

Faster access to share financing at OCBC

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OCBC Securities is aiming to get more retail investors to use shares they already own as collateral to buy more shares.

This is known as share financing and OCBC Securities is introducing same-day approval from Oct 8 to beef up its share financing scheme.

The industry norm among brokerages to get approval is two or three days. But a spokesman for Hong Leong Finance – which offers share financing – said same-day approval is possible there.

An investor buying stock via margin financing gets to acquire more stock since he is using some of the shares he already owns as collateral.

“Share financing is part of the wealth creation story,” Mr Hui Yew Ping, OCBC Securities’ managing director said. “It can mean better use of one’s assets and resources.”

He said “customers are telling us that two to three days is too long. In response, we are offering them same-day approval”.

For example, if an application for margin financing is made before 2pm and the application is approved, the new customer can start trading from 3pm onwards.

According to the latest Singapore Exchange annual report, as at June 30, there were about 1.29 million Central Depository (CDP) Account holders.

This is where records of share transactions are kept.

SGX said that the number of active CDP account holders rose from 145,097 in July last year to 172,706 as at June this year.

With OCBC Securities’ share financing, customers can buy up to two and a half times the value of the shares they have pledged from their CDP account. Another advantage of the scheme is a wide list of stocks available for margin financing. There are more than 1,000 shares including about 600 stocks from Singapore and 100 from Malaysia. The rest are from Hong Kong.

Mr Hui said that “OCBC Securities is well-placed to help our customers unlock the value of the shares, which may be simply left idling in their accounts”.

But OCBC Securities will offer investment seminars to educate customers new to trading.

Margin financing is a fast-growing business for OCBC Securities. In the year to date, Mr Hui revealed that this business had grown between 35 per cent and 40 per cent.