

CB(1)331/02-03(02)

PI

19/11/02 14:47

To: Anita FM SIT/LEGCO@LEGCO
cc: Joey WC LO/LEGCO@LEGCO
Subject: Sharing of Positive Credit Data

Dear Anita and Joey,

I forward Mr Li's e-mail regarding sharing of positive credit data for your consideration.

Regards,
Melanie WAN
PIO1

----- Forwarded by PI/LEGCO on 2002/11/19 02:45 PM -----

"KS Eric Li" <ksericli@hotmail.com>

2002/11/18 04:03 PM

To: pi@legco.gov.hk

cc:

Subject: Sharing of Positive Credit Data

Dear Sir

While the consultation on the captioned is in progress, I would like to draw your attention to the following concerns, which have been over-looked by many people:

Whilst it is reasonable that borrowers have the responsibility to disclose "adequate" information to the lenders for loan application, we do not see it is a must to require all borrowers in Hong Kong to put their positive credit data to a centralized database, which could be assessed by variety of parties. Bear in mind that the data are neither negative data nor criminal records. If the advocates of sharing of positive credit data are making a considered reasonable, the Inland Revenue Department may also have the same grounds to gain automatic access to the payroll systems of all employers in Hong Kong. We also do not see any particular reasons why such data have to be administered by the Credit Information Service unless there is some hidden agenda between the banking industry and the government.

From the Consultation Paper issued by the Privacy Commissioner for Personal Data, it has been uncontestable that the of sharing of positive credit data is NOT a panacea to personal bankruptcy and credit card delinquency. It is rather a way for the banking industry to know "more" the level of debts of their customers. While there is no absolute linkage that the over-indebted would ultimately go bankrupt, it is unreasonable to label such customers by this way.

There was a high-level Round Table Discussion among banking industry and the government officials early this year to discuss ways to tackle personal bankruptcy and credit card delinquency. Actually no effective way had been suggested and announced but such an idea of "Sharing of Positive Credit Data" was used to cover up the problem and in-competency. Since the Hong Kong banking industry is highly protected by the Hong Kong Monetary

Authority and worked under a "Cartel", we believed that it is the real cause to the problem consumer debts:

1) While the deposit rate has dropped to less than 0.1% pa, the credit card lending was still stood firmly at 30 _ 40% pa plus handling charge. The high interest charges became big burden to customers in this poor economic situation and had caused some of them to bankrupt. We do not see such a wide interest rate margin in any other places of the world. That is why when nearly every industry in Hong Kong suffered the hits from economic downturn but the banking industry is still making big profit.

2) Many players in the banking industry made use of the excuse of economic downturn to raise the interest charge of some of the customers even if the customers had no problem in servicing the debts. Since the borrowers are always in a weaker position in negotiating, it is in fact unfair them and caused them to difficulty. However, relevant government had always kept a blind eye on this.

Yours faithfully

Eric Li
SME Proprietor

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