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香港
商業道德
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BANK ON INTEGRITY

E-newsletter of the ICAC Corruption Prevention Network for Banks

In an industry built on trust, it is the duty of every bank staff to maintain the highest ethical standards to protect the interests of customers and preserve the bank's reputation. By fostering a culture of integrity and ethical conduct, banks can effectively detect and deter corruption, and win the trust from their customers. In this e-newsletter, we aim to address some common corruption prone areas in the banking sector with reference to recent ICAC cases and to provide updates on our ongoing efforts.



Account Opening

Case Study 1:

Accepting bribes from intermediaries for account opening



- A consultant of an intermediary company, which provided secretarial services to corporate clients, approached a bank manager for opening account for their clients.
- The consultant told the manager that he could refer more clients to open accounts at the bank if the manager agreed to provide assistance in the application process, and would offer rebates from \$10,000 to \$15,000 for each successful application.
- The manager accepted the offer and assisted several non-local clients to open corporate accounts at the bank. As the bank required non-local clients to visit its branch in person for due diligence, the manager used documents to falsely represent that those clients were in Hong Kong at the time of account opening.
- The consultant and the manager were charged with conspiracy of bribery and using copies of false instruments.

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

The bank manager, as an employee (agent) of the bank, without permission from the bank (the principal), accepted rebates (advantage) for assisting the consultant's clients to open bank accounts (an act in relation to principal's affairs). Both the manager (as the acceptor) and the consultant (as the offeror) would contravene Section 9 of POBO.

Apart from the criminal offence of using copies of false instruments, it is also an offence under Section 9(3) of POBO for any agent who uses any false or erroneous or defective receipt, account or other document with intent to deceive his principal.



Credit Facilities and Loan Services

Case Study 2:

Stay alert to attempted bribery for bank loan

- A company director met with a bank manager to enquire about the procedure of loan application. He claimed that he had recently secured a number of business projects, including a large-scale timber business on the Solomon Islands, and thus required US\$4 million loan to fund the projects.
- The director told the manager that he could provide her a certain percentage of the loan amount as commission if she could assist him in securing the loan.
- The manager immediately reported the matter to the bank, which subsequently referred the case to the ICAC. The director was found guilty of offering an advantage to an agent, contrary to Section 9 of the POBO.



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Given the escalating stringency of customer due diligence and credit requirements, small businesses and start-ups with limited business track records may encounter difficulties in obtaining bank loans. Unfortunately, some individuals may resort to illicit means, such as offering bribes to bank staff for their assistance in circumventing the controls or due diligence requirements imposed by banks.

It is crucial for bank staff to report any instances of attempted bribery promptly. According to CG3 – Code of Conduct of the Hong Kong Monetary Authority's Supervisory Policy Manual, bank staff should report illegal activities according to the procedures laid down by the bank. The bank management should handle such reports swiftly and confidentially, and refer the case to the ICAC without delay. Full evidence is not required when lodging a complaint to the ICAC. Complainants only need to state the known facts of the suspected case and the ICAC will follow up according to the information provided.

CORRUPTION PRONE AREAS

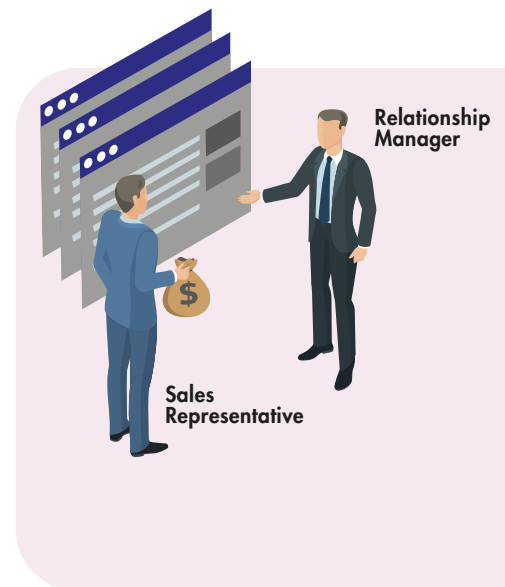


Handling Confidential Information

Case Study 3:

Divulging customer information for advantage

- A Bank maintained a computer system storing customers' confidential information. Relationship managers were granted access to the system while staff members promoting personal loan business did not have access right to it.
- A relationship manager, however, took advantage of his access right to the database and sold customer data to a sales representative of another financial intermediary for assisting the latter in touting personal loan business.
- When the sales representative successfully procured a loan for a customer, he would pay a certain percentage of the loan amount to the manager as commission.
- Eventually, the manager divulged confidential information of over 680 customers from the bank computer system and received illegal commission totaling over \$200,000.
- The relationship manager and the sales representative of the financial intermediary were charged with conspiracy of bribery.



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Bank employees might handle sensitive information as part of their daily operations. These confidential data, which include customer information, can hold significant value to unscrupulous individuals. Employees with dishonest intentions may attempt to sell customer data for personal gain. Such actions not only violate data protection and anti-bribery laws but could also severely damage the bank's reputation and erode customer trust.

In the pursuit of meeting sales targets, some desperate employees may resort to unethical means, such as offering illegal commissions to obtain customer profiles for soliciting business. It is crucial for banks to set reasonable sales targets for their staff in a way that deters corruption, and ensure that the commission policy does not create undue pressure on staff for engagement in corrupt or fraudulent activities.

LATEST NEWS

2024 marks the 50th anniversary of the ICAC. Around 600 distinguished guests from local and international communities gathered at the ICAC Building on 21 February 2024 to celebrate the anniversary and witness the inauguration of the Hong Kong International Academy Against Corruption (the Academy), a new institution which aims to spearhead both local and global anti-corruption training initiatives and foster experience sharing. To enhance the governance and anti-corruption capabilities of banks in Hong Kong, the Academy has organised a pilot Professional Anti-corruption Training in Banking Management in March 2023 and a re-run in March 2024 which were specially tailored for heads or managerial personnel in the compliance or audit departments of their respective banks. The programme covered three main themes: detecting corruption, corruption prevention and building an ethical culture in banks, applying the ICAC's three-pronged approach of enforcement, prevention and education in anti-corruption work in the banking sector.



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