

# A fair exchange for travellers

By ANN NICHOLS

IT was "all change" at Kai Tak airport last night when a new era of money-changing facilities was ushered in on the stroke of midnight.

After years of complaints, visitors who now arrive at the airport will find that the previous exchange rates, which amounted to as much as 20 per cent less than those offered by commercial banks, will be now be governed strictly by local bank rates.

One company — Deak International — will now operate the six money-changing booths throughout the airport. In addition Deak, a subsidiary of the Deak-Morgan group, will be allowed to levy no more than a five per cent commission charge.

It will mean a better deal for travellers to and from Hongkong who have claimed over the years that they have been "ripped off" by poor exchange rates at the airport.

Many have written to newspapers and taken to radio phone-in programs in protest.

The reason for the change is the Civil Aviation Department's decision

to accept a lower rental for the money change concessions. Under the old system, which ended yesterday, different rentals were attached to the different pairs of booths.

But all three pairs were the subject of high rents, believed to average about \$1 million a month. When tenders were invited three years ago the successful money-changers had overbid for concessions and, in order to make the operations viable, were forced to charge high fees.

As a result, exchange rates quoted by the booths were commonly 10 percentage points on either side of the market rate with commission on top which lead to rates that varied by as much as 20 per cent.

"The successful tenders had bid a figure which was outrageous," said Mr Chris Langridge, the managing director of Deak International's Hongkong division.

"In order to cover that cost and profit they had to broaden the spread over the spot rate. There is now a total about-turn and, although the formula will mean that the department will lose about 40 per cent of its rental income,

the new rates will be fantastic because even the banks usually have a two or three per cent spread."

The rates will be determined by a new information network, the tender for which was won by Reuter, which will operate within strict controls imposed by the department.

"We will calculate a composite rate for 15 currencies from the banknote quotations supplied by three banknote dealing banks in Hongkong — the Hang Seng Bank, the Republic National Bank of New York and the Standard Chartered Bank," said Mr Lyle Pai, marketing manager of Reuter Hongkong.

He added that if customers wanted a transaction for a currency that was not displayed, exchange rates could be compiled and made available on a computer printout.

With all the Deak signs and his "very experienced dealers" in place, Mr Langridge is now hoping for an increase in customers.

"All the leading banks were asked to make tenders by the Government for these booths," he said. "But my personal belief is that they were put off by

a number of reasons, including the fact the airport has got such a bad name. The banks also do not have the necessary resources to get something like an airport operation running smoothly because they have to have money controls, checks and procedures."

"We have substantial operations in the US, the UK, Canada and Australia, and we already operate the money changing concessions at three American airports, including New York's John F. Kennedy, and two in Canada."

However, he admits that Kai Tak will be slightly different. "The problem with Kai Tak is its size and the volume of people going through it. Also the number of transactions that take place at Kai Tak is far greater than at JFK, for example, where most of the traffic is domestic."

Mr Langridge said that before Deaks made its tender the company carried out research at Kai Tak.

He said: "We had people there and we know have the base point to start from. There were no figures kept but we have estimated that over 12,000 people per day use the six booths."