

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 (Code) by the Hong Kong Association of Banks (HKAB) and the DTC Association (DTCA) today (December 10). The Code is jointly issued by HKAB and the DTCA with endorsement by the HKMA.

The HKMA has been promoting digitisation of banking services, and the banking industry has also devoted a lot of effort to developing financial technology (fintech) to provide innovative services and products to customers. In addition, the pandemic in the past two years has also accelerated the industry's use of digital channels to deliver services and increased consumer demand for digital banking services. While digital banking services have greatly enhanced consumer experience, banks must also ensure proper protection of their customers in the digital environment. The Code of Banking Practice Committee, comprising representatives of the industry associations and the HKMA, has reviewed the Code and formulated enhancement measures such that protection to customers would not be affected during provision of digital services through new digital channels and modes of services by banks; but rather, services would be more tailored to customer needs with enhanced protection. Overall, this would ensure bank consumer protection is in line with fintech developments.

Major enhancements to the Code will:

- enhance customer experience and protection in digital banking services, including requiring banks to effectively and clearly disclose product information when undertaking promotions through social media, providing channels for the public to authenticate digital promotional activities of banks, and issuing warnings on specific security risk events like cyber fraud, bogus advertisements, etc. to customers; and banks should also provide information to customers in a storable digital format to facilitate retention for future reference;
- strengthen protection and transparency of banking services, such as providing more information on credit card chargeback mechanism, enhancing information disclosure on local and cross-boundary transfers, and strengthening the procedures for handling mis-transfer of funds by customers; and
- further promote financial inclusion to ensure that customers with

different needs are provided with appropriate banking services, and require banks to take into account the needs of customers for physical banking services when modifying their branch networks, and to accommodate the needs of different customers when providing services or information through digital means.

The Chief Executive of the HKMA, Mr Eddie Yue, said, "The Hong Kong banking industry has been embracing the application of innovative technology to enhance the quality and diversity of products and services in recent years. One of the key areas of the HKMA's "Fintech 2025" strategy is also for "all banks go fintech" so as to provide consumers with reasonable and efficient financial services. I am very pleased that HKAB and the DTCA have, in response to the trend of technological development of the banking industry and the evolving needs of consumers, timely enhanced the Code of Banking Practice. Under this, banks can better protect interests of consumers and cater for the needs of different customers while at the same time bringing convenience to customers through financial innovations."

The revised Code is effective from today (December 10, 2021). Authorised institutions are expected to achieve full compliance with the new provisions as quickly as possible within six months of the effective date, with an extension of up to 12 months for provisions requiring more extensive system enhancements. Meanwhile, the HKMA and the industry are reviewing other parts of the Code and will announce the details in due course.

A copy of the revised Code can be found at:
www.hkma.gov.hk/media/eng/doc/code_eng.pdf.