

## LCQ20: Borrowing on the part of foreign domestic helpers

Following is a question by the Hon Judy Chan and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (May 28):

Question:

The Government has indicated that the borrowing problems of foreign domestic helpers (FDHs) not only affect their own financial well-being, but also bring much trouble to their employers. It has been reported that in recent years, there have been instances where employers or former employers of FDHs are harassed by money lenders or financial intermediaries as FDHs default on loans. In this connection, will the Government inform this Council:

(1) of the annual number of cases received by the Companies Registry from FDH employers, in 2024 and this year to date, in which harassment was allegedly inflicted on them by licensed money lenders during debt recovery from their FDHs;

(2) given that in reply to a question raised by a Member of this Council on November 27 last year, the Government indicated that it was formulating specific measures for public consultation along such directions as reviewing the existing regulations on money lenders and enhancing publicity and education, and it planned to commence such consultation in the first half of this year, of the progress of the public consultation on such new measures and the actual implementation timetable;

(3) as the revised Code of Practice for Employment Agencies (CoP) promulgated by the Labour Department (LD) in May last year requires employment agencies to, when making an application for a licence and renewal of a licence, inform the LD of whether they are associated with any financial institution, of the number of employment agencies that have made such declarations to LD since the revision of CoP;

(4) given that in reply to a question raised by a Member of this Council on January 8 this year, the Government indicated that only about 90 licensed money lenders had joined or were in the process of joining "Credit Data Smart" (CDS), a Credit Reference Platform, how the authorities plan to encourage the remaining licensed money lenders to join CDS so that the affordability of borrowers (including FDHs) for unsecured personal loans can be more accurately assessed by the industry; and

(5) as it is learnt that some FDHs have successfully applied for loans using their former employers' addresses despite the completion of their agreements, whether the authorities have plans to address this issue, such as requiring

financial institutions to verify with the authorities whether the FDH has an employment relationship with the employer declared by him or her before approving the loan?

Reply:

President,

The Government is very concerned about the borrowing issue of foreign domestic helpers (FDHs) and will strictly regulate licensed money lenders (money lenders) and step up publicity and education etc, to better protect the interests of FDHs and their employers. In consultation with the Labour and Welfare Bureau, Companies Registry (CR) and the Hong Kong Monetary Authority (HKMA), the reply to various parts of the question is as follows:

(1) In 2024 and 2025 (as at April), the CR received 11 and four complaints respectively on the alleged harassment of employers of FDHs by licensed money lenders due to debt collection in relation to the FDHs. The CR referred the cases concerned to the Police for handling.

(2) The Government has been closely monitoring the market situation in the money lending sector to continuously review and enhance the prevailing regulatory measures. In 2021, we enhanced the licensing conditions of money lenders, including requiring money lenders, before entering into a loan agreement for an unsecured personal loan, to undertake an assessment of the borrower's repayment ability and have due regard to the assessment outcome, and requiring money lenders to immediately cease to use a referee's information after they are informed or aware that the written consent was in fact not signed by the referee. In 2022, we lowered the statutory interest rate cap and the threshold of extortionate rate from 60 per cent to 48 per cent and from 48 per cent to 36 per cent respectively.

To step up efforts in addressing the issue of excessive borrowing, we will commence a public consultation this June on enhancing regulation of unsecured personal loans and strengthen protection for loan referees etc, and will consult the Legislative Council Panel on Financial Affairs in July. After the consultation period, we will collate and summarise the views to be received to finalise relevant measures and formulate relevant legislative proposals.

(3) To enhance the protection for job seekers and employers, the Labour Department (LD) promulgated the revised Code of Practice (CoP) for Employment Agencies on May 9, 2024. The revised CoP requires employment agencies (EAs) to declare, when applying for a licence or licence renewal, whether they operate any financial institution on the same premises as EAs, and whether the EA licensee or the person intending to be the licensee is at the same time the responsible person of any financial institution.

As at April 2025, the LD received and processed declarations from 3 362 EAs during applications for a licence or licence renewal in accordance with the aforementioned requirement. Among the 3 362 EAs, 41 EAs declared

affiliations with financial institutions.

(4) To encourage more money lenders to join the Credit Data Smart (CDS), the Government and the HKMA have been working closely with the Hong Kong Association of Banks, the Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies, and the Hong Kong S.A.R. Licensed Money Lenders Association Limited to research into and provide different solutions, as well as to organise briefing sessions on the CDS and proactively invite money lenders that have not joined the CDS to meetings.

Furthermore, under the strong support and promotion of the HKMA, the platform operator (i.e. Hong Kong Interbank Clearing Limited) has developed an interface, namely the "Common Module", which provides an effective, lower-cost, and more convenient way for money lenders to connect to the CDS, saving the need to establish their own application programming interfaces (API).

The Government and the HKMA will continue to co-operate with the industry to develop enhancement measures to assist more money lenders in joining the CDS, so as to build a more comprehensive database.

(5) To address situation of employers or former employers being harassed due to borrowing of their FDHs, the licensing conditions of the current money lenders licence have clearly set out the relevant regulatory requirements. According to licensing condition 10 of the money lenders licence, a money lender and his debt collector shall only recover debts from the person who is in law indebted to him. A money lender and his debt collector shall not, while trying to locate the whereabouts of debtors, harass anyone, adopt unlawful or improper debt collection practices. Therefore, if a FDH employer or former employer discovers that his/her residential address is used improperly and feels harassed, he/she may lodge a complaint with the money lender concerned and request immediate cessation of his improper debt collection behaviours.

Money lenders should strictly comply with the licensing conditions in carrying on their business. Any breach of the licensing conditions during the course of business is an offence under the Money Lenders Ordinance. Upon conviction, offenders are subject to a maximum fine of \$100,000 and imprisonment for two years. If the Registrar of Money Lenders (Registrar) and the Police consider that a money lender has ceased to be a fit and proper person to carry on business as such, they may apply to the Licensing Court for revocation of his licence or refusal of his licence renewal application. Therefore, if there is any complaint against a money lender for improperly harassing a FDH employer or former employer, the complaint may serve as a ground for the Registrar or the Police to apply to the Licensing Court for revocation of his licence, or make an objection against his licence renewal application.

In addition, we will step up promotional and educational efforts targeting the FDH community, reminding FDHs that they could not provide their employers' or former employers' addresses as the borrower's contact address without seeking their prior consent. We will also strengthen co-operation

with the LD and non-governmental organisations to ensure that the relevant messages are effectively conveyed.