

HONG KONG'S MANDATORY PROVIDENT FUND: BNO VISA HOLDERS DENIED ACCESS TO THEIR SAVINGS

BACKGROUND

The Mandatory Provident Fund (MPF) is a compulsory retirement savings scheme for the people of Hong Kong, effective from 1 December 2000. Most employees and their employers are required to contribute monthly to MPF schemes provided by approved financial institutions. Both employer and employee are required to contribute 5% of the employee's monthly income, up to **HK\$1,500 (£155) per month**. Those earning less than HK\$7100 (£730) per month are not required to contribute.

The Mandatory Provident Fund Schemes Authority (MPFA) supervises the provision of MPF schemes. The MPFA registers schemes and although not a government body, works closely with the government and has the power to enforce compliance with legislation.

Since April 2023, Hong Kong Watch has campaigned for the UK and Canadian governments to place pressure on the UK and Canada-headquartered MPF trustees to release Hong Kongers' hard-earned retirement savings. Hong Kong Watch held an online meeting with a Sun Life representative in April 2024 and met in-person with Manulife representatives in May 2024. Hong Kong Watch continues to engage in discussions with MPF trustees as well as cross-department government and parliamentary representatives on all levels.

TOTAL MPF ASSET SIZE

As of December 2023, the total value of all MPF schemes was a little over **HK\$1.14 trillion (£115 billion)**.¹ In 2023, there were 29,900 claims for early MPF withdrawal on the grounds of permanently leaving the territory.²

¹https://www.mpfa.org.hk/en/-/media/files/information-centre/research-and-statistics/quarterly-reports/mpf-schemes/december_2023_issue.pdf

²https://www.mpfa.org.hk/en/-/media/files/information-centre/research-and-statistics/quarterly-reports/mpf-schemes/december_2023_issue.pdf

Hong Kongers can withdraw their entire MPF savings early if they make a statutory declaration that they have departed Hong Kong permanently with no intention of returning to resettle in Hong Kong. The MPFA states: “They are also required to provide documentary proof satisfactory to the trustees that they are permitted to reside in a place outside Hong Kong.”³ This would typically take the form of a visa, residence permit, or passport that permits the individual to reside in a place outside of Hong Kong. Other reasons for early withdrawal include early retirement (beyond the age of 60), total incapacity, terminal illness, small balance (under HK\$5,000) or death.

However, the MPFA released a statement on 10 March 2021 saying that because the British National (Overseas) (BNO) passport was no longer recognised by the Hong Kong government as a valid travel document as well as proof of identity as of the end of January 2021,⁴ those trying to withdraw their MPFs early (before retirement) cannot rely on the BNO passport as evidence in support of an application for early MPF withdrawal.⁵ As a result of this statement, Hong Kongers who use the BNO visa route to escape the ongoing dismantling of freedoms in Hong Kong and move to the UK do not have access to their retirement savings which would give them a strong foundation for starting their new life. This retaliatory action was conducted by fiat with no laws or regulations being changed in Hong Kong regarding the operation of the Mandatory Provident Fund.

Hong Kong Watch has seen several letters from banks to individuals, rejecting their early MPF withdrawal claims based on this guidance from the MPFA.

As of the end of 2023, there are 4.75 million scheme members,⁶ amounting to an **average of HK\$240,000 (£24,198) per member.**⁷

HSBC AND AVERAGE MPF SIZE

There are 12 approved MPF trustees that oversee the provision of a total of 24 MPF schemes.⁸ HSBC, which is globally headquartered in London, is the trustee for four MPF schemes (the HSBC Mandatory Provident Fund – SuperTrust Plus; Hang Seng Mandatory Provident Fund – SuperTrust Plus; Fidelity Retirement Master Trust; and the Haitong MPF Retirement Fund) with assets totalling **HK\$329 billion (£33 billion),⁹ which is**

³ <https://www.mpfa.org.hk/en/mpf-system/withdrawal-of-mpf/early-withdrawal#anchor2>

⁴ <https://www.info.gov.hk/gia/general/202101/29/P2021012900763.htm>

⁵ <https://www.mpfa.org.hk/en/info-centre/press-releases/202103001>

⁶ https://www.mpfa.org.hk/en/-/media/files/information-centre/research-and-statistics/quarterly-reports/mpf-schemes/december_2023_issue.pdf

⁷ Total assets (HK\$1.14 trillion) divided by accounts (4.75 million).

