BANK ON INTEGRITY

E-newsletter of the ICAC Corruption Prevention Network for Banks

August 2019

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.

RECENT CORRUPTION CASE

Bribery over retrieving confidential customer data

1

A business development executive of a bank approached an assistant relationship manager of the same bank to participate in a bribe-for-customer information scam. The assistant relationship manager was told that she could receive monetary rewards for retrieving the confidential customer data stored in the bank's database.

2

Pursuant to their agreement, the business development executive offered bribes totalling over $41,000 to the assistant relationship manager for over 1,300 entries of customer data divulged to her within a year.

3

As a result of the investigation by the ICAC, both the business development executive and the assistant relationship manager were charged and convicted. The former was sentenced to 13 months' imprisonment and the latter was sentenced to 160 hours of community service and was ordered to pay restitution to the bank.

iSIR NOTEBOOK

- Offering any advantage to an agent as an inducement to or reward for the agent's doing or forbearing to do any act in relation to the principal's affairs constitutes an offence under Section 9 of the Prevention of Bribery Ordinance (POBO) (Cap 201). It is also an offence to accept the advantage.

- Since the bank (the principal) did not allow the assistant relationship manager (agent) to accept advantages related to her official position, the bribe payments of $41,000 were illegal advantages.

- The business development executive was found guilty of conspiracy to offer advantages to an agent, contrary to Section 9(2) of POBO whereas the assistant relationship manager was found guilty of conspiracy to accept advantages as an agent, contrary to Section 9(1) of POBO.

- They were also charged with conspiracy to access computer with criminal or dishonest intent of the Crimes Ordinance.

iSIR's OBSERVATIONS

Some past ICAC cases revealed that in leaking customer data for personal gain, unscrupulous bank staff resorted to corruption and fraudulent means. There were also cases involving the unauthorised checks of account holders' information for debt collection agencies.

In the course of business operations, banks will collect a large volume of customer personal data. These data, together with customer transaction records with the banks, are sensitive information which should be properly protected from misuse.

As reputable and responsible financial institutions, banks should rigorously pursue effective security measures to protect customer information and report suspected corruption to the ICAC.

COMPLIANCE TIPS

Identifying Corruption Risks

Banks have oceans of customer data which is of great value. Here are some examples connected to the misuse of customer data by some unscrupulous staff:

Retrieve personal data of mortgage loan applicants for mortgage brokers to deceive referral fees from the banks without customers' knowledge.

Receive bribes from counterfeit credit card syndicates to capture credit card data for manufacturing counterfeit credit cards.

Use personal data of customers obtained from the banks' database to submit bogus loan applications to meet the sales targets.

Accept advantages from outside parties, e.g. telecommunications companies, direct sales agencies or financial institutions to retrieve bank customer data to facilitate their businesses.

Good Control Practices

Lay down clear and adequate policies, procedures and guidelines on the handling of sensitive information, e.g. (i) a "clear-desk" policy to reduce the risks of unauthorised access or information leakage; (ii) prohibition of any use of unauthorised software and the processing of personal files on the bank's computer system; and (iii) immediate termination of an employee's access right to the computer system upon his/her departure.

Define access authorities and restrict access to database based on the need-to-know principle. Access should be monitored and logged for audit purpose while hard copies should be safely kept.

Segregate duties in handling customer data and build in supervisory checks and monitoring system into the policies, procedures and guidelines.

Good Management Practices

Review the policies, procedures and guidelines regularly to ensure they are consistent and effective in safeguarding against misuse of confidential information.

Ensure all staff comply with established policies and procedures, and to keep them informed of the serious consequences of leaking or abusing confidential information, which may include disciplinary action, criminal sanction and dismissal.

Provide security education and ethics training for all bank staff. Circulate reminders regularly to remind staff to abide by the anti-corruption legislation and legal requirements pertaining to privacy of personal data.

CULTIVATE ETHICAL MIND – INTEGRITY TRAINING FOR MANAGEMENT AND STAFF

Does your bank communicate corporate values on ethics management loud and clear?

	Yes	No
● Induction programmes for newly recruited staff on their legal obligations and your bank's code	☐	☐
● Ethics or compliance training: ☞ for directors on ethics management and their responsibilities	☐	☐
☞ for managerial staff on their role of managing staff integrity, assessing the risks and preventing corruption in the workplace	☐	☐
☞ for frontline staff on the common corruption pitfalls and the skills to handle ethical dilemmas at work	☐	☐
● Internal communication channels, e.g. circulars, newsletters, posters, intranet, etc.	☐	☐
● Other training courses / channels	☐	☐

Act now. We can help.

Hong Kong Business Ethics Development Centre (HKBEDC)
– YOUR BEST PARTNER IN CORRUPTION PREVENTION

The HKBEDC offers a wide range of training and activities to promote ethical management and best practices:

- Workshops, sharing sessions
- Continuing professional development courses
- Train-the-trainers workshops
- Seminars

You are welcome to contact us for assistance by filling in our service request form.

UPCOMING EVENT FOR BANKING PRACTITIONERS

The Hong Kong Institute of Bankers
Annual Banking Conference 2019

As in past years, the HKBEDC continues to serve as a supporting organisation for the Annual Banking Conference in 2019 and encourages banking executives and related professionals to join the event on 26 September 2019 (Thursday). The theme of this year's Conference is "The New Future of Banking and Bankers – Greater Bay Area and Digitalisation".

For details and registration, please visit the event website at
http://bankingconference.hkib.org/hkib2019

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