

How to Select and Open an Offshore Bank Account

Contrary to what most offshore service providers will tell you, opening an offshore bank account is not the path to instant wealth and riches, although it might get you there a little quicker. In this article I will attempt to set out the advantages and disadvantages of opening and maintaining an offshore banking facility and how you can use this vehicle to enhance and protect your personal wealth.

Initially, you will need to sit down and determine exactly why you require an offshore banking facility. Many people are attracted by the lure of having a secret offshore numbered account or merely want to have an impressive facility to pander to their own ego's. If you fit into the above criteria I sincerely suggest that you seek your gratification elsewhere as you will be eventually left with an empty pocket and account.

Generally, most people seek to hide or protect their assets through the use of an offshore account or they may simply be using it to not repatriate profits back to their home country. These are all valid applications and when structured correctly can maintain a veil of secrecy over your banking operations. It is advisable that whichever need your offshore presence fulfills that you determine if the cost of maintaining an account is offset by your need.

As a prospective account holder you need to clearly understand that opening and maintaining an account is neither cheap nor easy. The fees will vary from bank to bank but generally speaking you will find the relative fees to be more exorbitant than your home jurisdiction. Try not to be deterred by any difference between bank's fees as in the offshore market you really do get what you pay for and if you have followed my prior advice and quantified a strategy then the long term cost will be minimal.

Finding and Selecting an Offshore Bank

The search for an appropriate offshore facility can be long winded and confusing without a little assistance. There are many different types of banking institutions but for the purposes of this article we shall only consider the retail offshore bank. Retail offshore banks are generally those that cater to smaller accounts for individuals rather than corporations and this is the perfect vehicle for your first account.

When selecting a bank you first need to consider which jurisdiction(country) is most appropriate for your needs. Firstly, you will need to determine if your country of residence has any information sharing treaties with a prospective jurisdiction. As you can imagine, the last thing you need is your bank of choice giving up all your account details and transactions to your home countries Tax Department. You can generally obtain information on the tax treaties and relevant country details by accessing various expat websites and viewing the country profiles.

After finding a suitable jurisdiction, you can start looking at individual banks and what they require and offer to new account holders. I would initially caution you to stay away from any small boutique style banks as it can be difficult to know if the bank you are signing up with actually exists. Without significant research a legitimate looking bank website can actually turn out to be fraudulent. Start by looking at major or known banking names in that country. Most offshore banks maintain a web presence and the use of the internet can speed up the process of finding a bank. Any legitimate bank will provide a verifiable address and client contact phone number, any sites that do not maintain valid contact details are most assuredly fraudulent.

Once you have viewed and selected some suitable institutions then take the time to either email or ring them and ask the following questions:

- * What are their ID Requirements
- * What is the minimum opening balance
- * Do they provide Internet Banking
- * Do they require professional references (bank references etc)
- * Ask for a schedule of Fees

The above minimum will give you a good feel for whether the bank is honest and legitimate. Any institution which does NOT require identification to open an account will most definitely be a scam. Generally, they will require you to provide a notarized copy of your passport and proof of a current address, for instance a utility bill. Some banks may require a reference letter from a lawyer, accountant, or current bank who are familiar with your affairs. The minimum account balance will vary from bank to bank and can range from a meagre \$500 USD up to \$50,000. Again this is something that will need to be researched to fit your individual need.

TIP: Always choose a bank with good internet and phone banking, you cant just walk into a branch when you need to.

After submitting an application to your chosen bank along with your identification and proof of address you should be set up and working within two weeks. It is paramount that if you are to maintain your account secrecy that you do not advise nor tell anyone of the account. It is also advisable that you do not receive the bank statements at your home as a few errant statements laying around is the smoking gun that the IRS needs to nail you. This is where internet banking is paramount and its really advisable to only receive your account statements online.

You will find that ultimately offshore banks are extremely easy to deal with and provide an excellent range of privacy related services. Which bank or jurisdiction you choose is ultimately governed by your personal needs and risk assessment. I hope that this article has been a good primer on what is required to step into the offshore banking world.

Some Sample Offshore Banks

Berner Kantonal Bank - Switzerland

ANZ Vanuatu

HSBC Offshore - Hong Kong

Loyal Bank - St Lucia

Reitumu - Latvia

Parax - Latvia

Wall Street Banking Corp - Cook Islands

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