

Accepting special discount from client

Alan operated a car rental company and had insured all his cars with Bryan, a manager of a bank's insurance department. Without the bank's approval, Bryan bought an "old" car from Alan at a low price.

Bryan was the manager of a bank's insurance department. His old classmate, Alan, operated a car rental company and had insured all his company's vehicles with Bryan's department. Since they both like motor racing, they became good friends and often spent their holidays driving in the countryside.

On one occasion, Alan asked Bryan if he was interested in buying his 'old' sports car that was bought only six months ago. Bryan was interested but unfortunately was short of cash. Alan suggested that Bryan paying for it by monthly interest-free installments at a special price. Bryan felt uneasy about accepting the offer at first. However, he changed his mind as he thought the offer would not create any obligation to Alan.

Case Analysis

Bryan might breach the Code of Conduct¹ of the bank by accepting an advantage from Alan, i.e. the abnormally low price and the favourable repayment terms. Bryan should decline such an offer or seek approval from the bank's management.

Although the advantage did not seem connected to Bryan's official duties at the time of the offer, it might put him in a position of obligation to reciprocate in future and place him in a compromising situation when he was asked to return a favour.



¹ According to HKMA's Supervisory Policy Manual CG-3, each authorized institute (bank) should develop its own Code of Conduct containing certain minimum conduct requirements which include "no member of staff should solicit, accept and retain personal benefits from any customer of the bank or any individual organisation doing or seeking to do business with it."