HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C

28 October 2013

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

**Treat Customers Fairly Charter**

Over the past few years the Hong Kong Monetary Authority has been engaging the banking industry on various initiatives to promote a stronger corporate culture among banks of treating their consumers fairly. With this objective in mind, and riding on the good practices promoted under the G20 High-Level Principles on Financial Consumer Protection promulgated in October 2011, we have worked with the industry to develop the Treat Customers Fairly ("TCF") Charter as a catalyst for fostering a stronger risk culture towards fair treatment of customers at all levels of banks and at all stages of their relationship with customers. The Charter incorporates five high-level principles ("TCF principles") and is primarily aimed at retail consumers. The TCF principles are designed to complement, not change, current law or regulations or the existing terms and conditions between banks and their customers. A copy of the Charter is at Annex.

The Charter has received full support from retail banks as it is recognized that the TCF principles promote consumer protection and education which in turn enhance customer confidence and trust in banks, serving as the cornerstone for sustainable development of the banking industry. All retail banks in Hong Kong have today signed up to the Charter to pledge their commitment to implementing the TCF principles. To assist implementation, the HKMA will, after consultation with the industry, provide some examples of measures that promote the TCF principles. The HKMA expects the senior management and the board of directors of the signing banks, as part of good risk governance, to be vigilant about whether their respective institutions have met the TCF principles. We also encourage other Authorized Institutions to follow the TCF principles to the extent relevant to their institutions' businesses.

In the context of formulating the Charter, we have also been in discussions with the banks on their charging of low-balance and dormant account fees. To support the implementation of the TCF principles and in the interests of enhancing the relationship with customers, the Hong Kong Association of Banks (HKAB) has today issued a circular encouraging member banks to adopt a flexible approach in relation to the charging of low-balance and dormant account fees. We also note that several retail banks have today announced that they have decided not to charge dormant account fee and will exempt all vulnerable group customers (such as senior citizens, minors, those receiving social welfare benefits and government subsidies, and those with physical or mental disabilities) from low-balance fee. They will at the same time provide customers with the choice of basic bank account services that do not have minimum balance requirements.

The HKMA welcomes the HKAB circular and the decision of the relevant banks on dormant account and low balance fees, and urges that the other banks to similarly adopt a flexible approach on such fees.

Yours faithfully,

Arthur K.H. Yuen
Deputy Chief Executive

Encl.