

LCQ20: Means of payment for transactions

Following is a question by the Hon Rock Chen and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (December 13):

Question:

It has been reported that earlier on, a traveller visiting Hong Kong was denied cash as payment by a restaurant because the restaurant only accepted electronic payment (e-payment) or credit cards. Moreover, it is learnt that there have been cases from time to time of merchants and professional drivers, among others, refusing to accept 10-cent, 20-cent and 50-cent coins as payment by patrons, and there are also merchants who only accept cash payment and not any means of e-payment. There are views that such situations have caused inconvenience to members of the public and tourists. In this connection, will the Government inform this Council:

- (1) whether it knows the number of complaints received by the Hong Kong Monetary Authority in the past three years about merchants or professional drivers refusing to accept cash payment or e-payment, as well as the trend of such complaints;
- (2) whether it has assessed the prevalence of the situation of refusing to accept cash payment or e-payment in the market at present; as it is learnt that on the Mainland, no individual or merchant is allowed to refuse cash payment, or else they will be named and shamed, as well as fined in accordance with the law, and that Macao has also made it an administrative offence to refuse to accept legal tender, whether the authorities have plans to review the existing relevant legislation, and adopt administrative measures to ameliorate the situation of refusing to accept cash payment; and
- (3) as there are views pointing out that there are many problems with e-payment in Hong Kong, including differences in terms of payment functions, convenience, usage scenarios, handling fees, etc, whether the authorities have plans to formulate measures to extend e-payment to more government premises, and motivate financial institutions to develop more integrated payment services?

Reply:

President,

For the three parts of the question, in consultation with the Hong Kong Monetary Authority (HKMA), my reply is as follows:

- (1) From 2021 to end-November 2023, the HKMA received a total of 12

complaints about businesses refusing to accept cash, lower than 17 complaints received during 2018 to 2020. The HKMA does not maintain the statistics on complaints regarding professional drivers refusing to accept cash or electronic payment.

(2) Notes and coins issued pursuant to the Legal Tender Notes Issue Ordinance (Cap.65) and the Coinage Ordinance (Cap.454) are legal tender in Hong Kong. Legal tender is valid and legal means of payment, and by law regarded as adequately and effectively fulfilling payment obligations. The above-mentioned Ordinances do not confer authority upon the Government to mandate goods or service providers to accept legal tender. In any commercial transaction, it is up to the two parties to determine the terms of transaction, including the means of payment. Whether to accept notes or coins in a transaction is a purely commercial decision for goods or service providers.

The existing practice for both parties to a transaction to determine the means of payment provides more flexibility, and can encourage a diversified development of means of payment (such as electronic money). Currently, we do not intend to make legislative amendments to prohibit refusal of accepting legal tender.

(3) The Government is committed to promoting the development of Hong Kong's electronic payment (e-payment) market, and providing the public with safe, efficient, convenient and diversified e-payment options by enhancing the financial technology infrastructure and implementing a robust regulatory regime.

The Chief Executive has announced in the 2023 Policy Address that by the 3rd quarter of 2024, e-payment option will be provided for all government fees so as to offer the public a choice to settle relevant service payments via the Faster Payment System. Payment with Mainland e-wallets will be made available for government services commonly used by Mainland visitors.

We and the HKMA have been actively encouraging financial institutions to develop comprehensive payment services. There are stored value facility operators in the market providing facilitation solutions for local retail merchants, including supporting payment with Mainland e-wallets, introducing simplified QR code for accepting payment, and launching digital transformation solutions for small and medium retail merchants. We and the HKMA will continue to maintain close liaison with the industry in promoting the sustainable development of the e-payment market.