



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B1/1C  
B1/15C

15 January 2014

The Chief Executive  
All Authorized Institutions

Dear Sir / Madam,

**Self-Assessment of Compliance with the Code of Banking Practice**

The annual self-assessment of compliance with the Code of Banking Practice, covering the period from 1 January 2013 to 31 December 2013, will be due for submission by **30 April 2014**. Enclosed please find a reporting template for this purpose. The soft copy of the self-assessment template in Excel format and the submission instructions will be sent to you via the STET system.

The reporting requirements are the same as those for last year. All authorized institutions (AIs) are required to commission their internal audit department, compliance department or other equivalent unit to conduct the self-assessment. The chief executive of the AI should co-sign the self-assessment report. Where an instance of non-compliance is identified, the AI concerned should provide details of the case, including its plan to rectify the situation. A full account should be given if the instance of non-compliance is a recurrence of similar instances identified in previous exercises.

If you have any questions concerning data input and return submission, please contact our helpdesk on 2878 1800. For enquiries regarding the self-assessment, please contact Ms Joey Chan on 2878 1216.

Yours faithfully,

Meena Datwani  
Executive Director (Banking Conduct)

Encl.

cc: The Chairman, The Hong Kong Association of Banks  
The Chairman, The DTC Association  
The Chairman, Code of Banking Practice Committee  
Secretary for Financial Services and the Treasury (Attn: Mr Jackie Liu)



# Hong Kong Monetary Authority

## Self Assessment of Compliance with Code of Banking Practice

**Name of Reporting Institution:**

**For period:** 1 January 2013 to 31 December 2013

**This report is prepared by:**

**Signature :** \_\_\_\_\_  
(Sign on hardcopy only)

**Name :** \_\_\_\_\_

**Department :** \_\_\_\_\_

**Post Title :** \_\_\_\_\_

**Telephone :** \_\_\_\_\_

**Fax :** \_\_\_\_\_

**Email :** \_\_\_\_\_

**Approved by :**  
(Sign on hardcopy only)

\_\_\_\_\_

**Signature of Chief Executive**

\_\_\_\_\_

**Name of Chief Executive**

**Name and contact details of the person whom the Hong Kong Monetary Authority may contact in relation to this self-assessment**

Name and post title: \_\_\_\_\_

Contact number: \_\_\_\_\_

Email address: \_\_\_\_\_

## COMPLETION INSTRUCTIONS

Please read these notes carefully before completing the self-assessment.

### Reporting period

1. The reporting period is from 1 January 2013 to 31 December 2013. The self-assessment report should be submitted by 30 April 2014.

### General

2. This self-assessment should be carried out by the internal audit department, the compliance department or other equivalent unit of the institution. It should be signed by the head of the relevant department and should be approved and co-signed by the Chief Executive of the institution.

### Part I

#### Specific questions

3. In assessing compliance with individual provisions of the Code, institutions should take into account any new provisions, revisions, recommendations or interpretative notes issued by the Code of Banking Practice Committee<sup>1</sup> during the reporting period.
4. If for any question in relation to each section, a negative response is appropriate for one or more requirements under that section, an overall negative response should be entered in the relevant box. Details of the non-compliance which gives rise to that response and any corrective action taken or underway should be provided separately in the next worksheet titled "Part 1 - Details".

#### Details of non-compliance

5. If a negative response is entered in the previous worksheet, please provide in the corresponding boxes details of the non-compliance. Your response must include information on:
  - the subsection(s) with which the institution failed to comply
  - details of the non-compliance which gives rise to the negative response. A full account should be given if the instance of non-compliance is a recurrence of similar instances in previous exercises
  - any action taken or underway to rectify the non-compliance and
  - the target date when remedial actions will be completed.

If more than one instance of non-compliance is reported under the relevant section, you should provide the above information corresponding to each instance of non-compliance.

### Part II

#### Supplementary questions

6. Please answer all questions applicable to your institution. Each answer should be supplemented by a description or explanation as required in the question.

#### Declaration

7. If the Code does not apply to your institution, complete the "Declaration" section and return it to the HKMA. In this case, it is not necessary for your institution to complete the report.

