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財經事務及庫務局  
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來函檔號 YOUR REF.:

7 August 2007

Clerk to the Panel on Financial Affairs  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong  
(Attn: Ms Rosalind MA)

Dear Ms Ma,

**Services Provided by Banks to  
Remittance Agents and Money Changers**

I refer to your letter of 8 May 2007 inviting the Administration to follow up on the issues raised at the meeting of the Panel on Financial Affairs (“the Panel”) on 7 May 2007. I am writing to provide the relevant information.

**Discussion on the Provision of Banking Services to Remittance Agents and Money Changers (RAMCs)**

The Administration has been in contact with the trade representatives of RAMCs since April 2007 to discuss whether any assistance could be provided to address their concerns and requests relating to the provision of banking services to RAMCs.

Subsequent to the Panel meeting, the Hong Kong Monetary Authority (HKMA) met with the representatives of the newly established Hong Kong Money Changer and Remittance Association (“the Association”) on 21 June 2007. Two members of the Panel also attended the meeting. The letter from the HKMA to the Association setting out the main points discussed at the meeting is attached for reference. At the meeting, the HKMA representatives discussed with the Association in detail the information gathered by the Association through a survey conducted by the latter on the situations encountered by its members in maintaining and opening bank accounts. While the survey results suggested that many banks were still providing services to RAMCs, the HKMA has requested the Association to collate more detailed information from its members for further review.

The HKMA has also updated the Association on the follow-up actions that have been taken since the Panel meeting. As noted from the letter, the HKMA has continued to hold discussions with the banks concerned. While respecting the banks' right to make business decisions, the HKMA has encouraged them to be accommodating and helpful in their business dealings with RAMCs. Moreover, the HKMA has also suggested the twenty major banks represented at the meeting of the Industry Working Group on Prevention of Money Laundering and Terrorist Financing to maintain the status quo in relation to RAMCs as far as possible and to endeavour to be helpful if they are approached by RAMCs to open accounts.

The Administration will continue to keep in contact with the RAMC industry on the issue and provide assistance to them where practicable.

### **Review on the Existing Regulatory Regime for RAMCs**

The Administration is reviewing the regulation of RAMCs to ensure that it is in line with the latest international standards. In the process, the Administration is mindful of the business characteristics of RAMCs. Any future enhancement in the regulation to be proposed should be focused and pragmatic to avoid imposing excessive burden on these businesses. In the review, the Administration would also draw reference to the relevant overseas experience.

In view of the complexity of the issues involved, the review would take some time to complete. The Administration does not have an action timetable at this stage. The Administration would consult the industry when proposals for enhancing the regulation are formulated.

We are glad to note that, upon the Administration's suggestion, the Association will develop a set of operational guidelines to promote good business practices and awareness in the prevention of money laundering amongst its members. We believe that such voluntary measures would be helpful in banks' consideration of their business dealings with the RAMCs and are conducive to enhancing the industry's general preparedness for any new regulatory requirements that would ultimately be implemented. The Administration encourages the Association to keep up its efforts in this regard and would be happy to provide the Association advice and information, when appropriate, on the latest international standards anti-money laundering and terrorist financing.

Yours sincerely,



(Ms Angelina Kwan)

for Secretary for Financial Services and the Treasury

c.c. Mr. Peter SULLIVAN, Chairman, the Hong Kong Association of Banks  
Chief Executive/Hong Kong Monetary Authority (Attn: Mr. Simon Topping)



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Annex

*Banking Policy Department*

銀行政策部

Our Ref.: B10/1C

BY POST AND BY FAX (2396 3076)

27 June 2007

Hong Kong Money Changer and Remittance Association  
Flat E, 7<sup>th</sup> Floor, Block 7  
Belair Monte  
Fanling  
New Territories

Dear Sirs,

Thank you for participating in the meeting at the HKMA on 21 June to follow up on the discussions at the meeting of the LegCo Financial Affairs Panel (FAP) on 7 May on the problems being encountered by some Remittance Agents and Money Changers (RAMCs) in maintaining their existing bank accounts or opening new accounts. Thank you also for the Association's letter of 21 June.

This letter is to re-cap on the main points discussed at the meeting.

The Association expressed the concern that, following the FAP meeting, some RAMCs were still being asked by banks to close their accounts. To enable the HKMA to follow up on this, we requested the Association to provide more details, including the banks concerned and the names of the relevant RAMCs if they have no objection.

The HKMA provided an update on the follow-up actions that had been taken since the FAP meeting, as follows:

1. The HKMA had received and reviewed the Association's survey, which had been helpful in clarifying some of the issues involved.
2. The HKMA had continued to hold discussions with banks concerned and, while respecting their right to make commercial decisions, encouraged them to be accommodating and helpful in their dealings with RAMCs. It was the HKMA's impression that banks were generally being responsive to such requests.
3. The HKMA, at the 6 June meeting of the Industry Working Group on Prevention of Money Laundering and Terrorist Financing, had suggested to the twenty major banks represented on the Group that, as a general rule, it would be appropriate to maintain the status quo in relation to RAMCs as far as possible and that they should endeavour to be helpful if they were approached by RAMCs to open accounts.

4. The Hong Kong Association of Banks (HKAB) had issued a circular to member banks on 8 June, drawing their attention to the effect that closure of accounts could have on RAMCs' business and livelihood, and encouraging them to pay attention to the situation when RAMCs encounter difficulties in opening bank accounts.
5. The Administration had continued its review of the regulatory regime for RAMCs in relation to prevention of money laundering.

### Way forward

As mentioned at the meeting, the HKMA welcomes establishment of the Association to represent the industry on this issue, and suggests that it may be appropriate for the Association to consider developing a code of conduct for its members on the prevention of money laundering, as this could be viewed positively by banks in considering business dealings with the Association's members.

The HKMA will continue to follow up with banks concerned. By copy of this letter, we are also passing on the views of the Association to HKAB and other relevant parties and will keep you informed of further developments. As suggested at the LegCo FAP meeting, we will encourage HKAB to continue to explore ways of addressing RAMCs' concerns, including meeting with representatives of the RAMC industry.

We will also be providing an update on developments to the FAP in due course. In this connection, I would like to express my gratitude to the two members of the FAP, Hon Albert Ho Chun-yan and Hon James To Kun-sun, for participating in the meeting.

Yours faithfully,



Simon Topping  
Executive Director (Banking Policy)  
Hong Kong Monetary Authority

c.c. Chairman, Hong Kong Association of Bank  
FSTB (Attn : Ms Angelina Kwan) 28/6  
Hon Albert Ho Chun-yan, LegCo Panel on Financial Affairs  
Hon James To Kun-sun, LegCo Panel on Financial Affairs