立法會 Legislative Council

LC Paper No. CB(1)281/02-03 (These minutes have been seen by the Administration and the Privacy Commissioner for Personal Data)

Ref: CB1/PL/FA/1

Legislative Council Panel on Financial Affairs

Minutes of meeting held on Tuesday, 24 September 2002 at 2:30 pm in the Chamber of the Legislative Council Building

Members present: Hon Ambrose LAU Hon-chuen, GBS, JP (Chairman)

Hon Henry WU King-cheong, BBS, JP (Deputy Chairman)

Hon James TIEN Pei-chun, GBS, JP

Hon Albert HO Chun-yan Hon Eric LI Ka-cheung, JP

Dr Hon David LI Kwok-po, GBS, JP

Hon NG Leung-sing, JP Hon Bernard CHAN, JP Hon CHAN Kam-lam, JP

Dr Hon Philip WONG Yu-hong

Hon Jasper TSANG Yok-sing, GBS, JP

Hon Emily LAU Wai-hing, JP

Non-Panel member :

attending

Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP

Members absent : Hon LEE Cheuk-yan

Hon James TO Kun-sun Hon SIN Chung-kai Hon MA Fung-kwok, JP **Action**

Public officers attending

Ms Kinnie WONG

Principal Assistant Secretary for Financial Services and

the Treasury (Financial Services)

Financial Services and the Treasury Bureau

Mr David CARSE

Deputy Chief Executive

Hong Kong Monetary Authority

Mr Raymond LI

Executive Director (Banking Development)

Hong Kong Monetary Authority

Attendance by invitation

Mr Raymond TANG

Privacy Commissioner for Personal Data

Office of the Privacy Commissioner for Personal Data

Mr Tony LAM

Deputy Privacy Commissioner for Personal Data

Office of the Privacy Commissioner for Personal Data

Mr Eric PUN

Legal Director

Office of the Privacy Commissioner for Personal Data

Clerk in attendance: Ms Anita SIT

Chief Assistant Secretary (1)6

Staff in attendance : Ms Rosalind MA

Senior Assistant Secretary (1)9

I. Confirmation of minutes of meeting and matters arising

(LC Paper No. CB(1)2564/01-02 — Minutes of special meeting on

14 March 2002

LC Paper No. CB(1)2565/01-02 — Minutes of meeting on 9 April

2002

LC Paper No. CB(1)2468/01-02 — Minutes of meeting on 3 June

2002

LC Paper No. CB(1)2566/01-02 — Minutes of special meeting on

11 June 2002

LC Paper No. CB(1)2567/01-02 — Minutes of special meeting on 13 June 2002)

The minutes of the above five meetings were confirmed.

II.

Information papers issued since last meeting	
(LC Paper No. CB(1)2351/01-02(01) —	package to enhance
	competitiveness of Hong Kong financial market" provided by
	the Administration
LC Paper No. CB(1)2352/01-02 —	Mandatory Provident Fund Publication - "A Guide for
	Employers and Employees"
LC Paper No. CB(1)2388/01-02(01) —	Press release on "Home Owner
	Mortgage Enhancement Programme" provided by the
	Hong Kong Mortgage
	Corporation Limited
LC Paper No. CB(1)2433/01-02 —	Securities and Futures
	Commission Quarterly Report
I G D	for April to June 2002
LC Paper No. CB(1)2443/01-02 —	Mandatory Provident Fund Schemes Statistical Digest -
	June 2002
LC Paper No. CB(1)2467/01-02(01) —	Letter from the Financial
	Secretary's Office on Planning
	Process in relation to the 2003-
I G D	04 Budget
LC Paper No. CB(1)2469/01-02(01) —	Press Release on the Economic Situation in the Second Quarter
	of 2002 and updated GDP and
	Price Forecasts for 2002
	provided by the Administration
LC Paper No. CB(1)2484/01-02 —	Educational leaflets on hedge
	funds provided by the
	Securities and Futures
I C Papar No. CP(1)2402/01 02	Commission (SFC) Mandatory Provident Fund
LC Paper No. CB(1)2492/01-02 —	Schemes Authority Annual
	Report 2001-02
LC Paper No. CB(1)2536/01-02 —	Educational leaflets on equity -
	linked instruments provided by SFC)

2. <u>Members</u> noted the above information papers issued since last regular meeting on 19 July 2002.

