



HONG KONG MONETARY AUTHORITY
香港金融管理局

Ref:

23 February 2011

Mr Allan Chiang
Privacy Commissioner for Personal Data
Office of the Privacy Commissioner for Personal Data
12/F, 248 Queen's Road East
Wanchai
Hong Kong

Dear *Allan*,

Sharing of Positive Mortgage Data

We note that the Law Society of Hong Kong (the Law Society) has made quite a number of comments in its submission on the Consultation Document which it has posted on its website. Given our assessment of the benefits of the proposal to the overall financial stability in Hong Kong and the importance of uploading the existing mortgage data to the effective working of the Credit Reference Agency (CRA) in achieving the objectives of the proposal, I am writing to provide you with our views in relation to the two points set out below which were raised by the Law Society in its submission to you, in the first instance.

- (i) Issue 1 - Even during the worst of the Asian financial crisis, losses due to mortgage defaults were not material. In the view of Law Society, this makes it difficult to justify the industry proposal on a cost benefit basis; and
- (ii) Issue 4 (Issue 3 in the Consultation Document)- Although the information on a consumer would be incomplete if pre-existing mortgage data is not contributed to the CRA, nevertheless, explicit consent from the consumers should be obtained. When the original consent was provided by the consumers, they were provided under "old" (current) system. It would not be in line with the principle of the data protection if information previously not provided to the CRA can now be submitted to the CRA

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without consent from the data subject. This is similar to the bundled consent versus specific consent issue in relation to direct marketing. With the expanded system, specific consent should be obtained for all pre-existing mortgages.

On (i), it is not clear to us what kind of "cost" is referred to in the "cost benefit basis" argument. Does it refer to the monetary cost or the cost to privacy intrusion? If it is the latter, it has to be recognized that the right to personal privacy is not absolute and there is a balancing exercise involved between intrusion of privacy and the public interest. The proposal has kept the personal data to be transferred (i.e. in the form of a mortgage count) to a minimum and sufficient safeguards will be put in place to prevent their misuse. Therefore, every effort has been made to strike a right balance. If the "cost" refers to "financial costs", the proposal will help credit providers in enhancing the completeness and accuracy of their credit risk assessment, thus creating a more efficient credit market and reducing the risk of asset bubble in the property market as a result of indiscriminate borrowing by some consumers and inability of credit providers to indentify borrowers with more indebtedness than they can repay. The benefits appear to be obvious and far-reaching.

Also, I would like to point out that financial crises do occur from time to time but they are never the same because the overall circumstances such as monetary conditions change over time. Therefore, as the HKMA has pointed out many times before, the Asian Financial Crisis is not a relevant benchmark for reference in this context. It should be noted in particular that the overall monetary conditions during the time of the Asian Financial Crisis, i.e. from 1997 to 2003, was that the mortgage interest rates in Hong Kong were coming down considerably (a reduction of around nine percentage points from around 11% to about 2%) and this substantially eased the burden of borrowers in meeting mortgage repayments and hence helped significantly to contain any deterioration in the mortgage default rate. On the other hand, given the abnormally low interest rate environment at the moment, the mortgage interest rates in Hong Kong are expected to revert to a more normal level ultimately. If this process coincides with a downward adjustment in the property market, which most likely will be the case, this would adversely affect the repayment ability of mortgage borrowers as well as their will to continue servicing their mortgage loans. For this reason, it remains our supervisory judgement from a macro-prudential perspective that the fact that the mortgage book of the banking sector in Hong Kong performed relatively robustly during the 1997-2003 period is far from a

guarantee that the same credit performance would be repeated in the next property market adjustment cycle.

When considering this matter, it is also important to bear in mind that back in 2003, the number of residential mortgage loans in negative equity within the banking sector alone reached a historical high of about 106,000 cases with an outstanding mortgage value of HK\$165 billion as at end-June 2003. The unsecured portion of those mortgage loans then was estimated at about HK\$36 billion, and this negative equity amount could increase sharply if repossessed properties were put in the market for fire sale during a downward cycle of the property market. You could appreciate from the above figures that the potential value at risk of mortgage loans could be substantial for our banking sector, and could therefore have far-reaching implications for the stability of, and thus the public confidence in, the banking sector in Hong Kong. This is the main reason for the HKMA seeking to ensure that the credit risk management practices of banks could take into account the exposures of borrowers in terms of outstanding mortgages in order to safeguard the interests of depositors through maintaining overall banking stability. The HKMA remains of the strong view that there is a clear public interest angle in this regard.

On (ii), the Law Society's response appears to be indicating a policy preference for obtaining customer's consent rather than a legal argument based on a consideration of the relevant provisions of the Personal Data (Privacy) Ordinance (PDPO). Specifically, it is not clear from the comment on Issue 4 whether the Law Society has considered the "directly related purpose" argument as put forth in the Senior Counsel's opinion obtained by the Consumer Credit Forum (CCF) under the Hong Kong Association of Banks, a copy of which was previously submitted to you. You may wish to see in particular paragraphs 25 to 31 of the legal opinion which should help explain our and the industry's assessment of the legal position on Issue 4.

For your ease of reference, we have extracted these paragraphs below.

"25. *DPP3 should be interpreted in the following manner:*

- (a) *having regard to the wording of DPP3(a), the purposes covered by DPP3(a) are the purposes that were within the reasonable contemplation or expectation of the Customer or could be reasonably inferred as the customer's purpose at the time of the mortgage loan application when his data*

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were collected by the institution to which the application was made (the "Original Purposes");

- (b) DPP3(b) provides for a purpose directly related to the purpose referred to in DPP3(a). There is no ambiguity between the wording of DPP3(b) and the wording of DPP3(a). By separating DPP3(b) from DPP3(a) and not repeating in DPP3(b) the reference to "at the time of the collection of the data" which appears in DPP3(a), it is clear that the legislative intent is that a "directly related purpose" should be determined by whether it is directly related to an Original Purpose but without imposing a specific timeframe for the making of that determination.
26. I note that the PCPD on DPP3 in its book entitled "Data Protection Principles in the Personal Data (Privacy) Ordinance" (the "Book") considers this very issue. In particular, paragraph 7.26 of the Book provides that the PCPD will take into account factors, such as the following, in assessing whether the act in question is done for a "directly related purpose" and thus covered by DPP3(b):
- (a) the nature of the transaction giving rise to the need for the using the personal data ; and
- (b) the reasonable expectation of the data subject.
27. For the reasons set out above, interpretation of DPP3(b) in the manner described in paragraph 25 above substantially reflects both the letter of the provision and the legislative intent. Purpose can however also be a matter of inference, from all the circumstances. The question as to whether a purpose is a "directly related purpose" is determined by whether it is directly related to an Original Purpose and is not dependent on whether the Customer reasonably contemplated or expected that "directly related purpose" at the time of the mortgage loan application when his personal data were collected. This interpretation does not contradict the PCPD's approach and is in accordance with both it and the careful dichotomy made between DPP3(a) and DPP3(b), which eliminates any fixed initial time-point for DPP3(b).
28. Further, I note the PCPD's comment in paragraph 7.30 of the Book that in the context of human resource management,

disclosure of employees' personal data to Mandatory Provident Fund ("MPF") providers for the administration of the MPF scheme is an example of use of data for a directly related purpose.

29. *The MPF regime was only implemented in Hong Kong in the year 2000. Employers would not therefore have explicitly specified in the PDPO Notice distributed by them to employees before implementation of the MPF regime, that disclosure of employees' personal data to MPF providers was an Original Purpose. Moreover, such disclosure would not have been in the reasonable contemplation of the employees when their data were collected before the implementation of the MPF regime.*
30. *In that regard, the MPF regime is similar to the regime for sharing positive mortgage data in that collection of personal data pre-dated the implementation of the regime. On that basis of ambulatory interpretation, my opinion as to the interpretation of DPP3(b) is fully consistent with the PCPD's treatment of transfer of employees' personal data to MPF providers, as being a directly related purpose in the context of human resources management.*
31. *Adopting this interpretation of DPP3, granting and maintaining the mortgage loan are Original Purposes and ensuring ongoing credit worthiness of the Customer is a purpose directly related to those Original Purposes. Transfer of the Customer's personal data to the CRA under Step 1 is aimed at ensuring ongoing credit-worthiness of the Customer and is directly related to the Original Purposes and thus covered by DPP3(b)."*

As can be seen from the above extracts, what is required is a purposive statutory analysis which ought reasonably to lead to the view that the Legislature contemplated this very type of development as being easily within the objective construct of a directly related purpose. The fundamental purpose has not been changed by the current proposal, which still turns, as before, on credit profile analysis. The proposal is therefore consistent with DPP3(b) of the PDPO.

Apart from the MPF example cited in the Senior Counsel's opinion at paragraphs 28 to 30, the Senior Counsel's view is also supported by the Administrative Appeals Board (AAB) decision of *袁碧真 v Privacy Commissioner for Personal Data*, AAB No. 41/2006. In this case, the

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appellant provided her personal data, including her name, address, and telephone number to the management company when she complained about the foul smell in the corridor outside her flat. The appellant had expressly told the representative of the management company that if it decided to make a report to the police, the management should preserve her anonymity. The AAB ruled that although the management company had promised the appellant that it would not disclose her personal data to the police, when the management company provided the appellant's personal data to the police, it was using the personal data for a purpose which was directly related to a purpose for which her data were collected in the first place¹. It is worth pointing out that in this case the ruling was made even though the transfer of information to the Police was not within her reasonable contemplation at the time the data was collected nor had she given her prescribed consent for the transfer.

In addition, we would respectfully submit that the analogy to "bundled consent" issue as referred to in a recent AAB case is inappropriate. The case considered by the AAB was related to the use of personal data for an unrelated purpose i.e. transfer of personal data to a third party for marketing the third party's good and services which was neither the Original Purpose nor a directly related purpose. On the other hand, DPP 3 does allow the use of data for original purposes and other purposes directly related to the original purposes. Based on the Senior Counsel's opinion, the HKMA is of the view that the current proposal involves the data being used for a purpose directly related to a core business activity of credit providers, and therefore there should be no legal impediment for existing mortgage data to be contributed to the CRA for the purpose of the current proposal.

Incidentally, in Section III of the "Guidance on the Collection and Use of Personal Data in Direct Marketing", it is noted that a data user may use personal data obtained from customers for marketing products or services directly related to the original purpose of collection of the data. As an example, it is stated that a bank may use personal data of its customers for marketing financial and insurance products. The Guidance Note also provides that, if at the time the data user collects the data it has no particular direct marketing activities in mind but subsequently decides to do so, then prior to conducting the direct

¹ On the facts of this case, section 58(2)(a) of the PDPO provides that personal data are exempt from the provisions of DPP3 anyway. However, the decision contains detailed analysis on the how DPP3 is to be applied and why the agreement between the data subject and the data user is irrelevant in considering whether DPP3 has been contravened.

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marketing activities including the transfer of customers' personal data to third parties for the purpose of direct marketing, it must ensure that such use of data is directly related to the original purpose of collection of data, and consider informing the customers of its intention to do (and reason for doing) so.

Following from the above, if a data user is not required to obtain express consent from or notify a customer before using his personal data for marketing products and services directly related to the original purpose of collection of the data even though there was no such intention at that time, the same principle should clearly apply also to Issue 4 where the use of data directly relates to a core business activity of credit providers. To depart from this principle on this occasion will create inconsistency in the way the personal data privacy regime is administered.

I would also like to point out that one of the intended purposes of the Industry Proposal is to avoid borrowers and speculators over-leveraging themselves. If we set aside the above legal issue and instead require the industry to seek prescribed consent from customers (although this is legally not required) before contributing existing mortgage data to the database, as proposed by the Law Society, the HKMA is concerned that this will render the credit database incomplete and significantly less useful. This is because customers with an intention to hide from the banks the accurate information relating to their existing mortgages would be unlikely to give their consent. This would mean that those who have not been declaring all relevant mortgage information to lending institutions when applying for credits or who intend to take excessive borrowing will be able to continue with their act of providing false information or omitting information in their loan applications without any objective means for the credit providers to verify their indebtedness. The direct result is that the group of borrowers with the intention to hide their full indebtedness or with excessive lending will most likely not be included in the database, despite the fact that these are exactly the group of borrowers that should be covered by the CRA. The database will therefore be deficient and will not serve the principal objective of the proposal. We would in fact find it difficult to understand the rationale for introducing any arrangement or requirement that will effectively defeat the ability of the CRA to serve the public interest angle (i.e. maintaining overall financial stability in Hong Kong) which supports the implementation of positive mortgage data sharing in the first place.

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In accordance with the spirit of PCO's guidance in Section III of the Guidance mentioned above, I understand that your office has been exploring the alternative of requiring credit providers to take all reasonably practicable steps to issue notification to the mortgage customers before uploading of the existing mortgage data. As you are aware, the industry has obtained legal opinions confirming that customer notification is not necessary in these circumstances and they still have concerns about issuing such notification. That said, if you are of the view that the issue of customer notification is a good practice for enhancing transparency to customers and would provide you with the requisite comfort in allowing the uploading of existing mortgage data to the CRA, the HKMA will be happy to work with you and discuss with the industry with a view to requiring them to do this. We note this would also allay the concerns of the Consumer Council on this issue. The form of customer notification will take into account suggestions raised by the Consumer Council that the purpose(s) for which the consumer's personal data are to be used should be clearly spelt out and that the notice should be presented in a font size easily readable by customers.

We will provide you with our response to your further questions received by us yesterday as soon as possible.

In line with the treatment of the HKMA's submissions to you in response to the Consultation exercise, we will be posting this letter on the HKMA website.

Yours sincerely,

c.c. Policy 21 Limited
The Chairman, Consumer Credit Forum
The Chairman, HKAB
The Chairman, DTCA
FSTB (Attn:)





HONG KONG MONETARY AUTHORITY
香港金融管理局

Ref:

25 February 2011

Mr Allan Chiang
Privacy Commissioner for Personal Data
Office of the Privacy Commissioner for Personal Data
12/F, 248 Queen's Road East
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BY FAX AND BY HAND
(Fax No.:)

Dear *Allan*,

Sharing of Positive Mortgage Data

Further to my letter to you dated 23 February 2011, I am writing regarding the comments of the Hong Kong Bar Association (“HKBA”) in its submission on the Consultation Document which it has posted on its website. Our views, mainly in relation to legal issues raised by the HKBA, are set out below. Please also note that we have in parallel initiated discussions with the HKBA in order to address the points raised in its submission to your office.

Paragraph 9

The HKBA remarked in paragraph 9 that the Code of Practice on Consumer Credit Data (the “Code”) has shifted from a pro-privacy initiative to a mechanism for legitimising “privacy-intrusion”. We do not think this is a reasonable description of the purpose or intention of introducing positive or negative credit data sharing which in our view involves important public interest concerns. Specifically, we are of the view that any change in the law or the Code is about finding the right balance between the privacy interests of individuals and the public interest at a given point of time as the right to personal data privacy is not absolute. The principal objective of the industry proposal is to promote responsible lending and borrowing and prevent over-

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borrowing and in so doing enhance the overall financial stability in Hong Kong. We note that HKBA itself also recognises that reducing risk of defaults is a laudable aim.

Paragraphs 23 to 34

According to the HKBA (see paragraphs 31 & 32 of its submissions), since there is no evidence on the extent to which individuals are taking on mortgages in relation to non-residential property and the delinquency rates in relation to such mortgages, or evidence that the borrowers are being untruthful, the case for saying that the additional data which the credit reference agency ("CRA") should be permitted to collect are "necessary and not excessive" (for the purpose of assessing the credit worthiness of the individuals to which the data relate) does not begin to be made out. The HKBA further states in paragraph 33 that unless and until such a case is made out on the basis of compelling evidence, the proposal to expand the mortgage data that the CRA is permitted to collect must be rejected because it has not been shown that DPP1(1) would be complied with.

The reason why we have not provided the evidence mentioned is because without positive mortgage data sharing, we have no means of collecting such data as customers are unlikely to admit they have been untruthful and they do not necessarily borrow only from one bank but from different banks so each bank is not able to conduct a proper and comprehensive credit risk assessment. There are nevertheless anecdotal evidence of property borrowers getting mortgage loans from different banks. You would recall in November last year we sent you the attached newspaper clipping (at Annex 1) of a pensioner who was speculating in property by borrowing from multiple banks who were unable to verify her credit worthiness due to a lack of positive mortgage data sharing. There is no reason to assume that this type of behaviour is exceptional.

Furthermore, from a legal perspective, DPP1(1) provides that:

- "(1) Personal data shall not be collected unless –*
- (a) the data are collected for a lawful purpose directly related to a function or activity of the data user who is to use the data;*
 - (b) subject to paragraph (c), the collection of the data is necessary for or directly related to that purpose; and*
 - (c) the data are adequate but not excessive in relation to that purpose."*

It is important to note that there is no requirement under DPP1(1) that the purpose for which the data is collected has to be substantiated or validated by evidence. DPP 1(1) places no limit on the purpose for which data may be collected, as long as it is collected for a lawful purpose, which is directly related to a function or activity of the data user. The industry proposal is therefore clearly consistent with DPP1(1)(a) since the data are collected by the CRA for a lawful purpose directly related to its function or activity as a credit reference agency, i.e. to create a credit profile of borrowers for credit risk assessment purposes. DPP1(1)(c) then requires the data to be “adequate but not excessive” in relation to that purpose. DPP1(b) provides that subject to (c), the collection is necessary for or directly related to such a lawful purpose.

We would also like to draw reference to the book entitled “Data Protection Principles of Personal Data (Privacy) Ordinance – from the Privacy Commissioner’s perspective (2nd Edition)” published by your office. According to paragraph 5.9 of the book, the Privacy Commissioner has expressed the view that in considering whether the collection of data is in compliance with DPP(1) in the absence of any applicable code of practice, the following are relevant factors to be considered:

- (a) the particular function or activity to which the collection of the data concerned is considered directly related;
- (b) the degree of sensitivity of such data;
- (c) the legitimate purposes to be served in collecting the personal data and the adverse impact on personal data privacy;
- (d) whether there is a real need (i.e. the likelihood of such need arising) for the data to be collected in order to carry out that function or activity; and
- (e) whether there is any realistic and less privacy intrusive alternative for attaining the purpose of collection.

In the context of the industry proposal which will require changes to the Code, we and the industry have considered carefully the above factors. The data that will be contributed by the credit providers to the CRA are set out in paragraph 4.2(b)(i) of the Consultation Document, which according to the industry, are the minimum that are necessary to enable the CRA to identify accurately each individual involved in a consumer mortgage loan and compile the mortgage count. Indeed, it has been indicated in paragraph 5.31

of the Consultation Document that subject to the determination on the types of mortgage loans to be covered under Issue 1, the proposed types of data items to be contributed and assessed “represent the minimum amount of data necessary for the purposes of assessing the credit risk of consumer credit applications”. Besides, it is proposed that the credit providers will have access to the mortgage count only, instead of the entirety of the data contributed to the CRA by credit providers as set out in paragraph 4.2(b)(i) of the Consultation Document. There is also no realistic alternative for achieving the purpose of collection of the data in respect of pre-existing mortgages. Based on the above, we have been advised by our Office of the General Counsel that there is no contravention of DPP1(1), and the data that are to be collected by the CRA as a credit reference agency appear to be “necessary”, “adequate” and “not excessive”.

Paragraphs 39 to 50

The HKBA takes the view that the transfer of the positive mortgage data to the CRA would be contrary to DPP3 (see paragraphs 44 and 47 of its submission). DPP3 is set out below:

“Personal data shall not, without the prescribed consent of the data subject, be used for any purpose other than –

- (a) the purpose for which the data were to be used at the time of collection of the data; or*
- (b) a purpose directly related to the purpose referred to in paragraph (a).”*

The HKBA relies on the guidance provided by your office¹ on how you would interpret DPP3:

“In assessing whether the act in question is done for a “directly related purpose” and thus covered by DPP3(b), the Commissioner will take into account factors such as:

- the nature of the transaction giving rise to the need for using the personal data; and*

¹ The HKBA quoted paragraph 7.25 from the older version of the book entitled Data Protection Principles of Personal Data (Privacy) Ordinance – from the Privacy Commissioner’s perspective, Office of the Privacy Commissioner for Personal Data, August 2007. The same paragraph appears in the 2010 version at paragraph 7.26.

- the reasonable expectation of the data subject.” (Emphasis added.)

The HKBA argues that since the transfer of the positive mortgage data to the CRA was not permitted under the Code at the time when the data were collected, the data subject would not have expected this to occur. Accordingly, it takes the view that the transfer will not be done for the purpose for which the data were to be used at the time of collection of the data or for a directly related purpose.

First and foremost, we would like to point out the stance adopted by your office as demonstrated by paragraph 1.12 of the aforesaid guidance is for reference only and it was stated in the guidance that such stance shall not bind your office in the exercise of the Commissioner’s statutory functions in any way. Furthermore, it was stated that rather than relying on such views the reader is urged to exercise independent judgement on the interpretations of the data protection principles and where appropriate avail himself of professional advice.

In conjunction with our Office of the General Counsel, I have considered the legal opinion of Senior Counsel obtained on this matter, which the industry has previously submitted to you, and agree with his detailed analysis based on a purposive construction of DPP3. In particular, we agree that all the DPPs should be read together and should be construed purposively to promote the objectives of the Personal Data (Privacy) Ordinance (“PDPO”). DPP3(a) refers to the purpose for which the data were to be used at the time of collection of data (“Original Purpose”), while DPP3(b) refers to a directly related purpose. In constructing what is the Original Purpose, the data user may have informed the data subject the Original Purpose explicitly, or in the absence of any explicit communication, the Original Purpose may be implied.² In determining the implied purpose for which the personal data were collected at the time of collection, all circumstances, including the reasonable expectation of the data subjects are relevant. Applying this to the industry proposal, it must have been within the reasonable expectation of the customer when applying for a loan that his personal data would be used for creating a credit profile to enable the proper assessment of credit risk. Therefore, we are of the view that the transfer of the data to the CRA to enable the creation of a credit profile for risk evaluation is within the Original Purpose albeit such purpose is an implied purpose. In this

² DPP1(3) provides that data user must take all practical steps to explicitly inform a data subject of the purpose for which data are collected. Since this is not an absolute obligation, this shows that the Original Purpose may be implied in the absence of any explicit communication by the data user to the data subject .

connection, please see paragraphs 19 to 24 of Senior Counsel's Opinion at Annex 2.

Further or in the alternative, we rely on DPP3(b) which enables the use of personal data for a directly related purpose to enable the transfer of personal data to the CRA. This is because the transfer of data to the CRA to enable the creation of a credit profile of the customer is directly related to the Original Purpose of credit risk assessment.

In contrast to DPP3(a), when determining the directly related purpose (which is not confined to the time of collection of data), the question is determined by whether it is directly related to the Original Purpose and is not dependent on whether the customer reasonably contemplated or expected that directly related purpose at the time of the mortgage loan application when the personal data were collected. In this connection, we refer you to paragraphs 25 to 31 of Senior Counsel's opinion at Annex 3.

Apart from the MPF example cited in the Senior Counsel's opinion at paragraphs 28 to 30, the Senior Counsel's view is also supported by the Administrative Appeals Board ("AAB") decision of *袁碧真 v Privacy Commissioner for Personal Data*, AAB No. 41/2006. In this case, the appellant provided her personal data, including her name, address, and telephone number to the management company when she complained about the foul smell in the corridor outside her flat. The appellant had expressly told the representative of the management company that if it decided to make a report to the police, the management should preserve her anonymity. The AAB upheld the views of the then Privacy Commissioner and ruled that although the management company had promised the appellant that it would not disclose her personal data to the police, when the management company provided the appellant's personal data to the police, it was using the personal data for a purpose which was directly related to a purpose for which her data were collected in the first place³. It is worth pointing out that in this case the ruling was made even though the transfer of information to the Police was not within the appellant's reasonable contemplation at the time the data was collected nor had the appellant given her prescribed consent for the transfer. Applying this case to the industry proposal, it would seem even if the uploading of such data to CRA was not within the applicant's reasonable contemplation, the data can still be uploaded to CRA as this serves a directly related purpose.

³ On the facts of this case, section 58(2)(a) of the PDPO provides that personal data are exempt from the provisions of DPP3 anyway. However, the decision contains detailed analysis on how DPP3 is to be applied and why the agreement between the data subject and the data user was irrelevant in considering whether DPP3 has been contravened.

Paragraphs 51 to 55

The HKBA states in paragraph 52 of its submission that the requirement of the written consent of data subjects prior to access by credit providers to the proposed additional mortgage data does not help to address the issue discussed above in paragraphs 39 to 50 in relation to Issue 3. However, the HKBA supports and welcomes the requirement for consent as a further level of privacy protection for sharing of mortgage data by CRA.

We would just emphasize that the requirement for written consent of data subjects is indeed an important level of privacy protection. As the transfer of data to the CRA is only a preparatory step, no true sharing of data will occur without the customer's written consent.

Paragraphs 56 to 60

On the benefits of the transitional period, the HKBA should perhaps refer to paragraphs 5.41 and 5.42 of the Consultation Document which explain the transitional period in greater detail. The purpose of the transitional period is to ensure any positive mortgage data collected by the CRA could not be accessed and used during the transitional period other than new applications for credit facilities and certain prescribed exceptional circumstances, such as financial difficulties of the customer, or when there is a need for debt restructuring. This may be beneficial to those who have over-borrowed in that it would offer a longer period of time in which they would be able to re-assess and revise a realistic repayment schedule with their lending institutions.

It is also useful to point out that under the industry proposal, a credit provider will have to obtain an individual's written consent to access his mortgage count whether before or after expiry of the transitional period. If an individual applies for any consumer credit from a credit provider on or after the proposal implementation date, that credit provider will obtain his written consent to access his mortgage count at the CRA. The credit provider will then access his mortgage count for processing that application or if the other specified circumstances (e.g. debt restructuring etc.) occurs during the transitional period, and will not otherwise access his mortgage count until expiry of the transitional period. There is no need to obtain the individual's written consent again for accessing his mortgage count after expiry of the transitional period because the initial written consent already covers it. On the other hand, if an individual does not apply for any consumer credit from any credit provider after the implementation date (i.e. there is no opportunity for any credit provider to obtain his written consent to access his mortgage

count at the CRA), no credit provider will access his mortgage count at the CRA for any purpose whether during or after the transitional period.

In line with the treatment of the HKMA's submissions to you in response to the Consultation exercise, we will be posting this letter on the HKMA website.

Yours sincerely,

c.c. Policy 21 Limited (*Fax No.: 25493942*)
The Chairman, Consumer Credit Forum
The Chairman, HKAB
The Chairman, DTCA
FSTB (Attn:)

Encl.

銀行門水喉投資者焗蝕

提早拒承接 老手輸2.7%沽凱旋門

【本報訊】銀行隨着承造樓按生意逐步遞標下，開始「門水喉」，批核按揭態度轉趨審慎，並出現拒接情況。一名年屆七旬老婦，3個月前斥資2560萬元，買入尖沙嘴凱旋門單位，疑因未能上會，通於下月初完成交易限期前，以2490萬元沽實，損失70萬元或2.7%。業界相信，上述拒接情況，是因買家持貨過多所致，屬個別個案。

記者：湯家明 朱連峰

樓價 價高企，政府官員連番發出樓市泡沫警告，並揚言隨時再有打擊炒樓措施推出。招數未出，市場已出現買家疑連銀行拒接而交易告吹個案。消息指，凱旋門吹月閣高層B室海景單位，1338方呎，唐姓七旬買家今年8月透過買勝有限公司以2560萬元買入，單位將於下月初完成交易。有指買家因未獲銀行承接，「焗蝕」沽貨，剛以出售公司形式，以2490萬元沽售。按中國銀行網上估價，該單位估值2733萬元，是次沽售，較估價低出8.9%。

消息指，該唐姓炒家，早於

唐姓購入部份買賣物業

物業	數目	涉資 (萬元)	沽出 (伙)	溢利 (萬元)
東涌映灣園	7	2304.4	3	412.2
東涌海濱	2	3908.0	—	—
東涌海濱海畔	3	1169.8	—	—
東涌海濱	—	—	—	—
唐姓山	1	936.8	—	—
銀湖·天峰	—	—	—	—
銀湖·天峰	—	—	—	—

資深炒家罕有滑鐵盧

唐婦職級最彪炳的一役，為於73年以23.5萬元，買入東半山玫瑰新邨A座高層2室，持貨20多年後，於97年金融風暴湧至前以2500萬元高位沽出，溢賺105倍，動袋2476.5萬元。故是次蝕沽凱旋門，屬投資經驗中罕有的滑鐵盧。

代理指，近日有銀行職員建議購入逾千萬大類豪宅買家，承接被按比重越少越好；甚至建議將買賣完成交易日期延至明年2月底或以後，以便為銀行明年業務

備彈藥。銀行放水似有「收掣」迹象。而唐婦目前持有至少14項住宅，未知銀行是否就按揭風險提高警惕，而拒絕借貸。

拒絕理由 疑持貨量多

利嘉閣按揭代理聯席董事黃秋欣表示，政府連環出招調控樓市，銀行自然要相應配合，加上今年樓市暢旺，好多銀行在被按生意上都「食飽晒」，因而臨近年尾被生意已欠積壓，個別更收緊放貸。她指，過往自住與投資物業的按揭通常一樣，但個別銀行近日已將投資物業的息率調高至日加0.8至1厘，較自住物業一般日加0.7厘為高。

對於有銀行拒為豪宅承接，「過唔到壓力則能買家同時持有多項物業，「過唔到壓力則試」，料屬個別事件，因銀行仍水浸，無可能發生生意不做。



唐姓10多項物業的老婦，未知銀行是否提高她抵押按揭標

Paragraphs 19 to 24 of Senior Counsel's Opinion

19. When DPP3(a) is examined it is patent that if the original purpose for which the data is to be used is to evidence a past, present and future creditworthiness profile – a necessarily dynamic position and equally an absolutely critical parameter for safe lending and safe borrowing – then it is logically the irresistible inference that this fundamental banking criterion was the common purpose of both the data subject and the data user.

