

# The Land Registry, Hong Kong, China

## *How the Land Registry Helps Enhance Risk Management in the Banking Sector*



The Land Registry



# Property Alert Service



- e-Alert Service for subscription by property owners at a fee
- Email alert issued to property owners when any instrument affecting their properties is lodged for registration



# Continuous Service Enhancement



- Enhance e-Alert Service to add public value and to meet the needs of other customer groups



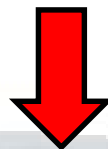
# Property Mortgage Lending

- Around 95,000 Assignments and 100,000 mortgage documents lodged for registration annually in past 3 years
- Banks and financial institutions loaned about US\$333 billion against the security of registered land and property as at June 2017



# Credit Risks of the Banking Sector

➤ Some mortgagors have further mortgaged their properties without seeking prior consent from the original mortgagee banks



- Increasing the credit risks of the relevant banks
  - Posing a threat to banking stability



# Tailor-made Service for Banks

- Assisted Hong Kong Monetary Authority to explore an effective tool to help mortgagee banks better manage credit risks in mortgage lending
- Modified and extended e-Alert Service to authorised institutions under the Banking Ordinance :
  - licensed banks
  - restricted licence banks
  - deposit-taking companies



# Objective of the Service



- To facilitate the banks to ascertain whether a mortgagor has further mortgaged his/her property without their prior consent in order to help enhance risk management in the banking sector



# Stakeholder Engagement

- **Partnership with Hong Kong Monetary Authority:** A co-working relationship in service development and publicity of the service





# Stakeholder Engagement

- Early customer engagement
- Task Force headed by Land Registry with representatives from -
  - . Hong Kong Monetary Authority
  - . Hong Kong Association of Banks
  - . 9 major mortgagee banks



# Service Features

- Banks must have a subsisting interest in the properties concerned
- Property owners' consent for subscription of the service must be obtained in compliance with the Personal Data (Privacy) Ordinance
- Email notifications issued to the banks on the next day when further mortgage documents are lodged for registration
- Property owners concerned may opt to receive email notifications relating to their properties



# Who to Pay?

## For Property Owners

- Notification service free of charge

## For Banks

- 3 charging options based on the subscription number of service orders committed in a year with bulk purchase discounts
- Subscription fee covers the whole term of the mortgage



# Joint Publicity Programme

## Land Registry

- Briefing sessions for banks
- Flyer and Q&As to facilitate banks to introduce the service to property owners
- Publicise the service on Land Registry's website and electronic newsletter



Land Registry  
News



The Land Registry



# Joint Publicity Programme

## Hong Kong Monetary Authority

- Issued circulars to all banks informing them of its supervisory requirement and the launch of e-Alert Service by Land Registry
- Posted an article “*Why should banks use mortgage e-Alert Service?*” on its website



# Customer Service

- Dedicated customer service hotline to handle enquiries from the banks and property owners



# Implementation Status

- Automation of service orders processing, smooth service operation
- Vast majority of banks actively involved in mortgage lending business have opened subscriber accounts
- Over 99.5% of property owners concerned willing to give consent to banks for subscription of service
- Service orders on a rising trend



# A 4-Win Service Initiative

## Hong Kong Monetary Authority

- Facilitate discharge of its supervisory role in the banking system
- Help enhance stability of banking sector





# A 4-Win Service Initiative

## Banks

- Provide a cost-effective means for banks to detect unauthorised further mortgages
- Facilitate banks to take appropriate risk mitigating measures and enhance protection of their interests



# A 4-Win Service Initiative

## Property Owners

- Save time and efforts in keeping track of mortgage documents delivered for registration against their properties
- Facilitate owners to take appropriate and prompt actions on unexpected mortgage documents affecting their properties
- Receive notification service free of charge



# A 4-Win Service Initiative

## Land Registry

- Create a new and stable revenue base
- Contribute more to public purse
- Add public value by helping to enhance credit risk management in the banking sector



# What's Next?



- To implement enhancements for improving user-friendliness and operational efficiency
- To implement an e-channel for online submission of service applications



# What's Next?



- To solicit suggestions and views for continuous service improvement through the Task Force



# Thank You



The Land Registry