III. Proposal on the sharing of positive credit data - Consultation document issued by the Office of the Privacy Commissioner for Personal Data

Information (LC Paper No. CB(1)2558/01-02(02) paper titled "Consultation Document on the Proposed Provisions on Consumer Credit Data Protection: The Sharing of Positive Credit Data" provided by the Office of the Privacy Commissioner for Personal Data The consultation document LC Paper No. CB(1)2454/01-02(01) — Submission dated 7 May 2002 LC Paper No. CB(1)1770/01-02(01) from the Hong Kong Association for Democracy and People's Livelihood Letter dated 24 July 2002 LC Paper No. CB(1)2359/01-02(01) from Hon Emily LAU to the Secretary for Financial Services and the Treasury Submission dated 25 August LC Paper No. CB(1)2454/01-02(02) — 2002 from a member of the public The Administration's LC Paper No. CB(1)2455/01-02(01) response to Hon Emily LAU's letter Press release dated 28 August LC Paper No. CB(1)2462/01-02(01) — 2002 issued by Consumer Council Minutes of meeting on 9 April LC Paper No. CB(1)2565/01-02 2002)

3. <u>The Chairman</u> welcomed to the meeting Mr Raymond TANG, Privacy Commissioner for Personal Data (the Privacy Commissioner), and his colleagues, and representatives from the Administration. <u>The Chairman</u> said that the purpose of the meeting was to discuss the Consultation Document titled "The Sharing of Positive Credit Data - Proposed Provisions on Consumer Credit Data Protection" issued on 28 August 2002 by the Office of the Privacy Commissioner for Personal Data (PCO).

Briefing by the Privacy Commissioner

- 4. At the invitation of the Chairman to speak, <u>Mr Raymond TANG</u> briefed members on the public consultation exercise highlighting the following points -
 - (a) In Hong Kong, the Personal Data (Privacy) Ordinance (Cap. 486) and the Code of Practice on Consumer Credit Data (the Code) provided the framework for safeguarding personal data privacy in respect of the collection, holding, processing, and use of consumer credit data.
 - (b) A proposal to broaden the scope of credit data sharing would be an extension of that framework and, if allowed, would require an equivalent level of data protection safeguards and restrictions to be put in place to ensure the protection of consumers' privacy interests.
 - (c) The objective of the proposals in the Consultation Document was to bring about, through amending the Code, an effective regulatory mechanism for the benefit of both data subjects and data users alike, thereby fostering a better and more responsible credit relationship for the general benefit of Hong Kong's economy.
 - (d) Three factors were central to a solution which would strike a balance between the public interest and the data privacy interest of consumers, namely-
 - (i) the broader public interest;
 - (ii) the relevance of the new credit data to be used in credit assessment; and
 - (iii) the individual's rights to data privacy.
 - (e) In relation to the above factors, the data subjects should have full rights and discretion to the disclosure and use of his/her credit data and the continued use of such data for future credit reference. A data subject should have the full rights to rescind his/her consent for the continued use of his/her credit data for credit assessment when the lending relationship was terminated upon the full settlement of the credit account. On the other hand, a borrower, in seeking to obtain credit facilities, should have the obligation to provide relevant information to enable prudent lending by credit providers.
 - (f) As an implementation safeguard, it was proposed (Proposal no. 22) that there should be a 24-month transitional period or moratorium period during which new positive data would be allowed for use in the handling of new credit applications only; during this period, financial institutions would be prevented from accessing and using

positive credit data held by credit reference agencies (CRAs) for the purposes of the renewal or review of existing credit facilities.

5. Mr TANG also informed the Panel that he had recently attended 11 radio interviews to discuss the Consultation Document. So far, he had not received any view over the telephone that was objectionable to the proposal for sharing positive credit data per se. Media reports also presented well-balanced views on the subject and were to a certain degree in support of the proposal. Of the 15 written submissions received so far, two were basically against the proposal, while the remaining 13, amongst making other comments, expressed strong aversion to the marketing strategies of some banks in respect of credit cards. This was an area which, strictly speaking, fell outside the ambit of data privacy interests and as such he would not be in a position to comment.

