

INFORMATION NOTE

Comparison of Measures to Protect Banking Consumers in the United Kingdom, the United States of America, Australia and Hong Kong

| | United Kingdom | United States of America | Australia | Hong Kong |
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| Prudential Supervision | | | | |
| Regulatory Framework | | | | |
| Legislation | <ul style="list-style-type: none"> • Bank of England Act 1998 | <ul style="list-style-type: none"> • Federal and state laws | <ul style="list-style-type: none"> • Banking Act 1959 | <ul style="list-style-type: none"> • Banking Ordinance |
| Regulator | <ul style="list-style-type: none"> • Financial Services Authority | <ul style="list-style-type: none"> • National banks — Office of the Comptroller of the Currency • State member banks — Board of the Federal Reserve • State non-member banks which are federally insured — Federal Deposit Insurance Corporation • State non-member banks which are not federally insured — Federal Trade Commission • Thrifts — Office of Thrift Supervision | <ul style="list-style-type: none"> • Australian Prudential Regulation Authority | <ul style="list-style-type: none"> • Hong Kong Monetary Authority |

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| Prudential Supervision | | | | |
| Compensation | | | | |
| Legislation | <ul style="list-style-type: none"> Financial Services and Markets Act 2000 | <ul style="list-style-type: none"> Federal Deposit Insurance Act of 1933 | <ul style="list-style-type: none"> Nil | <ul style="list-style-type: none"> Nil |
| Responsible authority | <ul style="list-style-type: none"> Financial Services Authority | <ul style="list-style-type: none"> Federal Deposit Insurance Corporation | <ul style="list-style-type: none"> Nil | <ul style="list-style-type: none"> Nil |
| Compensation scheme | <ul style="list-style-type: none"> Insure deposits up to £31,700 (100% coverage for the first £2,000, thereafter 90% coverage of deposits, up to a maximum of £33,000) | <ul style="list-style-type: none"> Insure deposits up to US\$100,000 | <ul style="list-style-type: none"> Nil | <ul style="list-style-type: none"> The Hong Kong Monetary Authority has issued two discussion papers to the banking industry for comment: one on funding and premium assessment, and the other one on reimbursement netting. A set of proposals of the deposit insurance scheme will be released for consultation with the industry in the first quarter of 2002. |

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| Conduct Regulation | | | | |
| Regulatory Framework | | | | |
| Legislation | <ul style="list-style-type: none"> Bank of England Act 1998 | <ul style="list-style-type: none"> Federal and state laws | <ul style="list-style-type: none"> Australian Securities and Investments Commission Act 2001 | <ul style="list-style-type: none"> Banking Ordinance |
| Regulator | <ul style="list-style-type: none"> Financial Services Authority | <ul style="list-style-type: none"> National banks — Office of the Comptroller of the Currency State member banks — Board of the Federal Reserve State non-member banks which are federally insured — Federal Deposit Insurance Corporation State non-member banks which are not federally insured — Federal Trade Commission Thriffs — Office of Thrift Supervision | <ul style="list-style-type: none"> Australian Securities and Investments Commission | <ul style="list-style-type: none"> There is no designated authority with an explicit mandate to protect banking consumers. However, under the Banking Ordinance, the Hong Kong Monetary Authority has a general duty to "provide a measure of protection to depositors". |

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| Conduct Regulation | | | | |
| Fees and Charges for Basic Banking Services | | | | |
| Imposition of or increase in fees and charges | <ul style="list-style-type: none"> 30 days advance notice | <ul style="list-style-type: none"> 30 days advance notice | <ul style="list-style-type: none"> 30 days advance notice | <ul style="list-style-type: none"> 30 days advance notice |
| Reference relating to the level of fees and charges levied by banks in the Code of Banking Practice | <ul style="list-style-type: none"> Nil | <ul style="list-style-type: none"> Nil | <ul style="list-style-type: none"> Nil | <ul style="list-style-type: none"> Nil |
| Basic banking services for disadvantaged groups | <ul style="list-style-type: none"> Basic Bank Accounts — on-line, no-overdraft, and no-service-charge accounts offered by major banks in the UK | <ul style="list-style-type: none"> Electronic Transfer Accounts — low-cost accounts which may only be opened by federal benefits recipients First Accounts — low-cost accounts for people who do not have any checking or savings account or any other relationship with a bank | <ul style="list-style-type: none"> Individual banks have offered low-cost accounts or provided special financial products (for which there are substantial fee discounts and exemptions) for low-income group, pensioners, students and the disabled. | <ul style="list-style-type: none"> Individual banks may exempt social welfare benefits recipients, the disabled or customers over aged 65 from fees and charges levied on some basic banking services. Some banks have introduced free-of-charge accounts. |

