

The HKMA in the Community

Public confidence in the ability of Hong Kong's monetary and banking systems to cope with financial crisis remained strong in 1998. Continuing economic difficulties, together with the energetic measures adopted by the Hong Kong SAR Government to maintain market stability, stimulated a growing community interest in monetary matters. The HKMA sought to facilitate this interest – and to further strengthen confidence – by increasing the transparency of its operations and by expanding its educational programmes.

Objectives

The HKMA serves Hong Kong by maintaining a stable Hong Kong dollar, by promoting a sound banking system, and by helping to develop a financial infrastructure that meets Hong Kong's changing needs. The livelihood of the people of Hong Kong is intimately linked to the HKMA's continuing ability to deliver these services, and the HKMA must have the confidence of the community if it is to do its job well. The HKMA believes that the best way of securing this confidence is through a financial system that is not only efficient, but also transparent and in tune with Hong Kong's needs. The HKMA therefore takes seriously the duty of explaining its policies and work to the general public and strives to address the concerns of the community. At a time of recession, when people face stress in their daily lives, and when exceptional pressures on the financial system require special measures, these are matters of fundamental importance.

In legal terms, the HKMA is accountable to the public through the Financial Secretary, who appoints the Monetary Authority, and through the laws passed by the Legislative Council that set out the HKMA's powers and responsibilities. The HKMA also recognises a broader responsibility to promote a better understanding of its role and objectives and to keep itself informed of community concerns. In its day-to-day operations and in its wider contacts with the community, the HKMA pursues a policy of transparency and accessibility. This policy has two main objectives: to keep the financial industry and the general public as fully informed of the HKMA's work as possible, subject to considerations of market sensitivity, commercial confidentiality and statutory restrictions on disclosure of confidential information; and to ensure that the HKMA is in touch with, and responsive to, the community that it serves.

Achievements

In 1998 interest in the HKMA's work increased considerably. Debates among politicians, journalists, academics and the general public subjected new policies to intense scrutiny and probed some of the basic principles of Hong Kong's monetary policies. The HKMA responded by further developing its policy of transparency, by intensifying its dialogues with Legislators, professional groups and the media, and by embarking on new projects designed to widen contacts with the community.



Staff from the HKMA take part in the Community Chest's Walk for Millions organised at the new Hong Kong International Airport in March 1998.

The Asian financial crisis and the effects of recession on Hong Kong encouraged the Legislative Council to take a close, and sometimes critical, interest in the work of the HKMA. The HKMA took this opportunity to strengthen its contacts with Legislators and to gain a more comprehensive understanding of community concerns. Officials from the HKMA appeared before the Legislative Council's Financial Affairs Panel eight times during the course of the year to brief Members on issues ranging from the operation of the currency board system to the rationale behind the market operation of August. Two Legislative Council motion debates, on 9 and 30 September, addressed the question of attacks on the

currency and the work of the HKMA generally. In the first, the Council urged the Government to adopt strategic and effective measures to deter further speculative attacks on the Hong Kong dollar. In the second, a motion criticising the HKMA's past performance failed to carry. During both of the debates, and in Panel meetings, Members reiterated their firm support for the cornerstone of Hong Kong's monetary policy, the linked exchange rate system.

In addition to its formal briefings to the Legislative Council Financial Affairs Panel, the HKMA, on its own initiative, began a programme of informal contacts with Legislative Councillors. This programme complemented the more formal and structured discussions in the Legislative Council Chamber and enabled senior staff of the HKMA to exchange views with Legislative Councillors on a wide range of topical issues. The programme has continued into 1999 and has been supplemented by briefing sessions to keep Legislative Councillors' research assistants and Legislative Council staff abreast of new developments in the monetary and banking fields.

The broader community activities during the year focused on extending the HKMA's educational programmes for students and other groups and on increasing public accessibility to the HKMA. In 1998 fourteen talks on the HKMA's work were organised for more than 3,000 secondary school students and 600 teachers. A pilot project, involving a presentation on the currency board system for 90 social workers at the St. James Settlement took place on 22 December. The response to these various events was

encouraging, and the programmes will be extended and developed in 1999.



Secondary school economics students attend the talk, 'The Story Behind HK\$7.8,' held on 13 November 1998 at the Hong Kong Science Museum.

Day-to-day relations between members of the public and the HKMA take place through the HKMA's public enquiries service, which provides for contact by telephone, fax, e-mail, letter or in person. Throughout the year the HKMA received a large number of enquiries, suggestions, complaints, and requests for statistical or background information from researchers, financial industry professionals, students, and the general public.

