Our Ref:

18 December 2014

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Banking Services for Ethnic Minorities

Recently, there have been reports about cases in which some members of the public from certain ethnic minorities had encountered difficulties in the process of opening bank accounts or applying for other banking services.

Pursuant to Principle 5 of the Treat Customers Fairly ("TCF") Charter, banks in Hong Kong that engage in mass retail market should provide reasonable access to basic banking services to members of the public. Furthermore, section 10 of the Code of Banking Practice stipulates, inter alia, that AIs should at all times comply with the relevant ordinances for the promotion of equal opportunity, and in addition to the statutory requirements, AIs should not discriminate against any customers simply on the ground of family status, sexuality, age or race in the provision of banking services and in the quality and terms of services provided.

In the light of the recently reported cases, we are concerned that if Authorized Institutions ("AIs") refuse to provide banking services to certain ethnic groups or delay to process their applications for banking services because of their ethnic status, the AIs concerned would be acting against Principle 5 of the TCF Charter and run the risk of breaching the relevant laws, in particular, the Race Discrimination Ordinance. AIs should therefore take positive steps to guard against such risks. In particular, AIs should:

- review their internal policies and procedures and internal controls to ensure that they are in full compliance with the TCF Charter, the Code of Banking Practice and the relevant discrimination laws both in policy and in practice;

- provide suitable training and guidance to front-line staff to enhance their understanding of the requirement under the TCF Charter, the Code of Banking Practice and the relevant discrimination laws;

- set out clear guidelines to require front-line staff not to adopt any discriminatory act against ethnic groups in the provision of banking services;

- where appropriate adopt a flexible and pragmatic approach in the process of securing documentary proof from applicants to support their applications for banking services – while it is correct for AIs to seek all necessary documentary proof for customer due diligence purposes before entering into business relationship with potential customers, our key observation from recent cases is that the process could have been handled in a more user-friendly way, such as clearly explaining to the applicants the reasons for requiring the documentary proof, accepting partial proof to start processing an application while allowing the applicant to submit outstanding documentation within a reasonable timeframe before a determination is made on the application, etc. This would help remove possible misunderstanding that we have observed in some of the recent cases; and

- put in place a robust complaint handling system to process complaints in this regard promptly and sensibly and offer appropriate redress where justified.

Management of AIs should ensure that the above measures are implemented and front-line staff fully understand and comply with the relevant policies and guidelines.

We appreciate that AIs would need to consider a host of factors when deciding to establish a business relationship with an applicant for banking services. However, it is important for AIs to bear in mind that whenever an application for banking services is rejected care should be exercised, the decision should be based on valid reasons and not purely on the basis of race or nationality.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive