

For information  
on 5 May 2008

**Legislative Council Panel on Financial Affairs**  
**Impact of Banks' Branch Closure and Fee-charging on the Public**

**Purpose**

The Administration provided a response on 30 November 2007 to the comments and suggestions concerning the subject raised by the Panel at its meeting held on 2 April 2007. This paper provides an update on the latest developments.

**Latest Developments**

2. As mentioned in our written response on 30 November 2007, the Administration is fully aware of the concern of the public on the availability and accessibility of banking services. While the Administration, including the Hong Kong Monetary Authority (HKMA), liaises closely with the banking industry in exploring possible options in improving the accessibility of banking services in the community and provides appropriate facilitation, the choice of delivery channels, including opening and closing of branches, remains a commercial decision for banks. The Administration considers it inappropriate to intervene in the commercial decisions of banks given that Hong Kong is a free market economy.

3. To strike a balance between the needs and interests of both the public and the banking industry, the Administration has been encouraging banks to fulfill their corporate social responsibilities and to consider views and needs of their customers and potential customers, in particular those with special needs, in providing banking services through branches and other means. We encourage banks to take steps to minimize the inconvenience caused by closure of bank branches through measures like installation of automatic teller machines (ATM) as replacement and facilitation for using e-banking services. On the other hand, we welcome the banking industry to explore the feasibility of different suggestions to improve the availability and accessibility of banking facilities such as interconnecting the two ATM networks and providing mobile bank branches.

*Banking facilities at retail facilities managed by the Housing Authority*

4. The Housing Authority (HA) maintains a policy of facilitating the provision of banking services in the retail facilities under its management. Except those retail facilities which are serving small neighbourhood or having banking facilities in the close proximity, the HA has designated a certain number of commercial premises in all remaining retail facilities under its management for provision of banking services. While the HA spares no effort in facilitating the banking industry to provide services at these designated premises, whether or not the premises are eventually taken up for the designated use depends on banks' interest. As of 31 March 2008, there were 53 retail facilities being managed by the HA and banking facilities were provided at 12 of them. Details of these banking facilities are shown at Annex A. In case the relevant premises are not taken up by banks for a long time, the HA will re-designate them for other uses in order to ensure that the land resource under its management is duly and efficiently utilized. There have been seven cases of re-designation of premises from provision of banking facilities to other uses as at end March 2008. The overall occupancy rate of all retail facilities managed by the HA during the same period was 95.76%.

5. To facilitate the banking industry to provide their services at the retail facilities under the HA's management, the HA welcomes banks interested in operating banking facilities in its retail premises to approach it direct to discuss the matter in detail. The Financial Services and the Treasury Bureau wrote to the Hong Kong Association of Banks in June 2007 to provide the details of the contact person in the HA in this regard.

*Proposed banking services in post offices*

6. On the suggestion from some Panel members as regards the provision of basic banking services through post offices, the Hongkong Post (HKP) maintains the view that it has reservations about providing deposit and withdrawal services in post offices. While the HKP has no objection to studying the feasibility of providing banking services at post offices should there be any relevant proposal from the banking industry, it stresses that such proposal should not adversely affect the existing quality of postal services or require cross-subsidization from postal services. If, after the feasibility study, it is subsequently decided that the HKP should provide banking services on behalf of banks, relevant legislation may need to be amended, in which case the

support of the Legislative Council would be necessary.

*New bank branches opened*

7. The HKMA provided at **Annex B** information on the number, location and business nature of new bank branches opened in various districts in Hong Kong from 1 January 2006 to 31 March 2008. Amongst the 105 new bank branches, 68 of them provide general deposit and withdrawal services while 37 offer specific banking services by way of, for example, personal lending centres, commercial/ small and medium enterprises centres and wealth management centres. As the specific banking services offered by these branches cater for the need of selected customer segments, many of them are located upstairs in office buildings rather than at street level.

**Financial Services and the Treasury Bureau**  
**April 2008**

**Annex A**

**List of banking facilities at retail facilities managed by the Housing Authority  
(Position as at 31.3.2008)**

	Name of public rental housing estate/home ownership scheme court retail facilities	Number of on-going tenancies in banking facilities		
		ATM	ATM at convenience store	Bank
1	Fu Shan	1		
2	Hoi Lai	1		1
3	Kwai Hing			1
4	Kwai Chung	2		1
5	Kwai Shing West	2		
6	Lai Yiu	1		
7	Lei Muk Shue	2	1	1
8	Ping Shek			1
9	Siu Hong			1
10	Shek Yam East		1	
11	Wah Fu (I)	2		
12	Mei Tin		1	
Total		11	3	6

**Annex B**

**List of new bank branches opened  
(1.1.2006 – 31.3.2008)**

District	Number of new branches opened	Number of new branches by categories of services provided	
		Deposit and withdrawal services for all customers	Specific banking services for selected customer segments <sup>#</sup>
Central & Western	12	7	5
Eastern	5	2	3
Southern	2	1	1
Wanchai	11	7	4
Kowloon City	3	2	1
Kwun Tong	13	5	8
Sham Shui Po	8	5	3
Wong Tai Sin	3	3	0
Yau Tsim Mong	13	8	5
Islands	3	2	1
Kwai Tsing	4	3	1
North	7	5	2
Sai Kung	6	6	0
Shatin	4	4	0
Tai Po	2	2	0
Tsuen Wan	1	0	1
Tuen Mun	7	6	1
Yuen Long	1	0	1
Total	105	68	37

<sup>#</sup> Examples are personal lending centres, commercial/small and medium enterprises centres and wealth management centres. Self-service banking machines are available at some of these branches and are accessible by all customers.