BANKS IN HONGKONG: THE RULES HAVE CHANGED, FOLKS !

If a long-time customer of a bank, operating in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), one day discovers that there is completely different staff at his/her branch, it is, probably, because the bank has either sacked the staff or eased them out of the bank's door.

The customer may be told that so-and-so is now working in another bank branch, but more often than not, the truth is that the bank has been on another of its culling expeditions.

Many HKSAR banks have adopted an employee policy that invokes the culling of its older, middle-management staff members and replacing them with what could only be considered fly-by-night, staff members even though the new staff members are given the nomenclature of permanent staff.

In a rare interview with a departing member of one, very large bank, with many operational branches in the HKSAR, the Macau Special Administrative Region (), Singapore, Malaysia, Taiwan and North America, a banking conglomerate which is, beneficially, controlled by South-East Asian interests, **TARGET** was informed that, over the past few years, there has been laid down a comprehensive policy, ranging from middle management's *'misplaced'* concern in trying to keep, well-entrenched customers to concentrating on obtaining new customers – even at the expense of old customers of good standing, if needs be such.

The philosophy of senior management of this bank, today – **TARGET** () has agreed not to name the bank – is that, since there is little to no customer loyalty (in senior management's opinion), then, there is little to no reason that there should be any bank loyalty.

According to our bank source, who recently resigned his position after being told that he was outdated and that, unless he accepted a 70-percent cut in salary, he would be *'retired'*, forthwith, many HKSAR banks, today, want to have a large turnover of staff, who are encouraged to fulfill a minimum quota with regard to bringing in new accounts … or be asked to leave the bank.

The resultant effect of this policy is that existing bank staff has, for the most part, little loyalty to their bank and its management – because they are well aware that they have little future in their bank.

The quota system is that each new member of the bank, not including the lowly teller, of course, is required to bring in a certain number of new customers over a stated period of time, with emphasis on prospective customers with roots in the PRC, proper, as opposed to the HKSAR, and with a minimum business turnover per month.

TARGET was told:

> *'One good PRC-based customer can bring in billions of dollars to the bank, whereas, it is rare for a Hongkong customer to make such a commitment or even to have businesses in the billions of Hongkong dollars,'*

New staff members in such positions last for a very short period of time in the bank, relative to days of yore, because, as soon as their ability to bring in new customers is seen to be on the wane, they are pushed out of the bank's revolving door.

The philosophy of the banks of this ilk was described by our source as being completely and obscenely mercenary.

The assumption of senior management of these banks is that customers, brought in by new staff members, will only be with a particular bank for a couple of years, in any event.

It is the opinion of senior management of the former staff member of the HKSAR bank, with whom **TARGET** spoke, that customers of banks in the territory, today, go wherever interest rates are most conducive to their requirements at a particular period of time.

The above indictment of HKSAR bank customers was told to our source, following his being summoned to the bank's headquarters in Central Hongkong where, bottom line, he was told to leave the bank … or the bank would terminate his services, using other methods.

Because a bank's staff is changed, frequently, most customers do not realise that there have been changes, made at the bank, that is until they ask for new bank facilities or an extension of existing facilities.

At the time of the realisation that things have changed in the branch office of a customer's bank, it would be noted that the Branch Manager has been changed and that the customer's bank contact is no longer in the employ of the lending institution.

Then, the penny drops because the customer is told that all lending, henceforth, is, strictly in accordance with the bank's policies and that an individual employee of the bank has no authority to supersede the bank's Standard Operating Procedure.

Determinations in respect of a new customer's request, regardless of the request, even for as simple a thing as obtaining a replacement credit card, is in accordance with a detailed, written policy, which must be followed rigidly – with no exceptions.

This means that a bank employee, even with an intimate knowledge of a very well-healed customer, may not use his or her personal judgment in any matter and must refer all requests to immediate superior(s) should the customer's new request not follow the parameters, as exactly laid out in the policy book of the bank.

No flexibility is permitted and any bank member, who fails to follow, to the letter, the policy of the bank, is summarily dismissed.

This banking philosophy of today is vastly different from yesteryear when most banks in the territory employed a policy of ascertaining, firstly, the collateral of a prospective, or existing, borrower of a bank, secondly, the health of a prospective borrower's cash-flow and, thirdly, what was the name of the prospective borrower.

It was assumed, in days gone by, that customers would stick by his/her bank, during good times and bad, in the same way that banks were expected to stick by their good customers, during the winters of business as well as in the summer months.

Times and the tides of men have changed in the Hongkong Special Administrative Region of the People's Republic of China.

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