⁸ <https://www.mpfa.org.hk/en/info-centre/public-registers/mpf-approved-trustees>

⁹ https://mfj.mpfa.org.hk/eng/mpp_download_asset_size.jsp

approximately 29% of the total MPF market. HSBC is also the custodian¹⁰ for the Sun Life Rainbow MPF Scheme with assets totalling HK\$129 billion (£13 billion).¹¹

HSBC, like all other MPF providers, charges a management fee for each members' investment. This depends on the fund chosen by the member, but varies from 0.73% to 1.45% as a percentage of net asset value per annum.¹²

In the terms and conditions of the master trust deed of the HSBC MPF Supertrust Plus, if a member's voluntary contributions benefits are not claimed within two years of eligibility, then the member is not entitled to that benefit and the amount is transferred to the appropriate Reserve Account or accrue to the Trust Assets generally (Clause 12B v).¹³

In June 2020 the former Asia-Pacific chief executive of HSBC, Peter Wong Tung-shun, publicly backed the imposition of the National Security Law (NSL) in Hong Kong.¹⁴ HSBC's support for the NSL was reiterated again by its British-based executives when he gave evidence to the House of Commons Foreign Affairs Select Committee in January 2021. Noel Quinn, Chief Executive of HSBC, said in his evidence that he foresaw no situation in the future in which the bank would pull out of Hong Kong.¹⁵

Mr Quinn told the Select Committee: "I am not in a position to be able to judge the motives or the validity of a legal instruction from a law enforcement authority. I cannot do that in the UK, and I cannot do it in any market." He continued: "I cannot cherry-pick which law to follow or which legal instruction to follow from a police authority anywhere in the world."¹⁶

PROJECTED NUMBERS AFFECTED

As of the end of March 2024, there had been **210,843 BNO visa applications**,¹⁷ with the majority of these granted and being used to live in the UK. Although there is not data available beyond the end of 2022 on the number of non-dependent versus dependent BNO applications, between the launch of the BNO visa scheme in January 2021 and the end of 2022, around 60% of those who applied to the BNO scheme were main BNO applicants

¹⁰ <https://www.sunlife.com.hk/en/investments/mpf-and-orso-scheme/sun-life-rainbow-mpf-scheme/>

¹¹ https://mfpmfpa.org.hk/eng/mpp_download_asset_size.jsp

¹² <https://www.hsbc.com.hk/mpf/funds/management-fees/>

¹³ <https://www.hsbc.com.hk/content/dam/hsbc/hk/docs/mpf/master-trust-deed.pdf>

¹⁴ <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3087457/hsbc-breaks-silence-and-backs-national-security>

¹⁵ <https://committees.parliament.uk/oralevidence/1580/pdf/>

¹⁶ <https://committees.parliament.uk/oralevidence/1580/pdf/>

¹⁷ <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-march-2024/safe-and-legal-humanitarian-routes-to-the-uk#british-national-overseas-bno-route>

(non-dependents).¹⁸ Taking 60% of 210,843 BNO visa applications as a rough estimate, it is likely that around 126,505 BNO visa holders have MPF accounts.¹⁹

Of the main BNO visa holders, Home Office data to the end of September 2021 showed that 80% were between the ages of 25 and 54, with the 35 to 44 age bracket having the highest numbers.²⁰ Taking the average MPF account size (HK\$240,000 [£24,198]), and multiplying it by the number of main BNO visa holders (126,505), there would be around **£3.06 billion of MPF assets** that Hong Kongers are currently being denied access to.

If 29% hold MPF savings with HSBC as a trustee, then **HSBC would be denying access to £887 million of assets** (29% of £3.06 billion) which belong to BNO visa holders who have permanently left Hong Kong to start a new life in the UK.

The Home Office Impact Assessment on the BNO visa policy published in October 2020 estimated that 5.4 million Hong Kong residents will be eligible for the scheme, with 258,000 to 322,400 arriving over the first five years.²¹ The current rate of applications suggest these are reasonably accurate, but the actual figure may be far higher depending on push and pull factors in Hong Kong and the UK. If the upper figure of over 322,400 is taken, which suggests 179,300 main applicants, then taking the average MPF member account size of £24,198, there would be around **£4.3 billion of MPF assets** that are being held back from Hong Kongers in the first five years of the BNO visa scheme alone.²²

Taking an average management fee of 1%, trustees for the various MPF schemes would be making **£43 million a year** for managing BNO visa holders' MPF accounts – which is about the same amount as the UK government's support package for the BNO Welcome Programme which is now in its fourth year.²³

CASES OF AFFECTED INDIVIDUALS

The case studies below detail how the withholding of Hong Kongers' MPF savings has affected their families in the UK and Hong Kong, as well as various aspects of their integration into the UK. The responses gathered from participants were self-reported and voluntarily. Responses are edited for clarity.

