

(Translation)

Motion on
“Urging the Government to step up the regulation of money lenders
and financial intermediaries”
moved by Hon Alice MAK
at the Council meeting of 8 February 2017

Motion as amended by Hon LEUNG Yiu-chung and Hon Kenneth LEUNG

That as the current policy and legislation fail to put financial intermediaries (‘intermediaries’) under direct regulation, fraudulent cases involving intermediaries have frequently occurred in recent years; information shows that the Police conducted a number of large-scale enforcement actions in 2015 and the first eight months of 2016, in which over 400 persons involved in malpractices of intermediaries were arrested, reflecting the severity of the problem; people in the relevant industry and non-governmental organizations have pointed out that the measures launched by the Government in April 2016 for more stringent regulation of money lenders can only treat the symptoms but not the root cause of the problem; to prevent more people from inadvertently falling into lending traps, this Council urges the Government to step up the regulation of money lenders and intermediaries, and relevant measures should include:

- (1) comprehensively reviewing and amending the Money Lenders Ordinance (Cap. 163) to expand its ambit to the regulation of companies or institutions engaged in money lending-related business, and to implement the establishment of a licensing regime for financial intermediaries to directly regulate the intermediaries;
- (2) further imposing more stringent licensing conditions for money lenders licence and formulating more stringent procedures for vetting licence applications, including requiring the applicant to hold a specified sum of registered capital to ensure adequate financial resources for the operation of money lending-related business, and making the operator’s conduct and the company’s business and financial information factors for consideration in licence issuance and renewal; and applying the above arrangements to the new licensing regime for intermediaries;
- (3) promoting the professional development of the industry to improve the conduct of its practitioners and increasing penalties for contravening the legislation, so as to solve the problem of varying standards among practitioners and combat the bad sales practices in the industry;

- (4) exploring the establishment of a statutory regulatory body to more effectively regulate companies or institutions engaged in money lending-related business;
- (5) continuously taking strict enforcement actions to combat the illegal practices involving intermediaries;
- (6) providing adequate resources to enhance public education and counselling services, with a view to reducing people's risk of being deceived by unscrupulous intermediaries;
- (7) establishing a registration system for practitioners in the industry to prevent people from being deceived by fake practitioners;
- (8) providing training and guidelines to enforcement officers in handling malpractices of money lenders and intermediaries, and requiring that relevant enforcement authorities must conduct inquiries into cases reported by the public, rather than refusing to process them on account of their being private commercial disputes or other unreasonable grounds; and
- (9) requiring that money lenders must assess the repayment ability of the borrowers prior to making the loan and decide the loan amount based on the assessment result;
- (10) formulating and implementing policies on financial technology development to promote diversified development of the lending business and foster benign competition within the industry; and
- (11) increasing the transparency of the information of lending business to deter intermediaries from adopting bad practices in business operation.