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| Customer Services and Protection | | | | |
| Complaints Handling Mechanism | | | | |
| Responsible authority | <ul style="list-style-type: none"> Financial Ombudsman Service | <ul style="list-style-type: none"> Complaints handling office of respective regulators | <ul style="list-style-type: none"> Australian Banking Industry Ombudsman Scheme | <ul style="list-style-type: none"> Nil |
| Dispute resolution procedures | <ul style="list-style-type: none"> The complainant has to make the complaint to the bank concerned first. If the complainant is not satisfied with the bank's response, he may take the complaint to the Financial Ombudsman Service (FOS). The FOS may order the bank concerned to pay the complainant compensation up to a maximum of £100,000. If the complainant is still not satisfied with the outcome of the investigation conducted by the FOS, he may take the case to court. | <ul style="list-style-type: none"> The complainant may resolve the complaint with the bank concerned directly. If the complainant is not satisfied with the resolution, he may take the complaint to the regulator concerned for further investigation, or take the case to court directly. If the complainant wins the court case, the bank concerned is required to pay him compensation. | <ul style="list-style-type: none"> If a complainant has a complaint which is about a specific banking service, or that the actions of a bank have directly caused him to suffer a financial loss which is less than A\$150,000, the complainant may lodge the complaint to the Australian Banking Industry Ombudsman Scheme (ABIO). The ABIO is able to award compensation up to A\$150,000. If the complainant is not satisfied with the Ombudsman's decision, he may take the case to court. | <ul style="list-style-type: none"> The Hong Kong Code of Banking Practice requires banks to establish procedures for handling customer complaints. In the event that a complaint cannot be resolved with the bank concerned, the complainant may take the case to the Hong Kong Monetary Authority (HKMA). The HKMA will refer the case to the bank concerned for investigation. The HKMA is not authorized to award compensation. The complainant may also take the case to court. |

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| Customer Services and Protection | | | | |
| Consumer Consultation | | | | |
| Responsible organization and its functions | <ul style="list-style-type: none"> • The Financial Services Consumer Panel advises the Financial Services Authority (FSA) on its policies, monitors the effectiveness of its work, reviews developments in financial services which may affect banking consumers. • The Consumer Panel — <ul style="list-style-type: none"> (a) makes formal responses to consultations on financial services proposed by the FSA and the Government; (b) commissions surveys and research on areas of consumer concern; and (c) recommends consumer representatives to contribute to the work of the FSA. | <ul style="list-style-type: none"> • There is no formalized consultation machinery such as the Financial Services Consumer Panel in the UK. • Regulators may provide information in different forms for public consultation. • National lobbying organizations also speak for the public against specific issues. | <ul style="list-style-type: none"> • Consumer Advisory Panel advises the Australian Securities and Investments Commission (ASIC) on key consumer protection issues and give feedback on ASIC activities. | <ul style="list-style-type: none"> • Nil |

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| Customer Services and Protection | | | | |
| Access to Credit Reference | | | | |
| Legal provision | <ul style="list-style-type: none"> The Data Protection Act provides that a consumer should be told if the files of a credit reference agency are to be searched when one applies for credit. | <ul style="list-style-type: none"> The Equal Credit Opportunity Act mandates that every consumer who applies for credit has an equal chance to obtain it. The Fair Credit Reporting Act ensures that consumers' rights and privacy are protected. | <ul style="list-style-type: none"> The Privacy Act provides that — <ul style="list-style-type: none"> (a) a consumer should have the right to obtain a copy of his credit file free of charge if application for credit is rejected; and (b) an individual's file at a credit reference agency can only be accessed by a credit provider for lawful purposes. | <ul style="list-style-type: none"> The Code of Practice on Consumer Credit Data governs the collection, accuracy, use, security, access and correction of such data by credit reference agencies and lending institutions. The provisions of the Code are not legally binding. A breach of the Code, however, will give rise to a presumption against the data user in any legal proceedings under the Personal Data (Privacy) Ordinance (Cap. 486). |
| Responsible organization and its functions | <ul style="list-style-type: none"> Information on credit history of an individual is provided by private companies. | <ul style="list-style-type: none"> Information on credit history of an individual is provided by private companies. | <ul style="list-style-type: none"> Information on credit history of an individual is provided by private companies. | <ul style="list-style-type: none"> Information on credit history of an individual is provided by private companies. |

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| Customer Services and Protection | | | | |
| Consumer Education | | | | |
| Responsible authority | <ul style="list-style-type: none"> Financial Services Authority Relevant industry associations | <ul style="list-style-type: none"> Department of the Treasury Relevant industry associations | <ul style="list-style-type: none"> Australian Securities and Investments Commission Relevant industry associations | <ul style="list-style-type: none"> There is no designated authority responsible for educating consumers about financial services. However, the Hong Kong Monetary Authority and the Consumer Council both provide relevant information for banking consumers. |
| Means of delivery | <ul style="list-style-type: none"> The Financial Services Authority — <ol style="list-style-type: none"> maintains a web site; publishes booklets and leaflets; conducts consumer education forum; organizes workplace/ community based meetings; incorporates financial services education into the national curriculum; and | <ul style="list-style-type: none"> The Department of the Treasury (the Treasury) — <ol style="list-style-type: none"> maintains a web site; produces publications; and conducts conferences and seminars. | <ul style="list-style-type: none"> The Australian Securities and Investments Commission — <ol style="list-style-type: none"> maintains a web site; produces publications; conducts advertising campaigns; develops consumer tips and advice column in relevant publications; provides relevant materials for television and radio programmes; | <ul style="list-style-type: none"> The Hong Kong Monetary Authority — <ol style="list-style-type: none"> maintains a web site; produces publications on banking services; and organizes exhibitions for the public. The Consumer Council publishes information on fees and charges levied by banks for consumers' reference. |

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| Customer Services and Protection | | | | |
| Consumer Education | | | | |
| Means of delivery (cont'd) | (f) maintains a public enquiries helpline. <ul style="list-style-type: none"> Industry associations publish fact sheets and other financial literature for banking consumers. Information is also available in their web sites. | <ul style="list-style-type: none"> The Treasury also works with communities and industry associations to provide incentives for financial institutions to develop financial literacy programmes. | (f) conducts seminars/ training sessions and develops a financial services issues kit for community workers; and (g) incorporates financial services education into the existing courses. <ul style="list-style-type: none"> Industry associations produce fact sheets about the banking industry and also brochures on loan selection for banking consumers. | |

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