Discussion with Members

Access to the credit database

6. Mr CHAN Kam-lam asked that in view of the importance to prevent abuse of credit data for illegitimate pursuits, whether CRAs would be required to maintain a formal record to register all instances of access to their credit database and whether, for the sake of upholding privacy interests, such instances of access would be reported back to the data subjects concerned. In response, Mr Raymond TANG said that under the existing Code, only credit providers falling within the meaning as defined in the Code might obtain access to the credit database of CRAs. As regards privacy safeguards applicable to CRAs, it was proposed (Proposal no. 19) that CRAs would be recommended to commission an independent compliance audit annually to verify whether its data management practices were adequate in terms of enabling the agencies to comply with the requirements of the Code, and that the audit report should be submitted to the Privacy Commissioner. These mechanisms would lend support to ensuring the proper use of credit data in accordance with the Code and legal requirements. Mr TANG further said that the volume of access enquiries to be entertained by CRAs would likely exceed the mark of 6 to 7 million per annum, which was the volume of access enquiries currently handled by the Credit Information Services Ltd, the main consumer credit reference agency operating in Hong Kong, with regard to negative credit data. Hence, the reporting of all instances of access to the data subjects concerned as suggested by Mr CHAN would probably be very costly, but this could still be considered.

Public interest versus privacy rights

7. Mr NG Leung-sing, declaring himself a member of the banking industry, said that the industry would no doubt welcome constructive comments from customers for marketing improvements to be made. He highlighted that the sustaining stability of the banking sector was instrumental to the long-term prosperity for the Hong Kong economy, and this "public interest" consideration also

underlined the industry's proposal for positive credit data sharing. He then asked whether the Privacy Commissioner concurred with the view expressed by some in the community that the proposals in the Consultation Document would struck a balance between the bank's legitimate right of access to information for credit assessment and customers' concern about loss of privacy; and whether PCO would eventually publish its response to the views received during the consultation period.

- 8. Mr Raymond TANG stated his view that although the sharing of positive credit data was not meant to be a cure for bankruptcy or over-indebtedness, it could be identified as one measure that would help address these problems indirectly. He said that the "privacy loss" as alleged should in fact be taken as a form of "trading-off". To illustrate with an analogy, he explained that when "one" handed out a name card containing for instance his own personal data to a new acquaintance, there was no question of loss of privacy in this incidence, as giving out the name card in this act of etiquette was in fact an act of "trading off" for something in return. The same logic would apply in the case of seeking a loan from a credit provider. As regards PCO's response to views received during the consultation exercise, Mr TANG said that PCO would respond to all submissions collectively in the form of a consultation report, which would be published in due course.
- The Deputy Chief Executive, Hong Kong Monetary Authority 9. (DCE/HKMA) said that he had on a number of occasions pointed out that the sharing of positive credit data was not a panacea for personal bankruptcy but it would certainly help to prevent the problem from deteriorating and to curb the rising trend of multiple indebtedness. For the least, it would lend support to credit providers to move forward in the right direction, as there were already indications signaling a credit crunch, which would pose hazards to the overall economy in Hong Kong. He concurred with the Privacy Commissioner that the whole issue was not simply a question of information availability but also the question of credit providers making proper use of the information available. In the past, there had been disagreement among some banks on the value of sharing credit data. market conditions had now substantially changed with the industry coming to a consensus that sharing of both negative and positive credit information would not only be desirable but necessary in the interest of the whole banking industry. this connection, DCE/HKMA said that HKMA would in due course and in consultation with PCO, issue a supervisory guideline stipulating that if and when the sharing of positive credit data came into effect, all authorized institutions should make use of the service as often as it was necessary for credit assessment or for credit reviews. HKMA had already assisted in bringing about greater consistency in the supply of credit data such as standardizing default reports to the CRAs.

Views covered in the Consultation Document

10. <u>Ms Emily LAU</u> said that on reading the Consultation Document, she was given the impression that the Privacy Commissioner was fully supportive of the proposal in question. She opined that in order to be fair and objective and seen to

be so, the Consultation Document should have incorporated all relevant views expressed to PCO on the subject in question. By this token, she was perplexed to find that the Consultation Document had made very little reference to the views and concerns expressed by Legislative Council Members on this subject, despite the fact that the subject was discussed at this Panel on 9 April 2002.

11. In response, Mr Raymond TANG explained that all comments and views received would be duly considered and that would include those advanced by Members of the Legislative Council. The fact that the deliberations at the Panel meeting on 9 April 2002 were not incorporated into the Consultation Document was unfortunate because the formal minutes of discussion were not made available to him in good time to substantiate inclusion in the text. While noting that the LegCo Secretariat should reset its future work priorities, Ms Emily LAU said that as a matter of principle, PCO should have incorporated Members' views and comments to the best of their knowledge.

