

# **Composite Interest Rate: End of December 2020**

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (January 19) the composite interest rate at the end of December 2020. (Note 1)

The composite interest rate, which is a measure of the average cost of funds of banks, decreased by 2 basis points to 0.28 per cent at the end of December 2020, from 0.30 per cent at the end of November 2020 (see Chart 1 in the Annex). The decrease in composite interest rate reflected decreases in the weighted funding cost for deposits during the month (see Chart 2 in the Annex). (Note 2)

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of December 2020 are available in the Monthly Statistical Bulletin on the HKMA website ([www.hkma.gov.hk](http://www.hkma.gov.hk)).

Note 1: The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest-rate-sensitive liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and all other liabilities that do not involve any formal payment of interest but the values of which are sensitive to interest rate movements (such as Hong Kong dollar non-interest bearing demand deposits) on the books of banks. Data from retail banks, which account for about 90 per cent of the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

Note 2: Since June 2019, the composite interest rate and weighted deposit rate have been calculated based on the new local "Interest rate risk in the banking book" (IRRBB) framework. As such, these figures are not strictly comparable with those of previous months.

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# **Fraudulent website related to Bank of China (Hong Kong) Limited**

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) wishes to alert members of the public to a press release issued by Bank of China (Hong Kong) Limited on fraudulent website, which has been reported to the HKMA. Hyperlink to the press release is available on [the HKMA website](#) for ease of reference by members of the public.

Anyone who has provided his or her personal information to the website concerned or has conducted any financial transactions through the website should contact the bank concerned using the contact information provided in the press release, and report to the Police or contact the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force at 2860 5012.

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## Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Tuesday, January 19, 2021 is 101 (up 0.1 against yesterday's index).

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## Illegal worker jailed

A Bangladeshi illegal worker holding a recognisance form was jailed by Shatin Magistrates' Courts yesterday (January 18).

During a joint operation conducted by the Immigration Department (ImmD), the Hong Kong Police Force and the Labour Department codenamed "Powerplayer" on September 16, 2020, enforcement officers raided a warehouse in Tsuen Wan. A male Bangladeshi, aged 28, was arrested while working as a warehouse worker. Upon identity checking, he produced for inspection a recognisance form issued by the ImmD, which prohibits him from taking employment. Further investigation revealed that he was a non-refoulement claimant. An employer suspected of employing the illegal worker was also arrested and the investigation is ongoing.

The illegal worker was charged at Shatin Magistrates' Courts yesterday with taking employment after landing in Hong Kong unlawfully and remaining in Hong Kong without the authority of the Director of Immigration or while being a person in respect of whom a removal order or deportation order was in force. After trial, he was sentenced to 22.5 months' imprisonment.

The ImmD spokesman warned that, as stipulated in section 38AA of the

Immigration Ordinance, illegal immigrants or people who are the subject of a removal order or a deportation order are prohibited from taking any employment, whether paid or unpaid, or establishing or joining in any business. Offenders are liable upon conviction to a maximum fine of \$50,000 and up to three years' imprisonment. The Court of Appeal has issued a guideline ruling that a sentence of 15 months' imprisonment should be applied in such cases.

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. The maximum penalty is imprisonment for three years and a fine of \$350,000. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence. According to the court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. The maximum penalty for failing to inspect such a document is imprisonment for one year and a fine of \$150,000.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct an initial screening on vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers who are arrested during any operation, with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in the initial screening, the officers will conduct a full debriefing and identification by using a standardised checklist to ascertain the presence of TIP elements, such as threats and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent intervention, medical services, counselling, shelter, temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments.

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## [Transcript of remarks by CE at media session before ExCo meeting \(with video\)](#)

Following is the transcript of remarks by the Chief Executive, Mrs Carrie Lam at a media session before the Executive Council meeting today

(January 19):

Reporter: On the rebounding infection of COVID-19, would the Government extend the social distancing measures apart from what you just suggested? Would the Government consider other measures such as financial assistance or relaunching measures to support employment? Yesterday when health officials talked about the COVID-19 situation they sort of suggested that the ethnic minorities' cultural background put them at risk, so do you think that actually there's some sort of racial insensitivity in their remarks? Was the Government's measure to blame rather than the ethnic minorities' background to blame? Secondly, you just talked about Hong Kong electoral reforms but actually the NPCSC (Standing Committee of the National People's Congress) meeting from tomorrow will also talk about BNO and dual nationality. The BNO visa scheme will open for applications on January 31 and a lot of Hong Kong people will be applying and moving abroad. So would the Government do anything about it? Finally, as the Government extends the oath-taking requirement to civil servants, do you think they will really take their oath genuinely or actually a lot of them would rather quit the Government? Thank you.