20. Every customer would instantly recognise and accept that the whole point (the entire purpose) of a loan application form and the decision-making process in relation to it, is designed to transfer determinative information to the bank. A bank will not lend without a proper assessment of risk. It follows that the customer knows and understands that the bank must be properly equipped to be able to make a safe evaluation. It is decisively in the public interest that borrowers responsibly borrow and that banks responsibly lend. But this optimum situation can only operate if there is a comprehensive verified customer profile.

21. The Proposal by the CCF is manifestly in the public interest as it will promote safer borrowing and safer lending. It would be odd, indeed if a Proposal that would positively enhance the public good could be rendered stillborn by a misplaced anxiety over the utilization of personal data, when the legitimacy of banking as a core societal institution is inherently vulnerable to incomplete personal data. The Proposal is remedial from every perspective.

22. Once the Proposal is analysed from the consideration that every bank customer knows and expects that the very essence of every loan application is that the bank needs assurance of the genuine credit profile, rather than the customer's unverified claims, then it is blindingly obvious that every data subject would realise and accept that the whole purpose for which the data is to be used is to create a credit profile for risk evaluation. Indeed that purpose is self-referential of banking.
23. It matters not that earlier pre-PDPO loans were made without the bank setting out on a piece of paper just what the purpose of the data was for, as everyone knew then just as everyone now knows too what the purpose was. What has changed is the PDPO has added specific responsibilities that now give privacy a higher normative value than before the inception of the legislation. But receipt of the data was always the precondition to a loan as only by it could any bank exercise proper lending. I easily conclude that for loans made at a time when it was not unlawful to not provide a PDPO Notice, before or at the time of a mortgage loan application, Participating Institutions are fully entitled to transfer the positive data specified in paragraph 6(b) above to the CRA, as the very purpose for which the data was to be used is still the same substantive purpose involved in the transfer of it to the CRA, namely, to create a credit profile for risk evaluation.
24. But whatever view may be taken under DPP3(a), there can be no doubt that DPP3(b) too very amply authorizes the transfer of the data to the CRA. DPP3(b) authorises the transfer if the purposes is "...directly related to the purpose referred to in paragraph (a)". There must therefore be an immediate nexus between the original purpose and the later one. The connection should be generically referable to the original purpose and be the type of connection that objectively was foreseeable as either a natural development of or from the general nature of the original purpose.

Paragraphs 25 to 31 of Senior Counsel's Opinion

25. DPP3 should be interpreted in the following manner:
- (a) having regard to the wording of DPP3(a), the purposes covered by DPP3(a) are the purposes that were within the reasonable contemplation or expectation of the Customer or could be reasonably inferred as the customer's purpose at the time of the mortgage loan application when his data were collected by the institution to which the application was made (the "Original Purposes");
 - (b) DPP3(b) provides for a purpose directly related to the purpose referred to in DPP3(a). There is no ambiguity between the wording of DPP3(b) and the wording of DPP3(a). By separating DPP3(b) from DPP3(a) and not repeating in DPP3(b) the reference to "at the time of the collection of the data" which appears in DPP3(a), it is clear that the legislative intent is that a "directly related purpose" should be determined by whether it is directly related to an Original Purpose but without imposing a specific timeframe for the making of that determination.
26. I note that the PCPD on DPP3 in its book entitled "Data Protection Principles in the Personal Data (Privacy) Ordinance" (the "Book") considers this very issue. In particular, paragraph 7.26 of the Book provides that the PCPD will take into account factors, such as the following, in assessing whether the act in question is done for a "directly related purpose" and thus covered by DPP3(b):
- (a) the nature of the transaction giving rise to the need for using the personal data; and

(b) the reasonable expectation of the data subject.

27. For the reasons set out above, interpretation of DPP3(b) in the manner described in paragraph 25 above substantially reflects both the letter of the provision and the legislative intent. Purpose can however also be a matter of inference, from all the circumstances. The question as to whether a purpose is a "directly related purpose" is determined by whether it is directly related to an Original Purpose and is not dependent on whether the Customer reasonably contemplated or expected that "directly related purpose" at the time of the mortgage loan application when his personal data were collected. This interpretation does not contradict the PCPD's approach and is in accordance with both it and the careful dichotomy made between DPP3(a) and DPP3(b), which eliminates any fixed initial time-point for DPP3(b).
28. Further, I note the PCPD's comment in paragraph 7.30 of the Book that in the context of human resource management, disclosure of employees' personal data to Mandatory Provident Fund ("MPF") providers for the administration of the MPF scheme is an example of use of data for a directly related purpose.
29. The MPF regime was only implemented in Hong Kong in the year 2000. Employers would not therefore have explicitly specified in the PDPO Notice distributed by them to employees before implementation of the MPF regime, that disclosure of employees' personal data to MPF providers was an Original Purpose. Moreover, such disclosure would not have been in the reasonable contemplation of the employees when their data were collected before the implementation of the MPF regime.

30. In that regard, the MPF regime is similar to the regime for sharing positive mortgage data in that collection of personal data pre-dated the implementation of the regime. On that basis of ambulatory interpretation, my opinion as to the interpretation of DPP3(b) is fully consistent with the PCPD's treatment of transfer of employees' personal data to MPF providers, as being a directly related purpose in the context of human resources management.

31. Adopting this interpretation of DPP3, granting and maintaining the mortgage loan are Original Purposes and ensuring ongoing credit worthiness of the Customer is a purpose directly related to those Original Purposes. Transfer of the Customer's personal data to the CRA under Step 1 is aimed at ensuring ongoing credit-worthiness of the Customer and is directly related to the Original Purposes and thus covered by DPP3(b).

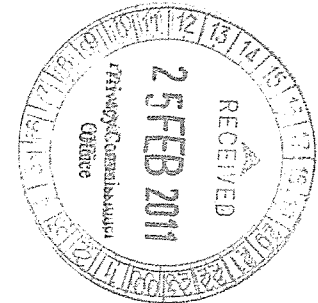


HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Conduct Department
Ref:

銀行操守部

25 February 2011



Office of the Privacy Commissioner for Personal Data
12/F, 248 Queen's Road East
Wanchai
Hong Kong

BY FAX AND BY HAND
(Fax No.: 2877 7026)

Dear ,

The Sharing of Mortgage Data for Credit Assessment – Consultation Document

I refer to your letter of 22 February 2011.

On your request for information or statistics on the mortgage fraud cases in relation to the provision of false information to credit providers in the past five years, please note that the Hong Kong Monetary Authority (“HKMA”) does not have such information on hand as they are not captured in the statutory returns regularly submitted by authorized institutions (“AIs”). It is also unlikely that AIs would have accurate records of such information as it is difficult if not impossible to discover cases where the mortgage applicants have knowingly provided AIs with incomplete or false mortgage loan information. This is because the applicants are unlikely to admit to providing false information for fear of prosecution and also they do not necessarily borrow from the same bank and it would be difficult for banks to verify the applicant’s credit history. Nevertheless, there have been prosecutions in the past. For example, in *Hong Kong Special Administrative Region vs Cheng Po-yan and Cheng Ka-kiu*, the loan applicants failed to make full disclosure of the other mortgages and loans in the application for a personal loan and subsequently caused the bank to incur a loss. The borrowers were ultimately found guilty of the offence of obtaining pecuniary advantage by deception.

55th Floor, Two International Finance Centre,
8 Finance Street, Central, Hong Kong
Tel: (852) Fax: (852)
E-mail:
Website: www.hkma.gov.hk

香港中環金鐘街8號國際金融中心2期55樓
電話: (852) 傳真: (852)
電郵:
網址: www.hkma.gov.hk

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In the absence of positive mortgage data sharing, the current arrangement is to rely upon the honesty and correctness of information provided by the loan applicants which obviously has loopholes and there is no way of checking the data accuracy. This is why it is so important to have positive mortgage data sharing and why all major international financial centres in the world have this arrangement in place. In addition, it is important to note that there is no requirement under DPP1(1) that the purpose for which the data is collected has to be substantiated or validated by evidence. DPP(1) places no limit on the purpose for which data may be collected, as long as it is collected for a lawful purpose, which is directly related to a function or activity of the data user.

As to whether properties could generate rental income and hence credit provider's risk exposure in the event of a default is contained, you may wish to note that very few repossessed properties are rented out to generate rental income. It should be recognised that banks are not in the business of managing a portfolio of properties for rental purposes and they would still need to mark to market the losses incurred on repossessed properties even if those properties are rented out. Furthermore, it will certainly take time and effort to rent a property out, in particular during a property market downturn. This option is therefore more theoretical than practical.

It should also be noted that under section 88(1) of the Banking Ordinance, AIs incorporated in Hong Kong are not allowed to hold any interest in land in excess of 25% of their capital base. Repossessed properties will not count for this purpose provided they are disposed of at the earliest opportunity, and in any event not later than 18 months after the repossession. In light of this statutory requirement, there is a strong incentive for banks to ensure that repossessed properties would be disposed of in the market as early as conditions permit. In order to do so, it is not practical for banks to rent out the repossessed properties as it means that the properties will not be as attractive to prospective purchasers who would generally prefer vacant possession. On the other hand, from a tenant's perspective, they expect security of tenure and will generally not be interested in short term leases. Given the above reasons, AIs would be unlikely to rent out repossessed properties with a view to recovering mortgage loan losses through rental income from such properties.

I trust the above is of assistance, in line with the treatment of the HKMA's submissions to you in response to the Consultation exercise, we will post this letter on the HKMA website.

- 3 -

Yours sincerely,

c.c. Policy 21 Limited (Fax No.: 2549 3942)
The Chairman, Consumer Credit Forum
The Chairman, HKAB
The Chairman, DTCA
FSTB (Attn:)



Room 525, 5/F., Prince's Building, Central, Hong Kong
Telephone: 2521 1160, 2521 1169 Facsimile: 2868 5035
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香港中環太子大廈5樓525室
電話：2521 1160, 2521 1169 圖文傳真：2868 5035
電郵：info@hkab.org.hk 網址：www.hkab.org.hk

[BY HAND AND BY FAX]

Office of the Privacy Commissioner Your Ref
for Personal Data
12/F, 248 Queen's Road East
Wan Chai
Hong Kong

Attn:

Date: 28th January 2011

Dear Sirs

The Sharing of Mortgage Data for Credit Assessment Consultation Document

Thank you for your letter dated 14 January 2011 (the "Letter"). We appreciate the opportunity for providing further information and addressing questions from the Office of the Privacy Commissioner for Personal Data ("PCPD") and other interested parties.

Before addressing the specific questions, we would like to reiterate the following:

- A. Most of the further information and statistics requested of us are not available from public records or central registries. We have reservation on the relevance and significance of these information and statistics to the points in question. Nevertheless, members of the industry endeavoured to gather the requested information and statistics by resorting to available sources which they consider appropriate. Please note, however, that we are not in a position to verify the accuracy and quality of the information and statistics obtained from these sources.
- B. With respect, a number of issues raised cannot be addressed by a simplistic approach and it may not be realistic to expect a simple straight answer for every question.

Please find our response to the questions following the order in which they were set out in the Letter.

Non-residential mortgages

4. (a) Subject to our comments in A above, information collected by the industry as of the date of this letter indicates that credit bureaux in the United Kingdom, the United States and Canada share both positive and negative data, and the credit bureau in Australia shares negative data only, in respect of non-residential mortgage loans.

Chairman Bank of China (Hong Kong) Ltd
Vice Chairmen The Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank (Hong Kong) Ltd
Secretary

主席 中國銀行(香港)有限公司
副主席 香港上海匯豐銀行有限公司
渣打銀行(香港)有限公司
秘書



- (b) Of the economies referenced in the table in paragraph 4.13 of the Consultation Document, Australia is the last to set up a credit bureau. We understand that Australia is catching up with the other economies and plans to share positive data for both residential and non-residential mortgage loans in the near future.
5. The Hong Kong Monetary Authority ("HKMA") has not compiled these statistics and we believe these statistics are not available from other public sources. In our view, it is more important to focus on the shift of investments from residential to non-residential properties and take action to prevent the negative impact of over-leveraging in the mortgage loan market on the economy.

Credit report

6. (a) In accordance with Supervisory Policy Manual IC-6 ("SPM IC-6"), a statutory guideline issued by the HKMA, authorized institutions ("AIs") need to make full use of the consumer credit data from the credit reference agency for assessing credit applications. Please find enclosed copies of SPM IC-6 "The Sharing and Use of Consumer Credit Data through a Credit Reference Agency" (and please see, in particular, paragraph 3.3) and SPM CR-S-5 "Credit Card Business" (and please see, in particular, paragraph 4.2).
- (b) SPM IC-6 is a statutory guideline and SPM CR-S-5 is a guidance note. Statutory guidelines issued by the HKMA set out the minimum standards with which AIs are expected to comply to satisfy the requirements of the Banking Ordinance. Guidance notes are best practice guides setting out the HKMA's recommendations to AIs in respect of the standards they should aim to achieve. Although a SPM does not have the force of law, all AIs are expected to comply with the minimum standards set out in a statutory guideline and adopt the recommendations made in a guidance note. AIs will have to provide the HKMA with justification and explanation of any departure from the minimum standards or recommendations in the SPM.
- (c) In addition to the SPM, the HKMA also issues circulars and guidelines to AIs addressing specific issues or areas as appropriate. We understand that the HKMA will consider whether any further enhancement to the existing SPM, circulars and guidelines is needed in implementing the proposal.

Written Consent

7. Please find enclosed 2 samples of mortgage loan application form containing the consent language.

Contribution of pre-existing mortgage data

8. Given that the credit bureaux in most of the referenced economies were set up some time ago, the requested information is not available. Nevertheless and subject to our comments in A above, investigation by the industry indicates that credit bureaux in Mainland China, the United Kingdom, the United States, Canada and Australia contributed data of pre-existing mortgages. The year in which pre-existing mortgage data were uploaded in the respective economies is unknown.

Relationship between local consumer mortgaging and the stability of the property market

9. (a) The focus of the proposal is to facilitate prudent lending and more efficient risk management by credit providers and to promote prudent borrowing and prevent over-borrowing by consumers. The need for achieving these objectives increases in light of the rise in property prices and speculative activities in the property market. We reiterate that property prices are affected by internal factors like supply and demand, as well as external factors like the flow of hot money into the Hong Kong economy. Stabilisation of the property market is not the sole or primary reason for the proposal and the proposal is not the solution to curbing speculative activities in the property market. Accordingly, the value of the proposal should not be judged solely or primarily by reference to its effect on property prices.
- (b) In the absence of statistics, the proportions of Mainland purchasers who obtained mortgage loans to purchase properties in Hong Kong and those who did not are not known. The proposal will capture the mortgages granted to Mainland purchasers.

Realising the consumer benefits of more favourable mortgage terms and pricing

10. Having conducted a more comprehensive overall credit assessment of a consumer and got a favourable result, a credit provider is in a position to offer better terms or services relating to consumer credit or banking products as a whole, including more favourable interest rate for unsecured consumer credit products and more diversified products, with regard to the total relationship between a customer and the credit provider and the customer's overall credit position and repayment ability. As stated in paragraphs 4.1 and 5.1 of the Industry Proposal dated 25 October 2010, benefits to consumers may take a number of forms and may not be a direct reduction of mortgage interest rate. Furthermore, the present low mortgage interest rate is attributed to unprecedented economic factors around the world. The low interest rate trend is likely to change in time in which case there will be more room for adjusting mortgage interest rates.

Use of mortgage data for non-mortgage credit facilities

11. It may appear, at first glance, it is simple logic that the credit risk of a consumer (and thus the need to access positive mortgage data of the consumer) decreases with the amount of



his indebtedness. In practice, however, a credit provider has to consider a number of factors (and not only the amount of the credit applied on an isolated case basis) in order to assess the credit worthiness and repayment ability of a consumer. We reiterate the significance of understanding the total indebtedness of a consumer in conducting an efficient and comprehensive credit assessment in order to promote responsible borrowing and prevent over-borrowing and over-leveraging.

Control over extended access to mortgage data

12. We understand that TransUnion Limited will provide their response on the adequacy of control and security safeguards to the PCPD separately.

If you have any further questions, please do not hesitate to contact us.

Yours faithfully

Consumer Credit Forum

c.c. Hong Kong Monetary Authority

Sample 1

銀行專用 Bank use only
CAW 編號 No: 012-
推薦行/部門編號 Referral Branch / Dept. No.
職員編號 Staff No.

各類物業抵押貸款申請表(私人戶專用) Mortgage Loan Application Form (For Individual)

* 下述所填報之貸款戶口通訊地址，將會作為日後本行與借款人(包括聯名)、抵押人(包括聯名)及/或擔保人(包括聯名)的主要通訊地址，另若現居地址或貸款戶口通訊地址需作變更，請以【客戶資料修改表格】盡快通知現居於本行的現居地址或貸款戶口通訊地址。

The Correspondence Address stated below will be deemed to be the principle correspondence address for the Bank to contact the Borrower(s), Mortgagor(s) and/or Guarantor(s). Please also immediately update your existing residential/correspondence address registered with the Bank by submitting to the Bank a duly completed and signed personal data amendment form in case of any change of residential/correspondence address.

④ 若於此資料欄位提供的資料與本行記錄不符，本行記錄將會作相應修改。

In case there is discrepancy between the information supplied in this data field and the Bank's record, the Bank's record will be amended accordingly.

(請於 內 選合適的選項 Please "" whichever is appropriate)

個人資料 Personal Data	申請人 Applicant 1	申請人 Applicant 2	申請人 Applicant 3
	<input type="checkbox"/> 借款人 Borrower <input type="checkbox"/> 抵押人 Mortgagor	<input type="checkbox"/> 借款人 Borrower <input type="checkbox"/> 抵押人 Mortgagor <input type="checkbox"/> 擔保人 Guarantor	<input type="checkbox"/> 借款人 Borrower <input type="checkbox"/> 抵押人 Mortgagor <input type="checkbox"/> 擔保人 Guarantor
同時申請信用卡 Apply credit card simultaneously	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No
姓名(英文) Name in English			
姓名(中文) Name in Chinese			
香港身份證/護照號碼 HKID No./Passport No.			
護照發給國家(如適用) Passport Issue Country (if applicable)			
出生日期 Date of Birth	年份(Y) 月份(M) 日(D)	年份(Y) 月份(M) 日(D)	年份(Y) 月份(M) 日(D)
性別 Gender	<input type="checkbox"/> 男 Male <input type="checkbox"/> 女 Female	<input type="checkbox"/> 男 Male <input type="checkbox"/> 女 Female	<input type="checkbox"/> 男 Male <input type="checkbox"/> 女 Female
婚姻狀況 Marital Status	<input type="checkbox"/> 單身 Single <input type="checkbox"/> 已婚 Married <input type="checkbox"/> 離婚/分居 Divorced / Separated	<input type="checkbox"/> 單身 Single <input type="checkbox"/> 已婚 Married <input type="checkbox"/> 離婚/分居 Divorced / Separated	<input type="checkbox"/> 單身 Single <input type="checkbox"/> 已婚 Married <input type="checkbox"/> 離婚/分居 Divorced / Separated
供養人數 No. of Dependent(s)			
教育程度 Education Level	<input type="checkbox"/> 小學程度或以下 Primary School or Below <input type="checkbox"/> 中學程度 Secondary School <input type="checkbox"/> 預科/大學程度 Post-secondary or Tertiary <input type="checkbox"/> 學位 University degree <input type="checkbox"/> 碩士或以上 Post-graduate or above	<input type="checkbox"/> 小學程度或以下 Primary School or Below <input type="checkbox"/> 中學程度 Secondary School <input type="checkbox"/> 預科/大學程度 Post-secondary or Tertiary <input type="checkbox"/> 學位 University degree <input type="checkbox"/> 碩士或以上 Post-graduate or above	<input type="checkbox"/> 小學程度或以下 Primary School or Below <input type="checkbox"/> 中學程度 Secondary School <input type="checkbox"/> 預科/大學程度 Post-secondary or Tertiary <input type="checkbox"/> 學位 University degree <input type="checkbox"/> 碩士或以上 Post-graduate or above
國籍 Nationality	<input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province ____市 City) <input type="checkbox"/> 其他 Others	<input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province ____市 City) <input type="checkbox"/> 其他 Others	<input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province ____市 City) <input type="checkbox"/> 其他 Others
與申請人(1)關係 Relationship with Applicant (1)		<input type="checkbox"/> 配偶 Spouse <input type="checkbox"/> 父母 Parents <input type="checkbox"/> 子女 Children <input type="checkbox"/> 其他 Others	<input type="checkbox"/> 配偶 Spouse <input type="checkbox"/> 父母 Parents <input type="checkbox"/> 子女 Children <input type="checkbox"/> 其他 Others
現居住址 Residential Address	座 樓 座 Flat Floor Block	座 樓 座 Flat Floor Block	座 樓 座 Flat Floor Block
	大廈/屋苑 Building/Estate	大廈/屋苑 Building/Estate	大廈/屋苑 Building/Estate
	街道 Road/Street	街道 Road/Street	街道 Road/Street
	地區 District	地區 District	地區 District
	<input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT	<input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT	<input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT
國家/地區 Country / District :	國家/地區 Country / District :	國家/地區 Country / District :	
<input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province ____市 City) <input type="checkbox"/> 其他(請說明) others (please specify) :	<input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province ____市 City) <input type="checkbox"/> 其他(請說明) others (please specify) :	<input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province ____市 City) <input type="checkbox"/> 其他(請說明) others (please specify) :	
貸款戶口通訊地址 Correspondence Address	<input type="checkbox"/> 按是次借款人相同組合現居於本行的通訊地址(不適用於新客戶) existing correspondence address for the same borrowing party registered with the Bank (not applicable to new customer(s)). <input type="checkbox"/> 按揭物業地址(多於一個按揭物業地址，請於「其他」內填寫) to be mortgaged property address (if more than one mortgaged property, please fill in the "others" column) <input type="checkbox"/> 其他(請說明) others (please specify) : _____		

現居類型 Type of Residence	<input type="checkbox"/> 私人樓宇 Private Housing <input type="checkbox"/> 公共房屋 Public Housing <input type="checkbox"/> 居屋 Home Ownership Scheme <input type="checkbox"/> 宿舍 Quarters <input type="checkbox"/> 其他(請註明) Others (please specify) _____	<input type="checkbox"/> 私人樓宇 Private Housing <input type="checkbox"/> 公共房屋 Public Housing <input type="checkbox"/> 居屋 Home Ownership Scheme <input type="checkbox"/> 宿舍 Quarters <input type="checkbox"/> 其他(請註明) Others (please specify) _____	<input type="checkbox"/> 私人樓宇 Private Housing <input type="checkbox"/> 公共房屋 Public Housing <input type="checkbox"/> 居屋 Home Ownership Scheme <input type="checkbox"/> 宿舍 Quarters <input type="checkbox"/> 其他(請註明) Others (please specify) _____
現居所有權 (現居狀況) Ownership of Residence	<input type="checkbox"/> 自置 (無抵押) Self-owned (no mortgage) <input type="checkbox"/> 已按揭 Mortgaged <input type="checkbox"/> 親屬擁有 Owned by Family Members <input type="checkbox"/> 由僱主提供 Provided by Employer <input type="checkbox"/> 租用, 每月租金 Rented, Monthly Rent HK\$ _____ <input type="checkbox"/> 其他(請說明) Others (please specify) _____	<input type="checkbox"/> 自置 (無抵押) Self-owned (no mortgage) <input type="checkbox"/> 已按揭 Mortgaged <input type="checkbox"/> 親屬擁有 Owned by Family Members <input type="checkbox"/> 由僱主提供 Provided by Employer <input type="checkbox"/> 租用, 每月租金 Rented, Monthly Rent HK\$ _____ <input type="checkbox"/> 其他(請說明) Others (please specify) _____	<input type="checkbox"/> 自置 (無抵押) Self-owned (no mortgage) <input type="checkbox"/> 已按揭 Mortgaged <input type="checkbox"/> 親屬擁有 Owned by Family Members <input type="checkbox"/> 由僱主提供 Provided by Employer <input type="checkbox"/> 租用, 每月租金 Rented, Monthly Rent HK\$ _____ <input type="checkbox"/> 其他(請說明) Others (please specify) _____
現居住址開始時間 Start Date of Current Residence	年份(Y) 月份(M)	年份(Y) 月份(M)	年份(Y) 月份(M)
電碼/郵政/非香港地區電話註冊 國家碼 Telephone No. (Please fill in the country code for those registered in overseas)	住宅 Home [國家碼 Country Code _____] 手提 Mobile [國家碼 Country Code _____]	住宅 Home [國家碼 Country Code _____] 手提 Mobile [國家碼 Country Code _____]	住宅 Home [國家碼 Country Code _____] 手提 Mobile [國家碼 Country Code _____]

申請人 Information			
	申請人 Applicant 1	申請人 Applicant 2/	申請人 Applicant 3/
僱主名稱 Current Employer			
公司行業及業務性質 Company Industry & Business Nature			
職業及職位 Occupation & Position	自僱人士 Self-employed: <input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No 如否, 請說明「職業及職位」 If No, please specify 'Occupation & Position': _____ 閣下是否銀行或銀行行政人員或銀行從事貸款審批的職員? Are you a lending officer of Bank Ltd. or _____? <input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	自僱人士 Self-employed: <input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No 如否, 請說明「職業及職位」 If No, please specify 'Occupation & Position': _____ 閣下是否銀行或銀行行政人員或銀行從事貸款審批的職員? Are you a lending officer of Bank Ltd. or _____? <input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	自僱人士 Self-employed: <input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No 如否, 請說明「職業及職位」 If No, please specify 'Occupation & Position': _____ 閣下是否銀行或銀行行政人員或銀行從事貸款審批的職員? Are you a lending officer of Bank Ltd. or _____? <input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No
工作性質 Job Nature	<input type="checkbox"/> 長期僱員 Permanent <input type="checkbox"/> 合約員工 Contract <input type="checkbox"/> 非在職人士/臨時工 Unemployed/Temporary	<input type="checkbox"/> 長期僱員 Permanent <input type="checkbox"/> 合約員工 Contract <input type="checkbox"/> 非在職人士/臨時工 Unemployed/Temporary	<input type="checkbox"/> 長期僱員 Permanent <input type="checkbox"/> 合約員工 Contract <input type="checkbox"/> 非在職人士/臨時工 Unemployed/Temporary
本行發薪戶 Payroll Account	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No
發薪戶戶口號碼 Payroll Account No.			
現職開始時間 Start Date of Current Employment	年份(Y) 月份(M)	年份(Y) 月份(M)	年份(Y) 月份(M)
所在行發開始時間 Start Date of Current Industry	年份(Y) 月份(M)	年份(Y) 月份(M)	年份(Y) 月份(M)
辦公室地址 Office Address	室 Flat 樓 Floor 座 Block 大廈 Building 街道 Road/Street 地區 District <input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT 國家/地區 Country / District : <input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province____市 City) <input type="checkbox"/> 其他(請說明) others (please specify) : _____	室 Flat 樓 Floor 座 Block 大廈 Building 街道 Road/Street 地區 District <input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT 國家/地區 Country / District : <input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province____市 City) <input type="checkbox"/> 其他(請說明) others (please specify) : _____	室 Flat 樓 Floor 座 Block 大廈 Building 街道 Road/Street 地區 District <input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT 國家/地區 Country / District : <input type="checkbox"/> 中國香港 Hong Kong, China <input type="checkbox"/> 中國 China (____省 Province____市 City) <input type="checkbox"/> 其他(請說明) others (please specify) : _____

電話號碼(如香港地區請註明國家編號) Telephone No. (please fill in the country code for the region in overseas)	辦公室 Office (國家編號 Country Code _____)	辦公室 Office (國家編號 Country Code _____)	辦公室 Office (國家編號 Country Code _____)
有否從事兼職 Any Part-time Occupation	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No	<input type="checkbox"/> 是 Yes <input type="checkbox"/> 否 No
請提供前僱主的資料 (如你目前仍受僱於該僱主, 請填明現任僱主) Provide details of your previous employment (if you are employed by the current employer, please fill in the current employer)			
前僱主名稱 Name of Previous Employer			
業務性質及職位 Business Nature & Position			
前僱開始時間 Commencement of Previous Employment	年份(Y) 月份(M)	年份(Y) 月份(M)	年份(Y) 月份(M)

其他資料 (Additional Information) (請填明所有資料)
Other Information (Please specify all information)

每月基本收入 Monthly Salary			
每月其他收入 (如花紅、佣金、房津或租金) Other Regular Monthly Income (e.g. bonus, commission, housing allowance, rental income)	請註明 Please specify _____	請註明 Please specify _____	請註明 Please specify _____

資產淨值 (Net Worth)
Assets (including all bank deposits, shares, bonds, mutual funds, etc.)

