HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

15 Jan 2001

# Code of Banking Practice § Business Practices in Relation to Card Services

Our Ref.: B1/1C

15 January 2001

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

## Code of Banking Practice - Business Practices in Relation to Card Services

The Informal Working Group (IWG) on the Review of the Code of Banking Practice, convened by the HKMA and comprising representatives from the two industry associations, has now finalised the package of recommendations aimed at improving business practices in relation to card services.

In view of the considerable public interest in this issue, particularly since the ruling by the Court of First Instance on 10 July 2000, the IWG believes that these recommended practices should be released in advance of completion of the review of the Code so that AIs can begin the implementation process as soon as possible.

Chapter 3 of the Code of Banking Practice on Card Services has been revised to incorporate these recommended practices, and is attached together with an explanatory paper at enclosure 1 and 2 respectively. Please note that this Chapter may be subject to further amendments upon the completion of the entire review, although the principles are unlikely to be affected.

As mentioned in the explanatory paper, the provisions are effective from 15 January 2001. Authorised institutions should adopt these recommended practices as quickly as practicable, and should achieve full compliance within 6 months at the very latest (although a further 6 months will be allowed for compliance with the recommended practice regarding the liability of supplementary cardholders, which may involve system changes). Authorised institutions which provide credit card services, directly or through their subsidiaries or affiliated companies, should commission their internal audit department to conduct an assessment in relation to the institution's compliance with the above recommended practices. The assessment report should be submitted to the HKMA on or before 15 August 2001.

Should you have any questions relating to this issue, please contact Miss Jocelyn Chan at 2878 1275, or Mr. Raymond Chan at 2878 1846.

Yours faithfully,

Simon Topping

Executive Director (Banking Policy)

Encl.

Enclosures

Code of Banking Practice (Chapter 3)

Annex of Code of Banking Practice (Chapter 3)

APR Spreadsheet

Explanatory Paper

Calculation of Annualised Percentage Rate of Interest in relation to Credit Card Products

c.c. Chairman, Hong Kong Association of Banks
Chairman, DTC Association
The Secretary for Financial Services (Attn: Mr. Edward Mak)

Last revision date : 01 August 2011