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Bank staff get warning (HL)

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KUALA LUMPUR, Mon. - Bank Negara today warned employees of banking institutions to adhere to secrecy provisions under the Banking and Financial Institutions Act 1989 or risk prosecution.

In a statement today, Bank Negara Governor Tan Sri Ali Abul Hassan Sulaiman said employees of financial institutions were required to maintain the confidentiality of client information.

"The secrecy provision clearly prohibits a director or officer of any licensed banking institution from producing, divulging, revealing, publishing or disclosing any information pertaining to the affairs and conduct of customer accounts to another party."

The governor said this in reference to the provisions under section 97(1) of Bafia.

Ali Abul Hassan said Bank Negara would not hesitate to prosecute anyone found to have breached the law.

The central bank, he added, was working closely with the two banks named recently - Bumiputra-Commerce Bank Bhd and Bank Islam Bhd - to investigate the matter.

Last week, Prime Minister Datuk Seri Dr Mahathir Mohamad called on banks to be more responsible in their operations and uphold the principles of secrecy and confidentiality.

He said this following alleged leaks in Malacca.

The leaked information, suspected to have been divulged by opposition sympathisers, had been posted on the Internet.

Under the regulations, anyone found guilty is liable to be jailed for three years or fined RM3 million or both.

Action can also be taken against a director, officer or controller or any person responsible for or assisting in the management of the institution that commits the offence.

Ali Abul Hassan said in addition to penalties stipulated by the Bafia, the banking institutions were required to institute punitive action against employees who breached the secrecy provision, including instant dismissal.

"Bank Negara wishes to emphasise that the CEOs of banking institutions in particular have a very important role in ensuring that customer confidentiality is maintained at all times."

He said Bank Negara had issued detailed guidelines on the code of conduct for directors, officers and employees in the banking industry known as BNM/GP7 which sets out the minimum standard of conduct expected of them in safeguarding the bank's integrity and credibility.

The governor said although reported cases of Bafia breaches were confined to a very small group of bank employees and banking institutions, the central bank took a very serious view of the matter.

He said given the nature of bank-customer relationship in the banking business, secrecy was the cornerstone of confidence in the banking system and that it was fundamental that the sanctity of confidentiality in the banking system was preserved at all times.

"The public must have confidence in the safety and secrecy of their deposits and dealings with their bankers, and confidence in the integrity and professional conduct of their bankers," he said.

Bank Islam Malaysia Bhd, in a statement today, said action would be taken against employees found responsible for any leak.

"Bank Islam would like to reassure its customers and the public that it will continue to adhere to its strict code of conduct and guidelines to ensure the continuity of the highest level of professionalism," the statement added.

Bound by an internal guideline on a code of conduct and subject to Bank Negara's rules and regulations, the statement said, Bank Islam was fully committed to banking secrecy, safeguarding customer integrity and confidentiality of transactions.

"As such, Bank Islam views seriously any form of breach of conduct committed by staff members," the statement added.

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