持有物業(無抵押) Real Properties (without mortgage)			
金融資產 Financial Assets			

其他資料 (包括所有有抵押的按揭及貸款) (請填明所有資料)
Other Information (including all secured mortgages and loans) (Please specify all information)

其他物業貸款 Other Mortgage(s) Loans				
私人/汽車/汽車貸款 Personal / Yuc / Car Loans				
婚契 (包括: 抵押/信用) M/D (Secured / Unsecured)	<input type="checkbox"/> 抵押 Secured <input type="checkbox"/> 信用 Unsecured	<input type="checkbox"/> 抵押 Secured <input type="checkbox"/> 信用 Unsecured	<input type="checkbox"/> 抵押 Secured <input type="checkbox"/> 信用 Unsecured	<input type="checkbox"/> 抵押 Secured <input type="checkbox"/> 信用 Unsecured
其他擔保 (擔保金額及貸款性質) Other Guarantees (Amount & Loan nature)				
過去是否涉及訴訟? Any Litigation in the Past?	<input type="checkbox"/> 否 No <input type="checkbox"/> 是 (請註明) Yes (please specify)	<input type="checkbox"/> 否 No <input type="checkbox"/> 是 (請註明) Yes (please specify)	<input type="checkbox"/> 否 No <input type="checkbox"/> 是 (請註明) Yes (please specify)	<input type="checkbox"/> 否 No <input type="checkbox"/> 是 (請註明) Yes (please specify)

抵押物業 (Mortgage Property)
Mortgage Property (Please specify all information)

物業地址 (請以英文填寫) Property Address (please express in English)	室 Flat _____ 樓 Floor _____ 座 Block _____ 另有 and: <input type="checkbox"/> 天台 Roof <input type="checkbox"/> 平台 Platform
	大廈名稱/屋苑 Building / Estate _____ 街道名稱/街號 Road / Street No. _____
	單位 CPS <input type="checkbox"/> 有蓋 with cover <input type="checkbox"/> 露天 open 號碼 No. _____ 樓層 Level/Floor _____
	量丈吋 (OD) _____ 地段 (Lot No) _____ [此欄只適用於村屋物業] (village house only)
地區 District _____ <input type="checkbox"/> 香港 HK <input type="checkbox"/> 九龍 KLN <input type="checkbox"/> 新界 NT	
購入價 Purchase Price	HKS _____
	臨時買賣合約訂立日期 Date of Provisional S & P Agreement _____ 年份(Y) _____ 月份(M) _____ 日(D)
	預計成交/提取貸款日期 Expected Drawdown Date _____ 年份(Y) _____ 月份(M) _____ 日(D)

物業用途 Usage of Property	<input type="checkbox"/> 自住 / 自用 Self-Occupied / Self-Used by the Mortgagor(s) <input type="checkbox"/> 供家人居住 / 自用 Family Occupied / Used (只適用於抵押人直系親屬即父母、配偶、子女及兄弟姊妹 Only applicable to the Property occupied by the immediate family members of the Mortgagor(s), i.e. parents, spouse, children, siblings.) <input type="checkbox"/> 供出租 Intended for Rent <input type="checkbox"/> 已出租 (請附上最新租約資料) Rented Out (please provide the latest Tenancy Agreement) <input type="checkbox"/> 其他(請註明) Others (please specify): _____	
遞繳物業印花稅 (適用於樓花按揭) Defer Stamp Duty Payment (for Equitable Mortgage only)	<input type="checkbox"/> 否 No <input type="checkbox"/> 是 Yes, 金額 Amount HK\$ _____	
火險安排指示 Instruction of Fire Insurance	<input type="checkbox"/> 綜合火險 Master Policy <input type="checkbox"/> 任由本行安排 Bank-arrangement <input type="checkbox"/> 任由客戶自行安排 Self-arrangement 保險公司 Insurance Company: _____ (須於提取貸款之前交保單到期 15 天前, 提交一份有效保單(已繳保費)的正本保單, (保險收據, 請參閱 I 項聲明。) (Please submit a valid insurance policy certification or receipt, prior to drawdown date or 15 days before expiry of the relevant insurance policy, Please refer to Item I Declaration.) 保額 Insured Amount <input type="checkbox"/> 原貸款金額 Original Loan Amount <input type="checkbox"/> 重置價值 Reinstatement Value HK\$ _____ (每年估價費用由客戶支付) (Re-valuation fee will be paid by borrowers annually)	
還款安排 (只適用於非涉及外間機構之貸款) Mortgage Deed Arrangement (unavailable for other Institution loan)	物業狀況 Property Status	<input type="checkbox"/> 現樓 Completed Property <input type="checkbox"/> 樓花 Uncompleted Property <input type="checkbox"/> 法定按揭契 Legal Charge <input type="checkbox"/> 樓花契 Equitable Mortgage <input type="checkbox"/> 其他(請註明) Others (please specify): _____ <input type="checkbox"/> ALL MONEY <input type="checkbox"/> GBP <input type="checkbox"/> FIXED LOAN
有關按揭申請(如)Referrals Other Incidents Offered by the System (如有不滿意之處, 請與本行聯絡) If you are not satisfied with the service, please contact us. (如欲查詢有關詳情及相關文件, 請向本行查詢) If you have any queries, please contact us. <input type="checkbox"/> 現金回贈 Cash Rebate HK\$ _____ <input type="checkbox"/> 利息津貼(免息) Interest Subsidies (Interest Free) HK\$ _____ <input type="checkbox"/> 律師費津貼 Legal Fee Subsidies HK\$ _____ <input type="checkbox"/> 管理費 / 差餉 / 地租 Management Fee / Rate / Rent HK\$ _____ <input type="checkbox"/> 物業印花稅 Property Stamp Duty HK\$ _____ <input type="checkbox"/> 其他(請註明) Others (please specify): _____ HK\$ _____ 如在按揭批准額不足七成, 將擬向發展商申請不足部份 If the approval amount of 1 st mortgage is below 70%, it is intended that an application for the shortfall will be made to the developer. <input type="checkbox"/> 是 Yes (二按貸款金額將相應作出調整 2 nd mortgage loan amount will be adjusted accordingly) <input type="checkbox"/> 否 No 銀行專用 FOR BANK USE ONLY		
物業估值 Appraisal Value of Property	HK\$ _____ 由 By <input type="checkbox"/> 內部認可估價 Internal Qualified Valuer <input type="checkbox"/> 內部估價 + 專業認可口頭估價 Internal Valuer + Verbal check with External Qualified Valuer <input type="checkbox"/> 外間專業認可估價 External Qualified Valuer 面積 Area: (建築) (Gross) _____ sq. ft. (實用) (Saleable) _____ sq. ft. 樓齡 Age of Property: _____ 年 Year(s) 估價公司代碼 Valuer Code: _____ 估價參考編號 Value Ref: _____ 估價公司 Valuation Company: _____ 估價日期 Date of Valuation: _____ 年份(Y) _____ 月份(M) _____ 日(D) 入住證發給日期 Occupation Permit Date: _____ 年份(Y) _____ 月份(M) _____ 日(D)	
貸款金額 Loan Amount	HK\$ _____	
貸款用途 (可選多項, 只適用於分期類別之按揭) Loan Purpose(s) (may select multiple option(s) if the applications related to term loans)	<input type="checkbox"/> 支付樓款 / 清還現有按揭貸款 Payment of the balance of the purchase price of the Property / Full payment of the existing mortgage loan <input type="checkbox"/> 清還二按貸款 Full payment of the 2 nd Mortgage <input type="checkbox"/> 透支 Overdraft Facility <input type="checkbox"/> 其他(請註明) Others (please specify): _____	
貸款利率 Interest Rate	<input type="checkbox"/> 全期 All terms: _____ <input type="checkbox"/> 分期 Installment terms: _____ <input type="checkbox"/> 其他(請註明) Others (please specify): _____	
還款安排 (只適用於分期貸款類別) Repayment (Only applicable to Term Loans application)	還款期 Repayment Period <input type="checkbox"/> 年 Years _____ <input type="checkbox"/> 期 Terms _____ <input type="checkbox"/> 其他(請註明) Others (please specify) _____ 還款週期 Repayment Cycle <input type="checkbox"/> 月供 Monthly [指定供款日 Designated Installment Day _____ (如適用 if applicable)] <input type="checkbox"/> 雙週 Bi-weekly <input type="checkbox"/> 其他(請註明) Others (please specify) _____ 還款方法 Repayment Method <input type="checkbox"/> 固定年期 Fixed Installment Period <input type="checkbox"/> 固定供款金額 Fixed Installment Amount: HK\$ _____ (最長年期 Maximum Period: _____ 年 Years <input type="checkbox"/> 期 Terms)	
申請手續費 Application Fee	按貸款額 _____ % of Loan Amount 或 or HK\$ _____	
二按貸款提供商 2 nd Mortgage Provider	<input type="checkbox"/> 發展商 Developer <input type="checkbox"/> 公務員貸款(DPL) Civil Servants Down Payment Loan <input type="checkbox"/> 其他(請註明) Others (please specify) _____	

擔保契約 (適用於全部擔保人) Bond of Guarantee (applicable to all guarantors)	<input type="checkbox"/> 有限額擔保 Guarantee with limited liability HK\$ _____ <input type="checkbox"/> 無限額擔保 Guarantee with unlimited liability
擔保詳情通知借方人方式 The Borrower will be informed of Approved Result by	<input type="checkbox"/> 電話 Phone <input type="checkbox"/> 手提電話傳訊 Mobile SMS

本人(等)是否為本公司之董事/總裁/從事貸款業務之僱員、代理人(佔單獨或連同其他相對應借人持款不少於 10%) 等人士或該等人士的親屬?
Are you one of the following persons or relatives such as Director, Chief Executive, Lending officers and Controller or minority shareholder controller (holdings not less than 10% shareholding alone or together with associates who are controllers) of _____ Ltd.?

是 Yes 否 No (倘日後本人/吾等(或任何指定之擔保人)與本公司之董事/總裁/從事貸款業務之僱員有任何親屬關係, 本人/吾等同意書應以書面通知)
(I/We confirm that, at present, there is no such relationship. I/We agree to notify the Bank promptly in writing if I/We (or any such guarantor) become related)

如上述一項"是", 請在下列表格: If the above answer is "Yes", please fill in the following:

董事/僱員/代理人姓名 Name of Director / Employee / Controller	部門 Department	職位 Position	申請人 Applicant	與左列申請人關係 Relationship with applicant
			<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> _____	
			<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> _____	
			<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> _____	

本人(等)欲了解下列保險計劃, 請代安排預約介紹計劃詳情。
I/We would like to understand more details of the following insurance plan(s). Please arrange a separate appointment for me/us to further discuss with the Bank in respect of such insurance plan(s).

按揭抵押計劃 Mortgage Life Insurance Plan 家庭綜合保障計劃 (系列一) Family Comprehensive Protection Plan (Series 1)
 其他 (請註明) Others (Please specify)

啟者: _____ 有限公司 (「貴公司」) _____ Limited (the "Company")
本人(等)授權 _____ 有限公司將本信用卡申請提交及轉送予貴公司並披露本人(等)於 _____ 有限公司之戶口之任何資料予貴公司作有關信用卡申請之用。
I/We hereby authorize _____ Limited to submit and forward this card application to the Company and to disclose any information to the Company regarding my/our account(s) with _____ Limited for the purpose of processing and verifying this card application.

	申請人 Applicant 1	申請人 Applicant 2 /	申請人 Applicant 3 /
CIN 資料 Record Checked (銀行專用 For Bank Use Only)	<input type="checkbox"/> 無 No SP <input type="checkbox"/> 有 Yes with SP 請註明詳情 please specify: _____	<input type="checkbox"/> 無 No SP <input type="checkbox"/> 有 Yes with SP 請註明詳情 please specify: _____	<input type="checkbox"/> 無 No SP <input type="checkbox"/> 有 Yes with SP 請註明詳情 please specify: _____
信用卡類別 Credit Card Type	如未能在選定所選擇之卡種, 貴公司將決定最終發給之信用卡類別, 恕不另行通知。申請白金卡之年新要求為 HK\$150,000, 其他卡種則為 HK\$48,000。 If the selected card type cannot be offered, the Company shall make the final decision on the card type offered without notice. Annual income requirement for Platinum card is HK\$150,000, other card types are HK\$48,000. <input type="checkbox"/> VISA 白金卡 VISA Platinum Card (501) <input type="checkbox"/> VISA 金卡 VISA Gold Card (101) <input type="checkbox"/> VISA 卡 VISA Classic Card (301) <input type="checkbox"/> 萬事達白金卡 Master Platinum Card (502) <input type="checkbox"/> 萬事達金卡 Master Titanium Card (102) <input type="checkbox"/> 萬事達卡 Master Classic Card (302) <input type="checkbox"/> 銀聯雙幣白金卡 CUP Dual Currency Platinum Card (504) <input type="checkbox"/> 銀聯雙幣金卡 CUP Dual Currency Gold Card (104)	如未能在選定所選擇之卡種, 貴公司將決定最終發給之信用卡類別, 恕不另行通知。申請白金卡之年新要求為 HK\$150,000, 其他卡種則為 HK\$48,000。 If the selected card type cannot be offered, the Company shall make the final decision on the card type offered without notice. Annual income requirement for Platinum card is HK\$150,000, other card types are HK\$48,000. <input type="checkbox"/> VISA 白金卡 VISA Platinum Card (501) <input type="checkbox"/> VISA 金卡 VISA Gold Card (101) <input type="checkbox"/> VISA 卡 VISA Classic Card (301) <input type="checkbox"/> 萬事達白金卡 Master Platinum Card (502) <input type="checkbox"/> 萬事達金卡 Master Titanium Card (102) <input type="checkbox"/> 萬事達卡 Master Classic Card (302) <input type="checkbox"/> 銀聯雙幣白金卡 CUP Dual Currency Platinum Card (504) <input type="checkbox"/> 銀聯雙幣金卡 CUP Dual Currency Gold Card (104)	如未能在選定所選擇之卡種, 貴公司將決定最終發給之信用卡類別, 恕不另行通知。申請白金卡之年新要求為 HK\$150,000, 其他卡種則為 HK\$48,000。 If the selected card type cannot be offered, the Company shall make the final decision on the card type offered without notice. Annual income requirement for Platinum card is HK\$150,000, other card types are HK\$48,000. <input type="checkbox"/> VISA 白金卡 VISA Platinum Card (501) <input type="checkbox"/> VISA 金卡 VISA Gold Card (101) <input type="checkbox"/> VISA 卡 VISA Classic Card (301) <input type="checkbox"/> 萬事達白金卡 Master Platinum Card (502) <input type="checkbox"/> 萬事達金卡 Master Titanium Card (102) <input type="checkbox"/> 萬事達卡 Master Classic Card (302) <input type="checkbox"/> 銀聯雙幣白金卡 CUP Dual Currency Platinum Card (504) <input type="checkbox"/> 銀聯雙幣金卡 CUP Dual Currency Gold Card (104)

信用卡迎新禮品代碼
Welcome Gift Code

客戶辦理指定金額要求後, 方可獲得迎新禮品(如有), 詳情請參閱有關開卡期內之宣傳單張。如客戶沒有選擇禮品, _____ 有限公司 (「貴公司」) 將代為決定。迎新禮品並不適用於免息或手續費「現金分期」。Customer has to meet the designated spending requirements in order to get the welcome gift (if applicable), please refer to the relevant promotional materials for details. If welcome gift is not specified, _____ Limited (the "Company") will choose the gift on behalf of the applicants. Interest Free Cash Installment is not applicable as welcome gift.

欲申請「八達通自動增值」服務, 八達通卡編號為: _____
I would like to apply for the AAVS using my Octopus Card, serial number is _____

欲申請「八達通自動增值」服務, 八達通卡編號為: _____
I would like to apply for the AAVS using my Octopus Card, serial number is _____

欲申請「八達通自動增值」服務, 八達通卡編號為: _____
I would like to apply for the AAVS using my Octopus Card, serial number is _____

1. 若 _____ 的儲值額不足支付所需費用時, 貴公司會即時於本人將提撥的 _____ 信用卡賬戶扣除 HK\$250 作增值。Whenever the remaining value of my designated _____ Card ("Octopus") is insufficient to settle an intended payment, HK\$250 will be automatically added to the _____ and charged to my _____ Credit Card to be issued under this application. 2. 如本人申請多於一張 _____ 信用卡, 貴公司將以所批准卡種最高之信用卡為「八達通自動增值」服務指定戶口。If I apply for more than one _____ Credit Cards, the account to be linked with the AAVS ("AAVS Account") shall be the one of more prestigious type. 3. 八達通卡每天只可增值一次。Each Octopus card can only be reloaded automatically once a day. 4. 如欲更改銀行更改自動增值賬戶或更改自動增值功能, 需向 _____ 有限公司支付 HK\$20 不可退還手續費, 有關費用將不獲退還且並於同一賬戶中扣除。To change the AAVS Account from one bank to another, or to reactivate the AAVS after suspension, _____ Card Ltd ("OCL") will charge a non-refundable handling fee of HK\$20. Payment of such fee(s) will not be eligible for any gift point and will be charged to the AAVS account. 5. 此項服務約為 1-2 個星期。Application processing will take about one to two week(s). 6. 「八達通自動增值」服務只適用於現金信用卡。The AAVS is applicable to HKD credit cards only.

<p>其他指示 Other Instruction</p> <p>1) 郵寄月結單指示 Please send statement to</p> <p>2) 櫃員機指示 ATM Screen Language</p> <p>3) 領卡方法 Card Collection (請參閱附寄之宣傳單張) (Please refer to attached leaflet)</p>	<p>信用卡如獲批准，貴公司將以下所選擇之地址作為本人信用卡之通訊地址。 The address selected below will be used as my Credit Card correspondence address in the event my Credit Card is approved by the Company.</p> <p><input type="checkbox"/> 住宅 Residential <input type="checkbox"/> 公司 Office</p> <p><input type="checkbox"/> 中文 Chinese (1) <input type="checkbox"/> 英文 English (2)</p> <p><input type="checkbox"/> 分行編號 Branch code</p>	<p>信用卡如獲批准，貴公司將以下所選擇之地址作為本人信用卡之通訊地址。 The address selected below will be used as my Credit Card correspondence address in the event my Credit Card is approved by the Company.</p> <p><input type="checkbox"/> 住宅 Residential <input type="checkbox"/> 公司 Office</p> <p><input type="checkbox"/> 中文 Chinese (1) <input type="checkbox"/> 英文 English (2)</p> <p><input type="checkbox"/> 分行編號 Branch code</p>	<p>信用卡如獲批准，貴公司將以下所選擇之地址作為本人信用卡之通訊地址。 The address selected below will be used as my Credit Card correspondence address in the event my Credit Card is approved by the Company.</p> <p><input type="checkbox"/> 住宅 Residential <input type="checkbox"/> 公司 Office</p> <p><input type="checkbox"/> 中文 Chinese (1) <input type="checkbox"/> 英文 English (2)</p> <p><input type="checkbox"/> 分行編號 Branch code</p>
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聲明 (Declaration)

The Applicant(s) who is/are the intending borrower(s) hereby apply(ies) to [Bank Name] limited (the "Bank") for the loan particularized in this application to be secured by a legal mortgage/equitable mortgage over the above-mentioned property (the "Property"). Regarding such loan and any other matters mentioned in this application form (including its attachment(s)) ("Application Form"), each of the Applicants hereby agrees, declares, confirms and acknowledges as follows:

作為借款人的申請人向 [Bank Name] 有限公司(「銀行」)申請本申請表所述的貸款。有關貸款以樓宇/樓宇或物業(「物業」)作為抵押。就該貸款及在本申請表(包括其附件)(「申請表」)提及的任何其他事宜，本人(等)在此同意、宣佈、證實及承認：

- 1) I/We confirm the information set out in this Application Form or supplied or to be supplied to the [Bank Name] Ltd. (the "Bank", which shall include its successors and assigns) together with its agents (the "related bodies") is true, correct, updated and complete and authorize the Bank and/or the related bodies to make such enquiries as the Bank and/or the related bodies consider necessary to verify such information and for credit assessment purpose directly or through any credit reference agency or from any source as the Bank and/or the related bodies may think fit.
本人(等)在此聲明本申請表所列或本人(等)提供或將提供給 [Bank Name] 有限公司(「銀行」)，包括其繼承人及受託人以及其代理人(「有關機構」)的資料，均屬真實、正確、最新及完整，本人(等)並授權銀行及/或有關機構進行銀行及/或有關機構認為必要的查詢，以直接地或透過任何信貸參考服務機構或銀行及/或有關機構認為適當的來源，核實該等資料作信用評估用途。
- 2) I/We agree that the granting of any loan by the Bank to me/us shall be conditional upon that all statements and information provided by me/us in this Application Form or supplied or to be supplied to the Bank and/or the related bodies are correct and complete. If any part of the statement and information provided by me/us is found to be incorrect, misleading or incomplete or there is any non-compliance of any terms herein, misrepresentation, misstatement, breach of warranty or undertaking on my/our part herein, the Bank may, at its sole discretion, refuse to grant or withdraw the loan or any part thereof, and I/we shall forthwith repay the Bank immediately on demand the loan if any and indemnify the Bank and/or the related bodies from and against all costs, liabilities (actual or contingent) and incidental expenses in reasonable amounts and reasonable incurred by the Bank and/or the related bodies in connection with this application, without prejudice to all other debts, powers and remedies available to the Bank and/or the related bodies. I/We understand that I/we may incur civil and/or criminal liability for making intentional or negligent misrepresentation(s) and/or providing fraudulent information in this application or omitting to provide relevant information (including without limitation usage of the Property and my/our financial information (including without limitation information to my/our liabilities)). Each of the Applicants shall keep the Bank informed of any change of facts or circumstances which may render any information, statements, representations and/or particulars given hereunder, incorrect or untrue before the drawdown and each of the Applicants understands the non-disclosure of any facts on the change of circumstances hereunder may amount to making intentional or negligent misrepresentation(s) and/or providing fraudulent information or omission to provide relevant information as above-mentioned.
本人(等)同意，銀行向本人(等)批出貸款，條件是本人(等)在本申請表提供的或將提供予銀行及/或有關機構的所有資料均屬真實及完整。若本人(等)所提供的資料及資料的任何部分被發現不正確、具有誤導成分或不完整，或與本申請表條款不符，或本人(等)有任何虛假、斷章取義、誤導或隱瞞，銀行可全權酌情決定拒絕批出或撤回貸款或任何部分，而本人(等)須立即按銀行要求還款(包括利息)，並賠償銀行及/或有關機構因本申請表所引起之所有合理數額的費用、負債(包括實際或潛在的)及法律支出，但銀行及/或有關機構應有的所有其他權利、權力及補救方法不受損害。本人(等)明白本人(等)在本申請表提供虛假或隱瞞資料的行為可能導致民事或刑事責任。本人(等)須將任何可能使上述資料、聲明或保證不正確或不真實之任何事實或情況變動通知銀行，在申請人明白到任何此等情況變動之事實不實或隱瞞，亦可構成以上所稱之故意或疏忽之虛假或隱瞞之事實或隱瞞。本人(等)須將任何此等事實或情況變動通知銀行，在申請人明白到任何此等事實或情況變動之事實不實或隱瞞，亦可構成以上所稱之故意或疏忽之虛假或隱瞞之事實或隱瞞。
- 3) I/We authorize and request the Bank to amend the Bank's record concerning me/us according to the information supplied by me/us in this Application Form and marked with the "@" sign if there is any discrepancy between these information and the record kept by the Bank and I/we acknowledge that in case the discrepancy relates to the residential/correspondence address, I/we authorize to submit to the Bank a duly signed personal data amendment form before the Bank shall amend its record concerning the residential/correspondence address.
本人(等)授權及請求銀行根據本人(等)在本申請表提供的並以 "@" 符號作標記的資料更新本人(等)於銀行之記錄，若該等資料與銀行之記錄不符，惟本人(等)須在預定的現居地址或貸款戶口通訊地址與銀行的記錄不符，本人(等)將另行以「客戶資料修改表」通知銀行作修訂。
- 4) I/We undertake at all times to notify the Bank and/or the related bodies in writing as soon as reasonably practicable of any change of the statements and/or information provided by me/us, including but not limited to statement as to usage of the Property, my/our address, telephone number and facsimile number. Each of the Applicants acknowledges and agrees that the Bank and the related bodies will rely on the information contained herein to approve this application and each of the Applicants has a continuing obligation to amend or supplement the information/documents provided in this application if any of the material facts which each of the Applicants has disclosed herein should change after the drawdown of the loan herein applied for.
本人(等)提供之申述及/或資料有任何更改，包括但不限於物業用途、本人(等)地址、電話號碼及傳真號碼，本人(等)承諾任何時間在合理可行的情況下盡快以書面形式通知銀行及/或有關機構。每名申請人承認並同意銀行及有關機構將會依賴本申請表所填報之資料作為批准本申請之用。每名申請人於本申請書內填報之主要資料，於提取所申請之貸款後有任何改變，每名申請人將有持續之責任對該等資料文件予以更正或補充。
- 5) I/We understand that the Bank and/or the related bodies shall appropriately examine this application (including but not limited to investigating interests of the Property to be charged). If upon such examination and investigation it is found that the application is not in compliance with any policy or loan requirement of the Bank and/or the related bodies, the Bank and/or the related bodies shall have the right to reject or discontinue this application or re-examine the same.
本人(等)明白銀行及/或有關機構須對本申請進行相關的審查(包括但不限於對提供作物業抵押之物業權益進行調查)。當該等有關情況或調查結果未能符合任何銀行及/或有關機構的政策或貸款要求，銀行及/或有關機構有權拒絕或撤回本申請或對本申請重新進行審核。
- 6) I/We agree that all personal data relating to me/us collected by the Bank and/or the related bodies from time to time may be used and disclosed for such purposes and to such persons (whether in or outside Hong Kong) as may be in accordance with the policies of the Bank and/or the related bodies on use and disclosure of personal data set out in statements, circulars, notices or terms and conditions made available by the Bank and/or the related bodies to its respective customers from time to time and acknowledge that I/we have noted the content of the "Data Policy Notice" or such other document(s) issued under whatever name from time to time by the Bank and certain of its related entities relating to their general policies on use, disclosure and transfer of personal data. I/We further agree that such data may be (i) used in connection with marketing procedures (as defined in the Personal Data (Privacy) Ordinance) or other comparison procedures; (ii) disclosed by way of bank reference or otherwise to any financial institution with which I/we have or propose to have dealings to enable such financial institution to conduct credit on me/us; (iii) disclosed to and used by any bank, financial institution or other company to whom the Bank wish to novate and / or assign all or part of their respective rights and obligations in relation to the transactions contemplated between the parties and (iv) supplied to a credit reference agency and, in the event of my/our default, to a debt collection agency. I/We further authorize the Bank and/or the related bodies to contact any of my/our employers (if applicable), banks, referees or any other sources for the purpose of obtaining or exchanging any information and to compare the information provided by me/us with other information collected by the Bank and/or the related bodies for checking purposes. The Bank and/or the related bodies are entitled to use the result of such comparison to take any action which may be adverse to the interest of or against me or any of us. I/We consent to my/our data being transferred to another jurisdiction outside Hong Kong.
本人(等)同意，銀行及/或有關機構不時收集有關本人(等)之個人資料，可根據銀行及/或有關機構不時所持有供其客戶索取之聲明、通函、通知或傳單及條件所載有關使用及披露個人資料的政策，用於其中所述用途及向其中所述人士披露(不論接收人是在香港境內或境外)，並且本人(等)承認該等「資料政策通告」(或不時由銀行及其某些相關機構以任何名稱發出有關個人資料之使用、披露及轉移的一般政策的其他文件)的內容。本人(等)進一步同意，該等資料可(1)供銀行及/或有關機構(「個人資料(私隱)」條例)或其其他用途之用；(2)以銀行及/或有關機構不時向本人(等)或與本人(等)進行交易之財務機構披露，以便該等財務機構對本人(等)進行信貸調查；(3)向銀行及/或有關機構之任何銀行、附屬機構或本公司等各方進行之交易披露及/或轉讓各方負責之全部或部分權利及責任之上述銀行、附屬機構或公司披露並由上述銀行、附屬機構或公司加以使用；及(4)提供給信貸參考服務機構，並且在本人(等)欠款的情況下，提供給收賬公司。本人(等)進一步授權銀行及/或有關機構聯絡本人(等)的僱主(如適用)、銀行、信託人或其他人(等)以收集、交換資料及將本人(等)所提供的資料與銀行及/或有關機構收集的或轉讓的資料作出比較，以資核對。銀行及/或有關機構有權使用比較資料的結果採取任何對本人(等)利益或對本人(等)不利的行動。本人(等)同意有關本人(等)的資料可傳送到香港以外的司法管轄區。
- 7) I/We agree and understand that in examining this application, the Bank and/or the related bodies will refer to and consider my/our credit report in accordance with the Personal Data (Privacy) Ordinance, and notwithstanding the approval of this application being granted or not and whether it is cancelled or withdrawn by me/us, the credit report will not be returned or available for access, and I/we understand that I/we have to consent the credit reference agencies, where necessary, to enquire into or amend any information upon payment of a fee.
本人(等)同意及明白銀行及/或有關機構將參考此項申請書所附(個人資料(私隱)條例)範圍及考慮本人(等)之信貸報告。不管申請是否獲批准或本人(等)取消或撤回，有關信貸報告將不會發還或提供。本人(等)明白如有需要，須向信貸參考服務機構繳納費用及提供資料。
- 8) Except as disclosed in this application, I/we do not have any other outstanding loans and I/we are not in default under any mortgage, guarantee or other loan agreement(s).
除在本申請表披露者外，本人(等)並沒有任何其他未還清的貸款，並且本人(等)並沒有任何按揭、擔保或其他貸款協議下的欠款。

