

## **Press release**

### **LCQ7: Collection of service fees by banks**

Wednesday, May 11, 2011

Following is a question by the Hon Chan Kam-lam and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (May 11):

Question:

It has been learnt that some banks in Hong Kong have exempted the elderly from certain service fees at present, but some others still collect additional fees from accounts with an average balance below a specified amount and persons using counter services, causing the disadvantaged groups, including Comprehensive Social Security Assistance ("CSSA") recipients etc, to be regularly charged these service fees despite their financial hardship. In this connection, will the Government inform this Council:

- (a) whether it knows which major banks in Hong Kong collect additional fees from low-balance accounts and persons using counter services at present; of the approximate amount of the fees collected (set out in table form); which of them exempt the elderly from such service fees, and which of them exempt "CSSA" recipients from such service fees;
- (b) whether the Government and the Hong Kong Monetary Authority had received any complaint from the public in the past three years about service fees collected by banks; if they had, of the number and outcome of the complaints, with a breakdown by year; and
- (c) whether the Financial Services and the Treasury Bureau and the Labour and Welfare Bureau had held any discussion or made any lobbying effort in the past three years with regard to urging banks to exempt "CSSA" recipients from service charges; if they had, of the progress and outcome of such work; if not, whether they will consider undertaking such work in the future?

Reply:

President,

The Administration's reply to the question is as follows -

(a) At present, banks which have larger branch network in Hong Kong include Bank of China (Hong Kong), HSBC, Hang Seng, Bank of East Asia, Standard Chartered, and DBS(HK). Altogether they have 675 branches, representing half of the total bank branches in Hong Kong. The vast majority of them exempt such disadvantaged groups as senior citizens and recipients of Comprehensive Social Security Assistance (CSSA) from service fees levied on Hong Kong dollar (HKD) savings accounts which do not meet the minimum balance requirement of banks. Details are set out in Annex.

Apart from the abovementioned banks, the majority of the remaining retail banks in Hong Kong also offer HKD savings account low-balance fee waivers for such disadvantaged groups as senior citizens and/or CSSA recipients.

As for counter service fee, in general, when depositors use counter services such as withdrawals, deposits or transfers, banks will not levy a separate fee. In addition, to cater for the needs of low-balance account holders, some banks offer customers a choice of accounts with no minimum balance requirement. Banks offer these customers free automated teller machine (ATM) cards so that they can use ATMs for cash withdrawal or transfer. But if these account holders withdraw cash or transfer funds over the counter, the banks will charge around \$20 for each transaction.

(b) The numbers of complaints on bank charges received by the Hong Kong Monetary Authority (HKMA) from members of the public, on a yearly basis, were four (in 2008), 13 (in 2009), 17 (in 2010) and two (up to April 2011). These 36 complaints were not related to disadvantaged groups complaining about low-balance or counter service fees.

In addition, according to the HKMA's records, all these complaints were handled by the banks properly. The HKMA was also not aware of any violation of the requirements under the Code of Banking Practice relating to providing notifications and ensuring that customers were informed of the fees.

(c) The Financial Services and the Treasury Bureau as well as the Labour and Welfare Bureau understand public concern about the impact that bank account charges may have on disadvantaged groups. In this regard, the HKMA has been in discussion with the Code of Banking Practice Committee to encourage banking industry to adopt appropriate policy on exemption of bank charges. The Hong Kong Association of Banks (HKAB) issued a circular to its members in 2007, pointing out that while it understood bank account charge was a matter of commercial decision of individual banks, it called for the adoption of appropriate exemption policy. HKAB issued another circular in 2009, encouraging banks to ensure that their staff were able to readily provide details of their banks' exemption policies in response to customer enquiries. The HKMA will continue to closely monitor the situation and, if necessary, follow up with the industry.

Ends