

BANK ON INTEGRITY

E-newsletter of the ICAC

Corruption Prevention Network for Banks

July
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“Bank on Integrity” is an e-newsletter of the ICAC Corruption Prevention Network for Banks providing regular updates on corruption scene and corruption prevention initiatives related to the banking industry.

Company director jailed for bribing bank staff

Recent
Corruption
Case

1

A director of a manufacturing company visited a bank for opening a company bank account. He was asked by the assistant bank manager to provide additional documents to support his application.



2

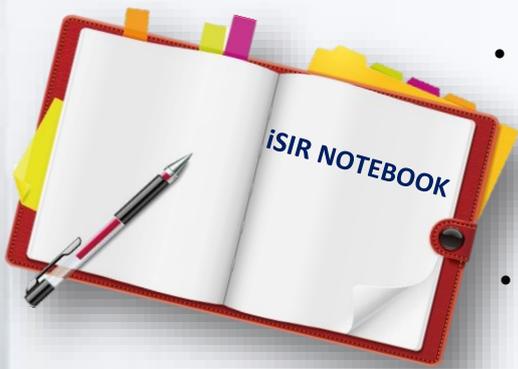
The director, via instant messaging, then submitted the documents and sent a 9,999 RMB transfer note to the assistant manager, asking the latter to say “something positive” to his supervisor about the application.



3

After the assistant manager turned down the offer, the director re-sent the transfer note to the assistant manager the following day. The assistant manager reported the matter to the bank. As a result of investigation by the ICAC, the director was charged for bribing the bank staff and sentenced by the court to four months’ imprisonment.





- The director was found guilty on two charges of offering an advantage to an agent, contrary to Section 9(2) of the [Prevention of Bribery Ordinance \(POBO\)](#) (Cap 201).
 - The assistant bank manager was an agent under Section 9 of the [POBO](#) while the bank was the principal.
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- Since the bank did not allow the assistant manager to accept advantages related to his official position, the transfer note was an illegal advantage.
 - Offering any advantage to an agent with a bribery intention constitutes an offence under Section 9(2) of [POBO](#).



iSIR's OBSERVATIONS

1. Banks in Hong Kong are obliged to observe international regulatory requirements for combating money laundering, terrorist financing and tax evasion. To enhance risk management controls, banks have adopted various precautionary measures in approving the opening of new bank accounts.
2. There have been more bribery cases relating to the opening of bank accounts in recent years. Many of these cases have some common features:
 - Applicants were operators / directors cum shareholders of companies incorporated in Hong Kong, very eager to set up bank accounts to facilitate their business operation.
 - They were requested to provide more information to the bank to support their applications.
 - The bribes were blatantly offered.
 - The bank staff refused the offers and reported to the banks.
3. The court considered such bribery offences serious in nature as they would jeopardise the interest and image of Hong Kong as a financial centre. Custodial sentences were usually imposed as a deterrent.



COMPLIANCE TIPS



Identifying Corruption Risks

- Bank staff may be exposed to corruption risks especially in handling customers/clients from different cultures and jurisdictions who may regard offering gifts/rewards to private company staff as a custom/norm.
- Bank staff may accept gifts from customers for the sake of courtesy and maintaining customer relations, subjecting themselves to corruption allegations and risks.
- Accepting any advantages from customers, in kind or in cash, may risk violating the law (e.g. [POBO](#)) and the bank's policy whether or not any compromises have been made in handling customers' applications.
- Reward to staff from satisfied customers is hard to detect procedurally.

Good Control Practices

- Prohibit bank staff from soliciting, accepting and retaining any personal benefits from any customer of the bank, except where permitted within the criteria set out in the Code of Conduct.
- Communicate to customers the bank's anti-bribery and acceptance of advantages policies.
- Provide reliable and confidential channels for staff and business partners to enquire about integrity issues or report integrity breaches.

Good Management Practices

- Demonstrate management's commitment to business ethics and integrity, promote zero-tolerance to unethical practices and foster a corporate ethical culture within the bank. Conduct regular (induction, refresher) staff training on integrity and anti-corruption legislation.
- Stay alert to latest corruption trends and ethical challenges and issues in the industry.





HONG KONG BUSINESS ETHICS DEVELOPMENT CENTRE (HKBEDC) - YOUR PARTNER TO SUCCESS

Free corruption prevention services

[HKBEDC](#) of the ICAC's Community Relations Department provides client-focused, pragmatic and free consultancy services to help banks enhance corporate governance, manage corruption risks, provide staff training on work ethics and integrity so as to promote probity culture.



Practical guides and training resources

[HKBEDC](#) also produces [practical guides, case studies](#) and other training resources to facilitate business enterprises to implement corporate ethics programme. An [e-learning package](#) dedicated for the banking sector is also available to help banking practitioners acquire knowledge on the anti-corruption law in Hong Kong and address ethical issues at work.

The ICAC Corruption Prevention Network for Banks

The ICAC Corruption Prevention Network for Banks is a platform maintained by [HKBEDC](#) to foster co-operation and exchange of information on various aspects of corruption prevention through sharing sessions and regular e-newsletter. The Network is open for practitioners holding managerial positions from training, human resources, legal & compliance related departments. Network members are welcome to invite their colleagues to join.

Enrolment is simple. To join the Network or update your contact, please contact Mr. Fred YIU of the Centre at hkbedc@crd.icac.org.hk or 2826-3288.

UPCOMING EVENT FOR BANKING PRACTITIONERS



The Hong Kong Institute of Bankers Annual Banking Conference 2018

- [HKBEDC](#) continues to serve as a supporting organisation for the Annual Banking Conference in 2018 and encourages banking executives and related professionals to join the event on 27 September 2018 (Thursday). The theme of this year's Conference is "Banking for a Smart Society".

For details and registration, please visit the event website at
<http://bankingconference.hkib.org/hkib2018/registration.html>



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