

Press release

Government to establish Investor Education Council and Financial Dispute Resolution Centre (with video)

Monday, December 13, 2010

The Secretary for Financial Services and the Treasury, Professor K C Chan announced today (December 13) that the Government has decided to establish an Investor Education Council (IEC) and a Financial Dispute Resolution Centre (FDRC) to enhance education and protection for investors.

Professor Chan said, "An IEC will holistically devise and take forward the strategy for improving financial literacy in Hong Kong. It will raise people's awareness of rights and responsibilities and generic knowledge of financial products. It will also help enhance people's abilities in managing finance, hence helping them make better financial decisions."

"FDRC, on the other hand, is responsible for managing an independent and impartial dispute resolution scheme by way of 'mediation first, arbitration next'. It offers a speedy and affordable way to handle monetary disputes between consumers and financial institutions. If disputes cannot be resolved through mediation, claimants can choose to bring their cases to arbitration," said Professor Chan.

"Financial institutions regulated by the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) will be obligated to be members of the financial dispute resolution scheme," he added.

The Financial Services and the Treasury Bureau consulted industry groups, professional bodies and consumers during the consultation period early this year on the proposed establishment of an IEC and an FDRC, and received a total of 115 submissions. The vast majority of respondents supported the establishment of an IEC, and the setting up of a one-stop service for resolving monetary disputes between consumers and financial institutions.

The IEC will be set up as a wholly owned company and fully funded by the SFC.

Professor Chan said, "We aim to introduce legislative amendments to the Securities and Futures Ordinance in this legislative session to authorise the SFC to establish the IEC. The SFC's ambit on investor education will also be broadened to cover financial products and services other than those in the securities and futures sector."

Professor Chan stressed that the establishment of an IEC and an FDRC would increase the public's confidence in financial institutions. A trusting relationship between financial consumers and institutions will help ensure a sound financial system in Hong Kong. He said that the IEC and FDRC, coupled with enhanced investor protection measures adopted by regulators, aim to comprehensively protect the interests of the investing public.

"We expect that FDRC will be set up by mid 2012. The Government, together with the HKMA and the SFC, will provide the set-up costs and operation costs of the FDRC in the first three years," Professor Chan said.

The consultation conclusions of the proposed establishment of an IEC and an FDRC, as well as the submissions have been uploaded onto the Financial Services and the Treasury Bureau's website www.fstb.gov.hk/fsb/ppr/consult/consult_iec_fdrc.htm for public viewing.

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