Chapter 2 discussed the development of modern banking and made the case that banks occupy a central role in society and that their services are essential to communities. The previous chapter also briefly reviewed the dominant ethical theories as they relate to the banking sphere. Part II will examine the way in which the bankers themselves view their activities. Before and after the interviews undertaken with bankers, much publicly available material has appeared in press releases from the banks or speeches or interviews given by prominent bankers. Certain banks also publish reports on their corporate social responsibility activities. Therefore the general public has been regularly treated to stories that banks’ publicists wish to circulate. On the other hand, investigative reporters have frequently unearthed and written about alleged unethical conduct of banks. The purpose of these interviews was primarily to engage with senior bankers in an earnest dialogue about their views on banking and about actual banking conduct. In view of the vast scope of banking, a decision was made to limit the focus to banks in Australia and Hong Kong for the interviews. Two sets of common interview questions were designed that were submitted in advance to the selected banks. One set was intended for chief executives or other senior line executive officers. The other set was geared to operational staff executives responsible for back-up or support operations. Both questionnaires are attached as appendices. In some instances written responses had been prepared prior to the meetings. In many situations there was a lively interactive discussion with the bankers.

Many institutions were highly cooperative in providing the opportunity to meet with several individuals who each had varying organizational responsibilities and consequently diverse perspectives. Although most of the organizations interviewed were long-established banks, a few were not. These included a credit union (which would later merge
with another one), a former community bank that has evolved into a full-service commercial bank (and would later acquire another institution), a major international non-bank lender that did not depend on customer deposits for its funding, senior bank association representatives from Hong Kong and Australia, a banking ombudsman and key officers of a banking regulator. The ensuing discussion shall analyse each of the key product areas and services covered during the interviews.

**Retail Deposits**

The interviews commenced with reviewing retail deposits because this is one product used by all individuals who avail themselves of banking services. One could actually say that it is a necessity for all people. This is the primary product that truly requires trust on the part of customers. Although most people in developed economies might assume that money and banking are stable, this has not been the historical experience, and it is instructive to review the situation in Hong Kong, which has witnessed significant volatility over the recent quarter century, namely, 1981: interest rate of 22 per cent (considered very high at that time); 1982: interest rate of 17 per cent (still high); 1983: Sino-British agreement on handover of Hong Kong and the steep drop of the HK dollar; 1987: stock market crash; 1991: bank runs on Citibank and Standard Chartered Bank; 1997: the Asian financial crisis and start of property collapse; 1998: the Hong Kong government’s intervention in the stock market; 2000: the bursting of the Internet bubble; 2003: the SARS respiratory disease epidemic. These were economic crises that precipitated financial panic on the part of bank customers and investors, and in having undergone and survived these numerous crises, the people of Hong Kong have matured.

During this process of maturation, a senior banker attested that many individuals have come to understand the nature of risks and are therefore very careful in their selection of banks.

In the view of some interviewees, the banks in Hong Kong have emerged quite strong in coming through the disasters. The local individuals have also been imbued with the intangible notion that China supports the continuing stability of Hong Kong, an idea that was absent prior to the handover in 1997. This implicit understanding has been gradually cultivated as Hong Kong has drifted closer to China in terms of trade and investments in both directions and Chinese companies issuing initial private offerings on the Hong Kong Stock Exchange. A degree of comfort with the Chinese mainland has been nurtured among the Hong Kong people.