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May 10 2016 at 1:48 PM | Updated May 10 2016 at 2:51 PM

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Citi bans key Asian currencies from buying Aussie real estate



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The only foreign currencies it will now accept from overseas borrowers are the Canadian dollar, Danish kroner, European Union euro, Hong Kong dollar, Japanese yen, New Zealand dollar, Swedish kroner, Singaporean dollar, South Korean won, Swiss franc, UK sterling and US dollar. **Jin Lee**



by **Duncan Hughes**

Citigroup has a confidential blacklist of foreign currencies it will no longer accept as payment for Australian real estate from overseas borrowers because of growing concerns about fraud and possible money laundering.

Matt Wood, head of the global bank's mortgage distribution, has written to mortgage brokers with a list of 12 currencies that it will accept and warned that all others are not negotiable.

Income earned in a foreign currency other than that of the applicants' nationality, with the exclusion of Australian citizens and permanent residents, will not be permitted for use in the assessment of their ability to pay.

"We want to continue to ensure we have a robust and healthy residential loan book catering to foreign buyers," a bank spokesman said. "We have excluded certain currencies to ensure we don't attract any increases in unwanted loan applications," he said.

Mr Wood, whose division deals with high net worth customers, many with global asset portfolios, is warning that a crackdown on overseas borrowing by competing Australian banks has triggered a spike in loan applications.

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"Given increasing difficulty in confirming income from certain countries and to maintain a balanced portfolio without further erosion to our service proposition, we will only rely on (specified) currencies".

The bank's move follows competitors' tightening lending terms and conditions, freezing new loan applications, or withdrawing from the overseas borrowing market, which until recently was a coveted sector.

Some major Australian banks, including [Westpac and Australia and New Zealand Banking Group](#), are reviewing foreign loan applications amid concerns of systemic fraud.

ANZ has discovered loan applications with incomplete or missing documentation, such as pages removed from passports, and documents supporting overseas employment income from companies that could not be traced.

CRACKDOWN ON LENDING TO FOREIGNERS

[Bendigo and Adelaide Bank](#), Australia's fifth largest, has told more than 30 mortgage managers and thousands of brokers to immediately stop lending to foreign borrowers and exclude foreign-sourced income from local real estate deals.

Its move also follows a surge in applications in response to a tightening of lending terms and conditions by competitors.

Citigroup accounts for less than 1 per cent of the total Australian property market but has a high profile in Asia where it targets rich Asian, or foreign-based, investors seeking to diversify asset allocation.

The only foreign currencies it will now accept from overseas borrowers are the Canadian dollar, Danish kroner, European Union euro, Hong Kong dollar, Japanese yen, New Zealand dollar, Swedish kroner, Singaporean dollar, South Korean won, Swiss franc, UK sterling and US dollar.

Major Asian currencies, such as the Chinese yuan and Thai baht, are excluded.

Other exclusions include the Indian rupee, Indonesian rupiah, Malaysian ringit and Taiwan dollar.

In addition, Citigroup is refusing any loans that rely solely on rental income for repayment.

All new business must also have documentation translated into English and all foreign income from the 12 nominated currencies must be converted into the Australian dollar before being used in the capacity test calculator, which is used to assess borrowers' capacity to pay.

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