- 9) I/We affirm not the subject of any judgment or court/tribunal order in relation to any debt or insolvency, and I/We have not been declared bankrupt within the past seven years.
本人/吾等並非涉及任何有關債務或無力償還之判決法院/審判庭命令；本人/吾等於過去（七）年內亦未曾宣佈破產。
- 10) Each of the Applicant agrees that the use of the loan under this application which may be granted by the Bank is subject to the terms and conditions set out in this Application Form, the facility letter and/or the terms and conditions of the loan as the Bank may stipulate and provide to each of the Applicants prior to the signing of such facility letter.
各申請人同意銀行根據本申請書而可能批准之貸款，乃受本申請書、貸款借借函及/或在簽署貸款借借函前銀行訂定及給予各申請人之貸款條款及細則所規限。
- 11) The down payment for the purchase of the Property was paid by the Applicant(s) (who is/are the intended Mortgagee(s)) from his/her/its/their own source and that such down payment was not financed by any loan or banking/credit facility provided by any third party.
申請人作為買家所付之首期款項已由其資產支付購買物業之首期，而該首期款項並非由任何第三者所提供之貸款或銀行/信貸機構提供。
- 12) I/We understand that under and in accordance with the terms of the Personal Data (Privacy) Ordinance and the Code of Practice on Consumer Credit Data approved and issued under the Ordinance, I/We have the right to request to be informed which items of data are routinely disclosed to credit reference agencies or debt collection agencies, and be provided with further information to enable the making of an access or correction request to the relevant credit reference agency or debt collection agency.
本人(等)明白，按照《個人資料(私隱)條例》及根據該條例頒發及發出的《個人資料資料實務守則》的條款，本人(等)有權要求獲知那些資料例項向信貸資料服務機構或收帳公司披露，及獲得提供進一步的資料，以便可向有關的信貸資料服務機構或收帳公司提出查閱或更正要求。
- 13) I/We understand in the event of any default in payment, unless the amount in default is fully repaid before the expiry of 60 days from the date such default occurred, I/We shall be liable to have my/our account data retained by a credit reference agency for a period of up to 5 years after repayment in full.
本人(等)明白，若有任何欠款的情況，除非於發生欠款之日起滿 60 天之內全數償還，否則本人(等)的賬戶資料須由信貸資料服務機構保留，從全數償還後計算為期最高至 5 年。
- 14) I/We further agree to pay and reimburse the Bank and/or the related bodies on demand all costs and incidental expenses reasonably incurred in connection with this application. I/We hereby authorize the Bank to debit any of my/our accounts with the Bank (if any) with all sums due to the Bank as specified herein.
本人(等)進一步同意按實支付及償付銀行及/或有關係機構就本申請合理應收的所有費用及附帶支出，本人(等)謹此授權銀行從本人(等)在銀行所有的賬戶(若有)內，扣除所有在本申請書指明須支付給銀行的款項。
- 15) The following applies to applicants under tripartite mortgage / with guarantor(s):
以下規定適用於三方按揭申請人/有擔保人的申請人：
I/We hereby consent to your providing to any co-borrower, guarantor or provider of security (the "Relevant Parties") and / or the solicitor acting for such Relevant Parties the following:
本人(等)謹此同意銀行把下列資料提供予任何共同借人、擔保人或提供品提供者(「有關人士」)及/或買家代表律師：
a. any financial information concerning me/us;
任何與本人(等)有關的財務資料；
b. a copy of the contract and copies of the contracts from time to time evidencing the obligations to be guaranteed or secured or a summary thereof;
不時證明還債或抵押之債務合同副本或摘要；
c. a copy of any formal demand for overdue payment which is sent to me / us after I/We have failed to settle an overdue amount following a customary reminder; and
在如常發出催繳通知而本人(等)仍未清還逾期欠款後，向本人(等)發出之任何有關逾期還款的正式催繳通知之副本；及
d. from time to time on request by my co-borrower, guarantor or provider of security, a copy of the latest statement of account provided to me/us.
在任何共同借人、擔保人或提供品提供者不時要求下，提供予本人(等)之最近賬戶清單。
- 16) For the purpose of releasing the information mentioned in paragraph 15 above, each of the Relevant Parties below agrees that any information concerning such party can be released to other Relevant Parties.
為免發放上述第 15 段的資料，以下各有關人士均同意任何涉及該有關人士的資料均可向其他有關人士披露。
- 17) I/We agree that the Bank may at any time without our notice assign or transfer, or agree to assign or transfer, the mortgage loan particularized herein, the relevant security document(s) and any other documents based on which the Bank has made available the mortgage loan particularized herein and any of our rights or obligations thereunder to any party.
本人(等)同意，銀行可隨時在沒有給予本人(等)通知的情況下將本申請書所述的貸款、有關抵押文件及銀行應以提供本申請書所述的貸款的任何其他文件以及本人(等)在上述文件的任何權利或責任，轉讓或轉讓或同意轉讓或轉讓予任何人士。
- 18) The Bank and/or the related bodies for their record may retain the original of this Application Form and documents provided by me/us to the Bank even if the loan is not approved by the Bank.
即使貸款未獲銀行批准，銀行及/或有關係機構仍可保留本申請書及本人(等)向銀行提供的文件之正本，以作記錄。
- 19) The following provisions shall be applicable to the Borrower(s)/Mortgagee(s):
以下條款將適用於借人/抵押人：
a. The Mortgagee(s) understand(s) and has/have been warned, that banking facilities are to be secured on the Property(ies) and default in payment of the banking facilities may result in the Bank taking possession of, and selling, the Property(ies) pursuant to the terms of the mortgage.
物業抵押人明白及已獲警告及接獲通知以物業作擔保，未能償還借借將引致銀行根據按揭之條款接管及出售物業。
b. The Borrower(s) and the Mortgagee(s) agree not to let the mortgaged Property unless prior written consent of the Bank has been obtained and the Bank shall have the right to re-determine the interest rate and/or the loan amount at its/their sole discretion upon giving the consent to let. All costs and expenses (including the Bank's collection costs on full indemnity basis) incurred in giving the consent shall be borne and paid by the Borrower(s) and the Mortgagee(s).
借人及物業抵押人同意在得到銀行書面批准後，始將上項按揭物業出租，銀行並有權重新釐訂貸款利率及/或貸款額，而由出租引起的一切有關費用(包括銀行以全數賠償基準計算的所有開支)，概由借人及物業抵押人負責。
c. The manager of the development of which the Property forms part may have the power and the duty to keep the development insured in the full replacement value under a master insurance policy. The Mortgagee shall, if so required by the Bank, execute an assignment or other documents to assign the Mortgagee's right interests and benefits under such policy and any profits and proceeds thereof. The Mortgagee shall also, if so required by the Bank, insure the Property against such risks and in such amounts and with such insurance company the Bank may from time to time specify, and if so required by the Bank, in the joint names of the Mortgagee and the Bank.
物業所屬的發展區的管理公司，可能有權力及責任使該發展區獲全部賠償價值為該發展區投保，如銀行要求，抵押人須簽署有關書或任何其他文件，以轉讓其受保單的權利、權益及利益及/或其中任何利潤及收益，如銀行要求，抵押人亦須從銀行不時指定的保險，向銀行不時指定的保險公司，自抵押人及銀行聯名(如銀行要求)為該發展區投保。銀行不時指定的各類保險。
d. Where insurance is taken out by the Borrower(s)/Mortgagee(s) and/or full reinstatement value option is chosen;
在借人/抵押人自行投保及/或選擇以物業的全全重置價值投保的情況下：
(i) the Borrower(s)/Mortgagee(s) shall submit to the Bank prior to drawdown or 15 days before expiry of the relevant insurance policy (as the case may be), the original of a valid/renewed insurance policy, the premium receipt and a valuation report (applicable only if full reinstatement value option is chosen) prepared by a surveyor acceptable to the Bank; and
借人/抵押人須於提取貸款之前或保單到期前十五天前(視情況而定)，向銀行提交一份有效/已更新保單的正本保單、保費收據及一份經銀行認可的估價公司出具的估價報告(只適用於以物業的全全重置價值投保的情況)；及
(ii) the insurance policy should include standard warranties and/or clauses of the Fire Tariff issued by the Fire Insurance Association of Hong Kong, namely A7, A12, A13, A33, A34, B24 & B25 and, if so requested by the Bank, clauses covering extra perils, namely EP01A, EP02A, EP03B, EP04A, EP05A, EP06 (A,C & H), EP07A, EP08A, EP09C & EP10A. Where full reinstatement value option is chosen, the insurance policy should also include clause A19.
保單須包含香港火險公會標準保單條款，即 A7, A12, A13, A33, A34, B24 及 B25，若銀行要求，保單須附加險的條款，即 EP01A, EP02A, EP03B, EP04A, EP05A, EP06(A,C&H), EP07A, EP08A, EP09C 及 EP10A。若選擇以物業的全全重置價值投保，須再增加 A19 的條款。
e. The Bank shall be entitled (but not obliged) to take out insurance for the Borrower(s)/Mortgagee(s). Without limiting the generality of the foregoing, the Bank shall be entitled and is hereby authorized to take out insurance through the Bank's nominated agent for and at the cost of the Borrower(s)/Mortgagee(s) for the original facility amount if the Borrower(s)/Mortgagee(s) fail(s) to comply with paragraph 19(c) or (d) above.
銀行有權(但非其責任)代借人/抵押人投保，在不影響上文的一般性條件下，若借人/抵押人未能履行上述 19(c)或(d)段的條款，銀行有權，並以此授權通過銀行指派的代理人，以原保單金額代其投保，所有費用及開支由借人/抵押人負責。
- 20) I/We understand that the loan tenor requested in this Application Form must not be longer than the tenor of the Government Lease relating to the mortgaged Property. Notwithstanding the request under this Application Form might have been approved by the Bank, in the event the tenor of the Government Lease relating to the mortgaged Property is shorter than the loan tenor, I/We understand that re-approval of the loan by the Bank is required. Such re-approval process may result in the Bank's refusal to grant the loan or in repackaging the loan with different loan amount and/or loan tenor.
本人(等)明白本申請書要求的貸款期不能長於有關按揭物業的政府租契年期。儘管銀行可能已按本申請書的要求批准貸款，但如有關按揭物業的政府租契年期是短於貸款期，本人(等)明白該貸款申請是必須經銀行重新審批，這重新審批過程可能會導致銀行拒絕給予貸款或貸款額和/或貸款期的改變。
本人(等)明白本申請書的批准結果並受銀行及/或有關係機構決定為準。
- 21) I/We acknowledge that the approval of this application is subject to the final decision of the Bank and/or the related bodies.

22) In case of any difference between the English and Chinese versions of this Application Form, the English version shall prevail.
 本申請表的中英文版本如有任何分歧，概以英文文本為準。

(No. 23 - 30 are applicable to Credit Card application. 第 23 - 30 條聲明適用於申請信用卡)

23) I/We hereby authorize [redacted] Limited to submit and forward this card application to [redacted] Ltd. (the "Company") and to disclose any information to the Company regarding my/our account(s) with [redacted] Limited for the purpose of processing and verifying this card application.
 本人(等)特此授權 [redacted] 有限公司將本信用卡申請提交及轉送予 [redacted] 有限公司(「貴公司」)並披露本人(等)於 [redacted] 有限公司的戶口之任何資料予貴公司作有關本信用卡申請之用。

24) For I am/We are extending cardholder(s), my/our record in the Company will be updated accordingly based on information in this Application Form. (Applicable to all card accounts under same identification no., excluding business/corporate card, purchasing card, [redacted] International Card, Great Wall RMD Card and cards issued in Mainland.)
 如本人(等)為現有 [redacted] 信用卡卡戶，按本申請表資料，更新貴公司之相關記錄。(只適用於同一證件號碼下之卡賬戶，不包括商務卡、採購卡、[redacted] 卡及澳門發行之信用卡。)

25) I/We declare that the above information is true and complete and hereby authorize the Company to contact my/our employers, financial and credit institutions or any other credit or information source for the verification thereof and for the collection of such information as required for the processing and evaluation of this application and, if my/our application is approved, for the operation of my/our account(s).
 以上資料均屬真實，本人(等)特此授權貴公司向本人(等)的僱主、財務機構及信用諮詢或任何其他信用狀況或資料來源查詢核實以上資料，並收視該等資料用以處理及評核此申請，並在本人(等)的申請獲准後，用以操作本人(等)的戶口。

26) I/We further authorize the Company to disclose any information regarding me/us and/or this application and/or my/our account(s) with the Company confidentially to (i) the Company's employees, agents and contractors for the purpose of processing and verifying this application; (ii) third parties employed by the Company to provide services in connection with the operation of customer accounts (including credit check and debt collection services) and marketing of account services; (iii) [redacted] and its subsidiaries; and (iv) any third party whose name or logo appears on the Card.
 本人(等)並授權 貴公司向下列這些與本人(等)及/或此項申請及/或本人(等)的戶口之任何資料，可獲披露及可用資料者為：(i) 貴公司之員工、代理人及承包商，用以處理及核實此申請；(ii) 貴公司僱用的服務提供者，對客戶賬戶的操作(包括信用管理服務)和客戶服務之市場推廣有關之服務；(iii) [redacted] 有限公司及其附屬機構；及(iv) 在信用卡上出現其名稱或標誌的第三者。

27) I/We agree and understand that the data held by the Company relating to me/us may be transferred to other places (including places outside Hong Kong) at any time and from time to time where the Company deems necessary.
 本人(等)同意及明白在貴公司認為適合的情況下，貴公司可能隨時及不時將所持有的客戶資料轉移至其他地方(包括香港以外的地區)。

28) I/We hereby solemnly and sincerely declare that (i) I/We have not held any credit card that was cancelled by the issuer due to my/our default in payment; (ii) I/We do not have any overdue payment exceeding 30 days in respect of any of my/our indebtedness (including without limitation credit card, mortgage, personal loan and other financial arrangements); (iii) I/We have never been adjudged bankrupt, or made the subject of any bankruptcy or similar proceedings, or of any receiving or similar order, in Hong Kong or elsewhere; and (iv) I/We have carefully and conscientiously considered the status of my/our assets and liabilities. I/We have no intention to petition for my/our own bankruptcy or for any similar order, or propose to enter into with my/our creditors any individual voluntary arrangement or similar arrangement, in Hong Kong or elsewhere, nor do I/We see any reason why I/We should do so.
 本人(等)謹此鄭重及真誠地作出如下聲明：(i) 本人(等)所持有的信用卡從未因拖欠款項而被發卡機構取消；(ii) 本人(等)的任何債務(包括但不限於信用卡、按揭、私人貸款及其他財務安排而言)，本人(等)並沒有逾期超過 30 天；(iii) 本人(等)從未，於香港或任何其他地方，被宣告破產，或受任何破產或類似程序的接管程序的接管，或受任何接管或類似程序的命令的約束；及(iv) 本人(等)已細心及謹慎地考慮本人(等)的資產及負債狀況，本人(等)並無任何意圖，於香港或任何其他地方，申請本人(等)的破產或類似的命令，或向本人(等)的債權人作出任何個人自願安排或類似的安排，而在本人(等)亦不覺得有任何理由需要提出任何上述申請或通知。

29) I/We have carefully read and fully understand the attached "Important Terms and Conditions of [redacted] Credit Card", Data Policy Notice (or such other document(s) issued under whatever name from time to time by [redacted] Credit Card (International) Limited and certain of its related entities relating to their general policies on use, disclosure and transfer of personal data (as the same may be amended from time to time)), the "Important Terms and Conditions of [redacted] CUP Dual Currency Credit Card" and the terms and conditions relating to welcome gift and Instalment Programs respectively and agree to be bound by them (as appropriate).
 本人(等)已細心閱讀並清楚明白隨附的 [redacted] 信用卡之重要條款及條件、資料政策通告(或不時由 [redacted] 信用卡(國際)有限公司及其某些相關實體以任何名稱發出有關個人資料的應用、披露及轉移的一般及類似的其他文件(可經不時修訂))、(可隨時修訂「[redacted] 雙幣信用卡」) [redacted] 雙幣信用卡之重要條款及條件，以及關於信用卡迎新禮品條款及細則及分期付款計劃條款及細則，並同意受該等文件(如適用)所約束。

30) I/We confirm and agree to be bound by the terms of this application and the AAVS Agreement in relation to the use of the AAVS. As an AAVS Account holder, Main Card applicant also agrees to be liable for all fees and charges payable to OCL in relation to the AAVS. I/We authorize the Company to pay OCL in accordance with such instructions as it may receive from OCL from time to time and undertake to reimburse the Company in accordance with the [redacted] Credit Card User Agreement.
 本人(等)謹此確認使用自動增值服務時遵守隨附的申請條款和自動增值服務。作為自動增值服務賬戶持有人，本人(等)同意為自動增值服務向八達通卡有限公司繳付所有有關費用。本人(等)授權 貴公司依照八達通卡有限公司不時給予 貴公司之指示而向八達通卡有限公司付款，並承諾透過 [redacted] 信用卡持卡人合約償付 貴公司。

NOTICE OF [redacted] CREDIT CARD [redacted] 信用卡重要事項

- 1) A [redacted] HKD Credit Card applicant must be a Hong Kong resident aged 18 years or above. A [redacted] CUP Dual Currency Credit Card applicant must be a Hong Kong resident aged 18 years or above.
 [redacted] 雙幣信用卡申請人必須為年滿十八歲之香港居民，[redacted] 雙幣雙幣信用卡申請人必須為年滿十八歲之香港居民。
- 2) Annual fee of [redacted] HKD Platinum Credit Card is HK\$800 for Main Card, [redacted] HKD Titanium MasterVISA Gold Credit Card is HK\$550 for Main Card, [redacted] HKD Classic Card is HK\$220 for Main Card. Annual fee of [redacted] CUP Dual Currency Platinum Credit Card is HK\$800 for Main Card, [redacted] CUP Dual Currency Gold Credit Card is HK\$550 for Main Card.
 [redacted] 白金卡主卡年費為港幣 800 元；[redacted] 鈦金卡/金卡主卡年費為港幣 550 元；[redacted] 雙通卡主卡年費為港幣 220 元。[redacted] 雙幣白金卡主卡年費為港幣 800 元；[redacted] 雙幣鈦金卡主卡年費為港幣 550 元。
- 3) Documents submitted (including this Application Form) will not be returned.
 所有提交之文件(包括此申請表)恕不退回。
- 4) Should the applicant be a current [redacted] Main Cardholder, his/her credit history and existing credit limit will be taken into consideration in the final approval and credit judgement. The credit limit should be shared among all HKD Credit Cards and CUP Dual Currency Credit Cards.
 若申請人為卡公司現有主卡卡戶，卡公司將參考卡戶過往信貸紀錄及現有信用額度作最後審批，所得之信用額度將由各張信用卡及雙幣雙幣信用卡共用。
- 5) Extra documentary proof may be required by the Company to process your application.
 如有需要，卡公司可能要求客戶提供額外文件作進一步審批用途。
- 6) The Company reserve the right to adjust the interest rate at any time.
 貴公司保留隨時更改利率之權利。

本人(等) 同意 不同意(請劃選方格)上述聲明及明白本人(等)在本申請表填寫及/或作出之聲明及/或被提供之資料或資料提供任何相關資料，可構成實際及/或法律責任。
 I/We agree / do not agree (please tick box as appropriate) to above and understand that I/We may incur civil and/or criminal liability by making intentional or negligent misrepresentation(s) and/or providing fraudulent information in this application or admitting to provide relevant information.

所有申請人簽署 Signatures(s) of All Applicant(s):

註：請於簽名的下方空白位寫下姓名正楷 (Note: Please write down your name in BLOCK LETTER under your signature)

日期 Date:

Sample 2

Mortgage Loan Application Form 樓宇按揭貸款申請表

TERMS & CONDITIONS 條款及條件

Please read the below clauses carefully, particularly those in *italics*.
請細閱下列條款，並特別留意其中以斜體顯示的項目。


1. We confirm that the information given above is correct and complete, and authorise _____ ("Bank") to check and confirm this from any source the Bank may choose.
本人(等)證實上述資料乃屬正確及完整，並授權_____銀行有限公司(「銀行」)可向任何方面查證。
2. The receipt of my/our application form and the collection of handling fee (if any) do not constitute any commitment or assurance on the part of the Bank that the loan application will be approved and such fee (if any) is non-refundable under any circumstances.
因吾/收本人(等)之申請表及費用(如適用)，銀行並不擔保或保證本人(等)之申請一定獲得批准。此等費用，恕不退還(如適用)。
3. I/We understand that the Bank reserves the right to withdraw approval of this loan facility if all relevant mortgage documents are not executed within 30 days from the date of the approval, and/or to collect a reprocessing fee at the Bank's discretion.
本人(等)理解若本人(等)在此申請表提供之30天內仍未簽署有關按揭文件，則銀行保留撤銷此項批准之權利及/或酌量收取重新處理費。
4. The Property (after the issuance of the Occupation Permit) is required to be insured against fire risks 1) for an amount agreed upon by the Bank and 2) by an insurance company approved by the Bank. The relevant insurance policy denoting the Bank's interest as the chargee together with the premium receipt is to be kept by the Bank. 或物業(入住許可證發出後)須購買火險，而1)有該款額須得到銀行同意及2)須火險在銀行認可的保險公司購買。列明銀行作為押記人的權益之保單及保費收據由銀行保存。
5. I/We understand that if it is subsequently confirmed that the property is under cover of a Master Policy approved by the Bank, the free fire policy offered by the Bank (if any) will be terminated immediately and I/We shall not be entitled to raise objection and/or claim any compensation in relation thereto.
本人(等)理解若該物業最終獲准受列明銀行保險之保單保障，則銀行提出之火險保單(如適用)將會立即終止，本人(等)不得異議及追討任何賠償。
6. I/We understand that the Bank reserves the right to dispose of any documents and information in relation to the loan application after 3 months from date of cancellation of this application.
本人(等)理解此申請表被取消後之3個月內，銀行可保留自行安排處理本人(等)提交之所有文件及資料。
7. Save and except as disclosed herein, I/We have not obtained any loans in relation to any other properties in Hong Kong.
除了於申請表上已申報之物業按揭外，本人(等)並無有與香港任何其他物業有關之任何貸款。
8. The Bank will rely on the information contained in this Application Form and I/We have a continuing obligation to notify the Bank forthwith on any amendments or variations of the information/documents provided in this application if any of the facts which I/We have disclosed herein change prior to the drawdown of the loan herein applied for.
銀行將會依賴本人(等)於申請表上所提之資料。如所呈報資料於提取貸款前有任何變更，本人(等)有責任即時通知銀行。
9. I/We agree to provide further information and furnish other documents as the Bank may require from time to time and my/our failure to do so may vitiate the grant of loan to me/us.
本人(等)同意遵照銀行之要求，隨時提供進一步資料及文件給銀行查閱。否則會導致借貸手續被銀行及影響批准。
10. I/We have read, and hereby acknowledge and agree to the contents of the Personal Information Collection (Customers) Statement issued by the Bank in compliance with the Personal Data (Privacy) Ordinance that accompanies this application.
本人(等)已閱讀、明白及同意該項由銀行因依個人資料(私隱)條例而發出之個人資料收集(客戶)聲明之內容。
11. I/We agree that the Bank is entitled to obtain information relating to me/us from any third parties at any and all times, including without limitation conducting checks with any credit reference agency.
本人(等)同意銀行可不時使用由第三者提供有關本人(等)之個人資料，包括不時向有關信貸資料機構提出查詢。
12. Fee - Application Fee (if any): HKD _____ / Reinstatement Fee (if any): HKD _____
費用 - 申請費用(如適用) 港幣 _____ / 加款費用(如適用) 港幣 _____
13. Overdraft Facilities (if any):
透支額度服務(如適用)
OID facilities to be operated under current account no. _____ account name _____
透支額度將由以下之支票戶口(號碼) _____ (持有人)中撥用
Service Charges:
服務費
Arrangement Fee: HKD _____ (Such fee will be deducted from the above account upon operation of the overdraft facilities)
申請手續費 港幣 _____ (此費用會在透支額運作時由上述之戶口中扣除)
Annual Review Fee: HKD _____ (i.e. _____ % p.a. on overdraft limit) (Such fee will be deducted from the above account)
每年覆核費 港幣 _____ (按透支額之百分之 _____) (此費用將由上述之戶口中扣除)
Undrawn Commitment Fee: _____ % p.a. on the daily undrawn overdraft limit and will automatically be deducted from the above account at each month end
未動用透支額承諾費 _____ 按每日未動用之透支額的百分之 _____ 釐，此費用將於每月月底由上述之戶口扣除。
14. The Chinese version is for reference only. In case of any discrepancies between the English and Chinese versions, the English version shall prevail.
中文本僅作參考之用。中英文本如有任何歧異，概以英文本為準。

I/We have already read and hereby agree and confirm to the above Terms & Conditions.
本人(等)已詳閱、同意及確認上述之條款及條件。

Applicant 1
申請人 1
Date:
日期

Applicant 2
申請人 2
Date:
日期

Applicant 3
申請人 3
Date:
日期

 HONG KONG MONETARY AUTHORITY 香港金融管理局		
Supervisory Policy Manual		
IC-6	The Sharing and Use of Consumer Credit Data through a Credit Reference Agency	V.3 – 18.01.05

This module should be read in conjunction with the [Introduction](#) and with the [Glossary](#), which contains an explanation of abbreviations and other terms used in this Manual. If reading on-line, click on blue underlined headings to activate hyperlinks to the relevant module.

Purpose

To specify the minimum standards that AIs should observe in relation to the sharing and use of consumer credit data through a credit reference agency

Classification

A statutory guideline issued by the MA under the Banking Ordinance, §16(10)

Previous guidelines superseded

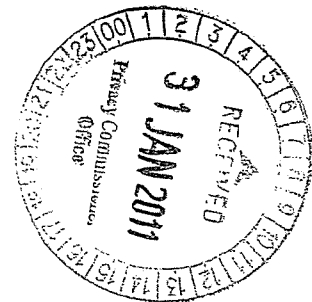
This is a new guideline.


Application

To AIs which are involved in the provision of consumer credit

Structure

1. Introduction
2. Definition
3. Comprehensive participation
4. Safeguards on information security
 - 4.1 General
 - 4.2 Policies and procedures




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1. Introduction

- 1.1 In response to the financial industry's proposal, the Privacy Commissioner for Personal Data (the "PC") has, pursuant to his power under §12(3) of the Personal Data (Privacy) Ordinance ("PDPO"), approved a revised Code of Practice on Consumer Credit Data (the "Code") to allow for a wider sharing of consumer credit data. The Code is effective on 2 June 2003.
- 1.2 The Code provides practical guidance to credit providers, including AIs and their subsidiaries within the meaning of §2 of the Banking Ordinance, and credit reference agencies ("CRAs") on the handling of consumer credit data. It deals with issues relating to the collection, accuracy, use, security, access and correction of consumer credit data. A breach of the requirements under the Code would be accepted as evidence of breach of the relevant data protection principles or provisions under the PDPO unless there is evidence that the requirement of the Ordinance was actually complied with in a different way, notwithstanding the non-observance of the Code. The PC may issue an enforcement notice


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to a data user following investigation of an alleged contravention of the relevant data protection principles and provisions of the PDPO. Contravention of the enforcement notice by a data user after the enforcement notice is served on him would constitute an offence.