¹⁸ Main applicants made up almost 80,000 of 135,000 out of country BNO visa applications from Q1 2021 to the end of 2022. There were 55,000 dependents, meaning main applicants made up roughly 60% of overall BNO visa applications.

¹⁹ We calculated 126,505 by taking 60% of 210,843.

²⁰ <https://www.gov.uk/government/publications/survey-of-hong-kong-british-national-overseas-visa-holders-2021/hong-kong-bno-survey-results-accessible-version#table-1---age-group-of-bno-visa-holders-up-to-30-september-2021>

²¹ https://www.legislation.gov.uk/ukia/2020/70/pdfs/ukia_20200070_en.pdf

²² This figure is estimated by taking £24,198 and multiplying it by 179,300.

²³ <https://www.gov.uk/government/news/national-welcome-for-hong-kong-arrivals>

Case A

After working for two decades in Hong Kong, I was hoping my hard-earned pension, which is over HK\$500,000 (£50,284), would come in handy when my son and I had to leave Hong Kong after the situation deteriorated to an unacceptable level. However, the Hong Kong government denied my request to withdraw my lifelong retirement savings. As a single mother, I did not sell our house in Hong Kong and came to the UK to buy a new one, relying solely on my retirement savings. However, since the Hong Kong government was trying everything it could to stop us from leaving and blocked access to my retirement savings, my son and I endured the coldest winter in our lives when we arrived in the UK. I could not even afford a heater, and lived with self-hatred for not being able to provide my son with the most basic needs.

Case B

I have a family of five, and one of my 11-year-old children is severely disabled. She cannot walk and needs full adult support for all her daily life. We live in a private rented terrace house, where we need to pick her up and down the stairs everyday. This is not safe for any of us. If we were able to withdraw my MPF, we could buy a wheelchair accessible property such as a bungalow. The withholding of my MPF has significantly affected my family life.

Case C

The withholding of my MPF negatively impacted how I adapted to the new environment in the UK, because I am on my own here and did not have a job at first. I was constantly stressed about my finances as there were many things to pay for – the immigration health surcharge, the visa fee, and all the expenditure you can imagine when moving into a new home. These expenses consumed part of my savings, which kept depleting until I got a job.

Luckily, I eventually found a job after months and things started to settle down. Still, my pot of money in the MPF could have made a huge difference in settling into my new life in the UK with dignity. Now, I could use that money for unexpected expenditures, such as helping my grandmother and mother leave Hong Kong should the situation in the city continue to worsen.

Case D

My MPF savings are nearly £90,000, which would tremendously help my family and I in our daily life in UK. This money would allow us to save to buy a home and to establish our new home base in the UK. I should be able to access my own savings as I have permanently left Hong Kong, which is a reason in accordance with the MPF scheme requirement for early withdrawal.

Case E

If I was able to get my own retirement savings released, I would be able to have more money to find a better house, and to use to explore the UK or start a business.

RECOMMENDATIONS

There is around **£3.06 billion of MPF assets** that Hong Kongers are currently being denied access to. Hong Kong Watch continues to engage in discussions with MPF trustees as well as cross-department government and parliamentary representatives to ultimately release these funds. Hong Kong Watch details its recommendations to MPF trustees, as well as the UK government, below.

1. MPF trustees should release the MPF savings of Hong Kongers, recognising that the statement from the MPFA refusing to accept the BNO passport of a valid form of identification for the early withdrawal of MPF is a retaliatory action that was conducted by fiat with no laws or regulations being changed in Hong Kong regarding the operation of the MPF.
2. MPF trustees, including UK-headquartered HSBC and Standard Chartered, should meet with Hong Kong Watch to increase their understanding of the issues related to the MPF being faced by BNO visa holders abroad.
3. The UK government should provide a formalised statement of the intention of BNO visa holders to apply for British citizenship, which BNO visa holders can present to UK-based MPF trustees should they be denied access to their MPF savings, given that 99% of Hong Kongers who hold a BNO visa intend to apply for British citizenship.²⁴

²⁴https://static1.squarespace.com/static/628b740a6ac4ac36ed7dd1b7/t/655615ea356bc245b542759e/1700140534691/HK+to+UK+report_No+v23.Final.pdf

4. The Chancellor of the Exchequer should hold discussions with HSBC and Standard Chartered on the impact of their policies on not recognising the BNO passport as a valid document on the ability of Hong Kongers with a BNO passport to access their MPF savings.
5. The Chancellor of the Exchequer should hold discussions with his counterparts in Hong Kong on concerns surrounding the ongoing withholding of more than £3 billion worth of BNO visa holders' MPF retirement savings, and ask Hong Kong authorities to advise the MPFA to withdraw their statement in March 2021 to allow BNO visa holders access to their MPF.