

## **Press Release**

### **LCQ19: Provision of bank branches**

Wednesday, November 23, 2016

Following is a question by the Hon Fernando Cheung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (November 23):

Question:

Some residents of Tin Shui Wai have relayed to me that various retail banks often only pay regard to profits and losses when deciding whether or not to set up bank branches in a particular district, resulting in an extremely uneven distribution of bank branches at present. For example, in Mei Foo Sun Chuen, a middle-class community, there are 16 bank branches (i.e. one bank branch per 2 400 people), while in Tin Shui Wai North, a grass-roots community, there is only one bank branch (i.e. only one bank branch for some 120 000 people). Moreover, there are quite a number of disadvantaged groups (e.g. the elderly and persons with disabilities) living in communities without bank branches. As a result, they have to travel long distances to bank branches located in other districts in order to use banking services. Those residents consider that the banks' practice of not setting up branches in grass-roots communities amounts to the ignoring of residents' basic needs in daily lives, which constitutes banks' disregard for their social responsibilities and gives rise to an allegation of discrimination. In this connection, will the Government inform this Council:

(1) whether it knows the following figures in each year since 2000: (i) the number of bank branches serving general customers, (ii) the number of bank branches serving selected customers exclusively, (iii) the number of automatic teller machines (ATMs), (iv) the number of bank branches closed, and (v) the number of bank branches set up (set out the relevant information by District Council district);

(2) whether the authorities have studied the impact of closure of bank branches on disadvantaged groups; if they have, of the details and whether they have formulated measures to ensure that the persons concerned have convenient access to basic banking services; if not, the reasons for that; and

(3) whether it knows if the Hong Kong Association of Banks will urge various banks to put in place compensatory measures after closing branches, such as introducing easy-to-use ATM cards to facilitate the elderly's access to basic banking services via ATMs?

Reply:

President,

(1) According to the information collected by the Hong Kong Monetary Authority (HKMA), there were 1 174 branches (including 66 branches which only provide services to selected customers) and 3 249 automatic teller machines (ATMs) operated by banks as at the end of 2015. Compared with 1 122 branches and 2 361 ATMs as at the end of 2005, the coverage of banking services has improved. The distribution of banking facilities is set out in the Annex.

Apart from the above services, there are "mobile branches" operated by two note-issuing banks in Hong Kong for provision of banking services at 10 public housing estates. They include Yan On Estate, Shek Mun Estate, Hoi Lai Estate, Tin Ching Estate, Tin Heng Estate, Kwai Luen Estate, Shin Ming Estate, Mei Tung Estate, Lei Yue Mun Estate and Cheung Shan Estate.

(2) The HKMA's analysis on the coverage of banking network suggests that branches and ATMs operated by Hong Kong retail banks are widely distributed in the territory. The HKMA has all along reminded banks that, while operating on commercial principles, they should also take into account the need of the community (especially senior citizens and people requiring assistance) for physical branches in their planning of banking networks. The HKMA also facilitates communication and cooperation between the banking industry and the LINK Asset Management Limited, with a view to improving banking services in the shopping centres of public housing estates.

Meanwhile, the HKMA encourages banks to deploy flexible operation modes to supplement the existing banking network. In view that certain public housing estates do not have branches located within walking distance, two note-issuing banks in Hong Kong have launched mobile branches to provide services for residents in these areas. The HKMA will continue to monitor the

situation and demand for mobile branches, and work with the banks concerned to enhance the services.

On the concern over banking services in Tin Shui Wai North raised in the question, the HKMA gathers that the issue arose from the renovation of a shopping mall in Tin Shui Wai North early this year. As a result, an affected bank had to relocate its branch to another shopping mall in Tin Shui Wai South in order to continue with service provision to the residents in Tin Shui Wai. Operationally speaking, re-provisioning a bank branch involves much more complicated processes, such as the installation of IT system and security facilities, than in the case of other retail business. It is therefore difficult for the bank to move its branch back to Tin Shui Wai North within a short period of time after the renovation of the shopping mall. Apart from a physical branch, at present there are other banking facilities in Tin Shui Wai North, including mobile branches operated by two banks and 19 ATMs operated by six banks. Besides, a bank will set up in Tin Shui Wai North a self-service banking centre, which will provide video teller machines (VTMs) and have staff stationed there to provide other basic banking services such as the opening of bank accounts.

(3) At present, members of the public can conduct most financial transactions through means other than physical banks (for example, through ATMs, internet and phone banking services). At the end of 2015, there were about 10.41 million personal internet banking accounts in Hong Kong. The financial transactions conducted at branch counters only accounted for around 30 per cent of the total transactions in 2014. With the advancement of technology, it is believed that more and more banking services can be provided through channels other than physical branches in the long run.

In view of the increasing prevalence of ATM, internet and phone banking services, the HKMA has been reminding banks to take special care of people in need, including senior citizens and grassroots who are not familiar with computer operation. Since 2007, the banking industry has introduced simplified ATM cards to streamline the options available at ATMs, reduce the steps required for cash withdrawal, and display larger fonts on the screen, so as to help senior citizens and other customers in need to operate ATMs more easily. Every year, the Hong Kong Association of Banks also organises over 10 ATM education talks for senior citizens where the use of simplified ATM cards for basic banking services is demonstrated. The HKMA will continue to encourage

the industry to promote the use of simplified ATM cards.

Furthermore, some banks have arranged staff on-site to provide assistance to customers at self-service banking centres. Several banks have introduced VTMs to provide interactive banking services (such as time deposit placement, foreign currency exchange, exchange rate enquiries) to customers in a bid to complement traditional ATM services. Through video cameras at the VTMs, bank staff at customer service centres can have real-time conversation with customers, offering assistance in using VTMs and answering their enquiries on banking services. This is particularly useful for senior citizens and other people in need. In addition, a bank is currently exploring the application of biometric authentication technology in ATMs in order to facilitate the use of ATMs by the public.

Besides, members of the public can also withdraw cash at over 2 500 outlets of around 20 merchants when needed, including supermarkets and convenience stores. The maximum withdrawal amount is HK\$500 by using EPS EasyCash upon purchase.

The HKMA will continue to keep in view the coverage of banking services and ensure that the public will have easy access to basic banking services.

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