

18/03/2000

Breach of secrecy

CONFIDENTIALITY is the foundation of the banking system and the banker-client relationship is based on a reciprocity of trust. When bank workers leak information to the public, it goes against the grain of professionalism and confidentiality. This rot must be stopped before it festers and affects the entire banking system.

Prime Minister Datuk Seri Dr Mahathir Mohamad's revelation that some bank employees had leaked individual and Government financial transactions over the Internet and through circulation (of copies or print-outs) is most disturbing.

This puts the integrity of the banks in jeopardy. Leaking information about financial transactions is also an offence under the Banking and Financial Institutions Act 1989 (Bafia).

It is an offence which is serious enough to warrant a jail term and a hefty fine upon conviction.

Clearly, Bafia views a breach of banking secrecy as a matter of import which infringes upon confidentiality.

As bankers say, there is no ambiguity about Bafia as there is a cogent need to maintain public confidence in the banking and financial system. However, it may not be easy to trace the source of the leak.

Banks have a fiduciary and contractual duty to its directors, shareholders and customers. Under the Act, no employee, including the chief executive officer during his employment or thereafter, shall divulge or publish any information or document relating to the affairs or accounts of customers.

Unless and until Bank Negara specifically authorises that the information can be divulged, say in the case of an investigation, or there is a court order to do so, bank employees are not even allowed to talk about clients' financial affairs.

Any breach of banking secrecy puts the reputation and integrity of the financial institutions involved under scrutiny.

Far from being built overnight, their image and goodwill spring from the fount of decades of prudent and professional practice.

Apart from the bottomline, the reputation of the bank is passed down by word of mouth through generations, together with respect that is earned through responsibility.

Clearly, those banks whose employees are furthering their own agenda and interests by leaking confidential information must repair the damage. They must take swift action against the culprits.

Otherwise, they will have more than their reputation to lose. Already, the Malacca Government and the Malacca Water Corporation have announced their intention to withdraw in stages their fixed deposits totalling RM45 million from two banks.

Banks and other financial institutions should re-examine their internal controls even though there may be in-house guidelines.

Just as the Act spells out precisely what is allowed or not permitted, financial institutions have to drum into their staff time and again the seriousness of the legislation governing the industry.

Trust is not an element that can be easily restored for it has to be earned. For that matter, no banking institution should allow its workers or any blemish to bring it down to its knees, whether the intention on the latter's part is mischievous, malicious or otherwise.

In any workplace, professionalism, and not personal interests, should rule the roost at the end of the day.

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