

## Concerted efforts required to tackle consumer debt/bankruptcy problem

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Concerted efforts are required to tackle the issue of consumer debt and bankruptcy and this was reaffirmed at a high-level roundtable discussion held today (January 15). Good progress has been made on various initiatives, and the Government will examine carefully the proposals put forward by the Hong Kong Association of Banks (HKAB) on this matter.

The participants of today's roundtable discussion include representatives from HKAB, the Hong Kong Monetary Authority (HKMA), the Financial Services Bureau, the Official Receiver's Office (ORO), the Police and the Office of the Privacy Commissioner for Personal Data.

"The Government has been working closely with concerned parties in tackling the problem of consumer debt and bankruptcy," the Secretary for Financial Services, Mr Stephen Ip, said. "Today's meeting provides a good forum for us to take stock of the progress made on the various initiatives since the last roundtable discussion in September 2001 and to discuss the way forward," Mr Ip added.

A key initiative is the sharing of credit information among banks so that banks can be in a better position to assess applications for credit. In this regard, the Office of the Privacy Commissioner for Personal Data aims to implement in February 2002 changes to the existing Code of Practice on Consumer Credit Data under the Personal Data (Privacy) Ordinance. One of the proposals is to extend the period of retention of credit application data and file activity data.

Mr Ip said, "We support HKAB's latest proposals on positive consumer credit data sharing. HKMA will follow up with the Office of the Privacy Commissioner for Personal Data on the proposed amendments to the Code." This would, for example, allow banks to check the number of credit cards an applicant possesses before deciding on the application for credit facilities.

To facilitate banks to have early access to information in respect of persons who have lodged a petition for bankruptcy, ORO would, upon request, provide the names of such persons and the first three digits of their identity card numbers. Arrangements are being made for this to be done electronically. The aim is to have the new

arrangements implemented as soon as possible.

"We are glad to hear that the banks have also tightened their lending policies by improving their credit scoring models and making more use of the services provided by Credit Information Services Ltd," Mr Ip said. "Other constructive measures taken by the banks include exploring the feasibility of implementing debt relief plans on a case-by-case basis and promoting public awareness of the importance of personal financial management by issuing financial health warning leaflets."

On the enforcement front, the ORO and the Police will step up enforcement action against those who have abused the bankruptcy provisions. In this regard, the banks have recently referred to the Police a number of cases in which bankruptcy-related fraud is suspected. The Police, in liaison with the ORO, are investigating these cases.

Participants attending the roundtable discussion also discussed HKAB's latest proposals for bankruptcy reform, including the proposal for new civil provisions and criminal offences related to bankruptcy fraud, stepping up enforcement, shortening the period between a bankruptcy petition and a bankruptcy order, and mandatory credit counselling etc. These proposals are being examined carefully by the Government.

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