

Press Release

LCQ19: Financial inclusion

Wednesday, December 13, 2017

Following is a question by the Hon Kenneth Leung and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (December 13):

Question:

The Chief Executive of the Hong Kong Monetary Authority (HKMA) has stated that HKMA has all along been encouraging the banking industry to put the spirit of financial inclusion into practice, so that the general public and small and micro enterprises can open and maintain bank accounts and have access to basic banking services to meet their basic needs in daily lives or in fund transfers for business operations. HKMA also encourages banks to employ new technologies and new solutions (e.g. mobile branches) to provide banking services for residents in remote areas where the coverage of such services is insufficient. In this connection, will the Government inform this Council:

(1) whether HKMA has drawn up a specific strategy and work plan for the coming three years to encourage the banking industry to put the spirit of financial inclusion into practice; if so, of the details; if not, the reasons for that;

(2) whether HKMA has, according to the population and actual circumstances of various districts, formulated specific indicators on the coverage of banking services in various districts, so as to facilitate the identification of those districts where banking services are insufficient; if so, of the details; if not, whether HKMA will formulate such indicators expeditiously;

(3) whether HKMA knows the latest situation of mobile branches launched by the banking industry, including the number of such branches, service locations and the development plan for the coming year;

(4) as the Hong Kong Association of Banks (HKAB) announced last month that in collaboration with EPS Company (Hong Kong) Limited and a chain convenience store, the banking industry would launch early next year, as a pilot

scheme, a service for the elderly to withdraw cash, without making purchases, at 34 convenience stores in areas such as Cheung Chau, Lantau Island and Tin Shui Wai, whether HKMA will urge HKAB to expeditiously extend the service to other districts and other types of stores; if so, of the details and the implementation timetable; if not, the reasons for that; and

(5) whether HKMA will launch public education to encourage the public to use more e-banking and electronic payment services, including Internet bank account management, electronic wallets and mobile payment services, so as to reduce the public's reliance on physical bank branches; if so, of the details; if not, the reasons for that?

Reply:

President,

(1) The Hong Kong Monetary Authority (HKMA) has been encouraging the banking industry to put the spirit of financial inclusion into practice when developing their banking networks to ensure accessibility of banking services by the general public. As of the end of 2016, 1 151 branches and 3 315 automatic teller machines (ATMs) were distributed all over Hong Kong Island, Kowloon and New Territories, an increase of 2.4% and 34.6% respectively as compared with 2006. In view of the unavailability of traditional banking services within walking distances at individual public housing estates (PHEs), HKMA's future work plan is to address the relatively pressing needs of these PHEs for banking services as a matter of priority.

Apart from monitoring the coverage of banking networks in PHEs of different districts in Hong Kong, the HKMA has also been following up and co-ordinating with retail banks, reminding them to take into account the community's needs for physical branches when planning their banking networks. Besides providing physical branches, banks may consider applying new technologies and operation modes, such as mobile branches and video teller machines (VTMs), to supplement the existing banking services. The banking industry has responded positively to these suggestions, with around ten branches and three mobile branches being planned to further enhance the coverage of banking networks in remote areas and PHEs.

The HKMA will continue to monitor the overall coverage of banking networks and closely communicate with the banking industry, with a view to implementing corresponding measures to further enhance the provision of basic banking services in PHEs.

(2) Banks have to consider a whole host of factors when developing banking networks, with some involving complex technical aspects, such as the level of existing banking services in the districts, the relative needs for banking services of different districts, whether there are suitable sites for setting up a branch (including security consideration, supply and stability of information technology networks, etc.), supply of rental spaces (including whether landlords are willing to lease the spaces to banks), and the operational considerations of banks. The coverage of banking network in different districts cannot be generalised for comparison, and it is also inappropriate to lay down some rigid indicators in this aspect. The HKMA considers that a more pragmatic approach is to identify areas where the coverage of banking networks is relatively low while the public need for banking services is relatively more imperative, and to co-ordinate with the banking industry to prioritise the allocation of resources to further enhance the coverage of banking services in these areas.

(3) To address the issue of traditional banking services not being found within walking distances in individual PHEs, the two local note-issuing banks have in turn launched four mobile branches which go around 21 locations and PHEs (including 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, Cheung Shan Estate, Tai Hang Tung Estate, Tung Wui Estate, Lam Tin Estate, Wing Cheong Estate, Ching Ho Estate, Lai Yiu Estate, Hing Wah Estate, Shatin Pass Estate, Cheung Ching Estate, Shek Pai Wan Estate and Science Park) to provide banking services to the neighbourhood. Another retail bank will launch the fifth mobile branch in Hong Kong soon.

In addition, more than 200 VTMs have been set up in Hong Kong. Through the video cameras at these VTMs, bank staff stationed at customer service centres engage in real-time conversations with customers, provide interactive banking services, advise customers on the use VTMs and answer their enquiries on banking services. This has proved particularly useful for the elderly and other people in need.

The HKMA will continue to monitor the operation of mobile branches and VTMs, and explore with banks the feasibility of further enhancing the relevant services.

(4) The HKMA has been encouraging the banking industry to enhance banking services for the elderly and residents living in remote areas through various means. This includes requesting the Hong Kong Association of Banks (HKAB) to consider the proposal of allowing elders to withdraw cash at convenience stores without the need to make purchases. The banking industry, the EPS Company and a convenience store chain successfully worked out the relevant arrangements last month, and will launch in March 2018 a pilot initiative that allows elders to withdraw cash via EPS service without the need to make purchases at 34 convenience stores in the more remote areas such as Cheung Chau, Lantau Island and Tin Shui Wai. The HKAB will review the effectiveness of the pilot scheme and consider extension of the service to more areas. The target is to expand the service to most of the shops of the convenience store chain in question by the end of 2018. The HKMA will continue to follow up with HKAB, and encourage HKAB to recruit more merchants to join the programme.

(5) Currently, around 70% of the banking transactions of the public are conducted through channels other than physical bank branches, such as ATMs, internet and mobile banking services. The HKMA has been reminding banks to take special care of people in need, including the elderly or grassroots who are not familiar with computer operation. To this end, the banking industry has introduced simplified ATM cards since 2007 to streamline the operation of ATMs and provide bigger font display on the screen, so as to facilitate the elderly and other customers in need to use ATMs. HKAB also organises more than ten ATM education talks every year to illustrate to the elderly the use of simplified ATM cards for basic banking services. Besides, some banks also arrange for staff to be stationed at certain self-service banking centres to provide assistance to customers, and teach the elderly and people in need to use the self-service banking facilities.

The HKMA also endeavours to raise public awareness of financial services through the "Consumer Education Programme". Through different promotional activities and channels, such as television programmes, radio

broadcasting, printed media and the internet, the programme issues "smart tips" on using different banking services, with a view to enhancing the public's knowledge about internet banking and their understanding about their rights and responsibilities.

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