#### Use of this template

8. Please do not attempt to modify this template. If you have any questions concerning data input and return submission, please contact our helpdesk on 2878 1800. For enquiries regarding the self-assessment, please contact Ms Joey Chan on 2878 1216.
9. When completing "Part I - Details of non-compliance" or "Part II - Supplementary questions", you may press the "ALT" and "ENTER" keys simultaneously to start a new paragraph within the same box.

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<sup>1</sup> The Code of Banking Practice Committee has been established by the two industry associations to provide guidance or interpretations of the Code, and to undertake review of the Code from time to time. The Committee's interpretations and recommendations are issued in the form of circulars by the two industry associations.

## **SUBMISSION INSTRUCTIONS**

1. Please submit both a hard copy and a soft copy of this report to the HKMA in accordance with the following instructions: -

### **Hardcopy**

2. Mail the signed report to:  
Banking Conduct Department (Attn: Ms Georgiana Wong)  
Hong Kong Monetary Authority  
55/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong  
(Ref.: Code of Banking Practice)

### **Softcopy**

3. Send the report to the HKMA via the STET system
    - Download the reporting template to your PC and complete the report
    - Connect to the STET network (same procedure as sending returns to the HKMA)
    - Attach the file to an email and send it to: [code@hkma.iclnet.hk](mailto:code@hkma.iclnet.hk)
    - Disconnect from the STET network after the submission is completed
-

## PART I - SPECIFIC QUESTIONS

Section reference in current version		(i) Does your institution have DOCUMENTS and/or INFORMATION which comply with the following sections of the Code:		(ii) Does your institution have effective PROCEDURES (carried out in practice and documented in operational manuals) in place to ensure compliance with the following sections of the Code:	
<b>Chapter 1 – Relationship between Banks and Customers</b>					
5.	Terms and Conditions	(i)	Y/N/NA	(ii)	Y/N/NA
6.	Fees and Charges	(i)	Y/N/NA	(ii)	Y/N/NA
7.	Debt Recovery Expenses	(i)	Y/N/NA	(ii)	Y/N/NA
8.	Collection, Use and Holding of Customer Information	(i)	Y/N/NA	(ii)	Y/N/NA
9.	Personal Referees	(i)	Y/N/NA	(ii)	Y/N/NA
10.	Equal Opportunity	(i)	Y/N/NA	(ii)	Y/N/NA
11.	Bank Marketing	(i)	Y/N/NA	(ii)	Y/N/NA
12.	Annualised Percentage Rates (APRs)	(i)	Y/N/NA	(ii)	Y/N/NA
13.	Handling Customer Complaints	(i)	Y/N/NA	(ii)	Y/N/NA
14.	Closing Bank Branches	(i)	Y/N/NA	(ii)	Y/N/NA
<b>Chapter 2 – Accounts and Loans</b>					
15.	Opening of Accounts	(i)	Y/N/NA	(ii)	Y/N/NA
16.	Closing of Accounts	(i)	Y/N/NA	(ii)	Y/N/NA
17.	Operation of Accounts	(i)	Y/N/NA	(ii)	Y/N/NA
18.	Rights of Set-off	(i)	Y/N/NA	(ii)	Y/N/NA
19.	Deposit Accounts	(i)	Y/N/NA	(ii)	Y/N/NA
20.	Loans and Overdrafts	(i)	Y/N/NA	(ii)	Y/N/NA
21.	Residential Mortgage Lending	(i)	Y/N/NA	(ii)	Y/N/NA
22.	Other Secured Lending	(i)	Y/N/NA	(ii)	Y/N/NA
23.	Guarantees and Third Party Securities	(i)	Y/N/NA	(ii)	Y/N/NA
<b>Chapter 3 – Card Services</b>					
25.	Issue of Cards	(i)	Y/N/NA	(ii)	Y/N/NA
26.	Terms and Conditions, Fees and Charges and Interest Rates	(i)	Y/N/NA	(ii)	Y/N/NA
27.	Rights of Set-off	(i)	Y/N/NA	(ii)	Y/N/NA
28.	Security of Cards/PINs	(i)	Y/N/NA	(ii)	Y/N/NA
29.	Transaction Records	(i)	Y/N/NA	(ii)	Y/N/NA
30.	Unauthorized Transactions	(i)	Y/N/NA	(ii)	Y/N/NA
31.	Lost Cards/PINs	(i)	Y/N/NA	(ii)	Y/N/NA
32.	Liability for Loss	(i)	Y/N/NA	(ii)	Y/N/NA
33.	Treatment of Credit Balances	(i)	Y/N/NA	(ii)	Y/N/NA
34.	Direct Mailing	(i)	Y/N/NA	(ii)	Y/N/NA
<b>Chapter 4 – Payment Services</b>					
35.	Cheques	(i)	Y/N/NA	(ii)	Y/N/NA
36.	Cross-border Payments	(i)	Y/N/NA	(ii)	Y/N/NA
37.	Other Payment Services	(i)	Y/N/NA	(ii)	Y/N/NA
<b>Chapter 5 – Recovery of Loans and Advances</b>					
38.	Debt Collection by Third Party Agencies	(i)	Y/N/NA	(ii)	Y/N/NA
39.	Management of Relationship with Debt Collection Agencies	(i)	Y/N/NA	(ii)	Y/N/NA
<b>Chapter 6 – Electronic Banking Services</b>					
40.	Disclosure for E-banking Services	(i)	Y/N/NA	(ii)	Y/N/NA
41.	Security in relation to E-banking	(i)	Y/N/NA	(ii)	Y/N/NA
42.	Liability for Loss	(i)	Y/N/NA	(ii)	Y/N/NA
43.	Reporting of Actual or Suspected Security Incidents	(i)	Y/N/NA	(ii)	Y/N/NA
<b>Chapter 7 – Stored Value Cards (or Devices)</b>					
45.	Issue of Stored Value Cards or Devices (SVCs)	(i)	Y/N/NA	(ii)	Y/N/NA
46.	Terms and Conditions and Fees and Charges	(i)	Y/N/NA	(ii)	Y/N/NA
47.	Operation of SVCs	(i)	Y/N/NA	(ii)	Y/N/NA

