granted a percentage of that as an available credit line.

A more user-friendly solution is what's called a Visa or MasterCard **debit** card - which is directly linked to your offshore bank account. When you spend money using it, the funds are immediately withdrawn from your current account. You can't get credit with this card, but you do get full Visa and MasterCard *functionality* when travelling internationally - like hotel check-ins, airline bookings etc.

These types of cards are not readily available offshore, but a few major banks issue them to their international clients.

## **9. The Advantages of Accounts in Various Currencies**

One of the benefits of banking offshore is the ready availability of both *multi-currency* and *multiple currency* accounts. Now, to save confusion I should define those terms. A multi-currency account is a single account (in one default currency) which allows for withdrawals and deposits in multiple currencies.

Multiple currency accounts, on the other hand, are where you can open more than one account at the same bank, each denominated in a *different* currency.

Now, why would you want to do that?

The answer is simple - for **hedging**. In this volatile world currencies are always changing value. And as I write this, the USD is deemed to be heading *downwards* in value over time.

One way to mitigate the downside of this fact is to open a couple more accounts at the same bank - in different currencies, currencies that traditionally move up in response to a USD downward movement. For example, you may decide to open accounts in EUR and GBP - as a counterbalance to your holdings in USD.

Most offshore banks that provide multiple currency accounts will allow you to move funds quite easily between them, as and when you see fit. So if you have a substantial amount of cash on deposit, then spreading your cash risk by holding different currencies is a sound financial decision - one made a lot easier by having an offshore bank account.

## 10. Why 'Hiding in Plain Sight' is Better Than Just Hiding

Given that one of the motivations for wanting to open an offshore bank account may be to increase your financial *privacy* - it's worth giving this factor some serious consideration when deciding **where** to do your banking.

In the past the answer to this question was easy. Simply find a stable, financially sound offshore tax haven and open a bank account there. But times have changed, and even though such obvious tax havens are still financially sound and safe, they may certainly not be very private any more. Why? Because as clearly labelled tax havens they make themselves a *target* to regulatory agencies like FATF.

The big states of this world simply assume that a tax haven is harboring all sorts of *unsavoury* people, and acts accordingly.

The solution is to look for a banking haven which is not normally considered a tax haven, but which offers *exactly* the same advantages.

This way you can *hide in plain sight* - by doing your offshore banking in a country which is not raising any red flags. Better still if that country has a good understanding of the value of financial privacy and offers it as a matter of course.

## Conclusion

Opening an offshore bank account could be the best thing you ever do. However, many people find the process daunting - not least because they need to overcome the *irrational* fear that somehow their money won't be as safe as banking at home.

Of course the truth turns out to be the *opposite*. If you bank with a *reputable* offshore bank, then your money is much safer than before!

I trust the information in this report has given you something to think about, and to help you make a good decision regarding opening your own offshore bank account. Certainly that is my intention.

Once you step into offshore waters you'll find there is plenty more to whet your appetite - including access to previously off-limits **investment** opportunities, more **flexible** business banking arrangements, more **tax-efficient** ways of conducting your financial affairs, and lots more.

If you are interested in exploring this subject further - including getting *specific* advice on what I believe to be the **ideal** offshore bank account - then I'd like to recommend my 7 part e-course - **The FreedomShift**.

It's **free** and instantly obtainable for *download* from the link below. I think you'll find it very informative - and that it will provide you with many more interesting opportunities to consider.

You can get **The FreedomShift** right now – by clicking [HERE](#).

Your in banking freedom

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