- 1.3 The minimum authorization criterion under paragraph 10 of the Seventh Schedule to the Banking Ordinance provides that the MA must be satisfied that an AI has, among others, adequate systems of control. The MA considers that this would include adequate systems of control to enable the AI to manage its credit risk effectively, and to properly protect and use consumer credit data. In this regard, the MA will take into account the extent to which AIs make full use of all relevant information (including that obtained from CRAs) in managing their credit exposure and whether AIs have adequate controls to ensure that their consumer credit data are properly safeguarded.
- 1.4 Failure to adhere to the standards and requirements set out in this module may call into question whether the AI continues to satisfy the relevant authorization criterion under the Banking Ordinance.

2. Definition

- 2.1 The terms used in this module have the following meaning:
- "Consumer credit data" means any personal data concerning an individual collected by an AI in the course of or in connection with the provision of consumer credit, or any personal data collected by or generated in the database of a CRA in the course of or in connection with the providing of consumer credit reference service.
 - "Consumer credit" means any loan, overdraft facility or other kind of credit, including leasing and hire-purchase, provided by an AI to and for the use of an individual as borrower, or to and for the use of another person for whom an individual acts as guarantor. AIs should follow the requirements set out in clause 2.4.3.3 of the Code in reporting of account data relating to a residential mortgage loan.

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- "Credit reference agency" ("CRA") means any data user who carries on a business of providing a consumer credit reference service, whether or not that business is the sole or principal activity of that CRA.
- "Debt Relief Plan" means an agreement to be concluded between a Debtor and all Creditors, having an exposure to the Debtor, for partial relief and/or rescheduling of debts owed to those Creditors pursuant to the terms of the Agreement for Debt Relief Plans endorsed by the Hong Kong Association of Banks, the DTC Association, the Finance Houses Association of Hong Kong Limited and the Hong Kong S.A.R. Licensed Money Lenders Association.
- "Effective date" means 2 June 2003.
- "Loan restructuring arrangement" means any scheme of arrangement in relation to debts owed by an individual consequent upon a default in the repayment of those debts.
- "Material default" means a default in payment for a period in excess of 60 days.
- "Review" means consideration by the AI of any of the following matters (and those matters only) in relation to existing credit facilities provided to the individual, namely: (i) an increase in the credit amount; (ii) the curtailing of credit (including the cancellation of credit or a decrease in the credit amount); or (iii) the putting in place or the implementation of a scheme of arrangement with the individual.
- "Scheme of arrangement" means any restructuring, rescheduling or other modification of terms of whatsoever nature in relation to debts owed by an individual, whether as borrower or as guarantor, towards a single creditor or more than one creditors.

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- "Transitional period" means the period of 24 months beginning on the effective date and ending on the day before the second anniversary of the effective date.

3. Comprehensive participation

- 3.1 The HKMA believes that a fully-fledged consumer credit database, including both positive and negative data, will be beneficial to AIs (in enabling them to be better informed and make more accurate assessment of customers' creditworthiness) and consumers (in enforcing borrower discipline, reducing cross subsidisation among consumers with different credit profiles and improving access to bank funding). However, to realise such benefits, the database must be adequately comprehensive and AIs need to make full use of the database in their credit decisions.
- 3.2 In order to enable an adequately comprehensive database to be built up, which would help AIs better manage their consumer credit exposure, the HKMA recommends all AIs that are involved in the provision of consumer credit to participate as fully as possible in the sharing and use of consumer credit data through a CRA within the framework laid down by the Code. At a minimum, AIs should share consumer credit data to the extent recommended by the Hong Kong Association of Banks and the DTC Association.
- 3.3 The HKMA also considers that using consumer credit data from a CRA for assessing credit applications and conducting credit reviews is an essential part of an AI's credit management system unless there are satisfactory alternative arrangements for the comprehensive sharing of consumer credit data.
- 3.4 The HKMA would take into account the extent to which an AI participates in the contribution of consumer credit data to and makes full use of the same from a CRA in assessing the effectiveness of the AI's credit management system.
- 3.5 Where an AI does not, in the opinion of the HKMA, make appropriate use of the relevant facilities of a CRA, one option would be for the HKMA to require the AI concerned to mitigate the risk by restricting the amount of consumer credit business that it

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undertakes.

- 3.6 The senior management of AIs should ensure that sufficient priority and resources are devoted to enabling the computer systems of their institution to interface with those of the CRA in a timely and effective manner, in terms of contributing and making enquiry of consumer credit data.

4. Safeguards on information security

4.1 General


4.1.1 For any credit information sharing arrangement to be effective and credible, the data must be properly safeguarded. Otherwise, AIs would be subject to substantial legal and reputation risks. AIs should therefore adopt all reasonable procedures to ensure that consumer credit data disclosed to or obtained from a CRA are properly safeguarded, with regard to the confidentiality, accuracy, relevance and proper utilisation of the information.

4.2 Policies and procedures

4.2.1 AIs should have clear and comprehensive policies and procedures for the sharing and use of consumer credit data through a CRA to ensure compliance with the requirements of the Code. The policies and procedures should be designed to:

- ensure the security, confidentiality and integrity of consumer credit data; and
- guard against unauthorized access to or use of such information that could result in a breach of the Code and the data protection principles and relevant provisions under the PDPO.

4.2.2 These policies and procedures should be approved by the Board or a designated authority and be properly documented. They should be reviewed and updated

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regularly to ensure that they remain appropriate in the light of changes in relevant legislation and regulations. Any material amendments to the policies and procedures should be submitted to the Board or a designated authority for formal ratification and adoption.

4.2.3 The policies and procedures should specify how consumer credit data should be handled in cases where the credit application is submitted by an intermediary, who is commissioned by the credit applicant to handle his application, rather than by the credit applicant himself. In processing such a credit application, the AI concerned should ensure that the intermediary has obtained the authorization of the credit applicant to apply for credit on his behalf and to authorize the AI concerned to access the applicant's credit data held by a CRA. Where the intermediary does not have such authorization, the AI should contact the credit applicant directly to confirm his intention to apply for credit from the AI and advise the credit applicant that it may access his credit data held by a CRA for the purpose of assessing his application. In these latter cases, the AI should also address all future correspondence, including any statements or notifications required under the Code, to the credit applicant rather than the intermediary.

4.2.4 AIs should ensure adequate management oversight, at an appropriate senior level, on the development, implementation, and maintenance of these policies and procedures. There should also be an effective mechanism in place to monitor compliance with them. Any non-compliance should be followed up, investigated, rectified and reported to management.


4.3 Access control

4.3.1 AIs should have written policies specifying who may authorize access to the CRA database, and the criteria that need to be met for making such access for review purposes.

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The policies should define clearly the circumstances under which an AI may initiate reviews.

- 4.3.2 Only designated persons authorized by management should be able to access the CRA database. There should be clearly defined procedures for the authorization of such designated persons. Such authorization, and any subsequent changes, must be documented.
- 4.3.3 AIs should maintain stringent control over the use of and changes made to the passwords for access to the CRA database. The passwords should only be made available to the designated persons who are authorized to access the CRA database. AIs should avoid using shared passwords (i.e. two or more persons sharing the same password). Under no circumstances should passwords be disclosed to unauthorized persons, e.g. IT maintenance or service contractors.
- 4.3.4 Where access to the CRA database is made through designated terminals, access to the CRA database through such terminals should be restricted only to designated persons, such as by way of password protection.
- 4.3.5 AIs should change the passwords for accessing the CRA database regularly, preferably at least quarterly.
- 4.3.6 AIs should maintain an access log on *all* instances of access to the CRA database. The access log should contain sufficient detail as evidence of compliance with the Code. It should, as a minimum, contain information about the purpose of the access, the date on which the access was made and the staff who made the access.
- 4.3.7 The AI's internal access log and billing records from the CRA should be regularly reviewed, at least on a monthly basis, for unusual access activities, such as an unusually high volume of access activities that is inconsistent with the AI's business. Such unusual access activities might suggest that the designated persons have abused the system. Alternatively, any unexplained shortfall in the number of instances of access in the AI's internal access


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records when compared with the CRA's billing records might suggest unauthorized access or breaches of the AI's access control.

- 4.3.8 AIs should undertake prompt investigation of any unusual access activities and take prompt remedial actions to follow up any irregularities. Such irregularities, and the reasons for them, should be brought to management's attention. As required by the Code, AIs should report any suspected breaches of the PDPO or the Code to the PC.

4.4 Confidentiality and retention of CRA credit data

- 4.4.1 AIs should establish a policy on the safeguarding and retention of customer data obtained from the CRA. Specifically, the policy should provide that access to the CRA credit report should be on a need to know basis. There should also be restrictions on how such reports may be duplicated, copied or circulated.
- 4.4.2 Data Protection Principle 2 of the PDPO requires that personal data shall not be kept longer than is necessary for the fulfilment of the purpose for which the data are or are to be used. AIs may need to retain credit reports from a CRA as documentary support for the relevant credit decisions for which the credit reports were obtained, and as file records in the event of subsequent queries or disputes raised by customers. With the CRA database being updated regularly, there would be a breach of the Principles if 'out-of-date' information were to be retained and used for making subsequent credit decisions. AIs should ensure that they do not use out of date credit reports for making credit decisions.
- 4.4.3 Where a CRA credit report is obtained for the purpose of assessing a credit application and the AI subsequently refused the application, or when a customer ceases to have any borrowing relationship with the AI, the AI should destroy the relevant credit reports within a reasonable period unless such reports are to be used for other permitted purposes.

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4.5 Data accuracy

4.5.1 Als should take reasonably practicable steps to check the accuracy of their customers' credit data before passing them to the CRA. Clear procedures should be laid down on how changes to customers' credit data are to be implemented, verified and transmitted to the CRA. As for data updating, the Code requires Als to update any account data previously provided to a CRA promptly or, in any event, by the end of each reporting period not exceeding 31 days, until the termination of the account, whereupon the AI shall promptly update the account data to indicate such termination. In addition, Als should, as soon as reasonably practicable, update an individual's credit data upon the occurring of repayment or write-off in full or in part of any amount in default; a scheme of arrangement being entered into with the individual; or the final settlement of the amount payable pursuant to such a scheme of arrangement.


4.5.2 Als should also advise their customers or any individuals, in respect of whom a CRA credit report has been obtained, on how to contact the CRA which provided the credit report for the purpose of making a data access and correction request under the PDPO. Where an AI provides consumer credit data which is being disputed by the consumer concerned to a CRA, it should clearly indicate to the CRA the existence of such a dispute and update the data as soon as reasonably practicable upon the settlement of the dispute.

4.6 Audit trail

4.6.1 The access log records, any investigation reports and follow up actions on irregularities or exceptions should be properly documented and kept for not less than 2 years. They should be maintained in such a manner that would facilitate compliance reviews and audits.

4.7 Compliance audit

4.7.1 Als should conduct a compliance audit at least annually to verify whether their data management practices are

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adequate to ensure compliance with the requirements of the Code, this module and internal policies and procedures regarding the sharing of consumer credit data.

4.7.2 The audit report should be submitted to the AI's Board or a designated authority for review. This report should assess the overall effectiveness of the data management practices in ensuring compliance with the Code and this module. The reports should cover issues like security breaches or violations, management's responses and recommendations for improvement.

4.8 Staff training


4.8.1 AIs should provide appropriate guidance and training to staff who are involved in the sharing and use of consumer credit data through CRAs. In particular, staff involved in the handling of consumer credit data should familiarise themselves with the provisions of the Code, this module and controls to safeguard the confidentiality of such data.

5. Notification of access for review and right to opt-out

5.1 The Code requires credit providers to take practicable and reasonable steps to give prior notification to customers of their intention to access the CRA's database for the purpose of a review unless the review is initiated by the customer, or relates to an obligation of an existing loan restructuring arrangement concerning debts owed by the customer.

5.2 The Code also requires credit providers to give notification to borrowers at the time of application for credit of the choice to opt-out of the positive credit data reporting system in respect of closed account data. The Code also recommends that credit providers should give a written reminder to the borrower –

(a) within 30 days of the occurrence of a default by the borrower, that unless the amount in default is fully repaid before the expiry of 60 days from the date of the default, the individual shall be liable to have his account data to be retained by the CRA for 5 years as specified by the Code;

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and

- (b) as soon as practicable upon repayment in full of the credit facility, of his right to opt-out of the positive credit data reporting system.

5.3 Als should ensure that sufficient prominence is given to such notifications. Also, Als should establish clear and comprehensive written procedures for making such notifications to their customers. These procedures should set out clearly when the notification should be made, the manner in which the notification is to be made and the type of information to be included in the notification. As required by the Code, Als should keep proper internal records of notifications of access for review for two years as evidence of compliance with the requirements of the Code.


5.4 Als should take appropriate steps to ensure that the CRA is promptly notified of any "opt-out" requested by their former borrowers once the conditions for the opt-out are met by such borrowers.

6. Access during the transitional period

6.1 Subject to certain exceptions, the Code provides that a credit provider shall not, during the transitional period, be entitled to access any account data through a credit report, unless the access is made under any of the following circumstances:

- considering a grant of new consumer credit (but excluding increase in any existing credit amount)¹ to the individual, or to another person for whom the individual proposes to act as a guarantor;
- reviewing existing credit facilities currently in default for a period in excess of 60 days, with a view to putting in place a loan restructuring arrangement by the credit provider;

¹ It is the policy intention of the PCO that such grant of new consumer credit must be in response to an application by the consumer concerned.

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- reviewing existing credit facilities, for the implementation of an existing loan restructuring arrangement between the individual and the credit provider (whether or not other parties are involved) by the credit provider; or
- reviewing existing credit facilities, with a view to putting in place a scheme of arrangement with the individual initiated by a request from the individual.


6.2 The Code further provides that unless the review access is made in relation to an on-going debt restructuring arrangement that was organised prior to the effective date of the Code or was customer initiated, credit providers should give prior notification to customers for all other debt restructuring related reviews conducted during the transitional period.

6.3 AIs should keep documentary evidence of compliance with the above requirements for a period of 2 years for compliance audit purposes.

7. Engagement of CRA

7.1 AIs that use the service of a CRA should enter into a formal contractual agreement with the CRA that requires the CRA to have effective control systems to ensure compliance with all relevant requirements of the PDPO and the Code. AIs should have effective procedures to monitor regularly the performance of the CRA, particularly in respect of its ability to comply with the requirements of the PDPO and the Code.


7.2 An AI should consider whether to terminate its relationship with the CRA if it is aware of unacceptable practices of the CRA, or serious breaches of the requirements of the PDPO or the Code. The contract with the CRA should specify that account data provided by the AI shall remain the property of the AI and that the AI has the right to remove its data on the termination of its contract with the CRA.

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8. Hong Kong Approach to Consumer Debt Difficulties

- 8.1 When the information obtained from the CRA reveals that a customer has incurred a level of indebtedness that may be unmanageable and the customer might have genuine difficulty in repaying the loans, AIs should follow the guidelines set out in the "Hong Kong Approach to Consumer Debt Difficulties" to deal with such borrowers.
- 8.2 AIs should consider such cases sympathetically and discuss with the customer concerned to work out a solution that is mutually beneficial for both the customer and the AI concerned. In doing so, the customer should be made aware of the possibility of solving the problem by a Debt Relief Plan.
- 8.3 Where the AI does not have a prior credit relationship with the individual who has applied for credit, the AI should suggest that the individual discuss the problem with the financial institution with which the individual has the major credit relationship as soon as possible.
- 8.4 AIs should not hastily demand immediate repayment of loans or reduce credit lines or actively recommend transfer of the balance. Instead, AIs should follow the framework and procedures which are laid down in the Agreement on Debt Relief Plans, and the framework and procedures for Individual Voluntary Arrangements, and work out a mutually acceptable solution with the customer as far as possible.

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This module should be read in conjunction with the [Introduction](#) and with the [Glossary](#), which contains an explanation of abbreviations and other terms used in this Manual. If reading on-line, click on blue underlined headings to activate hyperlinks to the relevant module.

Purpose

To provide guidance to AIs on the management of risks associated with credit card business

Classification

A non-statutory guideline issued by the MA as a guidance note

Previous guidelines superseded

Guideline 3.6 "Referees in Applications for Credit Cards or Loans" dated 23.01.96; Circular on "Credit Card Lending" dated 21.06.01; and "Best Practices for Credit Card Operations" (Annex to Circular on "Bankruptcy and Consumer Credit Lending" dated 22.02.02)

Application

To all AIs that engage in credit card business directly or through their subsidiaries or affiliated companies controlled by them

Structure

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 - 1.3 Types of credit cards
 - 1.4 Sources of income for credit cards
 - 1.5 Areas covered in the Code of Banking Practice
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 - 2.1 Credit risk



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Annex A: Scoring systems

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1. Background and scope

1.1 Introduction


- 1.1.1 This module is aimed at providing general guidance to AIs on the risks associated with credit card business, and the systems of control expected of them in managing such business. It also sets out the best practices that they should aim to achieve¹.
- 1.1.2 Experience has shown that the quality of AIs' credit card portfolios mirrors the economic environment in which they operate. Very often, there is a strong correlation between an economic downturn and deterioration in the quality of such portfolios. The deterioration may become even more serious if AIs have relaxed their credit underwriting criteria and risk management standards as a result of intense competition in the market. It is therefore important for AIs to maintain prudent policies and practices for managing the risks of their credit card business which are relevant to the market environment that they operate in.
- 1.1.3 To facilitate a better understanding of the risks involved, the basic features of credit cards and their associated operations are highlighted in subsections 1.2 to 1.4 below.

1.2 Basic features of credit cards

- 1.2.1 The term "credit card" generally refers to a plastic card² assigned to a cardholder with a credit limit that can be used to purchase goods and services on credit or obtain cash advances.
- 1.2.2 Credit cards allow cardholders to pay for purchases made over a period of time, and to carry a balance from one

¹ If AIs have adopted some practices that may not fully align with those recommended in this module, they are expected to provide justifications for the approach taken and be able to demonstrate that adequate risk assessment has been undertaken and the risk mitigating measures in place are sufficiently robust to cater for these practices.

² Some AIs may assign a virtual card number that is different from that on the plastic card to enable the cardholder to purchase goods and services on the Internet. The credit limit of the virtual card is usually very low.

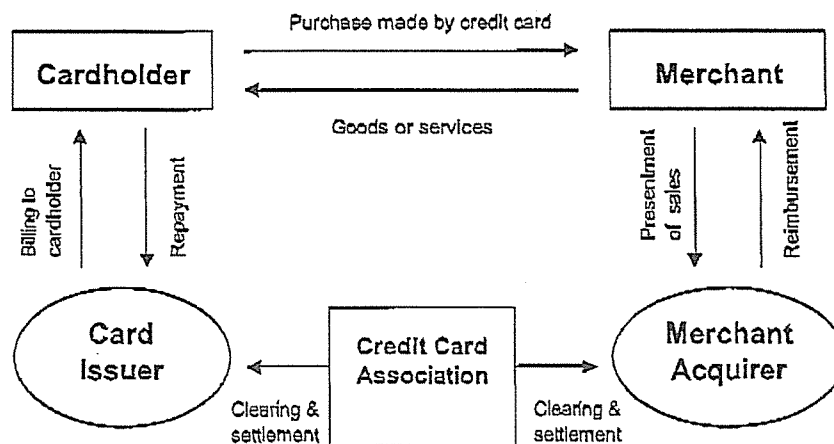
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billing cycle to the next. Credit card purchases normally become payable after a free credit period (see para. 1.4.2 below) during which no interest or finance charge is imposed. Interest is charged on the unpaid balance after the payment is due. Cardholders may pay the entire amount due and save on the interest that would otherwise be charged. Alternatively, they have the option of paying any amount, as long as it is higher than the minimum amount due, and carrying forward the balance.

1.2.3 A credit card scheme typically involves the following parties:

- Cardholders - persons who are authorized to use credit cards for the payment of goods and services;
- Card issuers - institutions which issue credit cards;
- Merchants - firms which agree to accept credit cards for payment of goods and services;
- Merchant acquirers - institutions which enter into agreements with merchants to process their credit card transactions; and
- Credit card associations - organisations that license card issuers to issue credit cards under their trademark, e.g. Visa and MasterCard, and provide settlement services for their members (i.e. card issuers and merchant acquirers).

1.2.4 The relationships between these various parties are illustrated in the following diagram:




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- 1.2.5 Credit card schemes normally operate at an international level, meaning that cardholders belonging to card issuers in one country can make purchases at the place of business of merchants signed up by merchant acquirers in another country.
- 1.2.6 Credit cards include charge cards (also called “travel and entertainment” cards), which are proprietary brands (e.g. Diners Club) that are not affiliated with any credit card association or any of the other brands, and the same organisation acts as the card issuer and the merchant acquirer.
- 1.2.7 Charge cards have similar features as credit cards, except that they do not normally have pre-set spending limits. Another difference is that the balance on a charge card account is payable in full when the statement is received and cannot be rolled over from one billing cycle to the next. In spite of this, revolving credit is available on some plans to enable cardholders to leave a pre-set balance unpaid.
- 1.2.8 The focus of this module is on the operations, risks and controls associated with credit card schemes of which AIs (or their subsidiaries or affiliated companies under their control) are the card issuer or the merchant acquirer. As such, relevant requirements of this module also apply to charge card schemes operated by AIs directly or through their subsidiaries / affiliates.

1.3 Types of credit cards

- 1.3.1 Credit cards can be broadly categorised into two types: general purpose cards and private label cards. The former are issued under the trademark of credit card associations and accepted by many merchants while the latter are only accepted by specific retailers (e.g. a department store).
- 1.3.2 Most of the card issuing AIs in Hong Kong offer general purpose credit cards. These cards are normally categorised by AIs as platinum, gold or classic to differentiate the services offered on each card and the income eligibility criteria. AIs may, at the request of a cardholder, issue a supplementary card to another individual who is usually an immediate family member of the cardholder.

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- 1.3.3 It is quite common for AIs to partner with business corporations or non-profit making organisations (e.g. charitable or professional bodies) to issue co-branded cards or affinity cards.
- 1.3.4 AIs may also issue corporate credit cards to the employees of their corporate customers. Generally the employees use these cards for travel and entertainment expenses incurred in the course of their work.
- 1.3.5 The types of credit cards mentioned above are not exhaustive. AIs may, from time to time, introduce new credit card products to satisfy customer needs and cater for changes in market conditions.

1.4 Sources of income for credit cards

- 1.4.1 Credit card income is generated from different types of fees and charges. While such fees and charges may vary among card issuers or merchant acquirers, they generally include the following:

Card issuers

- Annual fee – this is payable at the start of the membership year. However, it is not uncommon for card issuers to waive the annual fee as an incentive to increase cardholders' loyalty;
- Interest charge on outstanding balance – this constitutes the bulk of the earnings from credit cards. The methodology of interest calculation differs among AIs. As an example, the card issuer may charge the cardholder interest on the balance carried forward from the payment due date. The period of time between the transaction date and the payment due date (around three weeks from the billing date) for credit card purchases is interest free, provided that the billed amount is repaid on or before the due date. Otherwise, interest on the unpaid balance will be charged from the transaction date. The cardholder is liable to pay a minimum amount due, which is set at a percentage of the billed amount.
- Fees and charges on cash advances – cardholders are allowed to withdraw cash from designated ATMs or over the counter of the card issuer or its affiliated

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companies, using the credit card. A handling fee is imposed when the cash is withdrawn. Interest is also charged once the cash advance facility is utilised.


- Foreign exchange differential – most of the credit cards can be used overseas. When cardholders spend in foreign currencies and settle the dues in the local currency, card issuers profit from the differential between the bid and ask prices of the foreign currencies.
- Interchange fee – when card issuers reimburse merchant acquirers on credit card transactions, an interchange fee is charged to cover various costs relating to transaction processing and authorization, fraud and fraud prevention, funding for the interest free period, and the payment guarantee.
- Other fees and charges – card issuers may also impose on cardholders other fees and finance charges for paying late or for exceeding the credit limit.

Merchant acquirers

- Fees and charges on merchants – merchant acquirers may levy on merchants processing, servicing or setup fees (e.g. for e-commerce merchants). The amount and types of fees charged vary among merchant acquirers, and can be negotiated with the merchants in the light of their business relationships. It is common for a discount rate to be imposed on the value of credit card transactions presented by merchants.

1.5 Areas covered in the Code of Banking Practice

- 1.5.1 The Code of Banking Practice ("the Code"), which was issued jointly by the Hong Kong Association of Banks and the DTC Association, sets out the minimum standards that AIs are expected to observe when dealing with their personal customers. Reference should be made to Chapters 1, 3 and 5 of the Code which covers the following areas that are pertinent to credit card business:

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- the issue of cards;
- the disclosure of terms and conditions (including fees and charges and annualised percentage rates);
- the right of set-off;
- the collection, use and holding of customer information (including personal referees);
- the security of cards / personal identification numbers ("PINs");
- transaction records;
- unauthorized transactions / lost cards / liability for loss;
- handling customer complaints (see also IC-4 "Complaint Handling Procedures"); and
- the use of debt collection agencies.

1.5.2 Als should ensure that all relevant provisions of the Code are complied with in their conduct of credit card business so as to promote good banking practices, avoid customer disputes and foster business relationships.

1.6 Application to other unsecured consumer finance

1.6.1 Other unsecured consumer finance refers to short or medium term lending extended to individuals to finance their personal expenditure (i.e. not for business or home purchase) on an unsecured basis. Such lending includes personal loans, tax loans, and overdrafts.

1.6.2 Although credit card business has its own distinct features, it shares some common characteristics (e.g. in relation to credit and legal risks) with other types of unsecured consumer finance. Hence, in managing such credit products, Als should, where applicable, have regard to the general lending and risk management principles set out in sections 3 to 6 below.


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2. Major risks in credit card business

2.1 Credit risk

- 2.1.1 Credit risk poses a significant risk to AIs involved in credit card business. A card issuing AI has an exposure to a cardholder when the AI reimburses a merchant acquirer³ for a transaction on behalf of the cardholder or when the cardholder obtains cash advances from his credit card account. Such an exposure will remain if the cardholder does not repay the entire amount of the outstanding balance by the due date. As credit card lending is unsecured, the source of repayment depends primarily upon the cardholder's creditworthiness and repayment capacity.
- 2.1.2 It is not uncommon for customers to hold multiple credit cards issued by the same or different AIs. Availability of sufficient information is important for AIs to assess the overall indebtedness and creditworthiness of their credit card applicants. In this regard, the establishment of a credit reference agency (see [IC-6](#) "The Sharing and Use of Consumer Credit Data through a Credit Reference Agency" for more details) in Hong Kong to provide consumer credit reference service has enhanced AIs' ability to make more informed credit decisions (see also paras. 3.1.2 and 4.3.6 below).
- 2.1.3 Credit risk may be increased considerably if AIs adopt aggressive strategies for expanding their credit card business due to competitive pressures, without managing the associated risks properly. These may include:
- relaxing the underwriting standards for approving credit card applications, including those solicited under "pre-approved" programmes;
 - adopting a relaxed attitude in accepting alternative income proof for assessing the creditworthiness of applicants;

³ This may be a local or an overseas (in the case of overseas spending) financial institution.

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- offering multiple credit cards to existing cardholders or an excessive increase in their credit card limits without adequate assessment of their overall repayment capacity; and
- delaying collection actions (e.g. tolerating limit excesses) on customers with repayment problem.

Such practices could mask portfolio quality, increase the risk profile of cardholders quickly and result in rapid and significant portfolio deterioration, especially when economic conditions worsen.

2.1.4 As merchant acquirers, AIs incur credit risk when merchants fail to reimburse them for chargebacks⁴.

2.2 Operational risk


2.2.1 Credit card operations are highly automated and involve large volumes of customer and transactional data. These characteristics reflect the need for strong operational and security controls.

2.2.2 Both card issuing and merchant acquiring AIs are exposed to operational risk from various sources, including data processing and security issues, outsourcing arrangements and fraudulent transactions.

Data processing and security issues

2.2.3 The highly automated processing environment for credit cards is susceptible to data processing and security risks. It is therefore important for AIs to put in place relevant policies and procedures to control these risks. In particular, they should focus on having adequate controls and procedures to protect data integrity and security of customer information (including data retention and confidentiality) as well as appropriate back-up and disaster recovery plans and regular testing of such arrangements to guard against system failure and unexpected disruptions. Relevant guidance is contained in TM-G-1 "General Principles for Technology Risk Management" and TM-G-2 "Business Continuity Planning".

⁴ Chargebacks are reversed transactions, usually caused by customer disputes such as the return of faulty goods by cardholders and non-delivery of goods and services by merchants, processing errors or fraud.

