

Press Release

LCQ18: Terms of basic banking services

Wednesday, July 2, 2014

Following is a question by Dr Hon Chiang Lai-wan and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (July 2):

Question:

It has been reported that the Consumer Council has recently made enquiries with 20 banks in Hong Kong about the details of their services relating to general savings accounts in Hong Kong dollars, and found that 17 banks have set initial minimum deposit thresholds ranging from \$10 to \$2,000. In addition, 14 banks have set a minimum account balance requirement ranging from \$5,000 to \$30,000, and account holders who do not meet such requirements will be charged \$50 to \$100 per month (low account balance fees) by the banks. In this connection, will the Government inform this Council:

(1) whether it knows the respective numbers and names of the banks in Hong Kong, five years ago and at present, that (i) did/do not set an initial minimum deposit requirement and (ii) did/do not set a minimum account balance requirement;

(2) given that 22 banks signed the Treat Customers Fairly Charter (the Charter) in October last year, whether it knows if the banks which have currently set initial minimum deposit requirements and low account balance fees have signed the Charter; if these banks have signed, whether the authorities have assessed if these banks have violated the Charter; if they have assessed, of the outcome; if not, the reasons for that;

(3) whether it knows the respective numbers and contents of the complaints received by the Consumer Council and the Hong Kong Monetary Authority in the past five years about the banks in Hong Kong setting initial minimum deposit requirements and low account balance fees;

(4) given that there are views that the minimum account balance requirements set by banks are unfavourable to the low income group's access to basic banking services, whether the authorities will, in addition to promoting the

implementation of the Charter among banks, propose to banks that they should consider either abolishing the related fees or extending the scope of the waivers for such fees; and

(5) whether the authorities have put in place policies and measures to ensure that the low income group have access to basic banking services; if they have not, whether they will consider introducing relevant policies and measures?

Reply:

President,

(1) According to the Hong Kong Monetary Authority (HKMA), five banks did not have an initial deposit requirement in 2009. The five banks were Bank of Communications, Chiyu Bank, Citibank (Hong Kong), DBS Bank (Hong Kong) and Nanyang Commercial Bank. At present, three banks do not have such a requirement. The three banks are Citibank (Hong Kong), DBS Bank (Hong Kong) and Nanyang Commercial Bank.

At present, and as in 2009, three banks do not have a minimum account balance requirement. The three banks are China Citic Bank International, Chong Hing Bank and Public Bank (Hong Kong).

(2) All 22 retail banks in Hong Kong have signed up to the Treat Customers Fairly (TCF) Charter to pledge their commitment to implementing the TCF principles. Under Principle 5 of the Charter, local banks that engage in the mass retail market should provide reasonable access to basic banking services for members of the public, and pay a special attention to the needs of vulnerable groups.

In fact, retail banks that have a minimum account balance requirement have already waived the low-balance fee for vulnerable groups and adopted a flexible approach to expand the scope of exemption to low-income customers, or to provide them with unlimited or limited free access to branch counter services in relation to their use of basic bank accounts without a minimum balance requirement.

Regarding the initial deposit requirement, the HKMA has discussed it with

the retail banks concerned to encourage them to provide a waiver for vulnerable and low-income customers.

(3) In the past five years, the HKMA and the Consumer Council have not received any complaint in relation to banks' initial deposit requirement. During the period, the HKMA received about 65 complaints in relation to banks' low-balance fee requirement, and these mainly related to allegations of banks charging such a fee without notifying the customers. The Consumer Council received about 33 such complaints (Note).

(4) and (5) As mentioned above, the TCF Charter requires banks to provide vulnerable and low-income customers with reasonable access to basic banking services. In this regard, the banking industry has taken appropriate and reasonable measures to ensure that these customers have access to basic banking services.

Whether banks should abolish the low-balance fee or widen the scope of fee exemption is basically a commercial decision, which depends on the operating costs involved in the provision of banking services.

Note: As bank customers may file complaints to both the HKMA and the Consumer Council, we do not rule out duplication of such complaints cases.

Ends