



The Betty Letters

My Dear Grandchild,

It is a real wonder to me that somebody has not yet taken out a class action against certain banks/finance companies with offices in Hongkong, those that misled investors, by accident or by design, in respect of the sales of certain financial products over the past year or so. Strong suggestions have been made that representatives of certain banks/finance houses in Hongkong persuaded some depositors to purchase derivative products instead of holding their money on fixed deposits in licensed banks. Then, when the proverbial faeces hit the fan (this is Bo-Bo's favourite expression), these same legal holders of derivatives were informed by the same bank representatives that their entire savings had been wiped out. What is worrying about this matter is that the representatives of those banks/finance houses all made commissions, directly or indirectly, on the switch from the safety of fixed deposits with licensed banks to questionable financial products, created by third parties, but sold through bank/finance-house representatives in Hongkong. According to Barbara, my manicurist, some banks have Treasury Departments that rewards employees who meet certain quotas, set by the Treasury Departments, in the form of what is called 'quota bonuses'. Actually, Barbara explained to me, these quota bonuses are based on the principal sum of money, brought in by the employees, multiplied by a factor, ranging from 2 percent to 5 percent. However, it is not just financial instruments that were being flogged by these bank employees. Also, there has been pressure brought to bear on them to urge bank customers to purchase a number of insurance policies from the banks as well as other products. Meeting quarterly quotas has been essential to keeping one's job in these banks, relegating the employees to the status of salespeople. The big question, at this point, is, of course: Where is the morality of the management of the banks/finance houses that demand that their employees engage in what is, clearly, irresponsible acts to the detriment of depositors? Caveat emptor is not a blanket under which the managements of these banks/finance houses may snuggle under because, to my way of thinking, they took advantage of the ignorance and innocence of certain Hongkong depositors. Take, as an example, a woman of, let us say, 65 years, who had been working in a shop, saving her money over the years, and accumulated half a million dollars in monthly savings throughout her working life, that money, thought to be sufficient to carry her through the years when she is too old or too feeble to work any more. Such a woman would have little knowledge of finance and could easily be duped by a smooth-talking, silver-tongued bank/financial company representative with a story of a higher interest rate than is being offered by a licensed Hongkong bank. I wonder whether or not the salespeople of banks/finance houses admit, openly, the matter of their commissions, direct or indirect, to the gullible people who were/are persuaded to take their advice. No doubt, many people of Hongkong will live to regret that they ever picked up the telephone to talk to these immoral salespeople of certain banks/finance houses, who posed as bankers.

There is, also, the matter of certain questionable acts, perpetrated by the managements of certain banks, operating in Hongkong, managements which set sales' targets that certain employees must meet, or it is out the door for the failures at month's end. Banks seem to have lost sight as to their role in this society: These institutions are not supposed to be encouraging hard-sales tactics by employees in order to offload questionable financial products or insurance policies to depositors. Some of these tactics include telling depositors that, if they want better banking terms, then, they must buy certain financial products. The

banking system of Hongkong, as with any and all other countries/territories of the world, has an important place in society, but that place does not include duping depositors and, clearly, this has taken place over the past few years. Banks were designed as institutions, engaged in providing financial services to consumers, businesses, or government enterprises. In the broadest sense, banking consists of safeguarding and the transfer of funds, lending or facilitating loans, guaranteeing creditworthiness, and the exchange of money. Engaging people to act as salesmen and sales ladies was never envisaged as the role of bankers, it seems to me. Because the managements of these irresponsible institutions of Hongkong acted within the law, they, of course, can just walk away from any problems – while the duped, former depositors scratch their heads and wonder how their money was lost. When the backbone of the financial system of a country/territory is imperiled, it seems to me that action should be taken to protect it for the sake of the country/territory. Further, it seems to me that legislation and modifications to existing legislation are promulgated, inter alia, to protect the innocent and the ignorant, as well as the well-heeled and sophisticated. For it is the innocent and the ignorant that need protection, most of all. If it is held that a female, under the age of consent, has sexual intercourse, for whatever reason and under any circumstance, with an adult male, that act is contrary to the law, being statutory rape, then, one has to ask whether or not that which has happened in Hongkong, with regard to managements of certain banks/financial institutions in respect of the modus operandi of today, is financial rape? In effect, therefore, if my analogy is not incorrect, then, many investors/depositors have been raped by managements of certain banks/finance houses. And these banks/finance houses should be brought to book, in my opinion. Since there is no legislation in place, at this time, to put a halt to the immoral practices of the managements of these banks/financial houses from continuing their acts of raping the innocent and the ignorant, civil legislation is the only recourse open to the victims. Then, there is the question as to whether or not there is a sufficient pool of money to launch a civil action in the High Court of Hongkong in order to redress the balance.

What injustices have been perpetrated against many Hongkong depositors of certain banks/finance houses, injustices that will go unpunished! What an indictment against the Hongkong Government! I find it difficult to believe that the Hongkong Government did not know of the antics of the managements of certain banks/finance houses. But, if it be the case that the Hongkong Government did not know, the next question is for what reason was it kept in the dark.

I feel sick!

Talk to you next week.

Chief Lady

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