

Professional and Support Services

The HKMA's administrative, legal, information technology (IT) and internal audit arms provide professional and support services to enable the HKMA to meet its policy objectives and carry out its statutory responsibilities in an efficient and cost-effective manner. During the year the HKMA saw a 2.4% reduction in its total establishment and a considerable advance in its efforts to produce a greener office environment. IT initiatives included the commencement of work on a comprehensive redesign of the Reserves and Monetary Management System.

| Administration |

The Administration Division aims at providing effective support service to facilitate the line management in meeting its work objectives. It strives to accomplish an efficient allocation of resources, to enhance staff productivity, and to foster good communications between management and staff.

Organisational changes and staffing

With the growth in complexity of various corporate services functions, a new Executive Director post was created in July 2000 to take charge of matters relating to corporate development, human resources, administration, finance, and information technology. Four existing divisions previously spread across the HKMA – Administration, Finance, Information Technology, and Corporate Development – were grouped into a single department under the supervision of this new Executive Director.

A total of 16 vacant posts were deleted at the start of 2000 as part of the HKMA's efforts to achieve savings. This brought the overall establishment of the HKMA in 2000 down to 607, a 2.4% reduction compared with the establishment of the previous year. The establishment at the end of 2000 is shown in Table 1.

Table 1 Establishment of the HKMA

Post	Establishment	
	1999	2000
Chief Executive	1	1
Deputy Chief Executive	3	3
Executive Director	8	8
Division Head	28	28
Senior Manager	70	70
Manager	140	140
Manager Trainee	10	10
Assistant Manager	101	102
Technical Officer	112	102
Clerk	54	52
Secretary	85	81
Office Assistant	10	10
Total	622	607

The turnover rate for the HKMA in 2000 was 10.5%. A total of 68 new staff were recruited in the year.

Training and development

A number of local and overseas training opportunities were provided in 2000 to equip staff with the necessary knowledge and skills to better perform their duties. During the year, the HKMA provided 4,901 training days, including 444 days of overseas training. Each staff member spent an average of 8.6 days on training.

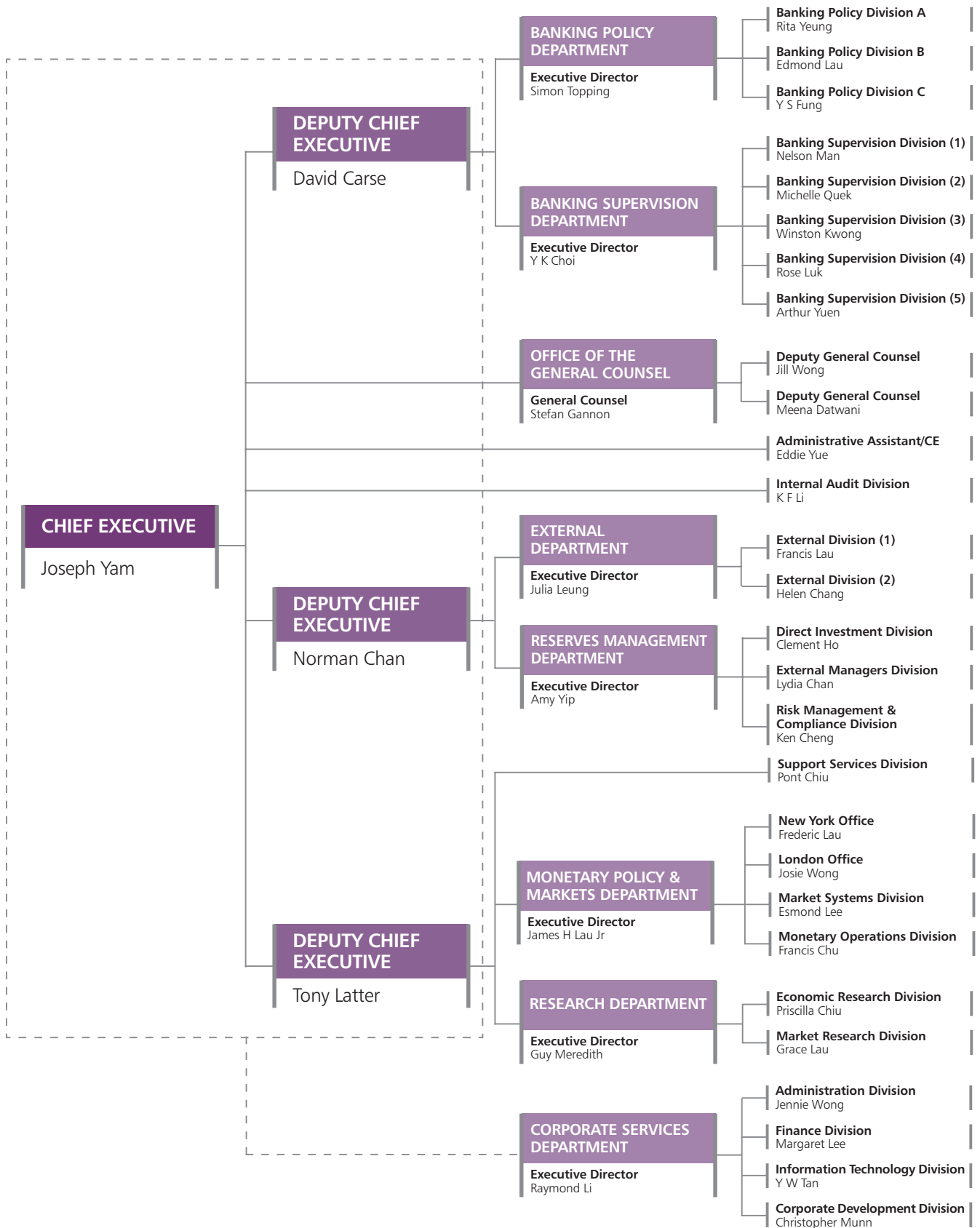
To broaden the international exposure of staff, 66 members of staff attended courses organised by other central banks and multilateral organisations during the year. As part of our staff development programme, four staff members were seconded to the People's Bank of China, the Federal Reserve Bank of New York, and the World Bank offices in Washington and Beijing for periods of between three months and one year.

