

For information
on 1 June 2009

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

Purpose

This paper reports on the follow-up of the Government in relation to the relevant motion carried at the meeting of the Legislative Council Panel on Financial Affairs (“the Panel”) on 5 May 2008, in response to the letter dated 6 May 2009 from the Panel.

Follow-up

2. As mentioned in the papers submitted to the Panel previously, the Government is fully aware of the concern of the public about the availability and accessibility of banking services. While we have been closely liaising with the banking industry in exploring ways to help improve banking services, the choice of delivery channels remains a commercial decision for banks. In view that Hong Kong is a free market economy, we consider it inappropriate to intervene in the commercial decisions of banks.

3. The Government has followed up the motion carried at the Panel meeting on 5 May 2008 according to the above principle. On the one hand, we have continued to exchange information and views on relevant matters with the banking industry through standing mechanism, including fielding representatives by the Financial Services and the Treasury Bureau and the Hong Kong Monetary Authority to join the Task Force on Financial Service Delivery Channels of the Hong Kong Association of Banks. On the other hand, having regard to the fact that different user groups of banking services have different issues of concern and suggestions regarding service delivery, the Financial Services and the Treasury Bureau has arranged exchange sessions for representatives of the relevant organizations (including representatives of

organizations concerning the elderly, underprivileged, people with disabilities and low-income earners), banking industry, Consumer Council and the Government to communicate and discuss the direction of improvement concerning banking services.

4. Representatives from the relevant organizations expressed different opinions on banking services in the aforesaid exchange sessions. Generally speaking, they expressed understanding that the banking industry needed to decide the most effective service delivery channels having regard to prevailing business environment and varying business expansion strategies. Notwithstanding this, they pointed out that since consolidation of banks' branches had caused inconvenience to individual user groups, in particular the elderly and people with disabilities, the banking industry should seriously consider how to tackle the relevant problems. While recognizing the general direction of promotional and educational efforts by the banking industry in recent years as regards automated teller machines ("ATMs"), e-banking services and cash withdrawal points, they put forth suggestions for improving the relevant services. At the same time, they suggested the banking industry to further improve the operation of ATMs, phone banking and cash withdrawal points, and the facilities and service arrangements of bank branches so as to facilitate the use of such services by the elderly and people with disabilities. On fees and charges of banks, some attendees of the exchange sessions indicated that the underprivileged and low-income earners had expressed concern on the imposition of handling fees by the banking industry on bank accounts with low balance.

5. We shall continue to maintain communication with the relevant parties through different channels, and encourage the banking industry to fulfil corporate social responsibilities and take into account the views and needs of their existing and potential customers (in particular those with special needs) in considering service delivery channels.

Financial Services and the Treasury Bureau
May 2009