**PART I - DETAILS OF NON-COMPLIANCE**

Section reference in current version	If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
<b>Chapter 1 – Relationship between Banks and Customers</b>								
5.	Terms and Conditions	(i)			(ii)			
6.	Fees and Charges	(i)			(ii)			
7.	Debt Recovery Expenses	(i)			(ii)			
8.	Collection, Use and Holding of Customer Information	(i)			(ii)			
9.	Personal Referees	(i)			(ii)			

Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
10.	Equal Opportunity	(i)					(ii)			
11.	Bank Marketing	(i)					(ii)			
12.	Annualised Percentage Rates (APRs)	(i)					(ii)			
13.	Handling Customer Complaints	(i)					(ii)			
14.	Closing Bank Branches	(i)					(ii)			

Section reference in current version	If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
<b>Chapter 2 – Accounts and Loans</b>								
15.	Opening of Accounts	(i)				(ii)		
16.	Closing of Accounts	(i)				(ii)		
17.	Operation of Accounts	(i)				(ii)		
18.	Rights of Set-off	(i)				(ii)		
19.	Deposit Accounts	(i)				(ii)		



Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
20.	Loans and Overdrafts	(i)					(ii)			
21.	Residential Mortgage Lending	(i)					(ii)			
22.	Other Secured Lending	(i)					(ii)			
23.	Guarantees and Third Party Securities	(i)					(ii)			
<b>Chapter 3 – Card Services</b>										
25.	Issue of Cards	(i)					(ii)			

Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
26.	Terms and Conditions, Fees and Charges and Interest Rates	(i)					(ii)			
27.	Rights of Set-off	(i)					(ii)			
28.	Security of Cards/PINs	(i)					(ii)			
29.	Transaction Records	(i)					(ii)			
30.	Unauthorized Transactions	(i)					(ii)			

Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
31.	Lost Cards/PINs	(i)					(ii)			
32.	Liability for Loss	(i)					(ii)			
33.	Treatment of Credit Balances	(i)					(ii)			
34.	Direct Mailing	(i)					(ii)			
<b>Chapter 4 – Payment Services</b>										
35.	Cheques	(i)					(ii)			

Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
36.	Cross-border Payments	(i)					(ii)			
37.	Other Payment Services	(i)					(ii)			
<b>Chapter 5 – Recovery of Loans and Advances</b>										
38.	Debt Collection by Third Party Agencies	(i)					(ii)			
39.	Management of Relationship with Debt Collection Agencies	(i)					(ii)			
<b>Chapter 6 – Electronic Banking Services</b>										
40.	Disclosure for E-banking Services	(i)					(ii)			

Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.							
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)				
41.	Security in relation to E-banking	(i)								(ii)				
42.	Liability for Loss	(i)								(ii)				
43.	Reporting of Actual or Suspected Security Incidents	(i)								(ii)				
<b>Chapter 7 – Stored Value Cards (or Devices)</b>														
45.	Issue of Stored Value Cards or Devices (SVCs)	(i)								(ii)				
46.	Terms and Conditions and Fees and Charges	(i)								(ii)				

Section reference in current version			If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.				If a negative response is entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.			
			Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)	Sub-section(s)	Details of non-compliance	Rectification plan	Target completion date (MM/YYYY)
47.	Operation of SVCs	(i)					(ii)			

**PART II – SUPPLEMENTARY QUESTIONS**

- 1 a) **Is there a system of internal assessment in your institution, which monitors compliance with the Code and enables you to identify areas of non-compliance?**

- b) **If yes, please provide a brief description of this system. If no, please provide your reasons and indicate how compliance is monitored.**

Description/  
Explanation:

- 2 a) **Are there channels within the internal assessment system through which the identified areas of non-compliance can be reported to the senior management of your institution?**

- b) **If yes, please provide a brief description of the channel(s). If no, please explain how the senior management of your institution ensure compliance with the Code?**

Description:

- 3 a) **Are you satisfied that all new products and services (if any) launched by your institution during the period under review comply with the Code?**

- b) **Please also describe the system in place to ensure that all new products and services launched by your institution comply with the Code.**

Description:

- 4 a) **Are you satisfied that appropriate training has been provided to relevant staff to enable them to understand the requirements of the Code?**

- b) **Please provide a brief report on staff training, including the methods (e.g. classroom training), trainers (e.g. Compliance Department), frequency and materials used to train staff about the Code and its requirements.**

Description:

- 5 a) In relation to section 12.3 of the Code, are there any circumstances where your institution has charged an APR of over 48%? If yes, please complete Q5(b) and Q5(c) below.

Y/N/NA

- b) Please provide the range of APRs charged, the reasons why such high interest rates are considered not to be unreasonable or unfair and the controls in place (e.g. documentation, escalation to senior officers for review and sign-off) to ensure that the charging of such rates is justified in all the circumstances.

Description:

- c) Please advise the proportion (in number and in %) of your institution's portfolio of personal banking products in respect of which APR>48% is charged.

Description:

- 6 a) Section 14 of the Code requires institutions to give reasonable notice, of not less than 2 months unless it is not practicable to do so, to customers before closing a branch. Please specify whether your institution has, in any exceptional circumstances, given notice of less than 2 months before closing a branch. If yes, please provide the details in Q6(b) below.

Y/N/NA

- b) For each exceptional case, please provide justifications for not giving 2-months notice to customers before closing the particular branch in question.

Description:

- 7 a) Section 25.1 of the Code requires that card issuers should act responsibly in the issue and marketing of credit cards, in particular to persons (such as full-time students) who may not have independent financial means. Please specify whether your institution has issued credit cards to, or launched marketing campaigns for credit cards targeted at, full-time students<sup>2</sup> or other persons who may not have independent financial means during the reporting period. If yes, please provide in Q7(b) below further details on your system for ensuring compliance with section 25.1 of the Code.

Y/N/NA

- b) Please describe the system in place to ensure compliance with the Code.

Description:

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<sup>2</sup> With the implementation of one of the enhanced credit card practices by the third quarter of 2011, the credit limit granted to students in an institution of higher education must not exceed HKD10,000 (applicable to new cards only), unless the student has submitted a written application and has given financial information indicating that the student has an independent ability to repay the proposed extension of credit in connection with the account.



**DECLARATION**

We hereby declare that the Code of Banking Practice does not apply to our institution/operation in Hong Kong for the period from 1 January 2013 to 31 December 2013. The reasons are:

Signed by  
(sign on hardcopy only)

\_\_\_\_\_  
Signature of Chief Executive

\_\_\_\_\_  
Name of Chief Executive