During the year, an in-house Central Banking Course was organised for 60 staff to train them in various theoretical and practical aspects of central banking. Speakers included senior staff members as well as prominent speakers from universities in Hong Kong. External experts were regularly invited to deliver seminars or run workshops on subjects such as financial derivatives, risk management and e-commerce, so as to keep staff abreast of the latest market trends. Other training courses to enhance staff's management and communication skills were also organised.



HKMA staff attendants of an in-house Central Banking Course are joined by Chief Executive Joseph Yam at a gathering to mark their completion of the course.

HKMA Organisation Chart, December 2000



General Administration

The Administration Division continued to identify and take advantage of opportunities to streamline workflow and simplify internal procedures so that administrative services and logistic support could be delivered more effectively. The procedures in areas such as distribution of stores and supplies items, handling of maintenance contracts for office equipment, disposal of files and records were reviewed and streamlined.

With the enactment of the Electronic Transactions Ordinance, the HKMA set up a system in April 2000 to receive electronic submissions required under the following five ordinances under the purview of the HKMA:

- Banking Ordinance
- Exchange Fund Ordinance
- Coinage Ordinance
- Legal Tender Notes Issue Ordinance
- Monetary Statistics Ordinance

Members of public are now able to send electronic submissions to the HKMA using the following email address, which supports the digital certificates of the Hongkong Post: hkma_mail@hkma.gov.hk

The HKMA and the Environment

The HKMA continued its efforts to make the HKMA a greener office. Some examples are shown in Table 2. Staff participated enthusiastically in the Ride Green Day organised by the Environmental Campaign Committee and in the Community Chest's Green Day held in June 2000. The HKMA also launched a Green Day on 9 June 2000, and a number of green office measures were implemented, including the procurement only of recycled paper. Support from colleagues has been encouraging.



HKMA staff offer strong support to the Green Day organised on 9 June 2000 to raise staff awareness of environmental protection.

To encourage recycling and to assist people in need, a campaign was organised to collect unwanted clothes, toys, handbags, and other reusable items from colleagues for donation. Phased out personal computers were also donated to a number of charitable organisations.