Benefits of greater data sharing for consumers

- 12. Ms Emily LAU referred to the "quantifiable benchmarks" proposed by the Consumer Council to measure the benefits awarded to the public should the proposal to share positive credit data come into effect. She found that such reference was not embodied in the Consultation Document, and wondered whether this had in fact been considered by the PCO. Mr Raymond TANG responded that the issue was pertinent to consumer interest and was not directly related to personal data privacy, henceforth falling outside PCO's remit and should not therefore be dwelled upon in detail in the Consultation Document. Consumer interest and privacy interest were two different issues not necessarily correlated. If the sharing of positive credit data would possibly result in banks lowering the interest rates for some borrowers, PCO would welcome and give support, not as a vehicle for evaluating privacy interest but as a windfall in the public interest. In response, Ms Emily LAU said that she fully appreciated Mr TANG's standpoint as the Privacy Commissioner, but considered that both privacy interest and consumer interest were crucial considerations in regard to the proposed sharing of positive credit data, and the public must not be misled to regard the proposal as simply a privacy issue. In this connection, she said that there might be a case for the Administration to consider consulting the public afresh on an all-embracing package at one-go.
- 13. <u>Mr Henry WU</u> also sought elaboration on what benefits the bulk of good borrowers, who allegedly constituted up to 70% of the borrowing clientele in banks, would likely enjoy as a result of positive credit data sharing.
- 14. <u>DCE/HKMA</u> said that it would be difficult to predict and quantify the extent of reduction in credit cost as a result of sharing of positive credit data, mainly because the impact could not be assessed in isolation from other factors. The cost of credit would depend on the credit environment, such as the cost of funding, under which credit providers were operating their business. The extent of market

competition was also a main underlying factor, as best testified by the residential mortgage market. At present, the problem rested with the lack of positive data sharing in the credit market and this was inhibiting competition such that new entrants and smaller players found it difficult to compete. Findings from academic research and the experience in other countries indicated that the sharing of both positive and negative consumer data had helped increase the availability of credit and reduce its cost particularly for good quality borrowers. In general, all stakeholders in the banking business would in one way or another benefit from a healthy banking industry, best achievable through the sharing of both negative and positive credit data.

15. <u>DCE/HKMA</u> commented that for the so-called "good borrowers" who were able to honor the repayments on the due date, banks were exposed to some credit risk on these borrowers. The often-quoted figure of 70% "good borrowers" might not be representative of the actual financial transactions in real terms without the relevant details disclosed. In terms of credit card receivables, it was noticed that 55% of these were actually rolled over onto the next payment period.

Privacy compliance auditing

- Ms Emily LAU sought elaboration on Proposal no. 19 regarding privacy 16. compliance auditing. She asked whether PCO was recommending that such compliance auditing should be voluntary, self-financing or otherwise, and whether the outcome of the auditing would eventually be published to provide maximum transparency. Mr Raymond TANG said that under the existing Personal Data (Privacy) Ordinance (the Ordinance), the Privacy Commissioner was not empowered to demand the submission of a privacy compliance audit report from a CRA. As an alternative means of control, the Privacy Commissioner could tender advice to credit providers persuasively that when they were to engage the service of a CRA, they should ask if the latter could demonstrate its compliance with the requirements of the Ordinance and the Code. In this way, CRAs would have the incentive to conduct privacy compliance auditing. Ms LAU doubted if the arrangement was instrumental to ensuring that privacy compliance auditing would be duly conducted and asked whether the arrangement would be widely publicized as a general guide to credit providers and CRAs. Furthermore, there were still grey areas left unenlightened, such as, who would be tasked to do the compliance auditing work, or how the consumers would be informed of the outcome of the auditing reports.
- 17. In response, Mr Raymond TANG explained that under Sections 36 and 38 of the Ordinance, the Privacy Commissioner was empowered to inspect personal data systems of data users for the purpose of making recommendations to promote compliance with the Ordinance, and that he could carry out an investigation in relation to the relevant data user to ascertain whether an act or practice of the data user was in contravention of a requirement of the Ordinance. He continued to say that "privacy assessment" was a new concept and "privacy auditing" was a subject still under development. In other jurisdictions, the efficacy of privacy compliance

auditing was still being tested, and where required, such audits were generally conducted by international accountancy firms. If and when Hong Kong was to go about privacy compliance auditing, there would be a need to develop our own set of standards and criteria, subject to subsequent fine tuning in the light of experience gained. Such standards and criteria should take heed of the basic data protection principles. He acknowledged that this issue was touched upon very briefly in the Consultation Document but the recommendation of privacy auditing was included, thereby affirming that data management by CRAs was subject to PCO's monitoring and inspection. Mr TANG further said that it would be premature to predict at this stage whether there was a need to have the compliance auditing reports published. If there was a case of doubt, an investigation could be conducted in the first instance and what to come next would hinge on the outcome of the investigation and the circumstances prevailing at that time. In this connection, Ms Emily LAU insisted that public interest would be best served if the auditing reports were made open for public scrutiny.

