

# Responsibility to Customers

HSBC expects all its employees at all levels to display the highest standards of personal integrity. This is particularly important when serving customers, who have a right to expect transparency, openness and value for money in their dealings with us.



Noaman Hasan (centre), Head of HSBC Amanah Finance UK, Personal and Commercial Banking, advises potential customers.

This chapter details a few examples of how we respond to challenges and opportunities in order to meet our customers' expectations.

## **Standards of personal conduct**

Our employee codes of conduct emphasise our overriding commitment to truth, fair dealing and customer privacy, and prohibit insider dealing and the soliciting of gifts. All our companies must comply with Group standards of behaviour. These include avoiding conflicts of interest with customers and the use of unpublished, price-sensitive information. The information we do collect is restricted to that which is relevant to the conduct of a customer's business with us. We do not disclose this without consent, unless required to do so by law or to regulators under proper authority.

## **Responding to our customers' diversity**

We have built our business with financial experts who live and work in the countless communities that HSBC serves across the world. We believe this expertise and understanding is invaluable to an international

company such as ours, and of great benefit to our customers, wherever they are.

We aim to reflect the diversity of our customers in the diversity of our workforce. We believe this makes us a more customer-driven company and, ultimately, a more successful business. With this in mind, we support a number of organisations that promote enterprise among particular community segments, such as the European Federation of Black Women Business Owners.

We cater for the particular needs of our disabled customers in a variety of ways. Braille and large letter print statements, induction hearing loops and sign language interpreters are available in many branches. Our telephone and internet banking services are especially useful for customers who find it difficult to visit a branch.

## **Islamic financial products**

There is a growing demand from Muslim customers for products and services that accord with their beliefs as set out in *shariah* (Islamic law). HSBC Amanah Finance offers *shariah*-compliant community banking products and services for personal customers, and a range of services for corporate and institutional clients, including cross-border trade finance, structured trade finance and project finance.

The Amanah proposition is based on inclusiveness — serving both Muslim and non-Muslim customers — and HSBC's international network is helping the Islamic finance industry to grow in both reach and customer diversity. As the world's local bank, we aim to share the knowledge gained in one part of the world for the benefit of our customers in other markets and communities. We therefore offer HSBC

Amanah products and services in a number of markets around the world: Indonesia, Malaysia, Saudi Arabia, the United Arab Emirates, the UK and the United States.

HSBC Amanah Finance was recognised as the 'best international provider of Islamic financial services' and 'best international *suluk* (Islamic bond) house' in *Euromoney* magazine's 2003 Islamic Finance Awards. For more details of Islamic financial products and services, visit [www.amanahfinance.hsbc.com](http://www.amanahfinance.hsbc.com).

### **Responsible lending**

In 2003, consumer advocacy groups, state attorneys general and state regulators in the United States continued to scrutinise non-prime lending. They focused on rates, fees, disclosures, and general business practices in the industry. Household worked collaboratively with representatives from many of these groups to address areas of concern. As a result, Household's consumer lending unit agreed to establish new consumer protections in several areas: customer disclosure and communications, product and policy changes, and certain fee limitations. In introducing these changes, Household has taken extra steps to ensure that:

- Mortgage loans are sold only if they provide a true financial benefit to our customers.
- Our customers truly understand key loan terms and conditions at all points in the loan process.
- Our billing statements provide clear and complete information.
- Our 'foreclosure avoidance programme' assists our employees in working with customers to find solutions that keep customers in their homes.

In our view, these practices not only provide appropriate protection for the consumer, but also lead the consumer finance industry by, in some cases, going beyond the steps proposed by regulators.

Complementing our continued commitment to responsible lending practices, Household invests heavily in financial literacy and

community outreach programmes that are also a form of consumer protection. For example, over the last two years, Household has contributed more than US\$2 million to local organisations that have provided nearly 3,000 people with credit education, money management training and help with home ownership. In addition, since October 2003, it has awarded almost 300 scholarships to customers, with a further 900 being considered, as part of a four-year, US\$8 million consumer education programme under the HFC and Beneficial brand names.

### **Responsible mortgages**

Poor stock-market performance, low interest rates and low inflation mean that most mortgage endowment policies in the UK are now thought unlikely to meet the target maturity value. Although we have a relatively small share in this market, we took steps to contain the problem when, in August 1999, we became the first UK bank to stop selling endowment mortgages. Our repayment mortgage product in the UK continues to be highly regarded. HSBC won the *What Mortgage* magazine 'Best value national bank' award over two, five and 10 years, winning the two-year award for five years running.

### **Sustainable investment**

Our investment banking business complies with Group-wide policies on environmental protection, which take into account environmental legislation and require environmental impact assessments where applicable.

To help our institutional clients with their investment decision-making, HSBC can now provide environmental and social, as well as financial, analysis. In 2003, we also created a number of opportunities for institutional investors to meet and question companies on their progress and plans in respect of sustainable development. HSBC Asset Management provides a comprehensive service to manage institutional pensions, charity and

### Managing the impact of SARS

The economic consequences of SARS put particular strain on airlines, hotels, tour operators and restaurants, among which we have many customers. Our efforts to support them as much as we could included a HK\$100 million 'HSBC Supports Hong Kong' campaign to provide financial assistance to those affected by atypical pneumonia. Our special offers and promotions also aided recovery in economic activity.

After the World Health Organisation declared the SARS virus contained in July 2003, we launched the 'Shop Asia, Dine Asia' programme to stimulate retail business in Asia-Pacific. More than 2,500 outlets from across the region supported the programme.

foundation assets with client-specific socially responsible investment (SRI) or ethical criteria.

Through CCF in France, HSBC offers an SRI fund called HSBC Sélection Valeurs Responsables. Rather than screening out whole sectors, the fund selects stocks using ratings from a social and environmental rating agency, further refined by an in-house SRI analyst. To ensure the investment approach continues to meet society's changing expectations, it is

overseen by a committee with representatives from a wide cross-section of society.

### Responding to terrorism

Two terrorist bombs exploded in Istanbul in late November 2003. One bomb destroyed HSBC's Turkish headquarters, killing three employees and injuring 43 others (see page 45). The other devastated the British Consulate and damaged an HSBC branch.

More than 3,000 faxes were sent on the day of the blast to all corporate customers, advising them of contingency plans and confirming that HSBC remained open for business. All customer payments made by HSBC were free of charge for a 48-hour period, and we established a scheme to provide financial relief to businesses affected in the surrounding area.

### Helping customers invest in communities

In 2003, we gave our ATM users in Mexico the opportunity to make a donation to several national and regionally recognised charities after withdrawing cash. This innovative facility helped customers to donate over 24 million pesos to help children with healthcare, education and nutrition.



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