

LCQ8:Feasibility of HKP helps providing additional services

Following is the question by the Hon Tam Yiu-chung and a written reply by the Secretary for Economic Development and Labour, Mr Stephen Ip, in the Legislative Council today (May 17):

Question:

Given that the number of bank branches has been decreasing in recent years, will the Government inform this Council whether:

(a) it has studied the feasibility of banks providing deposit and withdrawal services in post offices and of the Hongkong Post (HKP) running such services on its own, including the technical difficulties involved; if so, of the results of the study; if not, whether it will conduct such a study; and

(b) the Social Welfare Department plans to provide recipients the option of collecting Comprehensive Social Security Assistance payments, disability allowance and old age allowance at post offices; if so, of the details of the plan; if not, the reasons for that?

Reply:

Madam President,

(a) The Hong Kong Association of Banks has set up a Task Force to identify ways to address the inconvenience to some bank customers resulting from the reduced number of bank branches. At the request of the Task Force, the HKP has earlier provided information on the feasibility of banks providing withdrawal and deposit services in post offices, including:

(i) the service scope of the HKP is bound by the Post Office Ordinance and the Trading Fund Ordinance. Under the existing legislation, the HKP cannot provide withdrawal and deposit services on behalf of banks; and

(ii) the setup of individual post offices (such as security arrangements, floor area, facilities and information technology systems) and human resources are designed primarily to serve the needs of postal services, and the resources of the majority of post offices are already heavily utilised. Therefore, there would be considerable

impact on the quality of postal services if the banks were to provide withdrawal and deposit services in post offices.

Having carefully considered the potential implications on the quality of postal services, security and other technical factors, the HKP has grave reservations about providing withdrawal and deposit services in post offices. The HKP has already conveyed the above views to the Task Force. The feasibility of the HKP running its own withdrawal and deposit services is even more remote since it involves issues such as capital arrangement and risk management.

(b) The Social Welfare Department (SWD) normally distributes payments of Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA) (including the Disability Allowance and Old Age Allowance) through monthly automatic payment transfer to recipients' designated bank accounts. Currently, there are about 40 banks in Hong Kong providing this service. Recipients can choose those banks that have branches near their homes to facilitate collection of CSSA and SSA payments. Where necessary, recipients can request the SWD to change their designated banks for automatic payment transfers. Under exceptional circumstances, the SWD will arrange special monthly cash delivery to recipients who have mobility problem and have no relatives or friends to collect payments for them.

The SWD is of the view that the current arrangements already meet the needs of the recipients. Therefore, it has no plan to distribute CSSA and SSA payments through post offices at this stage.

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