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Moreover, Als should regularly review their operational capacity to ensure that it is adequate to cope with any targeted growth in business volume.

Outsourcing arrangements

2.2.4 As the use of third party service providers⁵ to handle all or part of the credit card processing functions has become increasingly common, Als should be fully aware of the risks of improper management of outsourced activities. If the systems and controls of the service providers turn out to be defective, this could lead to a decline in operational or servicing standards for the outsourced functions or even the leakage and misuse of credit card data processed or stored in their systems.


2.2.5 It is essential for Als to follow the general guidance given in SA-2 "Outsourcing". Apart from consulting the HKMA on the outsourcing arrangements, Als should be satisfied with the control environment of the service providers concerned, including the security controls over the integrity and confidentiality of customer information maintained in the outsourced systems, and ensure that they comply with the security standards and requirements of the credit card associations. This should be ascertained by Als through regular review and evaluation that the relevant controls are up to the standard required. Als should also retain ultimate control over the outsourced data⁶.

Fraudulent transactions

2.2.6 Described here are some common sources of fraudulent transactions. As this is a complex and ever-changing area, Als need to be aware of the evolving typologies of fraud and monitor such developments on an ongoing basis.

⁵ These service providers may handle a variety of functions, including marketing agents, data processing operations for card issuers or a range of merchant services (such as billing, reporting, customer service, authorization and settlement) on behalf of merchant acquirers. As a result, a huge amount of credit card data (including customer information and transaction data) may be processed or stored in the systems of these service providers.


⁶ Among other things, the outsourcing agreement with the service provider should allow for supervisory inspection of the operations and controls of the service provider as they relate to the outsourced activity.

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- 2.2.7 Lost and stolen cards represent a major source of fraudulent transactions, which can be difficult to detect. Therefore, timely reporting of loss by cardholders is crucial for minimising potential losses on these transactions. Other types of fraud, such as counterfeit cards and internet fraud, are of growing concern.
- 2.2.8 With enhanced technology, counterfeit cards can produce a very plausible imitation of a real card, and it is easy for a professional counterfeiter to copy the magnetic stripe information from one card on to another. Apart from duplicate card production, skimming is another means of counterfeiting credit cards. Skimming takes place during the course of a genuine transaction and involves copying the magnetic stripe details from a genuine payment card and transferring them to another card without the original cardholder's knowledge.
- 2.2.9 Along with rapid technological developments and the increasing use of credit cards as a medium of payment for online purchases or fund transfers, fraudulent transactions via the internet are on the rise. Cardholders using internet banking services may be exposed to the risks of "phishing"⁷ and "pharming"⁸ where they disclose confidential information regarding their accounts unknowingly to fraudsters through the internet. The difficulty of detecting such fraud lies in the fact that the transactions are all electronic and do not involve any face-to-face contact with the parties concerned. In other words, it is hard to know whether the counterparty, or the website, is genuine.

⁷ Phishing attacks use both social engineering and technical subterfuge to steal consumers' personal identity data and financial account credentials. Social-engineering schemes use "spoofed" e-mails to lead consumers to counterfeit websites designed to trick recipients into divulging financial data such as credit card numbers, account usernames and passwords etc. Hijacking brand names of banks, retailers and credit card companies, phishers often convince recipients to respond. Technical subterfuge schemes plant crimeware onto PCs to steal credentials directly, often using Trojan Keylogger spyware.

⁸ Pharming crimeware misdirects users to fraudulent sites or proxy servers, typically through DNS hijacking or poisoning.

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2.2.10 Other types of fraudulent transactions may arise from the interception of cards in the mail, deceptive card applications, staff fraud, or forged mail orders⁹.

2.2.11 In view of the significance of fraud control to credit card operations, AIs should institute appropriate risk management measures to prevent and detect fraud (see subsection 5.4 for more details).

2.3 Liquidity risk

2.3.1 Both card issuing and merchant acquiring AIs are exposed to liquidity risk, particularly so for AIs whose credit card operations constitute a major part of their business. Card issuing AIs are obliged to settle payments with merchant acquirers for transactions on behalf of their cardholders within a short period of time, regardless of when payments are received from cardholders (which might be spread across several months). Merchant acquiring AIs may settle payments for credit card transactions with merchants before receiving payment from card issuers in respect of those transactions.

2.3.2 Liquidity risk also arises for merchant acquiring AIs where chargebacks or refunds to cardholders reach a level that cannot be covered by the merchants' sales volume.

2.3.3 AIs should ensure that there is sufficient liquidity to meet their obligations arising from credit card transactions by establishing adequate liquidity management systems and controls (see LM-1 "Liquidity Risk Management" for general guidance).

2.4 Legal and reputation risks

2.4.1 AIs are exposed to legal and reputation risks arising from non-compliance with laws, rules or regulations or breaches in the terms and conditions of the agreements with cardholders, merchants and credit card associations.

2.4.2 AIs should be wary of a whole host of events which, if incurred, can induce adverse publicity and legal action from disgruntled parties. Examples include:

⁹ Much less checking can be done on mail orders, as they normally require less information, such as a card number and expiry date.



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- adoption of improper practices that lead to unfair treatment of credit card customers;
- misconduct of debt collection agencies used by AIs;
- issue of credit cards indiscriminately to students (i.e. those without stable income or independent financial means);
- perpetration of staff fraud resulting in unauthorized transactions or misuse of credit card information; and
- theft of credit cards and customer information due to lax internal security controls or inadequate control over the security standards of third party service providers to which all or part of the credit card operations have been outsourced.


All such incidents run the risk of damaging AIs' reputation and leading to potential claims for losses and compensation.

2.4.3 An AI's reputation can also be seriously affected by any adverse publicity on its merchants or partners of affinity or co-branded programmes.

2.4.4 AIs should not preclude the possibility that credit cards may be misused for conducting money laundering or terrorist financing activities, especially when the use of credit cards for payments or remittances through the internet (which may be exposed to a higher risk of abuse¹⁰) becomes more common. AIs should watch out for any potential abuse of credit cards for such purposes.

¹⁰ As an example, the provision of worldwide internet remittance services by some remittance companies through debiting remitters' credit cards may pose a high money laundering and terrorist financing risk. In conjunction with some credit card associations these service providers can effect fund transfers to beneficiaries worldwide by debiting the remitters' credit card accounts and issuing ATM cards to the designated beneficiaries for fund withdrawals. To apply for such services, remitters simply open an account with the service provider through the internet by providing information on their credit cards and the beneficiaries. These remittance transactions are susceptible to money laundering and terrorist financing because:

- (i) the remittance company provides non-face-to-face services and does not conduct any customer due diligence on the remitter or the designated beneficiary;
- (ii) the ATM cards are easily transferable, thus allowing for greater anonymity than the traditional use of supplementary credit cards; and

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3. Board and senior management oversight

3.1 Business strategies

- 3.1.1 Senior management is expected to develop and review the business strategies of an AI's credit card business in accordance with the overall business objectives and risk tolerances approved by the Board. These strategies should reflect realistic goals based on reasonable data and assumptions.
- 3.1.2 With the greater sharing of consumer credit data in Hong Kong, AIs are given access to more information to facilitate credit decision making not only in the credit application process but also during ongoing credit reviews. This gives rise to the opportunity for card issuing AIs to consider the feasibility of adopting tiered interest rates or risk-based pricing according to the creditworthiness of individual cardholders in their portfolios, although whether such pricing strategies will be adopted is ultimately a matter for AIs to decide based on their own circumstances.
- 3.1.3 Some AIs may, for strategic reasons, have a tendency to target the sub-prime market in their credit card solicitation programmes in order to earn more income (e.g. through charging higher interest rates and fees under risk-based pricing) from those customers with a weakened credit history (e.g. habitually late payments) and a greater appetite for credit than other ordinary customers¹¹. Sub-prime credits can be profitable, provided that the interest charged by AIs is sufficient to cover higher loan loss rates and overhead costs related to underwriting, servicing, and collecting the credit.

(iii) it is likely that most of these transactions will not be regulated (i.e. no competent authorities will be aware of them when the remittances take place in their jurisdictions).

¹¹ The sub-prime programmes mentioned in para. 3.1.3 above refer to those that purposefully employ tailored marketing, underwriting and risk selection policies and criteria to solicit customers whose credit quality is generally weaker than other average customers (e.g. they may have overdue records exceeding 90 days and hence exhibit higher probabilities of default). Some may eventually go into bankruptcy or require a charge-off. As a result, the pricing and terms offered to sub-prime borrowers often differ substantially from those offered to prime borrowers, and separate and distinctly different underwriting standards are adopted.



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- 3.1.4 Als should recognise that there are unique and significant risks inherent in sub-prime credit card lending. Those wishing to engage in such activity will have to determine if these risks are acceptable and controllable, given the organisation's financial condition, portfolio size, level of capital support and staff expertise.
- 3.1.5 Als may also consider promoting other types of unsecured lending products, such as personal loans, revolving credits and overdrafts, so that customers have more choices of the form of borrowing that best suit their needs.
- 3.1.6 Als planning to expand their credit card business in overseas markets (e.g. through the issue of credit cards by their overseas branches or subsidiaries) should have a good understanding of the markets they intend to operate in, including the operating and competitive environment, the legal framework and judicial systems, and the risk profile and behavioural characteristics of their targeted customers.
- 3.1.7 To facilitate the formulation and review of business strategies, Als should develop a framework for assessing regularly the profitability and return on their credit card portfolios.¹² Where appropriate, Als should adjust their business strategy based on the results of such analysis.

3.2 Risk management controls

- 3.2.1 The Board and senior management are expected to ensure that an AI has established a comprehensive risk management process for identifying, monitoring, measuring and controlling the risks associated with its credit card business (see IC-1 "General Risk Management Controls" for guidance).
- 3.2.2 Although the organisational structure of credit card operations may vary among Als, there should be clearly defined accountability and responsibility at every level and sufficient segregation of duties (see also IC-1 "General risk management controls") in the following functions:

¹² For example, such analysis considers all associated costs (including origination costs, administrative or servicing expenses, charge-offs and capital) and reviews performance against clearly set benchmarks such as target return, delinquency and charge-off levels.

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- marketing and account solicitation;
- application approval;
- risk management;
- fraud control; and
- delinquency management.

3.2.3 Als should establish policies and procedures for their credit card operations that are commensurate with the scale of such business. The policies and procedures should be documented in writing and approved by senior management or any committee with delegated authority.

3.2.4 The policies and procedures for credit card operations should cover the following major areas:

- Application approval – these should describe clearly the underwriting criteria for approving new cardholders and merchants, the mechanism for review of the criteria, the frequency of such review, the documentation requirements, the policy relating to setting of credit limits for cardholders and the authority and parameters for approving exceptions or overrides;
- Credit risk management – these should set out the procedures for management of cardholders' credit limits (such as the criteria for card upgrade, card renewal and increase in credit limit) and ongoing assessment of merchants' financial and operational condition. The role and functions of a credit risk management unit and the tools for managing credit risk should be clearly described, including how the asset quality of a credit card portfolio is evaluated regularly, how merchant chargebacks are monitored and the types of corrective actions to be taken where concerns exist with particular cardholders or merchants;
- Operational risk management – these should cover the procedures and controls in respect of physical security controls on credit cards, controls over authorization of credit card transactions, integrity of transaction data and timely processing of transactions, controls over customer data retention



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and confidentiality, information technology controls, back-up and disaster recovery plans, managing outsourcing risk, and measures to prevent and detect fraud; and

- Delinquency management – these should cover the classification of delinquent accounts, provisioning, charge-off, restructuring and collection actions.

3.2.5 Senior management should review regular reports which detail management information on AIs' credit card operations, including the number of new cardholders and merchants, account attrition, portfolio composition, sales volume, credit quality, over-limits and overrides, and chargebacks and frauds.

3.2.6 Regular audits performed on credit card operations should generally cover:

- compliance with internal policies and procedures (such as credit underwriting and review, authorization, documentation, delinquency monitoring and collection procedures, fraud control, segregation of duties and access controls) and relevant regulatory rules and guidelines; and
- use of scorecards and credit card related outsourcing activities, if applicable.


Any weaknesses and irregularities identified should be reported to senior management and rectified promptly.

3.2.7 AIs which are engaged in sub-prime credit card lending should have in place systems and controls that typically involve enhanced performance monitoring, intensive collection activities and other loss mitigation strategies. Sub-prime accounts should be differentiated within the credit card portfolio, and sufficient capital and resources should be available to support such activity.

4. Account solicitation and approval process

4.1 Marketing programmes

4.1.1 A well-documented proposal should be prepared for each major marketing programme. The proposal should, where applicable, include:

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- the target market segment and forecasted customer response rate;
- the basis of the marketing approach;
- product pricing, profit projection, expected usage and delinquency and loss rates;
- underwriting criteria;
- documentation requirements;
- the policy on credit limit assignment; and
- requirements for operational and system support.


4.1.2 If the marketing proposal involves any significant relaxation of existing product terms (e.g. an extended payment cycle or a reduction in the minimum payment required¹³), there should be a detailed risk assessment and due consideration of related risk management implications. AIs are encouraged to consider the need for setting a cap on the number of cards allocated to or the amount of the exposure to be incurred under such programmes.

4.1.3 Procedures should be in place to ensure that the marketing proposals are commercially sound and operationally feasible. Particularly, these procedures should be able to establish that:

- the profit projection is reasonable;
- the underwriting criteria are prudent and appropriate risk control measures are in place;
- the proposal complies with the relevant regulatory requirements and the AI's internal policies and limits; and
- adequate system capacity is available to support implementation of the proposal.

Marketing programmes that operate outside the pre-set procedures should be approved by senior management

¹³ AIs should guard against lowering minimum payment requirements and extending principal payment cycles to an extent that may result in negative amortisation of card receivable balances (i.e. outstanding balances continue to increase as minimum payments consistently fall short of covering all finance charges and fees assessed during a billing cycle).

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and, where appropriate, be reviewed by the relevant departments before launching.


- 4.1.4 Als should review the outcome of major marketing initiatives to ascertain whether these initiatives have achieved their objectives and whether there are any issues or lessons that should be taken into account in the planning and implementation of future programmes.
- 4.1.5 Als often use “pre-approved”, “affinity” or “co-branded card” programmes to solicit new customers. This is acceptable as long as the offer of such programmes does not amount to liberal granting of credit cards to selected customers. In the case of “affinity” or “co-branded” programmes, Als should ensure that they have adequate control over the approval and acceptance of such accounts.
- 4.1.6 Each application solicited from the above programmes should be thoroughly assessed against prudent underwriting criteria. To facilitate credit assessment, these customers should still be required to submit application information (see para. 4.2.1 below and footnote 14) along with their income proof or, where appropriate, “income surrogates” (see paras. 4.3.2 to 4.3.4 below).
- 4.1.7 For marketing programmes that target existing customers, Als may require less information from the applicants if certain information (e.g. static personal information) is already in their possession (see also para. 4.2.2 below).

4.2 Application information

- 4.2.1 Als should collect sufficient information, either through application forms¹⁴ or other means (e.g. the credit reference agency¹⁵), for the purpose of assessing the creditworthiness and financial position of credit card applicants. Such information generally include:
- Personal particulars - e.g. name (including former or other name(s)), date and place of birth, Hong Kong

¹⁴ These include application forms accessed or distributed through the internet.

¹⁵ Als are encouraged to make full use of the credit reference information of individual applicants available from the credit reference agency in their credit assessment process.

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identity card or passport number, nationality, marital status, educational background, residential address (and permanent address if different), residence type (mortgaged, owned or rented) and monthly rent or mortgage instalment amount;

- Occupation details - e.g. name of present employer, office address, nature of business, present position, years of service with the present employer and monthly or annual income; and
- Credit references - e.g. number of credit cards held, credit card limits granted, and information on other credit commitments or facilities (e.g. personal loan or overdraft).


4.2.2 In the case of applicants who are existing customers of AIs, there is scope for reducing the information required, such as the static personal information (i.e. name, date and place of birth, Hong Kong identity card or passport number) that is available in their database. Nevertheless, AIs should consider the need for updating some other non-static information (e.g. occupation or income particulars) that may have changed.

4.2.3 AIs should make known to the applicant what types of documents (see para. 4.3.2 below) should be submitted in his application. AIs should not easily dispense with income proof requirements. In addition, there should be procedures in place to draw the applicant's attention to the major terms and conditions of the cardholder agreement. (see para. 2.3 of "Review of the Code of Banking Practice" issued by the HKMA in November 2001).¹⁶

4.2.4 AIs should obtain relevant information (e.g. through the credit reference agency) to ascertain whether:

- the applicant has owned any credit card that was cancelled due to default payment;
- the applicant has any overdue payment exceeding, for example, 30 days, in respect of his indebtedness;

¹⁶ If an application is accepted by phone, AIs should request the applicant to submit the required documents for verification.

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- there is any bankruptcy order made against the applicant; and
- the applicant is in the process of petitioning for bankruptcy.

Such information should be taken into account in making the credit decision.

4.2.5 To protect AIs' interests, applicants should be required to make a declaration on the application form to certify the truth and completeness of the information submitted. AIs may also wish to alert applicants that if they make a false statement in the application and subsequently default, they may commit an offence under section 71 of the Crimes Ordinance.

4.2.6 Application forms (particularly the cardholder's declaration and the major terms and conditions of the cardholder agreement) should be properly reviewed by the internal compliance and legal unit or external lawyers to make sure that they comply with all relevant legal and regulatory requirements (e.g. Personal Data (Privacy) Ordinance) and do not contain any false information which may constitute misrepresentation to the applicants.


4.3 Verification of documentation and credit checking

4.3.1 Every application should be checked for the completeness of documentation and to screen out unqualified applications, e.g. under age.

4.3.2 Valid documents for verification of the identity and creditworthiness of new customers¹⁷ should be obtained. Such documents include:

- identity proof (e.g. copy of Hong Kong Identity Card or passport);
- address proof; and
- income proof (e.g. latest income tax demand note, latest payroll advice, bank statements showing the past three months' salary). If the applicant is self-


¹⁷ In the case of existing customers, AIs may wish to update changes in their non-static information.

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employed¹⁰, unemployed, or retired, in which case income proof may not be available, appropriate alternative evidence or "income surrogates" (see paras. 4.3.3 and 4.3.4 below) should be obtained to support the application.

- 4.3.3 Als may sometimes waive the requirement of income proof and accept alternative evidence to estimate the income of the applicants. This practice, if undertaken, requires that there are robust procedures for assessing and verifying such alternative evidence. While income proof is not the only consideration for a credit card application, Als should, where possible, obtain such information (and preferably information about expenditures such as instalment payments) to assess the applicant's repayment ability.
- 4.3.4 Als may use income surrogates (e.g. fixed deposit receipts or main bank account statements for the last three months) to assess the financial strength of applicants who are unable to provide income proof, or to supplement income proof submitted by them. Certain income surrogates, such as the credit card statement issued by other Als, home or car ownership (which may be subject to mortgages), credit card sales slips or subscription to mobile phone services, are however not reliable substitutes for income proof.
- 4.3.5 Where income surrogates are used, Als may wish to grant a lower credit limit to the successful applicant initially, especially if there is no available record on his credit history (see para. 4.3.6 below). A normal limit may be granted when the applicant has established a satisfactory credit history.
- 4.3.6 Checking of applicants against internal and external credit records should be performed. In particular, Als may obtain useful information from the credit reference agency on such matters as the credit exposures of the applicant, whether the applicant has lodged a petition for bankruptcy, or his past credit performance.

¹⁰ Self-employed applicants may submit the Business Registration Certificate, the latest profit tax demand note and other deposit proof instead.

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4.3.7 AIs should conduct proper customer due diligence on applicants, including the checking of details of applicants against a database of names and particulars of terrorist suspects which consolidates the various lists issued by the United Nations and other countries (e.g. US Executive Order) for the purpose of identifying cases relating to terrorist financing (see ML-1 "Prevention of Money Laundering"¹⁸ for further details).

4.3.8 AIs should also check publicly available information or commercially available databases to establish whether an applicant is a politically exposed person ("PEP")²⁰. The decision to approve the application of a PEP should be taken at a senior management level.

4.3.9 AIs that process credit card applications through mail should put in place sufficient safeguards to prevent the use of stolen information (e.g. theft of ID cards) for getting applications approved. The Code requires AIs to bear the losses resulting from such applications unless the cardholder has acted fraudulently or with gross negligence.

4.4 Underwriting criteria


4.4.1 Procedures should be in place to screen out applicants with unfavourable credit attributes. This is usually achieved by requiring an applicant to meet a set of underwriting criteria before approving the application. The attributes generally cover the following areas:

- income level;
- nature of employment, particularly in respect of job security and income stability²¹;

¹⁸ This module is under development. For the time being, see Guideline 3.3 "Prevention of Money Laundering" issued on 21 December 2000 and the Supplement issued on 8 June 2004.

²⁰ PEPs are defined as individuals being, or who have been, entrusted with prominent public functions, such as heads of state or of government, senior politicians, senior government, judicial or military officials, senior executives of public organisations and senior political party officials. The concern is that there is a possibility, especially in countries where corruption is widespread, that such PEPs may abuse their public powers for their own illicit enrichment through the receipt of bribes etc.

²¹ To facilitate assessment, AIs should identify occupations that carry higher credit risk.


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- acceptable credit record and checking results (see para. 4.3.6 above);
- asset requirement (especially for high risk customers or customers with no stable income source);
- acceptable age range; and
- permanent residence (in other words, temporary addresses such as hotel address or post office box number should not be accepted by AIs).

Underwriting criteria should not be relaxed imprudently because of competition or for the purpose of market penetration.

- 4.4.2 Specific procedures should be established for handling applications from customers who do not have stable income or independent financial means. In particular, AIs should set out clearly how the repayment ability of these applicants will be assessed and how the credit limit will be set.
- 4.4.3 Where a credit scoring model is used to screen applications, AIs should ensure that the credit scoring system (e.g. credit attributes and cut-off score²²) is regularly reviewed and, if necessary, updated to ensure that it remains valid despite changes in the customer profile. See **Annex A** for a general description of the use of scoring systems for credit risk management purposes.
- 4.4.4 The HKMA recognises that issuing credit cards is a commercial decision for AIs. However, it is important that AIs maintain prudent underwriting standards at all times so that their credit card portfolios can withstand the effect of economic downturns when undesirable trends in consumer lending (e.g. the edging up of delinquency and charge-off ratios and the rising trend in bankruptcies) are more likely to take place.

²² A cut-off score is the minimum credit score determined by an AI's management. Borrowers whose credit scores are not above the approved cut-off score do not meet the AI's minimum underwriting criteria. However, management may override a borrower's unacceptable credit score when other mitigating factors are present. Exceptions to the AI's credit scoring system should be properly documented. AIs should consider whether they need to adjust their cut-off scores to reduce the incidence of bad debts.


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4.5 Controls over approval process

- 4.5.1 There should be guidelines and clear parameters for approval and monitoring of exceptional cases (i.e. applications which are approved with deviations from AIs' established underwriting criteria). AIs should establish limitations to control the exceptional approvals that can be granted (e.g. in terms of a ratio of the number of approved applications). There should also be ongoing tracking of the level of exceptional approvals and the performance of those accounts.
- 4.5.2 AIs using a credit scoring system should similarly control the cases referred for manual review. If such cases have exceeded the prescribed level, the underlying reasons should be investigated.

4.6 Credit limit assignment

- 4.6.1 Credit limits should be decided on the basis of the credit profile of individual customers and by reference to the customer's monthly income or other relevant factors such as overall banking relationship, total asset balance or deposits held. Other considerations in assigning credit limits include the prevailing economic conditions and customers' job stability and risk appetite. Keen competition should not be a justification for assigning higher credit limits.
- 4.6.2 For AIs using a credit scoring system, the factors mentioned in para. 4.6.1 are valid considerations to be incorporated into the system.
- 4.6.3 There should be a maximum credit limit for each customer to control his total unsecured credit exposures. The limit may be set as a multiple of the customer's monthly income. For customers with multiple credit cards issued, a centralised credit limit or sub-limits for individual credit cards should be set.
- 4.6.4 Any increase in existing credit limits should be premised upon the spending record and good repayment history of the cardholder. If the increase is initiated by the cardholder, AIs should ensure that the information on the cardholder is adequate for evaluating his request.

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4.6.5 Over-limit tolerances can magnify the risk of credit card lending, especially for sub-prime accounts. Timely repayment of amounts that exceed established credit limits is therefore important.

4.6.6 The criteria for credit limit assignment or increase should be analysed and documented before implementation.

4.7 Card issuing controls

4.7.1 Als should have adequate controls in place over the embossing, safe-keeping and distribution of credit cards to cardholders.


4.7.2 Als should set up an independent unit responsible for card embossing. Cards should only be embossed upon receipt of a proper authorization. Als should also establish security controls (e.g. dual access control) over the embossing area and maintain a register of issued, returned, spoiled and unused blank cards. Surprise audits should be performed in order to detect any unauthorized use of blank cards.

4.7.3 Als should issue cards and PINs separately and take reasonable steps to satisfy themselves that these have been received by cardholders, whether they are personally collected by cardholders or delivered by mail or courier.


4.8 Approval of new merchants

4.8.1 Merchant acquiring Als should establish a set of prudent underwriting criteria and procedures for approving new merchants which accept payments for the purchase of their goods and services by credit cards. As a minimum, the criteria for assessing the creditworthiness and reputation of new merchants should cover the following areas:

- nature of business;
- years in business;
- size of operations (e.g. number of retail branches and employees);
- financial strength and reputation (particularly for high risk merchants);
- previous and projected sales volume;

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- daily statements from previous merchant acquirers, if any; and
 - existing business relationship with the AI concerned.
- 4.8.2 AIs should also establish criteria for identifying merchants that carry higher risk. Such merchants may include those involved in the provision of goods or services where orders are accepted without the cardholder being physically present, or where full or partial payment is accepted for goods and services delivered at some future dates (e.g. mail or telephone order operators, direct selling distributors or e-commerce merchants). Due to the special features of these merchants (e.g. they do not have physical retail outlets and most of their transactions are prepayment in nature), they should be subject to more stringent underwriting criteria.
- 4.8.3 Based on the above criteria, AIs should conduct a thorough assessment of the prospective merchants. This includes negative vetting with the credit card associations such as Visa and MasterCard. On-site inspection of the business premises of retail merchants (or browsing on the websites of e-commerce merchants) can be performed where appropriate to ensure the existence of their place of business.
- 4.8.4 AIs should only accept merchants whose overall financial position, business integrity and reputation are considered to be satisfactory. For those that fail to meet the selection criteria or whose nature of business is considered as high risk (e.g. e-commerce merchants), AIs may consider taking any one or a combination of the following actions:
- requiring them to provide additional collateral such as pledged deposits (e.g. equivalent to approximately one month's sales volume) or bank guarantees;
 - charging them a higher merchant discount rate to cover additional risk incurred;
 - deferring payments or retention of an agreed proportion of merchant sales turnover for a specified period; or
 - rejecting their applications.

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5. Account and portfolio management

5.1 Cardholder account management

- 5.1.1 The account management system of card issuing Als should be able to segment cardholders into different risk types (e.g. high, medium or low). For example, Als may differentiate cardholders according to their account behaviour (such as credit limit utilisation, frequency of cash advance, payment of minimum balance, timeliness of repayment and delinquency record) or behavioural score (see Annex A).
- 5.1.2 Decisions such as increase in credit limit and card renewal should be based on a cardholder's updated credit risk profile and repayment history.
- 5.1.3 For high risk cardholders (e.g. those experiencing repayment problems on their cards), there should be an effective mechanism to reduce the maximum credit limit granted in a timely manner, freeze the remaining available credit limit or block the cardholder's credit card from further transactions, as appropriate. Als should inform the cardholder of these actions as soon as practicable.
- 5.1.4 Locally incorporated Als should have systems in place for measuring aggregate exposures to individual cardholders for the purposes of complying with §§ 81, 83 and 85 of the Banking Ordinance.
- 5.1.5 Where Als offer more than one credit card to a cardholder, they should consider in totality the outstanding amount and performance of all his accounts to ensure that the total credit extended to the cardholder is not beyond his ability to repay.
- 5.1.6 Als should also have sufficient management information systems to identify, measure, manage and control the risks associated with over-limit accounts.


5.2 Merchant account management

- 5.2.1 Merchant acquiring Als should establish policies and procedures for ongoing monitoring of their merchant accounts. Regular review should be conducted to assess the operational (e.g. sales volume, service quality, chargebacks and fraud cases) and financial (e.g. account

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performance and profitability) condition of individual merchants. Depending on the level of sales turnover, merchant visits should be conducted to assess the nature of business and sales activity.