Impact of sharing positive credit data on the credit market and existing borrowers

- 18. <u>Dr Philip WONG</u> opined that given the present-day credit environment, the sharing of positive credit data was a pre-requisite, if not the panacea, for banks to alleviate the bad debt situation. He enquired how the data-sharing approach as recommended in the Consultation Document compared with the relevant practices adopted by other jurisdictions, and whether the sharing of positive credit data would result in a shrinkage of credit business under the current economic situation.
- 19. In response, Mr Raymond TANG said that in both the United States (US) and the United Kingdom (UK), privacy legislation was enacted later than the law governing credit data sharing and was therefore basically different from the situation in Hong Kong, where the privacy legislation was enacted when the credit data sharing regime was still on the drawing board. The credit assessment conducted by CRAs in the US and UK could be very accurate because the collection of credit data was highly comprehensive. In Hong Kong, the basic privacy principle was to permit the collection and the sharing of personal data at the minimum level necessary to serve a specific purpose in the public interest, and this principle was upheld throughout the discourse in the Consultation Document. regards the possible short-term impact of sharing positive credit data on the credit market, Mr TANG said that the proposed transitional period of 24 months (Proposal no. 22) would help avert undue impact on the existing borrowers, as explained earlier on.
- 20. <u>DCE/HKMA</u> said that in fact there were two situations at issue namely "new credits" and "existing credits". In the former case, banks would be more prepared to extend their lending facilities further with positive data sharing, without which banks might be inclined to act over-cautiously given the current bankruptcy situation. As for "existing credits", the scenario might be less straightforward, as banks would tend to hesitate as to what steps to take when, through the sharing of positive credit data, a borrower was found to be financially over-extended but had

not yet shown any repayment problems. The cutting back on credits for this customer group might enable the bank to start with a clean plate but on the other hand might expedite a surge in bankruptcies or delinquencies. HKMA was aware of the concern that the sharing of positive credit data might lead to an abrupt tightening of credit lending by some banks. It was hoped that the proposed 24-month moratorium would allow existing over-extended borrowers more breathing time to avail themselves with debt-restructuring or debt-scheduling arrangements with the financial institutions concerned.

- 21. Mr James TIEN said that he would support the proposed sharing of positive credit data as he believed that this could effectively tackle the problem of over-indebtedness. He expressed concern that the 24-month moratorium would merely defer the problem down the road. DCE/HKMA said that HKMA accepted the proposed moratorium as a practicable approach but agreed that there were mixed views on its duration. The proposal had in fact emanated from the banking industry, which was inclined to give a breathing space for needy borrowers to sort out their problems with their credit providers. The industry had however suggested twelve, rather than 24 months. In any case, this was a matter for the PCO to decide taking into account all views expressed.
- 22. <u>Mr Albert HO</u> expressed concerned that, if positive credit data sharing was to be put in place, credit seekers with less favourable repayment history would be labeled as "high risk borrowers". These credit seekers might eventually find it very difficult or had to pay very high interest to obtain credit facilities of any form. <u>Mr HO</u> also queried whether the proposed 24-month moratorium period would be mandatory during which banks would be prohibited from cornering over-extended customers into bankruptcies.
- 23. In response, <u>DCE/HKMA</u> said that one of the objectives of the proposal for sharing positive credit data was to curb imprudent lending, and this would inevitably have some effects on those borrowers who were already over-extended. But according to a study carried out as reported in HKMA's paper submitted for discussion at the Panel meeting on 9 April 2002, it was evidenced that with the sharing of positive credit data, the overall availability of credit to consumers would increase. During the proposed 24-month moratorium period, the ability of banks to undertake reviews of existing credits with reference to the positive credit data available would be restricted. To enable banks to decide what best to do in regard to over-extended borrowers during the moratorium period, the industry was drawing up an industry-wide agreement for debt relief plans to provide a structured framework that would enable more efficient and more effective debt restructuring negotiations with needy individuals.
- 24. In response to Mr Albert HO's enquiry about the profitability of consumer credit facilities for banks in Hong Kong, DCE/HKMA said that based on a recent survey on individual banks, some banks were indeed making money, particularly the larger ones which were in a better position to spread out their costs over a larger base and to monitor the credit worthiness of their customers. As

expected, smaller banks were experiencing greater difficulties in running their credit card business. It was envisaged that further delay on the sharing of positive credit data would result in further concentration of the credit cards business in the hands of large players thus inhibiting competition.

