



27 June 2007

Miss Polly Yeung
Clerk to Panel on Financial Affairs
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Miss Yeung,

Follow-up to meeting on 4 June 2007

I refer to the letter dated 5 June 2007 from Ms Rosalind Ma of your office. The HKMA's responses to items 1(a) and (b) of the letter are as follows:

Item 1(a): The HKMA's role in consumer issues

Attached is a report of the study conducted by the HKMA in 2001, which compared and contrasted the banking consumer-protection arrangements in Hong Kong with those in the UK and Australia. This report was originally forwarded to the Panel on 27 April 2001.

Since the report was prepared, the HKMA has kept developments in this area under review. A general observation arising from the 2001 study and developments since then is that the involvement of overseas banking regulators in consumer protection varies from one jurisdiction to another. Banking regulators in the UK and the US, for example, are more heavily involved in consumer protection than their counterparts in Singapore, Australia, Canada and New Zealand. In the UK and the US, the banking regulators are directly involved in consumer education and enforcing relevant consumer-protection legislation. The Monetary Authority of Singapore's involvement in consumer protection is limited to a facilitation role. In Australia and Canada, there are specific agencies – separate from the banking regulators – dedicated to protecting consumers of financial services. The Reserve Bank of New Zealand has no statutory responsibility for protecting consumers of banking services.



HONG KONG MONETARY AUTHORITY
香港金融管理局

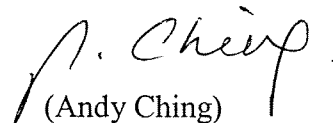
The situation in Hong Kong remains the same as outlined in the 2001 report in that the HKMA has no statutory responsibility for consumer protection. However, since the report was produced, the HKMA has been involved in a wide range of what might be regarded as consumer-protection-related issues, such as the closure of bank branches, access to basic banking services, assisting the industry in reviewing the Code of Banking Practice, handling complaints about banking services, the difficulties encountered by money changers in opening accounts with banks and the problem with the EPS add-value machines for Octopus cards. The HKMA's approach in these cases has been to try to facilitate discussion between affected consumers and individual banks, or the Hong Kong Association of Banks where issues are of an industry-wide significance, to identify solutions wherever possible. We believe that this co-operative approach has generally been effective in addressing issues raised.

The HKMA continues to have an open mind about taking up a greater role in consumer issues. However, greater involvement of the HKMA in this area would require legislation to provide a clear mandate and powers, and additional resources. Given the success of the current voluntary and co-operative approach, we do not see a pressing need for such legislation at this stage, although we continue to keep the matter under review.

Item 1(b): Establishment and strength

On 25 June 2007 the establishment of the HKMA was 622 and the strength was 603.

Yours sincerely,



(Andy Ching)

for Chief Executive

Hong Kong Monetary Authority