- 5.2.2 AIs should have adequate systems and controls in place for monitoring merchant sales volume. Apart from identifying those merchants who may be charged a higher discount rate because of unsatisfactory sales volume, this process can be an effective means to help identify any unusual or sudden jump in merchants' sales volume or authorization requests, which may warrant investigations or implementation of preventive measures against any potential losses.
- 5.2.3 To facilitate the monitoring process, AIs should set a daily limit with individual merchants, taking account of their business nature and previous and projected sales volume. If the merchant's daily sales volume exceeds the daily limit, AIs may consider withholding funds to the merchant temporarily or conduct further investigation into the reason for the excess. Proper approval should be obtained before releasing the funds withheld. The limit should be reviewed regularly and adjusted to cater for seasonal factors and market conditions.
- 5.2.4 AIs should have systems in place to monitor trends of merchants' chargebacks and capacity to repay chargebacks. They should take appropriate measures (e.g. requiring additional collateral and guarantees) where concerns exist with particular merchants. AIs may consider withholding funds to merchants under the following situations:
- excessive chargebacks;
 - suspected fraudulent activity pending internal investigation; and
 - irregular sales slips sent on a collection basis.
- 5.2.5 The relationship with merchants with confirmed fraudulent activity should be terminated immediately.
- 5.2.6 AIs should ensure that merchants have exercised proper card acceptance and authorization procedures to avoid chargebacks and disputes.

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5.3 Portfolio quality and analysis

- 5.3.1 The credit risk management unit should regularly provide sufficient information on the asset quality of the credit card portfolio for management review. This helps management identify the level of risk and initiate prompt corrective actions if necessary.
- 5.3.2 The credit risk management unit should regularly review and monitor the quality of the portfolio by segmenting the portfolio (e.g. by marketing programme, demographic distribution, affinity relationships, and vintage²³) and evaluating both historical and forecasted trends in profitability, delinquencies and charge-off ratios of each segment.
- 5.3.3 Adequate management reports should be made available to the credit risk management unit for portfolio management purposes. Regular performance tracking reports should be generated for review covering the following aspects:
- revenue and profitability;
 - attrition analysis;
 - credit limit utilisation (including over-limit accounts);
 - delinquency analysis; and
 - loan loss provisions and charge-offs.
- 5.3.4 AIs' stress-testing programme should take into account the impact of adverse scenarios on their credit card portfolios (see IC-5 "Stress-testing" for details).
- 5.3.5 The portfolio should be analysed to identify high risk categories of cardholders and the AI's exposure to them.
- 5.3.6 Yardsticks signalling further deterioration of portfolio quality and the need for corrective actions should be established and documented.
- 5.3.7 Prompt corrective actions should be considered in dealing with deterioration in the quality of the credit card portfolio. Such actions could include adjusting the approval scores,

²³ This refers to an analysis of the account performance of homogeneous loans booked at a similar time using the same credit and pricing criteria.

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tightening the policies on initial assignment of credit limit and subsequent review of credit limit, increasing collection capacity, making early reminder calls on overdue accounts and developing restructuring programmes (see subsection 5.6 below).

5.4 Fraud control


5.4.1 Accurate and timely reporting on fraud is critical in controlling fraud losses. AIs should therefore institute appropriate systems and controls to ensure that fraudulent activities are recognised in a timely manner (e.g. through review of fraud monitoring reports capturing out-of-pattern purchases or suspicious purchasing patterns²⁴), and the affected accounts are appropriately blocked to prevent further transactions being conducted through these accounts. Suspected fraud cases should be investigated and properly documented.

5.4.2 AIs should maintain a dedicated fraud management unit for the above purposes, and to take necessary actions whenever they become aware, or are notified by cardholders, of fraudulent or potentially fraudulent activity (e.g. for lost and stolen cards). Such actions include:

- preparing fraud reports, and analysing the trend and pattern of fraudulent activities;
- notifying relevant cardholders (where appropriate) of suspected fraud and blocking the relevant accounts from further transactions; and
- investigating fraud accounts, preparing fraud notifications to credit card associations and reporting fraud cases to relevant authorities for investigation and prosecution.


5.4.3 In the treatment of unauthorised transactions reported by cardholders and in determining their liability for loss arising from such transactions, AIs should have regard to the

²⁴ Out-of-pattern-purchase reports identify suspicious transactions that do not fit an individual cardholder's established purchasing pattern whereas suspicious-purchasing-pattern reports identify certain types of purchases, such as electronics or jewellery, that may correlate with fraudulent activity.

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provisions set out in Clauses 28.3, 30.3 and 30.4 of the Code.

- 5.4.4 Als should notify the HKMA if they are aware of any incidents of credit card misuse or fraud affecting a substantial number of customers or involving significant sums of money.
- 5.4.5 Als should review their average fraud losses to determine if staff can identify fraudulent activities in a timely manner. Relevant employees should receive proper training on fraud control and the handling of fraud cases relating to credit cards.
- 5.4.6 The risk of credit card misuse may also be reduced by establishing adequate internal controls and operating procedures in the credit card department, including:
- controls over authorization of credit card transactions, which could serve as a first line of defence against fraud;
 - measures to prevent application fraud (e.g. through thorough checks on applicants, including name and address verification, and restricted access to and controls over alteration of customer information);
 - procedures for issuing cards to prevent employees or others from intercepting them before delivery to the cardholders;
 - procedures to prevent merchants from obtaining control of cards;
 - procedures for handling returned cards, statements, PINs and lost and stolen cards to prevent them from fraudulent use; and
 - controls over cardholder payments and account balances, and chargeback administration.
- 5.4.7 Als should closely monitor the card acceptance patterns and activities of merchants that they have signed up (in particular those categorised as high risk), including the conduct of on-site inspections where necessary. They should watch out for irregularities, which may include:
- excessive number of disputed or split charges;
 - unusual and significant fluctuations in sales volume;


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- frequent excesses over daily limits on sales volume;
- repeated authorization of transactions incurred by the same card at one time; or
- a history of accepting transactions from credit cards which were later found to be stolen, lost or forged.

5.4.8 AIs should conduct investigations and take other appropriate measures to deal with merchants suspected of fraudulent or irregular activities (see also paras. 5.2.4 and 5.2.5 above).

5.5 Delinquency management

- 5.5.1 An independent collection unit should be set up for managing delinquent accounts and collection actions.
- 5.5.2 There should be written policies on management of delinquent accounts covering the classification of problem accounts, provisioning and charge-off (see section 6 below), controls on rescheduled accounts and collection actions.
- 5.5.3 There should be reports to support management of delinquent accounts. Regular tracking reports on the effectiveness of collection actions (e.g. on the recovery rate) should be reviewed by the collection unit.
- 5.5.4 The actual delinquency and charge-off ratios for different target customer segments within the credit card portfolio and for the portfolio as a whole should be regularly monitored and compared against the projected ratios. Any significant deviations from the projected trends and performance should be analysed and explained.
- 5.5.5 Guidelines and procedures should be established for the appointment of external debt collection agencies for debt recovery. Adequate controls should be in place to ensure that the management of such agencies is in line with the provisions of the Code.
- 5.5.6 If AIs become aware of any suspicious cases of fraudulent bankruptcies, they should report them to the relevant authorities for investigation. These include cases where customers have obtained or attempted to obtain credit after filing of petitions for bankruptcy.

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5.5.7 Als should review the need for increased resources to cope with any rising trend of bankruptcies. They should also consider means to deal with potential bankruptcies (e.g. initiation of debt relief plans and debt counselling). In predicting bankruptcies, Als should regularly evaluate the effectiveness of their scoring systems and other forms of credit analysis.


5.6 Restructuring and debt relief plans

5.6.1 It is generally in an AI's best interests to consider restructuring the repayment terms or work out a debt relief plan with cardholders who are unable to repay their outstanding debts in accordance with the original terms but who show the willingness and ability to repay if the terms are modified, rather than putting them into bankruptcy hastily. In fact, some of these cardholders can be nursed back to health and may be able to repay their debts if some concessions are granted (e.g. forgiving a portion of the amount owed or lowering the original interest rate). For guidance on the management of problem credits, see CR-G-10 "Problem Credit Management" and the "Hong Kong Approach to Consumer Debt Difficulties" jointly issued by the Hong Kong Association of Banks, the DTC Association, the Finance House Association and the HKSAR Licensed Money Lenders Association.

5.6.2 In designing a restructuring or debt relief plan, Als should aim at helping the cardholders to extinguish their outstanding debts. Such plans should, therefore, be designed to maximise recovery of principal, rather than maximising income recognition or deferring losses. For example, lowering the minimum payment requirement may not be useful in helping the cardholders to repay their debts if normal fees and finance charges are continued to be levied on the outstanding balance.

5.6.3 The repayment period of debt relief plans should generally be within 60 months. Any exception to this time frame should be well justified and properly documented.

5.6.4 Als should state clearly in their accounting policies whether credit card accounts under a restructuring or debt relief plan will continue to be regarded as credit card

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receivables or will be reclassified as other types of personal lending.

6. Provisioning and charge-off

6.1 General

6.1.1 This subsection highlights the loan classification, provisioning and charge-off practices commonly adopted by AIs for their credit card portfolios. The HKMA does not intend to prescribe a standardised approach for these practices, as this may not suit the circumstances of every AI.

6.1.2 It is envisaged that the adoption of new Hong Kong Accounting Standards ("HKAS") in 2005 and the implementation of the revised capital adequacy standards in 2007 will bring about further changes in the way AIs grade the credit quality of their retail assets and estimate the potential losses on these assets. The HKMA will monitor such industry developments and consider providing more specific guidance on these issues as and when necessary.

6.2 Overdue period


6.2.1 Credit card receivables are generally monitored collectively on a portfolio basis and classified according to the length of the overdue period.

6.2.2 The practice of determining the overdue period for credit card receivables varies among AIs. The overdue period may be computed starting from:

- the first statement date;
- payment due date shown in the first statement; or
- the second statement date.

However it is measured, it should be applied consistently and stated explicitly in an AI's policy.

6.2.3 In determining whether an account is overdue, some AIs may allow a grace period for delayed payments due to technical factors such as postal delay or simple oversight. The grace period normally ranges from one day to a few

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days and if the minimum payment is settled within the grace period, the account will not be regarded as overdue.

6.3 Loan classification and provisioning

6.3.1 Every AI should ensure that its loan classification and provisioning policies can truly reflect the asset quality of its credit card portfolio and provide adequate provisions to absorb potential losses that may arise from the portfolio.

6.3.2 As the quality of a credit card portfolio may be best indicated by the repayment performance of individual cardholders, the HKMA considers it acceptable for AIs to use the overdue period²⁵ as a predominant factor in classifying their credit card receivables. The following are some commonly adopted criteria for classifying such assets:

- Special mention - accounts overdue for more than 30 days to 90 days;
- Substandard - accounts overdue for more than 90 days to 120 days;
- Doubtful - accounts overdue for more than 120 days to 180 days; and
- Loss - accounts overdue for more than 180 days.

6.3.3 Following the adoption of HKAS 39, the existing approach of maintaining specific and general provisions has been replaced by that for specific and collective provisions²⁶. As a result, AIs will need to ensure that the approach they

²⁵ A common practice among AIs is to compute the overdue period using the payment due date shown in the first statement. AIs applying a different basis in the computation of the overdue period should take this into account in adopting the classification criteria set out in para. 6.3.2 above.

²⁶ For the purpose of this module,

- (i) "specific provisions" means an allowance for impairment loss of financial assets that are individually assessed for impairment in accordance with HKAS 39, and provisions made in accordance with HKAS 37; and
- (ii) "collective provisions" means an allowance for impairment loss of financial assets that are collectively assessed for impairment in accordance with HKAS 39, and provisions made in accordance with HKAS 37.

In addition, AIs may, in some circumstances, be required to hold a regulatory reserve for general banking risk.



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use for arriving at these provisions for credit card receivables meets the accounting requirements.

- 6.3.4 AIs are encouraged to develop appropriate models (e.g. historical experience-based loss rate models adjusted to reflect current conditions, migration analysis or various other statistical methodologies) to estimate the amount of expected losses for the credit card portfolios, which may serve the purpose of a collective impairment assessment.
- 6.3.5 One of the models commonly used by international banks is the roll-rate (or net flow rate) methodology which analyses the migration of accounts from one billing cycle to the next. Roll-rate is the percentage of balances, or accounts, that move from one delinquency stage to the next. In terms of the credit card portfolio, this model is based on historical loss experience, and projects the future contractual losses (net of recoveries) that are embedded within the portfolio by taking the roll-rate for each time band, including that for "non-delinquent" accounts, and multiplying it by the net contractual loss for that time band.
- 6.3.6 The roll-rate model can be adjusted to:
- reflect the effects of current economic conditions that did not affect the period on which the historical loss experience is based and other factors such as the effectiveness of loan collection activities, recovery and write-offs; and
 - remove the effects of conditions in the historical period that do not exist currently.

Subject to availability, a minimum of three years (preferably five years or more) of data should be used for the measurement of historical loss rates. Factors affecting economic conditions can be, for example, GDP, interest rate, unemployment rate and bankruptcy legislation.

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6.3.7 Based on collection experience, when a portfolio's history reflects high losses and low recoveries, more conservative standards are appropriate and necessary. For example, AIs should fully recognise incremental losses that may be inherent in over-limit portfolio segments and restructuring plans (in particular those with little progress in reducing the principal owed).

6.4 Charge-off

6.4.1 AIs should set out clearly in their policies and procedures the criteria (i.e. the charge-off triggers used, such as bankruptcy or the overdue period) and the method (manual or automatic) for making charge-offs. An automatic charge-off mechanism can reduce manual intervention.

6.4.2 As reflected from industry practices, most AIs perform their charge-off exercise on a monthly basis and charge off their credit card accounts when:

- the accounts have been overdue for more than 180 days²⁷ ;
- a bankruptcy petition is filed against the cardholder or a bankruptcy order is issued;
- a portion of debt was forgiven in a settlement arrangement²⁸; or
- a loss due to fraud or other reasons is discovered and determined.

AIs may be required to provide justifications if their practices are less prudent than the above.

6.4.3 AIs should keep memorandum records of charged-off accounts for the amounts still formally owed by cardholders.

²⁷ It is noted that some AIs adopt more stringent criteria by setting the charge-off trigger at 150 days or even 120 days overdue.

²⁸ Borrowers with financial difficulties may negotiate settlement agreements with AIs. In a settlement arrangement, the AI forgives a portion of the debt in exchange for the borrower's promise to repay the remaining balance either in a lump-sum payment or by amortising the balance over several months.



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Annex A: Scoring systems

A1. Types of scoring systems

- A1.1 Scoring systems and scorecards are tools used to predict the credit behaviour and repayment risk of individual customers based on application data and data obtained from the credit reference agency through credit checking. They evaluate the credit quality of a borrower by assigning statistically developed scores to defined credit attributes.
- A1.2 There are generally two types of scorecards: credit scorecards and behavioural scorecards. Credit scorecards are used in new account applications to assess the creditworthiness of applicants. Behavioural scorecards assess the quality of a customer through studying his account performance and credit behaviour such as cash advance, repayment performance, expenditure pattern and credit limit utilisation over time. Behavioural scorecards are usually applied in the review process, individual account management, collection or fraud detection.

A2. Development of scoring systems

- A2.1 A successful scoring system provides a standardised way of measuring the inherent risk of a borrower. An important measure of a scoring system is its definition of risk and the care with which explanatory variables are defined, data are collected, and the system is tested. The standardised risk measurement should be based on historical data, measure the risk of default or loss and produce consistent results across time for a wide range of borrowers. Further investigation should be made on borrowers who do not meet the scoring criteria.
- A2.2 There should be a proper management approval process for the rollout of new scorecards. Such a process should include selection of data samples, testing of the model and approval hierarchy for the rollout.
- A2.3 Scorecards should be developed by the credit risk management unit and, if necessary, in conjunction with an external vendor with relevant expertise in statistical modelling. External vendors

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usually build scorecards based upon specific information and parameters provided by an AI's management²⁹.

- A2.4 To achieve better predictability of a scoring model, the development sample should preferably be selected from an AI's database containing customers who applied for credit within a reasonably recent period of time, say, two years.
- A2.5 Scorecards should be validated by appropriate testing on bad rate (i.e. the percentage of approved accounts that became delinquent), and user acceptance before formal implementation.
- A2.6 For application scoring models, the cut-off score should reflect the underwriting standards and risk appetite of AIs. There should be proper controls on who may decide and approve the level of the cut-off score, and the circumstances under which the cut-off score may be revised. Reasons and justifications for setting or changing the cut-off scores should be properly documented.

A3. Monitoring of scorecard performance

- A3.1 The credit risk management unit should regularly monitor the performance of the scorecards by reviewing management reports covering:
- population stability - a report comparing the current application population and the population on which the scoring system was developed and measuring whether there are any material changes in the score distribution over time;
 - characteristic analysis - an analysis measuring changes in applicants' scores on individual credit attributes over time. This process is to help identify whether there is any shift in the population (which may in turn manifest itself in a change in the population stability index). The overall predictive power of the score in distinguishing good credits from bad credits should also be reviewed;
 - approval and rejection rates;
 - high and low side override rates³⁰; and

²⁹ Data used to develop the scorecard can come from three main sources:

- an AI's previous good accounts, bad accounts and rejected applications;
- pooled or purchased data whose features closely resemble applicants which the AI targets; and
- expert intelligence (i.e. the logic and evaluation processes used by successful credit officers).



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- delinquency vintage analysis - an analysis of the distribution of delinquency ageing by the time of account inception.
- A3.2 Validation of scorecards should be done regularly as needed to keep them statistically sound. The predictive ability of the scorecards should also be periodically evaluated by using statistical principles and methodologies.
- A3.3 Proper controls for initiating the redevelopment of scorecards should be established specifying the criteria for initiating the redevelopment, and who may initiate and approve the redevelopment.

³⁰ An override is a decision to accept or reject an applicant when the scoring system says otherwise. A high side override means that an AI rejects an application which the scoring system would approve while a low side override means that an AI approves an application which the scoring system would reject.





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9 February 2011

By Post & Fax: 2877 7026

Your Ref: 1

Office of the Privacy Commissioner
 for Personal Data
 12/F, 248 Queen's Road East
 Wan Chai
 Hong Kong

Attn:



Dear Sirs,

The Sharing of Mortgage Data for Credit Assessment Consultation Document

Thank you for your further letters dated 28th January and 2nd February 2011 (the "Letters"). We appreciate the opportunity to provide further information and address questions raised during the Public Forum and other consultation activities conducted by or on behalf of the Office of the Privacy Commissioner for Personal Data ("PCPD"). In addition to the questions set out in the Letters, please find enclosed our response to other questions recorded by us from the Public Forum.

Please find our response to the questions following the order in which they were set out in the Letters.

Letter dated 28 January 2011

Past statistics on delinquency rate and bankruptcy rate

2. Please see below a table showing the requested statistics. Those statistics indicate:

- (a) a continuously worsening credit card bad debt position from 1998 to 2002; and

Chairman Bank of China (Hong Kong) Ltd
Vice Chairmen The Hongkong and Shanghai Banking Corporation Ltd
 Standard Chartered Bank (Hong Kong) Ltd
Secretary

主席 中國銀行(香港)有限公司
 副主席 香港上海滙豐銀行有限公司
 渣打銀行(香港)有限公司
 秘書

1



- (b) an increasing number of personal bankruptcies from 1998 to 2002 with an increase of more than 20 times comparing the number in 1998 to that in 2002.*

By the end of 2003, the year in which the sharing of positive consumer credit data was introduced, the credit card bad debt position had improved and the number of personal bankruptcies had decreased. The average amount of indebtedness of the bankrupts for the years for earlier years is not available from the Hong Kong Monetary Authority ("HKMA") or from public sources. Nevertheless, the Consultation Document (August 2002) relating to the Positive Credit Data Sharing referred to a report prepared by Mckinsey & Co (November 2001). That report was based on Mckinsey's sampling survey on information provided by the Official Receiver's Office for 2000. It indicated that the average bankrupt in Hong Kong borrowed from 12 financial institutions and incurred total indebtedness equivalent to 55 times his monthly income.

	1998	1999	2000	2001	2002	2003
Amount of credit card borrowing / rollover (HKD Billion)	data not available	data not available	27.85	33.01	32.08	27.8
% credit card charge-off	3.1	4.9	3.71	5.46	13.25	10.02
Loans of retail banks overdue for 3 months (%)	5.18	6.62	4.87	3.95	2.77	2.04
Number of personal bankruptcies	1,362	3,876	5,487	13,186	26,922**	22,092

**The increase in number of personal bankruptcies from 1998 to 2002 may be attributable to various factors, including the Asian financial crisis in 1997/1998 and the enactment of the Bankruptcy (Amendment) Ordinance in 1996, which came into operation in 1998. One amendment to the Bankruptcy Ordinance provide that a bankrupt will be discharged from bankruptcy 4 years from the date of the bankruptcy order provided that there is no objection from the creditors or the trustee.*

*** Please note that the reference to "2003" in paragraph 4.11 of the Consultation Document should be to "2002" instead.*

Lower pricing for performing borrowers

- 3+4. This is the type of question which cannot be addressed by a simplistic approach. Interest rates are determined by a multiplicity of economic and market factors. Furthermore, each credit provider has its own policies for determining interest rates for credit facilities having regard to the credit risk and income of a customer and the total relationship between the credit provider and the customer. We acknowledge that positive consumer credit data sharing on unsecured lending was only one of the factors contributing to the decrease of interest rate between 2004



to 2009. There is no statistical study on the effect of the various factors on the interest rates at that period of time or how much each factor contributed to the decrease of interest rates. We would emphasize that, with the introduction of positive credit data sharing on unsecured lending, credit providers took such data into account in gaining a more comprehensive understanding of a consumer's credit and repayment position which, in practice, resulted in credit providers offering more favourable interest rates in some cases and more diversified unsecured consumer credit products as a whole. Although no official survey has been conducted, we understand that the amount on personal credits owing to major banks in Hong Kong accounting for 70% of the consumer credit market increased by about 100% from 2005 to 2010 whilst the amount on credit card facilities increased by about 50% for the same period. According to the records of TransUnion Limited, the number of personal credits between 2005 to 2010 (excluding credit card facilities) increased from 1,172,429 to 1,377,593. That was the result of the availability of more diversified unsecured consumer credit products enabling consumers to consolidate their indebtedness or obtain personal credit other than through credit cards. The interest rates on these personal credits were materially lower than the interest rates on credit card facilities. As an example, according to surveys conducted by the Consumer Council, the interest rates on tax loans were 3.79% to 15.94% in 2006 and 1.75% to 9.76% in 2010, compared to credit card interest rates of 13.8% to 34.5% in 2006 and 8.41% to 36.07% in 2010.

Promoting long term stability of property market

5+6. We repeat our response in paragraph 9 of our letter dated 28th January on the same question. We would also add that, whilst the inflow of foreign funds is beyond our control, we consider it appropriate to take steps, within our means by promoting prudent lending and preventing over-borrowing, so as not to further fuelling the housing market boom.

Promoting responsible lending and better risk management

- 7+8. (a) If interest rate rises, the repayment burden of mortgage borrowers will increase accordingly. If property prices continue to increase further building up the bubble effect, the strain on the repayment ability of the borrowers and on the financial health of the credit providers and the economy as a whole would be more severe when the bubble eventually bursts. If interest rate rises while property prices drop significantly at the same time, many borrowers may not be able to afford the increased repayment burden. They may have no other option but default. The financial services sector could potentially be subject to significant impact.
- (b) We have conducted a stress test as requested. As illustrated below, if interest rate rises by 2% from 1% to 3%, the debt-to-income ratio (DTI) will be increased from the current cap of 50% to a level of 60%. If the



interest rate further increases by 2% from 3% to 5%, the DTI will be increased from 60% to 72%. Further, the lower the monthly income of a consumer, the more significant will be the negative impact of the increase of interest rate on him.

Table showing results of stress test conducted based on the following assumptions:

Mortgage loan amount: HK\$1,000,000

Mortgage tenor: 20 years

Interest Rate: HIBOR + 0.7% = 1% per annum

Monthly income of borrower: HK\$9,200

Before interest rate increase			After interest rate increase		
Interest Rate (per annum)	Monthly mortgage instalment payment	DTI	Interest Rate (per annum)	Monthly mortgage instalment payment	DTI
1%	HK\$4,600	50%	3%	HK\$5,546	60%
3%	HK\$5,546	60%	5%	HK\$6,600	72%

Scope of mortgage data to be shared

9+10. Mortgage data relating to overseas properties will be included in the proposed scope of sharing as long as the mortgage loans are granted by a credit provider and booked in Hong Kong. This is in line with the objective of understanding the total indebtedness of a consumer and hence the proposed inclusion of properties irrespective of the type or location of the properties.

Relationship between mortgage count and credit status of customers

11+12. The mortgage count information relating to a consumer to be maintained in the credit reference agency ("CRA") will be contributed by credit providers that have granted mortgage loans to the consumer. This information allows credit providers to verify information provided by the consumer. Further, after obtaining the mortgage count from the CRA, a credit provider may obtain further information from the consumer as appropriate, including, information about mortgage debt repayments. Such further information will enable the credit provider to understand the total indebtedness of the consumer and facilitate the offering of consumer credits (including restructuring existing credits) that better suit the consumer's financial needs.

Whether partial Hong Kong Identity Card ("HKIC") number is adequate

13-15. Please refer to our response to Question 9 in the enclosed document.



Whether Contributed Data would be supplied to CRA if a loan was secured by a combination of assets

16. Loan or revolving loan secured by multi-collateral including properties, securities and other assets is under the scope of contribution. This is to ensure that credit providers have a full understanding of the total indebtedness of the consumers for credit assessment purposes.

Letter dated 2nd February 2011

Written consent from customers

In compliance with the Supervisory Policy Manual IC-6 published by the Hong Kong Monetary Authority, credit providers have to make full use of the consumer credit data from the CRA for assessing credit application or conducting credit review. This process ensures that credit providers only grant credit to a consumer after having conducted a credit assessment on the consumer with regard to the credit report of the consumer from the CRA, amongst other relevant information. Generally, credit providers will obtain written consent from consumers before accessing their credit reports from the CRA for credit application purpose. If a consumer refuses to provide a written consent, a credit provider may consider his credit application taking into account the total relationship between the credit provider and the consumer and other relevant information.

If you have any further questions, please do not hesitate to contact us.