An increasingly popular channel of contact between the HKMA and the outside world is the Internet, which allows the HKMA to make available detailed and up-to-date information at any time of the day or night to Internet users throughout the world. The HKMA's website, which was launched in 1996, attracted a total of 1,347,986 visits in 1998. Throughout the year, the HKMA website was consistently among the top ten most visited sites of the 60 or so sites for government organisations in Hong Kong. E-mail facilities make the website a two-way channel of communication: in 1998 the HKMA

received around 1,100 e-mails from Internet users throughout the world.

In late 1998 the HKMA embarked on a comprehensive project to improve its enquiry and information services. The public enquiry service was improved and made more systematic, and was supplied with a dedicated team of staff capable of ensuring that all enquiries are handled quickly. The website received a complete overhaul, and was augmented by an interactive learning centre. With the aim of sharing the HKMA's extensive books and materials on monetary and central banking with researchers, students, financial professionals and other interested groups, preparations were made for the opening of the new HKMA Resource Centre. The improved public enquiry service, the expanded website, and the Resource Centre opened in January 1999.



The new HKMA Resource Centre, opened to the public in January 1999

The HKMA's various publications are widely respected as authoritative sources on monetary, banking and economic matters. Regular publications

include the Monthly Statistical Bulletin and the Quarterly Bulletin. From time to time the HKMA also produces special publications on monetary and banking issues with the aim of providing information to professionals and stimulating debate. Among these, the extended paper on the *Review of Currency Board Arrangements in Hong Kong* by the Chief Executive, Joseph Yam, was published in December with the intention of encouraging and facilitating a growing interest in the development of the currency board system among Legislators, academics and financial professionals.



Executive Director James Lau receives, on behalf of the HKMA, the Gold Award in the Hong Kong Management Association's Best Annual Reports Award Competition from Dr David Li, Chairman of the Hong Kong Management Association.

The HKMA continued in its efforts to improve the clarity and attractiveness of its publications and to make them accessible to a wider public. A specially designed leaflet, produced during the year, used cartoons and lively diagrams, as well as non-technical language, to explain the workings of Hong Kong's monetary system to school students. In November the HKMA's 1997 Annual Report was honoured with a Gold Award in the Hong Kong Management Association's Best Annual Reports Award competition.



The HKMA website, which was relaunched with a new Learning Centre in January 1999.

One of the most important and extensive channels of communication between the HKMA and the community is the news media. The HKMA adopts a pro-active approach in its dissemination of information through the media. It continued in 1998 to extend its contacts with journalists and to raise the level of transparency in the materials it released. During the year senior executives met the media frequently in a variety of settings, including press conferences, background briefings, interviews and technical workshops. Fifteen press conferences were held and 128 press releases were issued, compared with 112 in 1997. The Press and Publications Section handled an average of twenty press enquiries a day. In response to the international community's continuing interest in Hong Kong's monetary system, senior executives of the HKMA briefed visiting journalists and analysts from overseas on numerous occasions.

Since its establishment in 1993, the HKMA has made special efforts to increase the transparency of its work. It continues to be one of the most transparent and accessible organisations of its kind in the world: the HKMA's disclosure, since 1996, of information

about the Aggregate Balance of the clearing accounts maintained by banks with the HKMA on a virtually real-time basis is, for example, a facility that remains unique among Central banks. Initiatives undertaken in 1998 to raise transparency included the daily publication, from 25 November, of the size of the Monetary Base and its components, and the decision in November to publish the minutes of meetings of the new EFAC Sub-Committee on Currency Board Operations.

Challenges

The HKMA will continue to serve the community by discharging its responsibilities in a professional and effective way, and with a high degree of transparency and accountability. The HKMA will also seek to foster continuing confidence in its work by promoting a broader understanding of monetary and banking matters while at the same time ensuring that community concerns are taken into account in the formulation and implementation of policies and the handling of issues.

One of the continuing challenges for the HKMA is to ensure that complex and technical issues are presented and explained in a way that is accessible to people from all walks of life and not just to the financial and economic experts. With this aim in mind, the HKMA will make special efforts in 1999 to improve the range, quality

and readability of its publications. Projects already in progress include an explanatory guide to Hong Kong monetary and banking terms and a set of new fact sheets on the HKMA's work. Special efforts will be made in 1999 to expand and improve the HKMA's educational programme: these will include the development of the HKMA Resource Centre, the production of more materials for students, and further briefings for community and professional groups. The HKMA will also continue to develop its contacts with the media and will place special emphasis on briefing journalists on the technical aspects of its work.