Chief Executive: Thank you, there are three questions on different subjects. First of all, in light of the latest COVID-19 pandemic situation, it is quite obvious that there is no room yet for us to relax the social distancing measures that have been put in place, and which will expire on Thursday this week. I have already implied that they will be extended, but I will leave the Secretary for Food and Health to announce the exact measures and the duration of this round of extension of the social distancing measures. But at the same time I fully understand the hardship on the various business sectors, especially those that have been required to close for over two months now. Last Tuesday I said that here and I repeated it just now that I have asked my bureaux and departments to sit down and discuss with the various sectors whether we could find more sophisticated means to enhance the infection control and to enhance contact tracing of the staff and the customers so that there could be a possibility for some resumption of business in due course. This is a piece of work that we will continue to do.

The Hong Kong SAR Government has been rolling out financial relief schemes in the whole year last year. It was a heavy toll on the public finances of the Hong Kong SAR, so we have to be very prudent. At the moment I understand we have no plans to extend the Employment Support Scheme (ESS) and hence, I can foresee that the unemployment figures that the Government is going to announce this afternoon will be bad, because the ESS which safeguarded employment and jobs expired towards the end of November. This afternoon's three-month figures included the month of December, so one would expect that we are seeing more job losses and the unemployment figure will go up. Whether we would consider more financial assistance and other relief measures is a subject that we are listening to the public and the Legislative Council members because the Financial Secretary is still doing those consultation sessions on the 2021-22 Budget, which will be delivered on February 24.

You used the word "blame". I really appeal to all of you that this is not an occasion to apportion blame. The COVID-19 pandemic is unprecedented and we don't know enough about this disease, and at the same time there are so many intertwining factors that every government, every country has to consider. They have been approaching it in different ways with different results. I would not put any blame on anybody and I hope the public will also not put the blame on the Government. The Government has tried its very, very best, mobilising all the resources and people we could to tackle this pandemic. There is absolutely no suggestion of the spread of disease relating to race or ethnicity. If there is any misunderstanding arising from any remark made by any of the government officials, I made it absolutely clear here. Since this disease spreads through human interactions and so on, social behaviours, living conditions, workplace hygiene are factors that will make certain people more vulnerable to catching this virus, but that has nothing to do with ethnicity.

The second question about BNO – the status of BNO was made very clear during the Sino-British negotiations before 1997 and by an explanation from the National People's Congress Standing Committee before the reunification, that the BNO is a form of travel document. It is not a form of nationality. If one side, and that is the UK government, tries to deviate from that mutual understanding and bilateral agreement, then of course it is legitimate for the other side, that is the Central People's Government, to consider any countermeasures. The Hong Kong SAR Government will of course support any countermeasures to be adopted by the Central People's Government. At the moment I have no details to offer except to assure the people of Hong Kong, because the great majority of the people in Hong Kong, even if they are holding a BNO passport, are Chinese citizens, and at the same time probably in possession of a Hong Kong SAR passport, of which there are 5.8 million in circulation, they also enjoy the right of abode in Hong Kong, which gives them the various rights as enshrined in the Basic Law.

Oath taking is a very solemn matter. It is necessary for all civil servants, in fact public servants, to take the oath in order to demonstrate that under "One Country, Two Systems" they fully understand the need to swear allegiance to the Basic Law and be loyal to the Hong Kong Special Administrative Region. Your question is very interesting – whether a civil servant or any person in taking the oath is genuine. I don't think I have an answer for that. Ultimately the test lies in the behaviour. If somebody who has taken an oath to swear allegiance and pledge loyalty has subsequently done something which is in breach of the oath, then appropriate actions will have to be taken by the authorities. Thank you.

(Please also refer to the Chinese portion of the transcript.)