Yours faithfully,

Consumer Credit Forum

Enc.

c.c. Hong Kong Monetary Authority



成立資料庫的理據

1. 建議納入正面按揭信貸資料庫的貸款全部為有抵押的貸款。依此計算，信貸提供者承造這些貸款的風險有限。因此，資料庫成立與否對整體信貸提供者體系風險並沒有關鍵性影響。

為了實現了解客戶個人信貸的總債務這目標，信貸資料庫必須能夠向信貸提供者提供客戶的有抵押及無抵押貸款資料。現時的信貸資料庫並無提供有抵押貸款的正面資料，因此有需要成立正面按揭信貸資料庫。

另外，成立正面按揭信貸資料庫的目的，不僅讓信貸提供者更有效管理風險，而且可避免客戶過度借貸，保障客戶的利益。按揭信貸雖為有抵押貸款，但仍必須施行有效的風險管理，慎防信貸提供者及客戶過度依賴按揭物業的價值。設計有效的預防措施必須居安思危而措施必須具前瞻性，慎防情況逆轉，未雨綢繆。

2. 信貸提供者做生意要承擔風險是理所當然。信貸提供者希望減低風險而要客戶犧牲個人私隱，做法並不合理。

借貸雙方均有責任進行負責任的借貸行為，在大家貢獻適度的個人資料以成立正面按揭信貸資料庫下，將有利香港整體經濟的穩定，也在保障個人私隱及助長不負責任借貸的道德風險兩者之間取得平衡。再者，為了保障客戶個人私隱業界提出信貸提供者須獲得客戶的書面同意才能向信貸資料庫提出查閱客戶的「按揭宗數」，業界認為這可充分保障客戶個人私隱。事實上，自從於 2003 年成立了無抵押貸款正面資料庫後，信貸提供者能夠進行更有效及更全面的借貸風險評估，這助長了信貸市場無抵押個人信貸產品的多元化發展及信貸提供者的良性競爭，向消費者提供更切合他們需要的信貸產品。

3. 香港的按揭貸款和信用卡貸款拖欠比率一直偏低，因此並沒有強烈理由成立資料庫。

成立正面按揭信貸資料庫是未雨綢繆的做法。現時貸款利率正處於歷史低位，倘若將來利率上調而帶動拖欠比率上升趨勢始研究



成立資料庫，可能無法抵抗金融市場的突變。現階段是成立正面按揭信貸資料庫的好時機，以防範未然。

4. 可否參考澳洲的做法，限制使用資料庫？

現時美國、英國、加拿大、新加坡、中國內地及台灣地區等主要領先的經濟體系或跟香港競爭的地區均有全面的信貸資料庫。跟上述地區及香港比較，澳洲是最遲成立個人信貸資料庫的地區。據知澳洲現正積極研究擴大資料庫的使用以追上其他的地區。

5. 現時信貸提供者在審批按揭貸款過程中，會要求客戶申報其財務包括其他按揭的資料。如有虛報，屬刑事罪行。既然現行已有機制處理，根本不需要另外成立資料庫。

信貸提供者始終是本着客戶及自己的互相利益運用可取得的資料審批貸款申請。透過刑事條例打擊虛報一般屬最後選擇，而較理想的做法是改善信貸市場的透明度。

6. 有否數據說明當樓市逆轉時，信貸提供者按揭業務方面要承擔的風險會有多大，以證明成立資料庫的迫切性。

數據顯示在 2002 年第 4 季及 2003 年第 2 季分別大約有 16% 及 22% 按揭借款人處於負資產的狀況。當時的貸款利率正在下調，因此利率的變動未為借款人帶來更沉重的還款負擔。現在貸款利率正處於歷史低位，倘約樓市逆轉和利率上升同時發生，對借款人構成的負面影響預計會比 2002 年及 2003 年更大。

因此有需要減低客戶過度借貸，而亦因減低過度借貸的情況需時，業界認為需盡快成立正面按揭信貸資料庫。若等樓市逆轉才行動就會太遲。

7. 客戶「貢獻」個人資料可換取什麼好處？建議是否只用來保障信貸提供者？

正面按揭信貸資料庫的成立，不僅讓信貸提供者更有效控制風險，亦可藉此讓信貸提供者提供更貼身的信貸條件，最重要的是，



讓信貸提供者提供切合借款人需要的建議及避免過度借貸，避免借款人承受過大風險。業界相信，增加信貸資料的透明度，對存戶、借款人和信貸提供者都是更好的保護。另請參閱 CCF 致專員公署 2011 年 1 月 28 日函件中第 10 項回應。

保安問題

8. 資料庫儲存大量個人資料，但其保安安排不能百份百確保資料不會外洩或被濫用。

在現實中，香港的信貸個人資料庫跟所有電腦系統的資料庫一樣，都無法保證保安絕對滴水不漏。正因如此，TransUnion Limited ("TU")極重視資料庫的保安並嚴謹地施行有關保障措施，防範資料被不正當使用。TU 現在已採用先進國家認可的嚴格保安系統來保障客戶的私隱。TU 每年都會進行跟據 ISO17799 設定的內部審計以確保系統符合要求。保安安排的進一步資料請參閱 TU 致專員公署的回應。

9. 監察個人資料有否被濫用的機制不足，因資料持有人本身不能得知信貸提供者有沒有在未經授權的情況下翻查其儲存於資料庫的資料。

現時信貸資料庫已共用信用卡、無抵押貸款及租賃/租購貸款的正負面資料及住宅按揭貸款的負面資料，相信在私隱專員公署的《個人信貸資料實務守則》、金管局的監管政策手冊及信貸提供者內部的嚴控下，個人資料繼續受到高度保護。另外，TU 也有提供服務讓消費者查詢信貸提供者使用其儲存於資料庫的情況。

10. 根據建議，資料庫會儲存客戶十多項個人資料以識別客戶身份。照常理說，用以識別身份根本不需要十多項資料。減省這方面的資料可減少一旦外洩時的影響。

業界就此問題向 TU 進一步查詢並了解 TU 會就這點詳細回應專員公署。業界就不在此重覆，但需強調準確配對客戶及其資料的重要性，以避免把客戶的資料向第三者錯誤提供。



其他

11. 推行資料庫之前已獲批准的正面按揭資料，由於未獲資料當時人預先批准將資料放入資料庫內，因此不應共享。另外，從法律角度而言，建議中的安排可能不合法。

業界一向本着重視合法合規的精神經營業務。根據業界取得的相關法律意見(包括大律師意見)，將現有按揭資料提供予信貸資料公司符合現行私隱條例的保障資料原則。信貸提供者向信貸資料公司提供客戶的按揭資料是與其核心貸款業務及信貸提供者原初收集有關資料的目的有直接關係。一般信貸提供者與客戶簽訂的條款，同樣賦予信貸提供者有權向信貸資料公司提供客戶資料。

12. 信貸提供者掌握了客戶正面按揭信貸資料後，會根據所得資料進行分析、評估。然而，信貸提供者所用的分析及評估方法，未必得到客戶認同，評估結果亦可能得出對客戶不利的結果。

信貸提供者所用的分析及評估方法雖各有不同，但正面按揭信貸資料有助信貸提供者了解客戶的整體信貸情況及評估其還款能力，信貸提供者一般不會只因客戶有按揭信貸而作出不利客戶的評估。相反，改善資料的透明度往往有利於還款紀錄良好的客戶，因適量的按揭信貸及未有拖欠還款的紀錄是客戶的信譽資產。

13. 諮詢文件引用數據表示 2003 年信貸資料庫成立後，消費者可享更佳的貸款條件。事實上，近年利率因環球經濟因素而整體下降，文件引用的數據有誤導之嫌。

引用該等數據並無誤導之意。利率的釐定受多項因素影響，而正面信貸資料庫的成立確實造就了個人信貸產品的多元化發展，有助信貸提供者提供更貼身的產品照顧客戶的情況，其中也包括提供較低借貸息率。也請參閱 CCF 致專員公署 2011 年 2 月 8 日函中第 3+4 段的回應。

14. 信貸提供者只能於資料庫內查到「按揭宗數」一項資料。信貸提供者很有可能在資料不足的情況下曲解了該項資料的意思。例如有些業主爲了可以把屋契留在信貸提供者，故意保留數十元欠款。在這個情況下，信貸提供者有機會錯誤評估客戶的風險狀況。



當信貸提供者從信貸資料庫得知客戶的「按揭宗數」，將視乎實際情況要求客戶提供其相關按揭貸款的資料，因此，不會出現曲解資料的情況。

15. 客戶在還清欠款後，其在資料庫內的紀錄不會自動消失，而是要客戶另行提出要求。這個做法並不合理。

良好的還款紀錄屬客戶的信譽資產，因此，客戶有權獲取及由客戶決定是否保留較為恰當。

16. 諮詢文件欠缺詳情，公眾未能作有根據的決定。

如公眾希望進一步了解諮詢文件內任何細節，歡迎於諮詢期內作反映。業界樂於就諮詢內容與大眾作分享交流。



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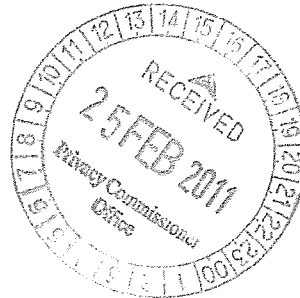
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25 February 2011

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Your Ref.

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 for Personal Data
 12/F, 248 Queen's Road East
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 Hong Kong



Attn:

Dear Sirs,

The Sharing of Mortgage Data for Credit Assessment Consultation Document

Thank you for your letter dated 22 February 2011 (the "Letter"). We appreciate the opportunity for providing further information and addressing questions from the Office of the Privacy Commissioner for Personal Data ("PCPD").

Please find our response to the questions following the order in which they were set out in the Letter.

Whether partial Hong Kong identity card number is adequate

- Our letter of 9 February 2011 should have made reference to Question 10 of the document attached to that letter. We understand that TransUnion Limited has responded to PCPD on this point.

Mortgage loans application data

- The mortgage count of an individual is the number of mortgage loans that the individual has drawn. In a case where a mortgage loan applicant applies to more than one credit providers and the applicant eventually only draws one mortgage loan, the mortgage count will be "one".

Chairman Bank of China (Hong Kong) Ltd
Vice Chairman The Hongkong and Shanghai Banking Corporation Ltd
 Standard Chartered Bank (Hong Kong) Ltd
Secretary

主席 中國銀行(香港)有限公司
 副主席 香港上海滙豐銀行有限公司
 渣打銀行(香港)有限公司
 秘書

1

Incorporated by Ordinance, Cap. 364
 根據條例第364章成立



Lower default rate

5. As mentioned previously, statistics from other jurisdictions are often not available and, in any case, we consider the statistics from other jurisdictions offer limited comparison value given the differing laws, regulatory requirements, market practices and circumstances in those jurisdictions and Hong Kong. For example, in some jurisdictions the credit data sharing regime was launched in a single stage covering positive and negative data as well as unsecured and secured facilities. It is therefore more important to focus on the Hong Kong market where there is significant improvement in the overall loan delinquency and credit card bad debt situation since the sharing of positive consumer credit data of unsecured facilities was introduced in 2003. Please refer to paragraph 4.10 of the Consultation Document for statistics.

Threshold amount

6. (a) As explained in our letter to the PCPD dated 28 January 2011, a credit provider has to consider a number of factors (and not only the amount of the credit applied on an isolated case basis) in order to assess the credit worthiness and repayment ability of a consumer. Factors such as the monthly income and the amount of other outstanding indebtedness of a customer will affect a credit provider's assessment of the credit worthiness and repayment ability of a customer. Accordingly, it is incorrect to assume that the credit risk of a consumer (and thus the need to access positive mortgage data of the consumer) will be correspondingly lower if a smaller facility is applied for. It follows that it is not necessary or appropriate to set a threshold amount such that credit providers can only access the Mortgage Count if the credit facility limit reaches the threshold amount. Whether there is over-borrowing or over-leveraging is not determined by the amount of a single loan on an isolated basis but rather having regard to the total indebtedness and repayment ability of the individual. Therefore, credit providers need adequate and effective tools to conduct comprehensive credit assessment.
- (b) The observation that banks do not require detailed financial data in processing applications for some credit facilities (e.g. tax loan) may not be entirely correct as the general practice is to apply the same approach regardless of the types of facilities application.

Overseas borrowers

7. The principal objective of the proposal is to facilitate comprehensive credit assessment of consumers thereby promoting responsible lending and borrowing in the Hong Kong consumer credit market. Credit providers have responsibility to protect and prevent customers (whether they are local or overseas) from over-



borrowing in Hong Kong. Accordingly, the proposed scope of positive mortgage data sharing covers mortgage loans that are booked in Hong Kong whether the customer is based in Hong Kong or elsewhere. Without contributing the mortgage data of overseas borrowers, credit providers will not be able to conduct comprehensive credit assessment in the event that the overseas borrowers decide to apply for further credit facilities from credit providers in Hong Kong.

Bringing benefits to consumer


8. (a) We would re-iterate that interest rates are determined by a multiplicity of economic and market factors. Moreover, each credit provider has its own policies for determining interest rates for credit facilities having regard to the credit risk and income of a customer, the total relationship between the credit provider and the customer and the existing economic environment. Accordingly, credit providers are not in a position to provide in explicit terms the level of decrease in interest rate that may result from the implementation of the proposal. Further, the present mortgage interest rate is at a historic low level attributable to unprecedented economic factors around the world. The low interest rate trend is likely to change in time in which case there will be more room for adjusting mortgage interest rates.
- (b) Furthermore, benefits to consumers may take a number of form and may not be a direct reduction of mortgage interest rate. As can be seen from the introduction of positive credit data sharing on unsecured lending, having a more comprehensive understanding of a consumer's credit position and repayment ability resulted in credit providers offering more diversified unsecured consumer credit products as a whole to customers.

If you have any further questions, please do not hesitate to contact us.

Yours faithfully,

Consumer Credit Forum

c.c. Hong Kong Monetary Authority



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February 8, 2011

Office of the Privacy Commissioner
For Personal Data
12/F, 248 Queen's Road East
Wanchai
Hong Kong

Attention:

Fax: 28777026

Dear Sirs,

The Sharing of Mortgage Data for Credit Assessment – Consultation Document

First, we would like to thank you for the opportunity for us to comment on the Consultation Document. As related matters, we also refer to your letters to us addressed to us dated 18 January 2011 and 2 February 2011 on the same subject requesting our response to your questions raised. Please treat this letter as both our response to the specific questions and our submission of comments to you on the Consultation Document.


Please note, however, that our response below is only given to you in the context of the proposals to expand the present scope of credit data to include sharing of positive mortgage data. It is not intended to be our position in a different context and information provided should only be used in conjunction with the relevant proposals and not for any other purposes. Further, information below only contains our present view in response to the proposals and does not constitute definitive undertaking or declaration to do or refrain from doing certain acts if the proposals are adopted.

Your Letter dated 18 January 2011 - Question 6

6. In your capacity as the CRA responsible for processing the Contributed Data, please provide us with supporting information or evidence showing that each item of the Contributed Data to be contributed to you by credit providers is necessary and not excessive for the purpose of customer identification.

The Contributed Data are:

- Name
- Capacity



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- HKID Card or travel document number
- Date of Birth
- Gender
- Correspondence Address
- Account number, type of facility, account status and closed date

Our Response

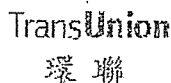
As you are aware, generally as a CRA, other than having to take reasonably practicable steps to ensure that the data subject's data is correctly matched with his existing file, we should also take reasonably practicable steps to ensure that the data contributed is itself accurate. Needless to say, wrong matching of credit information can bring about very detrimental effect on the individual financially or otherwise and induces consumer complaints against different parties involved.

The data fields which are the Name, HKID/Travel Document Number, Date of Birth and Correspondence Address are the key fields of our system developed in conjunction with credit providers to unique identify an individual subject. The data of such subjects may be contributed by different credit providers at different times. Our system has been designed to use the combination of the key data fields that mentioned above with a sophisticated fuzzy matching logic to identify the credit data contributed by different credit providers that belong to the same individual subject and merge the information for the same subject. The complicated logic by using the above key data fields is necessary in order to ensure the credit information as well as the operational calculation of the mortgage count will be linked to the right individual subject. Insufficient credit information will affect the accuracy of the identity and hence the matching of the credit data. Our system has been in place since 2001 and we have achieved a very high accuracy rate with our matching logic. The removal of any data field mentioned above must have an adverse impact on the accuracy of our existing matching system but it is difficult to estimate how much the impact is as we do not have actual empirical data of various scenario. Further, please note that all credit bureau around the world that we know of all use a combination of data fields as part of their matching system in order to enhance the accuracy as much as possible. This is standard credit bureau practice.

Please also note that at the moment, credit providers do not have uniform practice in what identity data they contribute. Moreover, not all data fields are provided. Therefore, the same consumer may have different fields contributed by different credit providers. By way of example only, one credit provider may contribute a consumer's name, HKID number, gender while another may contribute the name, passport number and address. For this reason, our matching system currently contains all the above fields to maintain its accuracy and stability.

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We would like to provide more information on individual data fields. The data field "account number" is used to identify the same account that has been contributed by the specific credit provider for ongoing monthly update. The data field "type of the facility" is used to identify if the credit account is a mortgage account for special process handling. The data field "account status" is used to differentiate if the mortgage account is a negative account or a positive account for different process handling. The data field of "closed date" is used for data retention period calculation and control. Hence, all these fields are necessary for updating and handling pursuant to the requirements of the Code of Practice on Consumer Credit Data.

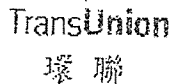
The data field Capacity is an industry requirement in order for the mortgage count to be categorized into different capacity level such as number of mortgage count as a borrower, number of mortgage count as a guarantor.

Partial ID

We understand there are concerns regarding the necessity of providing the full set of HKID number as part of credit data file. This also relates to your questions sent to us by email dated 28 January 2011. As mentioned above, as CRA, we need to take reasonably practicable steps to ensure the accuracy of the input data. We currently have in place filter that prevents non-authentic or wrong HKID card number from being entered into our system. For example, HKID card with less than one alphabet and 7 numbers are rejected from our system. Also, current, we are able to ascertain with the full set of HKID number whether the number is genuine as the digit in brackets has a pre-determined relationship with the 6 preceding digits. Any non-authentic HKID number will be rejected. This ensures the HKID number being input is genuine and correct and helps to maintain the accuracy of the data. It also helps the bank to detect any fraud or inaccurate input of HKID.

Only using partial ID for matching is not reliable as there can be many variations with the same partial ID information. Currently, as it is not mandatory under the Code or the law to provide ID, not all of the credit providers provide this field. Partial ID cannot be used for our ID authenticity check. Even if partial ID is used in conjunction with other data fields for matching, the result may still be inaccurate. Note that it is not unusual for individuals with similar names to have similar addresses. We also had cases where individuals with similar names had resided in the same address at different times. Hence, while using only partial ID and relying on other data like name and address will increase the accuracy rate compared to just using the partial ID, in general, the more data fields are used the higher the accuracy.

Please also note that if there are proposals to use only partial ID, the industry should be consulted and data input practice should be made uniform. A long lead time and system



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changes are required not just by us but by credit providers as well. It may not be feasible to make any change concurrent with the current proposals.

Your Letter dated 18 January 2011 - Question 9

To assure the customers that their financial data will be adequately protected, please let us know (i) if you are prepared to follow the advice of the Commissioner indicated above; and (ii) whether and how you will provide further security safeguards.

Our Response

With respect to the proposal in paragraph 5.45 on conducting an compliance audit on the expanded data scope on the adequacy of our data handling system and including the scope in our annual privacy compliance audit, provided we receive more specific guidelines from your office on the scope and adequate comments on the compliance plan, we are happy to adopt this proposal.

With respect to paragraph 5.46 regarding periodic IT security audits, we would like to point out that currently, the following measures are already in place which cover security issues:

1. Pursuant to Clause 3.14 of the Code of Practice on Consumer Credit Data, we have been engaging independent auditors to conduct annual compliance reviews under the Code and the Privacy Ordinance. The reviews specifically cover the security of consumer credit data. We have submitted 7 compliance reviews in the past already and in each review, there have been no significant findings by auditors or there have been no significant comments from PCPD. We do not see the need or justification to impose a compliance review and separate security audit.
2. On a periodic basis, we have a dedicated audit team from our headquarters in the US to conduct onsite audits which covers in particular system security. The audit ensures we comply with global system security standards. We have had no significant findings in the past. The audit principles used by our US team are based on ISO 17799 which we understand is the basis of ISO 27002.
3. Our annual financial audit also extends to data security on a system and network level and we have had no significant findings in the past.

We believe the current audits in place are sufficient to address any system security issue. If it helps to assure public confidence, upon appropriate confidential undertakings by your



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office, we may consider sharing with you our internal US audit reports which is based on ISO 17799. Given that the incremental data is not significant compared to the size of our existing database and on the basis that we have adequate controls and audits in place to address any security concern, we therefore do not support the proposal. We do not have plans at this point to provide further security safeguards in view of the expanded database.

Your Letter dated 2 February 2011

Proposal to include in the Code prohibition against transfer of consumer credit data to place outside Hong Kong by a CRA

Our Response

Please be informed that we have not and do not have plans to transfer consumer credit data outside Hong Kong whether or not there is any express prohibition.

If you have any questions on the above, please do not hesitate to let us know.

Yours faithfully,

For and on behalf of
TransUnion Limited

cc CCF

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c.c.HKMA


Fax: .

c.c. Policy 21 Limited

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(By Fax : 28777026 & By Post)
28 February 28, 2011

Office of the Privacy Commissioner
For Personal Data
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Wanchai
Hong Kong.

Attention.

Fax: 28777026

Dear Sirs,

**The Sharing of Mortgage Data for Credit Assessment
Consultation Document**

We refer to your letter addressed to us dated 22 February 2011 requesting our response to your specific questions raised in relation to the Consultation Document on the Sharing of Mortgage Data for Credit Assessment.

We would like to respond to your specific questions as follows using the same numbering as your questions asked:

Question 4

You went on to talk about the sophisticated fuzzy matching logic to identify the credit data contributed by different credit providers that belong to the same individual and merge the information for the same subject. You then concluded that the complicated logic by using the above key data fields is necessary in order to ensure the credit information as well as the operational calculation of mortgage count will be linked to the right individual subject. Without concrete examples, the mere explanation given by you is insufficient to convince us that the above data fields are necessary to correctly attribute the Mortgage Count to individual. Unless you can provide us with concrete examples illustrating why each field is necessary to correctly identify an individual, it is our preliminary view that contribution of the "name" together with "Hong Kong identity card/travel document number" only are sufficient. In your justifications, you should demonstrate that your assertion is correct and convincing by providing us also with the failure rate to correctly identify an individual in case only the following items of personal data were contributed by credit providers to the CRA:

- (a) Name, HKID/travel document number;
- (b) Name, HKID/travel document number; date of birth; or
Name, HKID/travel document number, correspondence address.

A: Please find the attached document with detailed concrete examples illustrating why the mentioned fields are necessary to correctly identify an individual.



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Question 5.

As for the reason that the same consumer may have different fields contributed by different credit providers; it appears to us that this problem may be resolved by requiring the credit providers to supply information in standardized information fields. In our view, individuals' personal data privacy should not be compromised by credit providers' variation in practice when contributing the relevant data field. Credit provider's problems should be remedied by themselves.

A: Currently TU provides a standardized format to the credit providers for data contribution. There is no variation of format. However, there may be variation of information provided by different credit providers in different time period. Such variation is possibly due to the customers provide different data to different credit providers. This may be caused by change of the customer's name (e.g. previously called Chan Tai Man and now re-named to Chan Tai Wan Peter); or a change of or change of identity document held (e.g. previously use travel document in Bank A for credit application and currently using the new issued Hong Kong Identity Card to apply credit in Bank B).

The fact is that without customer's notification, the credit providers themselves will not be aware of the above problems until there is system cross checking on the data provided by various credit providers performed by TU. For example, customer X applied a credit card with a passport in Bank A in 2003 and no further update or borrowing has been made to Bank A. X then applied another credit card with Hong Kong Identity Card with Bank B in 2008. It is not until both Bank A and B contributed the data to TU and TU performed the cross check that the Banks would be aware of the customer's data was inconsistent across the Banks.

Without additional information such as address and/or date of birth, TU could hardly identify whether X is the same person or two different individual. The credit providers would then follow up and update the data with the customer.

Question 6.

You have not included the item "gender" as a required field for identification purpose. Unless we are provided with further justifications, we tend to take the view that "gender" should be excluded from being an item of Contributed Data. The same rationale should be applied to the existing provisions under Clauses 2.4.1 and 3.1.1 of the Code of Practice on Consumer Credit data. Consequently, these clause will be amended by deleting the word "sex", with the result that credit providers is refrained from providing the gender of consumers to the CRA and that CRA should not disclose the gender of consumer in its credit report. You are thus required to delete from your current database the "sex" of each data subject. Please let us know if you have any insurmountable difficulty in meeting the above requirements.

A: We have no objection to your suggestion of excluding "Gender" from data contribution and will comply according to the upcoming amendment of the Code of Practice on Consumer Credit data.



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Effect of Mortgage Count on credit score
Question 7.

Some respondents worried about the implication of the Mortgage Count on consumer credit scoring, e.g. whether a high count of outstanding mortgages would be construed as a high risk factor in the compilation of credit scores. Given that Mortgage Count in itself would not provide a full picture of a borrower's credit standing and might result in a "mislabeling" of an individual's credit worthiness, please confirm to us whether Mortgage Count would be used to compute an individual's credit score. If so, please explain how and in what proportion Mortgage Count would affect a credit score, and allay the concern of "mislabeling". Please also provide us with the formula for computing credit scores to show that credit scores are fair and accurate means to measure consumers' credit standing.

A: Please be confirmed that the Mortgage count will not be used to compute an individual's credit score. Score formula is the proprietary information of the score developer, which is confidential and cannot be disclosed.

Mortgage Count for general credit assessment
Question 8.

A: It is technically feasible. Mortgage count can be applied only to mortgage loan application.

Provision of free credit report and free access alert service
Question 9.

Currently we are providing free report to consumer whose credit application is being turned down by financial institution. Furthermore, we offer a full detail report and a summary report with different unit price to meet different individual's needs. As we are a commercial organization, we have no plan at the moment to provide free report or other gratuitous services to the public. This issue has been raised with us again and again in the past and please understand our stance remains the same.

Provision of free credit report and free access alert service
Question 10.

A: We intend to follow the existing Code of Practice on Consumer Credit Data on the Retention of consumer credit data by CRA.



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If you have any questions, on the above, please do not hesitate to let us know.

Yours faithfully,

For and on behalf of
TransUnion Limited

c.c. CCT

Fax :

c.c. HKMA

Fax :

Encl 3 Pages



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(1) Name, HKID/Travel Document Number

Case #	Data provided by	Name	HKID	Travel Document Number	Justification
1.1	Bank A	CHAN TAI MAN PETER	-	Y0087654321	Without additional matching key like Date of Birth and Address, the system has insufficient information to judge whether or not these two subjects are referring to the same consumer solely based on the similarity of the names. There may be possibility that they are actually two different consumers with similar names, or the same consumer is applying to the banks with two different passports while HKID is not yet available.
	Bank B	CHEN TAI MAN	-	Z1123123123	
1.2	Bank C	CHAN TAI MAN	X1234567	-	Without additional matching key like Date of Birth and Address, the system cannot assume these two names are referring to the same consumer due to the lack of a common identity number. There may be possibility that they are actually two different consumers, or different identity documents have been provided by the same consumer to different banks thereby the banks are submitting different identity documents to the bureau. It may impose credit risk to the banks if the bureau fails to identify this case for the banks.
	Bank D	CHAN TAI MAN	-	P001234567	
1.3	Bank E	CHAN TAI MAN	X1234567	-	Without additional matching key like Date of Birth and Address, the system has insufficient information to judge whether or not these two different names are referring to the same consumer solely based on the identical HKID. There may be possibility that the consumer has ever changed his/her name or the HKID is not correct due to whatever reasons.
	Bank F	CHAN CHI KEUNG	X1234567	-	



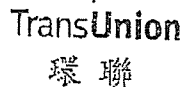
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2) Name, HKID/Travel Document Number, Date of Birth

Case #	Data provided by	Name	HKID	Travel Document Number	Date of Birth	Justification
2.1	The Court	CHAN TAI MAN FLAT A, ABC Road, XYZ.	-	-	-	Without additional matching key like Address, the system cannot perform any Public Record matching at all. Currently, only name and address information are available from the Court. It may impose significant impact to the industry if Public Record information is no longer available on the credit report.
	The Bank	CHAN TAI MAN	X1234567	-	7-Jan-1980	
2.2.	Bank A	CHAN TAI MAN ALTER	X1234567	-	7-Jan-1980	Without additional matching key like Address, the system has insufficient information to judge whether or not these two different names are referring to the same consumer solely based on the identical HKID. There may be possibility that they are referring to different consumers - just that the HKID is not correct due to whatever reasons, or they are actually the same consumer, only that the Date of Birth has been accidentally reversed due to whatever reasons.
	Bank B	CHAN TAI MAN	X1234567	-	1-Jul-1980	
2.3	Bank C	CHAN TAI MAN	X1234567	-	7-Jan-1980	Without additional matching key like Address, the system cannot assume these two names are referring to the same consumer due to the lack of a common identity number. There may be possibility that they are actually two different consumers, or different identity documents have been provided by the same consumer to different banks thereby the banks are submitting different identity documents to the bureau. It may impose credit risk to the banks if the bureau fails to identify this case for the banks.
	Bank D	CHAN TAI MAN	-	P001234567	7-Jan-1980	
2.4	Bank E	CHAN TAI MAN	X1234567	-	7-Jan-1980	Without additional matching key like Address, the system has insufficient information to judge whether or not these two different names are referring to the same consumer solely based on the identical HKID and Date of Birth. There may be possibility that the consumer has ever changed his/her name, or the HKID is not correct due to whatever reasons.
	Bank F	CHAN CHI KEUNG	X1234567	-	7-Jan-1980	



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(3) Name, HKID/Travel Document Number, Address

Case #	Data provided by	Name	HKID	Travel Document Number	Address	Justification
3.1	Bank A	CHAN TAI MAN PETER	X1234567	-	FLAT A, 15/F, 888 ABC Road, XYZ	Without additional matching key like Date of Birth, the system cannot assume these two names are referring to the same consumer solely based on the identical HKID. There may be possibility that the name, or the HKID is not correct due to whatever reasons, or only that the Address has been reported in different way, or they are actually referring to different locations.
	Bank B	CHEN TAI MAN	X1234567	-	15A, BBC Road, XYZ	
3.2	Bank C	CHAN TAI MAN	X1234567	-	FLAT A, 15/F, 888 ABC Road, XYZ	Without additional matching key like Date of Birth, the system cannot assume these two names are referring to the same consumer due to the lack of a common identity number. There may be possibility that they are actually two different consumers, or different identity documents have been provided by the same consumer to different banks thereby the banks are submitting different identity documents to the bureau. It may impose credit risk to the banks if the bureau fails to identify this case for the banks.
	Bank D	CHAN TAI MAN	-	P001234567	FLAT A, 15/F, 888 ABC Road, XYZ	
3.3	Bank E	CHAN TAI MAN	X1234567	-	FLAT A, 15/F, 888 ABC Road, XYZ	Without additional matching key like Date of Birth, the system has insufficient information to judge whether or not these two different names are referring to the same consumer solely based on the identical HKID and Address. There may be possibility that the consumer has ever changed his/her name, or the HKID is not correct due to whatever reasons.
	Bank F	CHAN CHI KEUNG	X1234567	-	FLAT A, 15/F, 888 ABC Road, XYZ	

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