

Is HSBC fleeing to a tax haven?

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According to the FT:

HSBC has sounded out investors about a flotation of its UK arm, in a move that would realise value from its high street banking business and address regulatory pressures.

The bank has in recent weeks asked investors whether they would support the sale of a sizeable stake in the UK business. It has also discussed the issue informally at board level, according to three people familiar with the project.

I don't buy the reasoning. I read this as the first step to HSBC taking most of its operations entirely offshore from a Hong Kong base. The article denies this, but I think that's a smokescreen. Global capital is, I think, trying to take its money and run, leaving regulation to deal with a residual rump.

Which is precisely why there is a need for strong cooperation with a willingness to embrace extra-territoriality to tackle tax haven abuse in both bank regulation and tax.