

**LegCo Panel on Financial Affairs  
Meeting on 3 July 2006**

**List of follow-up actions**

**Impact of branch closure of banks on the public**

1. To address members' concern about the impact of branch closure of banks on the public, the Administration and the Hong Kong Association of Banks (HKAB) are requested to explore, in collaboration with other parties concerned, feasible measures for provision of basic banking services to the public in various districts, taking into consideration the following suggestions/views expressed by members:
  - (a) Number and location of bank branches
    - (i) While it is the commercial decision of individual banks to decide on the number and location of their branches, banks have the corporate social responsibility to ensure that the basic need of the public for banking services is catered for;
    - (ii) Reduction in bank branches in recent years has caused great inconvenience to members of the public, in particular the elderly, the disabled and the less privileged groups;
    - (iii) In making decisions on closure of bank branches and/or location of new branches, banks should take into account the impact of such decisions on the public and the need for banking service in districts with higher percentage of elderly residents (e.g. Sham Shui Po and Kwun Tong);
    - (iv) The three note-issuing banks (NIBs) should coordinate their efforts in planning for branch offices in new towns (such as Tung Chung and Tin Shui Wai) and public housing estates so that at least one bank branch is set up in each new town and public housing estate;

- (v) HKAB should explore with its member banks the feasibility of setting up a small bank office (e.g. with one or two staff) in the premises of supermarkets to provide basic banking services;
  - (vi) Banks should give adequate advance notice to consumers before the closure of branches;
  - (vii) The Administration should explore with the Housing Authority (HA) measures to encourage banks to provide banking services in public housing estates, such as providing banks with lower rents; and
  - (viii) The Administration should make reference to overseas practices in ensuring consumers' access to basic banking service. For example, in evaluating a bank's performance and the assignment of ratings, the regulator is required to take into account whether the bank has taken actions to show concern for the community, such as its record of opening and closing branches.
- (b) Provision of banking services through alternative modes
- (i) HKAB should explore further measures to facilitate public access to banking services in different districts through the provision of automatic teller machines (ATMs) and self-service banking centres;
  - (ii) HKAB should urge its member banks to arrange at least in-situ provision of ATMs service as a replacement after the closure of a bank branch;
  - (iii) The Administration should explore with HKAB and HA the provision of ATMs in premises including HA offices in public housing estates, premises let to non-governmental organizations, offices of Members of the Legislative Council, public libraries, community halls, and premises of rural committees; and
  - (iv) The Administration should explore measures to provide deposit and withdrawal services to the public through other channels, including the provision of such services through post offices and credit unions.

(c) Measures to facilitate the use of ATMs

- (i) To facilitate the use of ATMs by people with disabilities, banks should consider the physical accessibility of the location and design of ATMs and install suitable devices for ATMs, for example enlarged characters on the ATM screens; audible devices and braille touch buttons for the visually impaired;
- (ii) To facilitate the use of ATMs by the elderly, HKAB is invited to consider the Consumer Council's suggestion that individual banks should look into the feasibility of using other methods of personal identification, e.g. retinal or finger prints. Moreover, the banking industry should step up publicity and security measures for use of ATMs to protect the elderly from suffering losses; and
- (iii) Banks should consider simplifying the operating procedures and screens of ATMs to increase their user friendliness.

**Measures to avoid Hong Kong's financial market from being marginalized**

- 2. In response to a member's concern about the availability of the needed talents to cope with market challenges and competition, the Administration undertakes to provide written information on its strategy and efforts in training and nurturing talents in the financial services sector, including the work of the Advisory Committee on Human Resources Development in the Financial Services Sector and the series of events organized by the Committee in this respect.
- 3. In response to a member's concern about efforts in promoting Hong Kong's financial services in the Mainland, the Administration undertakes to provide information on the relevant promotional activities organized by the Hong Kong Exchanges and Clearing Limited.

## **Review of the Mandatory Provident Fund Schemes Compensation Fund**

4. In response to members' concern about the review of collection of levy and reserve level of the Mandatory Provident Fund Schemes Compensation Fund (Compensation Fund), the Mandatory Provident Fund Schemes Authority (MPFA) undertakes to:
  - (a) explore feasible measures to improve provision of services to members of MPF Schemes; and
  - (b) work out a model/mechanism for determining the optimum level of the Compensation Fund and provide a progress report to the Panel in 18 months' time. The progress report will also cover information on the assessment of the risks arising from claims, if any, to the Compensation Fund.

Council Business Division 1  
Legislative Council Secretariat  
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