

# ["it’s are located around, with screens at](https://assignbuster.com/its-are-located-around-with-screens-at/)

“ It’sthe ring my sister buy for me,” says Jessa Mae, a 33-year-old Filipino maid, asshe pockets the cash she received by pleading her ring from the pawn shop in causewaybay. “ I need to send somecash for my children, they are sick”. Pawn business in Hong Kong, with the universal sign of a stylized image ofa bat holding a coin, is one of the earliest businesses here for centuries. Although often labelled as a sunset industry, pawnbrokers still find the niche even in such a fast-growing city like Hong Kong.

The history behind the neonOften located on busy street particularly Central, and Kowloon sincemany jewellers and goldsmiths shop are located around, with screens at the entranceto keep those embarrassed customers away from prying eyes, behind the screenstood six or seven feet high counter and enclosed in a metal cage with two orthree openings, the pawn shop always amid with iron cold and mysterious. The pawn business started since Hong Kong had becomean entrepot. Jeun Yun Aat was the first pawn shop in Hong Kong in 1926 when the Hong Kong government strengthened its regulation onpawnshops and also promulgated the pawn legislation. Since then, pawnbrokershad to be licensed in a bid to start business.

And this industry becamemore and more popular. The pawnbrokers were undermined by the second World War duringthe Japanese occupation of Hong Kong but theyflourished again after the war in 1945 because of the inflation and shortage ofresources. To circulate and resolve fund and finance, the HongKong Government urged the pawn industry to revive itself. With the support ofgovernment, The Hong Kong & Kowloon Pawnbrokers’ Association Limited wasset up in 1947. There were only 11 members at the time. Today it has more than 161 members and coupled withnon-member pawnshops, there are approximately 250 pawnshops in Hong Kongnowadays.

How the business runs The pawn shop isa financial institution that receives movable and immovable property ascollateral, and lending money to them in return. Clients have to pay interestin order to redeem goods. It is a place for people to deal with financialdifficulties especially those at the bottoms of the heap.

Pawn shopshave two main income streams — interest on loans and profit from the sale ofrepossessed collateral. Interest accounts for the bulk of their income. “ Some customersdon’t redeem their stuff back then those stuff will up to ours,” Cheung said, theshopkeeper of Tak Wah Pawn Shop which located in Douglas Street, Central.  By law, pawn shops can charge no more than 3.

5 percent interest per month. The maximumloan amount is HK$100, 000 (US$12, 900). Take a luxury watch, for instance.

Cheung said the first thing he checks is whether itstill works well. A luxury watch in good condition can only equal to 70% of theprice of a new one. A pawn shop will lend about 50% -60% of the value inreturn, Cheung said.

Where the old-fashioned industrygoesHong Kong is one of the world’s richest cities but thegap between rich and poor is widening, A quarter of the city’s workingpopulation earns less than HK$8, 000 a month. This is the major force to underpinthe business for the city’s 250 or so pawnshops. Most of the demand is driven by workers or consumersat the lower end of the pay or employment scale – domestic helpers account fora quarter of all customers.” Most of the domestic helpers just can’t open asaving account in Hong Kong banks, let alone borrow money from them.” says MrCheung. Another growing segment for this demand is visitorsfrom mainland China, who face caps on the amount of cash they can bring to HongKong.

Besides this, the new trend for to catapult the demandcomes from young generations.  These years saw morecustomers–especially young ones–turning to pawn shops for luxury goods, theypawn their smartphones and tablets when in a cash trouble. “ Once there was a customerwho handed a delicate music box to me without seeingthe person, then I got up from my chair to see who she was, then I found a teenagewith the school uniform stood in front of me. But the people under 18 can’tplead anything in Hong Kong by law. She just collected the music box and ranaway after knowing the requirements.

” Cheung said.  “ Customers can get cash in afew minutes,” Cheung added, “ much easier than getting the loan from any bank inHong Kong.”