25. In response to a further query from Mr Albert HO on how far banks would be changing their lending policies with the availability of positive credit data, DCE/HKMA considered that the impact, in the longer term, would be greater availability of credit and wider differential pricing offered on the basis of credit quality. He continued that at the moment some banks were cutting back on or had virtually stopped running their credit card business because they found themselves no longer in a position to assess credit risks with reasonable integrity. It was envisaged that the sharing of positive credit data would help ease the situation.

Upgrading the Code into laws

26. Mr Albert HO said that it might be totally off the target just to mirror blindly the credit data sharing regime in other jurisdictions without taking into consideration the limitations of Hong Kong's privacy protection framework. In this regard, he suggested that the Administration/PCO should consider upgrading the Code into laws in line with the fully-fledged statutory regime governing credit data sharing in some jurisdictions overseas. Mr Raymond TANG said that in his opinion, mishandling of personal data should not constitute a criminal offence and be prosecuted as such unless it was a recurring offence. For the moment, there seemed to be no strong grounds for upgrading the existing Code into laws as the existing statutory framework for protection of personal data privacy had been adequately efficacious. In response, Mr Albert HO said that he was referring to extreme and serious offences which would warrant criminal litigation or at least severe penalty through civil action to be instituted in either case by the regulatory body on behalf of the individuals concerned. On this topic, he would be pleased to let Mr TANG see the relevant research paper prepared by the Democratic Party.

Protection of personal data outside Hong Kong

While expressing reservation on the propriety of the "name card" analogy made by Mr Raymond TANG earlier on, Mr Henry WU expressed concern about the possible abuse of positive credit data when such data were transferred to jurisdictions outside Hong Kong. Mr Raymond TANG responded that section 33 of the Privacy Ordinance stipulated that data users in Hong Kong were prohibited from transferring data to another territory where comparable privacy protection was lacking. This section however had not commenced operation. It was understandable that to put this provision into force would have significant and farreaching bearing on cross-boundary business operations. As an interim measure, in the event that personal data were to be transferred and put to use outside Hong Kong, some degree of privacy protection could be attained by way of a contractual undertaking made between the data user in Hong Kong and the institution which handled the data outside Hong Kong. The PCO had published a Fact Sheet with a

model form of contract. Mr Henry WU cautioned that as the transfer of personal data to a place outside Hong Kong was not yet afforded any statutory protection, the proposed extension of credit data sharing might implicate potential hazard.

Other views

- 28. Hon Eric LI wished to have his views duly recorded. Basically, the proposal for sharing positive credit data was a finance policy issue and was targeted to address the problems of rising bad debts and personal bankruptcies. proposal however gave rise to privacy concerns and consumer interest concerns. Initially, one should ask what the scenario would be if the status quo was to be maintained. Government had a role to play to ensure that banks should be allowed to run their business in fair competition and based on prudent lending principles. In the absence of positive credit data, banks would find it difficult to improve their risk management ability and were therefore unable to deliver their services responsibly in the public interest. The short-term impact of the sharing of positive credit data might lead to bad debts being surfaced or credit lending subsiding. one should look farther ahead to see the longer term impact. Commercial interest and individual consumers' interest were not necessarily mutually exclusive; they could be complementary. The impact of the proposal in question on the financial sector was significant and far-reaching and must not therefore be dealt with lightly.
- 29. <u>Mrs Sophie LEUNG</u> also asked to have her views recorded. She was in support of the proposed sharing of positive credit data on the consideration that banks should rightfully be allowed to share the data to enable them to lend prudently. In view of the alarming surge of personal bankruptcies caused by multiple-indebtedness, the proposal should be implemented as soon as possible.
- 30. At the invitation of the Chairman, Ms Kinnie WONG, Principal Assistant Secretary for Financial Services and the Treasury, remarked that she was grateful for the views and comments expressed at the meeting, which would be duly taken into consideration by the Administration. She further said that it had always been Government's policy to maintain safety and stability of the banking sector, and it was also vital to foster and sustain a business environment where the interest of the trade and industry concerned could be equitably balanced with those of the consumers.

IV. Any other business

31. There being no other business, the meeting ended at 6:45 pm.

<u>Legislative Council Secretariat</u> 13 November 2002