Table 2 A Greener HKMA Office					
Item	Unit	Consumption		Percentage	Remarks
		1999	2000	Change	
Paper	ream	16,450	15,450	-6%	Increased use of single-side used paper and electronic communications
Envelopes	item	39,000	25,000	-36%	Increased re-use of envelopes and electronic communications
Waste paper collection	kg	10,202	39,449	+ 287%	Increased recycling
Wooden pencils	item	2,500	300	-88%	Provision of mechanical pencils

| Office of the General Counsel |

The Office of the General Counsel (OGC) provides the full range of legal services for all of the HKMA's functions. The OGC works closely with client departments, from the initial planning and policy-making stage to final implementation, to ensure that the HKMA's initiatives and operations are conducted in a timely and cost-effective manner with regard to applicable law.

The General Counsel reports directly to the Chief Executive and oversees an office of 14 staff comprising seven lawyers, from both private sector and government backgrounds, and seven support staff.

The OGC handled more than 80 special projects in 2000, in addition to its normal operational workload. These included

- The US dollar clearing system: The OGC devised the appropriate legal structure for the introduction of the US dollar clearing system, participated in the selection process of the settlement institution, conducted negotiations, and drafted or reviewed the necessary legal documentation.
- Deposit protection scheme: The OGC has been advising the HKMA on the legal issues that would arise should a deposit protection scheme be introduced in Hong Kong. In particular, the OGC has considered different legal frameworks for the deposit protection scheme and taken part in studies of deposit protection schemes operating in the US, Canada and the UK.
- Bills: The OGC was active in the preparation of the Securities and Futures Bill in so far as it confers a supervisory jurisdiction on the HKMA and in the preparation of the Banking Amendment Bills 2000 and 2001 (for details see the section on the Banking Amendment Bills in the Banking Stability chapter). As is usual in the preparation of legislation that the HKMA promotes, the OGC participated in the preparation of the draft Drafting Instructions and the process of preparing the draft Bills.
- Establishment of the Sub-Office of the International Monetary Fund (IMF) and Joint Regional Office of the International Finance Corporation (IFC) and International Bank for Reconstruction and Development (IBRD): The OGC advised the HKMA on the various issues, including privileges and immunities accorded to an international organisation, and took part in the negotiations relating to the establishment of the sub-office of the IMF in the Hong Kong Special Administrative Region. The OGC co-operated with its colleagues in the legal services of the Office of the Commissioner of the Ministry of Foreign Affairs (Hong Kong Office) and drafted the Annex to the Memorandum of Understanding signed between the People's Bank of China (PBoC) and IMF in September 2000 which sets out the administrative arrangements for the sub-office and the privileges and immunities granted to the sub-office and its personnel. The OGC advised on similar issues for the joint regional office of the IFC and IBRD.
- Other projects: During the year the OGC advised the HKMA in various other areas, such as the review of the Hong Kong dollar banknote design, the review of retail payment services, access to the Real Time Gross Settlement system by restricted license banks and a number of bank mergers.

In 2000, the OGC was invited to speak at a number of international meetings and symposiums on subjects of current interest to central bankers, particularly in this region. At the request of the Bank for International Settlements, a presentation was made in Indonesia to regional central banks on the legal issues relating to and the structuring of real time gross settlement and electronic clearing systems. Similarly, the OGC made a presentation in

a World Bank conference in Bangkok on the steps that the HKMA has taken in recent years to enhance and develop a sound and legally robust financial infrastructure. The OGC has been an active participant in a number of other meetings of central bank legal advisers and has participated in the work of the Committee on International Monetary Law of the International Law Association. The OGC hosted the visit by Dr Antonio Sáinz de Vicuña, General Counsel of the European Central Bank, to Hong Kong where he delivered this year's Distinguished Legal Lecture on "The harmonisation and integration of the legal and socio-economic systems in Europe – a medium term view".



The General Counsel of the European Central Bank, Dr Antonio Sáinz de Vicuña, delivering a Distinguished Legal Lecture on "The Harmonisation and Integration of the Legal and Socio-economic Systems in Europe – a medium term view".

| Information Technology |

The HKMA's information technology (IT) systems have provided reliable IT services to all business units in the HKMA. During 2000, the Information Technology Division continued its efforts to improve the efficiency and robustness of the HKMA's IT systems and infrastructure support to facilitate all business operations in the HKMA.

