

The Betty Letters

My Dear Grandchild,

According to that which I have come to learn of late, a corporate entity's Bottom Line can often be improved either by 'cutting out the fat' or raising the prices of products, offered by the corporation to its customers. Cutting out the fat is a term, meaning to reduce or eliminate, completely, unnecessary and/or inessential things or just plain, stop giving customers something for nothing, which the corporation is not required so to do under its mandate to its customers. Think of it in this manner, My Dear Grandchild: If you think that you are gaining weight – and this can be proved when putting on an old belt and seeing which hole of the belt you last used to fasten it in order to make your waist look smaller – then, you must cut out the fat such as butter, cream, cakes, biscuits, ice cream and so on. In business, it means that if you are employing, let us say, 50 workers and you want to improve your bottom line, then, you might like to consider, trying to make do with only 40 workers or even 30 workers. Also, if you, as the manager of a corporation, were giving your staff a freebie, then, this freebie could be stopped, immediately, since it would be an extra expense that the corporation was not required to do as a part of employees' contractual benefits. This was told to me by Bo-Bo, my froglike husband, when I asked him what was meant by the term, 'radical shake-up at HSBC Holdings plc'. It appears that, on May 11, Mr Stuart Gulliver, the relatively new Chief Executive of HSBC Holdings plc, will brief this bank's senior cadre on his new plans to improve the bank's profitability by cutting costs (also known as cutting out the fat), among other things. However, The Frog said that it appears to him that Mr Stuart Gulliver will, also, be looking to raise bank charges to customers and/or create new innovative charges. According to The Frog, most banks, today, are ruthless, more so than ever before in recent history, and the Bottom Line is everything to Management. Loyalty to customers is a thing of the past, The Frog maintains, and so customers, in turn, reciprocate accordingly. Mr Stuart Gulliver, as the new Chief Executive of one of the world's largest banks, must show the mettle from which he is made by improving the Bottom Line, using any and all legal means available to him. The Frog explained: 'There was a time that customers of banks used to maintain that banks should stick with loyal customers through thick and thin, when times were good and when times were bad. Those days are gone and, today, if a customer is not doing well, then, the bank will take whatever action it deems necessary in order to protect itself from a customer's difficulties. Alternatively, if a bank is not earning a sufficient amount of profit from a customer, it will try to increase charges, perhaps the interest charges on loans, or cancel loans to a customer, completely. This is only correct and proper because a bank is not a charity organisation, but an entity that performs a service for profit. Each customer represents a profit centre to the bank: If therefore, a customer is not important to the bank, goodbye customer. Put another, the bank will say, simply, 'piss off!'

Now, it just so happens that I have an account with The Hongkong and Shanghai Banking Corporation Ltd, which is a subsidiary of HSBC Holdings plc, you know, so I decided to perform a forensic study of the costs that the bank has been charging me over the past few years. What I discovered shocked me out of my little panties. The bank's charge for Telegraphic Transfers (known as TTs in the bank's parlance) has risen from \$HK160 per transaction in 2007 to \$HK200, today. That is an increase over a 4-year period of 25 percent ... I think. Looking at Autopay Service Charges – I have 4 Filipina maids, helping me in the house and doing the shopping, you understand – so I have established an automatic deposit scheme so that, into the maids'

bank accounts at The Hongkong and Shanghai Banking Corporation Ltd, twice per month, go their salaries. When I first was informed of this scheme by the bank, I was told that the Autopay Service Charge Per Transaction would be \$HK200. But, from 2008 until today, the Autopay Service Charge has risen to \$HK350 Per Transaction. So, I am forced to pay \$HK700 per month to the bank in order that the necessary amount of money is automatically deposited into the bank accounts of my 4 Filipina maids. This seems to me that I am being forced to pay an extra 75 percent if I determine to maintain the original plan of paying my maids, using the bank's Autopay Services. Now, you may think that this is a small amount of money, but, over the period of one year, it amounts to an increase of about \$HK4,200 – and it comes out of my housekeeping allowance. And you know what a miser is The Frog. Further, if there are 100 housewives, such as I, and each one has to pay an extra \$HK4,200 per year in respect of this Autopay Service, it means that the bank is earning an extra \$HK420,000 per annum from the increase in charges from this single service. HSBC Holdings plc has more than 100 million customers, by the way, so that if each customer pays an extra \$HK1 per day to the bank for a single service, whatever it may be, that is an increase to the bank of \$HK100 million per day or \$HK36.50 billion per annum (per annum means per year, my dear). HSBC Holdings plc is known to have a full range of services – current accounts, savings accounts, mortgage loans, car financing, insurance, credit cards, personal loans, pension schemes, investments, and so on and so on. In addition, this bank introduced, some time ago, that there shall be a monthly charge for inactive accounts. So, if I have \$HK100 million in my savings accounts and I do not use the money for a period of time, the bank will charge me for looking after my money – while making good use of my money in order to lend part of it to others. My Filipina maids are required by law to send a certain amount of their salaries to their families in the Philippines and to pay taxes to the Philippine Government on their salaries. This money is paid via a Hongkong bank which, firstly, will convert Hongkong dollars into pesos and charge a fee for that service and, then, there will be another charge for remitting the pesos to the Philippines. If the Hongkong and Shanghai Banking Corporation Ltd performs this, or a similar service, just think what a boon it is going to be if charges are raised by just 10 percent. With about 200,000 Filipina maids in Hongkong, all of whom, most likely, send money home to their parents, monthly, it is going to be money for jam for the bank. Is that not correct?

Horrible as it may sound, for many people in Hongkong, they are not able to reason the way that I do and they do not have The Frog to explain things to them. And, for the Filipina maids of Hongkong, many of them cannot even count up to 100 – in any language. Sad, isn't it? But it is fact. HSBC Holdings plc, because of its size and vast financial power, internationally, it is able to do things that other usurers might find it difficult to emulate. Actually, now, I am considering, purchasing a large safe to keep in my home and to store my valuables and my housekeeping money because I have no intention of permitting my banker to milk me like a cow. I am not going to wait for the May 11 D-Day (Demand Day) when Mr Stuart Gulliver will increase bank charges to small people, such as I (I am, still, on a diet, you know.).

Talk to you, next week (moo – moo)

Chief Lady

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