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By email: yhcheung@legco.gov.hk

Miss Haley Cheung
Panel on Financial Affairs
Legislative Council

Dear Miss Cheung

Panel on Financial Affairs (FAP) – Follow-up to meeting on 1 June 2009

We refer to Mr. Noel Sung's letter to our Chairman dated 2 June 2009 requesting the Hong Kong Association of Banks (HKAB) to provide certain information to you for the FAP as a follow up from the FAP meeting on 1 June 2009 (FAP Meeting).

I. Response on follow up action - Access to ATM services by bank customers

We wish to advise that HKAB does not have the requested information on the percentage of bank customers having access to ATM services provided by the JETCO and HSBC/Hang Seng networks respectively. We understand that calculation of the requested percentage would require information on the number of customers with ATM cards from each bank offering ATM services. Such information is considered to be commercially sensitive by our member banks and we are, therefore, unable to provide such information.

However, we note that the concern of the Hon. Ronny Tong in requesting the aforesaid information at the FAP Meeting was the accessibility of ATM services by the public. As reported by our Chairman at the same meeting, both networks have made considerable effort in setting up ATMs all over Hong Kong over the past few years. As of end-2008, there were a total of 2,679 ATMs in Hong Kong where the two networks' ATMs are distributed on a relatively even basis within all the 18 districts in Hong Kong, and therefore allowing customers of both ATM networks to conveniently access their ATM services across Hong Kong.

The convenience of ATM services was recognized by the public as revealed in a survey conducted by the University of Hong Kong in December 2007. The survey revealed that over 80% of interviewees considered the current ATM services convenient. On average, interviewees spent only 6 minutes to access the nearest ATM on foot and 4 minutes queuing up for ATM services.

Chairman The Hongkong and Shanghai Banking Corporation Ltd
Vice Chairmen Standard Chartered Bank (Hong Kong) Ltd
Bank of China (Hong Kong) Ltd
Secretary Jennifer Cheung

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II. Update on HKAB and the industry's effort to improve access to basic banking services

We would also like to take this opportunity to provide the FAP with an update on our efforts to improve access to basic banking services, following the FAP Meeting, as follows:

1. ATM educational talks

Building on the success of the ATM educational talks in 2008, HKAB and our member banks have continued to partner with charity organizations to provide a total of 8 ATM talks to the elderly as of mid-October 2009. During the talks, the elderly were taught how to use ATMs on a step-by-step approach through interactive games which simulate ATM transactions. According to the surveys conducted during these talks, we have received the following feedback:

- 70% of respondents is aged over 70
- 89% of respondents said they would try using ATMs after the talks
- 59% of respondents said their confidence in using ATMs had increased considerably.
- 18% of respondents already have ATM cards.
- 57% of respondents will apply or consider applying ATM cards.

In light of the positive response, we believe that with proper consumer education, the elderly will also be able to take advantage of the continuing advances in technology and increasingly enjoy the convenience of e-Banking services without limiting by branch operating hours.

2. Banking services at public housing estates

As presented by our Chairman at the FAP Meeting, over half of the bank branches, ATMs and retail outlets providing cash withdrawal services were located at or near public housing estates as of end-2008. Notwithstanding this comprehensive coverage, accessibility of banking services by public housing tenants has remained a key focus for the banking industry. Since May 2006, HKAB has been in dialogue with the Link Management Limited (Link) and the Housing Authority (HA) over the practical constraints faced by member banks in establishing bank branches, ATMs or self-service banking centres (Bank Outlets) at retail facilities under their management. However, as pointed out by our Chairman at the FAP Meeting, our members are currently still facing similar challenges during their rental negotiations with the Link and HA, including limited choice of areas, unsuitable locations and sharp rental increases. As a follow up, HKAB wrote to the Link in November 2009 to convey the challenges faced by banks and expressed our wish of continuing dialogue with a view to working together to enhance the accessibility of banking services at public housing estates. We understand that the Financial



Services and the Treasury Bureau (FSTB) wrote to the HA relaying the relevant difficulties raised by HKAB at the FAP Meeting on 1 June 2009.

3. Suggestions for enhancing accessibility of banking services by customers with special needs

As reported by FSTB at the FAP Meeting, FSTB has organized a number of exchange sessions for representatives of the relevant organizations concerning the elderly, people with disabilities and low-income earners, as well as the banking industry, Consumer Council and the Government to discuss issues relating to the availability and accessibility of banking services. As a follow-up, HKAB issued a circular to all member banks in November 2009 to communicate the suggestions made by the relevant organizations and encourage members to take into account such suggestions during the review of their channels and business development strategies and to provide assistance to customers with special needs as far as practicable. In addition, we have written to the EPS Company (Hong Kong) Limited to convey the suggestions made by the above organizations in respect of the EPS EasyCash service for their consideration.

Lastly, we are pleased to advise that HKAB has successfully launched a pilot scheme of ATMs with protruding symbols in selected MTR stations in June 2009 to enhance access of ATM banking services by the visually impaired. As the next step, HKAB would conduct a survey with various organizations concerning the visually impaired and evaluate the effectiveness of the scheme in due course.

HKAB and the industry will continue the efforts to develop their distribution channels and banking services to the public. We shall maintain our close liaison with the Government and other relevant parties to continue to enhance the availability and accessibility of basic banking services by the public going forward.

Yours sincerely

Jennifer Cheung
Secretary

c.c. Hon Chan Kam-lam, SBS, JP (Chairman)
Miss Natalie Li, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)
Mr. Howard Lee, Division Head, Banking Policy Department, Hong Kong Monetary Authority
Ms Connie Lau, Chief Executive, Consumer Council