Reserves and Monetary Management

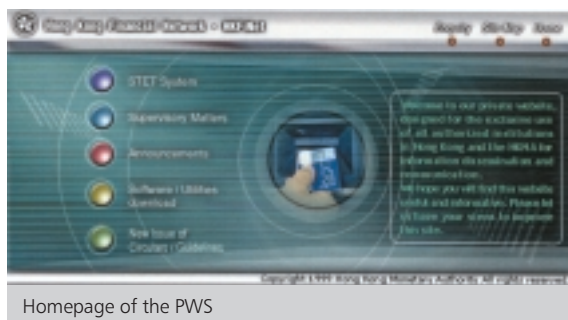
In view of the rapid development and dynamic nature of the investment environment, a fully integrated transaction processing and comprehensive management information system is required to facilitate the operation and management of the Exchange Fund.

In April 2000, the Exchange Fund Advisory Committee approved a project to revamp the existing Reserves and Monetary Management System into a new application, which is to be developed with the latest proven technology. The new application will be designed to enable straight-through processing linking all major business processes covering front, middle and back-office functions. It will also enhance the front and middle offices in terms of analytics and diagnostics for the investment decision-making process and to strengthen risk management and compliance measures.

Linking with the SFC to form FinNet

The Report of the Informal Working Group on Financial Technology Infrastructure published by the HKMA in 1997 identified a number of improvements to Hong Kong's financial technology infrastructure that would help enhance Hong Kong competitiveness. A key recommendation is the proposed establishment of a secure private network, FinNet, connecting all financial entities in Hong Kong to effect automation of financial transactions across market participants. As a first step towards implementing this recommendation, a dedicated link with built-in security features was established in 2000 to link the STET network of the HKMA (currently used for banking returns submission) and the SDNet of the Securities and Futures Commission (used for the SFC's returns submission), thus forming the foundation of the envisaged FinNet.

e-delivery of banking information



Homepage of the PWS

A new programme for delivering circulars and guidelines to authorized institutions through the HKMA's private website (PWS) was implemented in August 2000. The PWS was introduced by the HKMA in March 1999. It was for the exclusive use of the HKMA and all authorized institutions in Hong Kong for information dissemination and communication. This electronic delivery programme enhances the efficiency of communication between the HKMA and authorized institutions and enables savings in costs and resources involved in handling documents in paper form.

IT Strategy Planning

In June 2000 the HKMA initiated a project on IT Strategy Planning. The project is aimed at revising the HKMA's IT objectives to better utilise the evolutionary changes in the IT markets to meet the demands of business units. The planning approach is in four parts, consisting of information gathering, business analysis, IT strategy definition and IT strategy implementation planning. It is expected to be completed by the end of 2001.

Enhancement of IT security

Given the sensitive nature of the HKMA's operations, the issue of IT security is given a high priority in the development of IT applications and formulation of IT security policy and standards. In September 2000, an IT Security Steering Committee was formed to provide a forum to address IT security-related issues in the HKMA.

| Internal Audit |

The HKMA's Internal Audit Division (IAD) was established in 1995 with the mission to assist management in controlling risks, monitoring compliance and improving the efficiency and effectiveness of control systems and procedures within the HKMA.

Internal Audit Charter

With the support of the Audit Sub-Committee of the Exchange Fund Advisory Committee and the senior management of the HKMA, an Internal Audit Charter has been developed to formalise the role, mission and authority of the IAD.

Internal Audit Approach

An Internal Audit Approach, consistent with international standards, was developed in-house in 2000. Professional auditors of the IAD have been discharging their responsibilities consistently according to the approach and established procedures. Continuous professional development has been arranged for auditors of the IAD to enhance and maintain their professionalism.

Audit results in 2000

The IAD has been operating independently, with the trust and support of the Chief Executive of the HKMA. The IAD was satisfied with the results of its audits in 2000. Apart from routine audits, the IAD took a pro-active role in advising on systems development projects. Co-operation and assistance from HKMA staff during the audits contributed to a year of success for the work of the IAD.