

Enhancements to Code of Banking Practice

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) welcomes the launch of the revised Code of Banking Practice (the Code) by the Hong Kong Association of Banks (HKAB) and the DTC Association (DTCA) today (December 7). The Code is jointly issued by the HKAB and the DTCA with endorsement by the HKMA.

In recent years, the Hong Kong banking industry has been actively enhancing the quality of products and services in multiple aspects, including more extensive adoption of technology and introduction of innovative modes of services, with a view to enhancing customer experience and at the same time striving to further promote good banking practices. With the sustained development of banking services and the convenience brought about by new products and services, customers also expect more flexibility in controlling and managing their banking matters with a view to fulfilling their needs under different situations as well as receiving enhanced consumer protection at the same time.

The Code of Banking Practice Committee, comprising representatives of the HKAB, the DTCA and the HKMA, has further reviewed the Code and formulated further enhancement measures following the revision of the Code in 2021. The latest enhancements, apart from ensuring corresponding protection of customers in digital banking services, also empower customers to have more control over their financial matters and ensure proper safeguards to customers under innovative service arrangement. Major enhancements to the Code will:

- further enhance consumer protection in digital banking services, including that banks should effectively enable customers to obtain the relevant important information when applying for banking services and conducting transactions on Internet banking platforms; banks should also provide security advice to customers in respect of new technologies adopted in banking services, and enhance the customers' understanding of the relevant risks and protection measures of digital banking services; and bank should properly retain records of marketing and promotional materials used in digital channels so as to facilitate the handling of potential customer enquiries or disputes subsequently;
- further empower customers on financial management, for example, customers will receive enriched information on the risk and potential repayment obligations of loan products from the revised Key Facts Statements, and can use the loan calculators on the Internet banking platforms to assess the cost of borrowing and their own repayment ability before making borrowing decisions. Banks should also increase the credit limit of credit cards only after obtaining the agreement of

customers. In addition, banks should inform customers at least 60 days before making any significant changes to the terms and conditions of loan products so as to allow customers more time to take appropriate preparatory actions; and also timely advise customers with potential financial difficulties of possible options to avoid further worsening of their financial situation.

- ensure fair treatment of customers, which include increased transparency of opening, maintenance and closure of bank accounts and provision of channels for customers to request banks to review the relevant decisions to ensure reasonable access to basic banking services; provision of more comprehensive protection and support by banks to customers having disputes on products and services; and provision of proper protection to customers during banks' loan recovery process; and
- introduce the recent updates of the G20/OECD High-Level Principles on Financial Consumer Protection (Note) to the general principles for banks to observe when providing products and services to customers, thereby continuing the promotion of international good banking practice in Hong Kong and the provision of high-quality and accessible financial products and services.

The Chief Executive of the HKMA, Mr Eddie Yue, said, "Banking services have always been an integral part of the daily life of the members of the public. In order for the banking industry to have healthy and sustained development, there must be corresponding consumer protection as the foundation so as to strengthen the public confidence in banking services. I am very pleased that the HKAB and the DTCA have further enhanced the Code of Banking Practice. Under this, apart from better protection to consumers using digital banking services, customers are also further empowered to manage their banking matters and thus enabling them to make better use of banking products and services according to their own circumstances. It also ensures fair treatment of customers by banks and comprehensive protection of consumer interests."

The revised Code is effective from today (December 7, 2023). Authorized Institutions are expected to achieve full compliance with the new provisions as quickly as possible within 6 months of the effective date, with an extension of up to 12 months for provisions requiring more extensive system enhancements. For provisions involving complex system changes, the implementation is extended for up to 18 months. The revised Code can be downloaded [here](#).

Note: The HKMA participated in the international discussion of the High-Level Principles on Financial Consumer Protection (the Principles) issued by the Group of Twenty (G20) and the Organisation for Economic Co-operation and Development (OECD) and provided recommendations for the updates. The updated Principles were endorsed by the G20 leaders in 2022. The original Principles covered 10 principles on important consumer protection areas (e.g. "Disclosure and Transparency", "Responsible Business Conduct" and "Financial Education and Awareness"). The updated 12 Principles incorporated two new principles on "Quality Financial Products" and "Access and Inclusion", and

introduced new cross-cutting themes, namely "Financial Well-being" of financial consumers and the impact, opportunities and risks of "Digitalisation and Technological Advancements", "Sustainable Finance".