



# PAWNSHOPS

## MOVE WITH THE TIMES

By Lam Cho-wai

**W**hile the code of ethics for pawnshops has remained much the same throughout the years, how they operate is going high-tech.

“Pawning is preferable to selling as selling means giving up the goods forever,” said Michael Chan Ka-wai, a student from the Hong Kong University of Science and Technology who usually pawns his PlayStation Portable (PSP), a handheld game console when he uses up all his monthly allowance.

“I will never sell my PSP because it is a valuable gift from a very close friend,” said Mr Chan, “I’m already 20 and I feel really embarrassed to ask for extra money from my parents,” he added.

Mr Chan said that he usually gets about HK\$200 when he pawns his PSP. He has to pay HK\$207 to get it back after a month. To him, this amount of monthly interest is acceptable and he is not worried about being unable to get his PSP once it is pawned.

According to the operator of Yau On Pawnshop, located in Tai Po, Hung Hin-kong, more young people, aged between 18 and 30, are pawning their computers and portable electronic games, such as PSPs.

Such high-technology devices are pawned for 20 to 30 percent of the market price, depending on the pawnbroker’s estimation, according to Mr Hung. For example, an up-to-date computer set, which is priced at about

HK\$10,000, can be pawned for about HK\$2,000 to HK\$3,000.

To Mr Hung, amount given for electronic goods is relatively lower than that of gold and jewellery, which can be pawned up to 90 percent of the market price.

He attributed this disparity in value of the goods to the constantly changing technology. He explained that new models of electronic appliances are brought out almost every month so the values of old models drop to almost half of their original price within three months.

“If the pawners do not reclaim their electronic goods back, we cannot sell the items for a high prices,” said the pawnbroker.

- 1. Other than gold or jewellery, many people are pawning their mobile phones nowadays.
- 2. Computers can be pawned as well.
- 3. Pawns can be checked from the Police Gazette whether they are stealings.



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Mr Hung said that gold and jewellery dominated the market 10 years ago, while electronic devices were not popular at that time as pawnbrokers did not know how to authenticate these devices.

Pawnbrokers are now taught about authentication by experts, who usually sell on the second-hand market, and through buying pawned goods from different pawnshops regularly.

Mr Hung once collected some fake mobile phones which worth nothing but he did not blame the pawnners.

"I can only blame myself for such a wrong estimation," said Mr Hung. "Pawnbrokers usually learn from these experiences and it is a duty for pawnbrokers to keep abreast of technology," he added.

Innovation of technology has also changed how some pawnshops operate.

Yau On, for example, has improved its security by installing a burglar alarm and closed-circuit television, costing about HK\$15,000 a year.

According to Mr Hung, the installation of these security devices not only prevents the loss of goods but also boosts client's confidence in patronising pawnshops.

He also uses the latest technology to do the actual pawning process. A computer programme, which is used to record pawnner's personal information and their good, has been installed for two years to eliminate the time-consuming process when pawnners pay back the loans for returning pawns.

Pawnbrokers can check pawnners' information and their goods by simply typing in the pawnner's identity card number. Such a system makes it easier for accessing client information even when they lose their pawn tickets.

Pawn tickets usually have to be returned to pawnbrokers for retrieving their properties.

While the second-hand market is diminishing, online shopping is another strategy used by Mr Hung in selling pawn goods that nobody

reclaims. His son has set up a website to sell items such as watches and jewellery for Yau On through the Internet; this now makes up about five percent of his business.

"The new generation can inject a lot of new insights into the business, but the industry doesn't have much new blood coming in," said Mr Hung, "This maybe because not many people are needed to run a pawnshop. Each pawnshop needs only about two to three pawnbrokers," he added.

According to Mr Hung, the income of a veteran pawnbroker, who can work alone in the shop, is about HK\$15,000 to HK\$20,000 while a new pawnbroker's income is about HK\$7,000 to HK\$8,000.

Mr Chow, a veteran pawnbroker who has worked in the business for over 40 years since 17 for Kong Fat Pawnshop, situated at Ma On Shan, says the profession is difficult to learn.

"It takes three to five years for new pawnbrokers to learn the basic



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authentication skills for different goods," said Mr Chow, who declined to disclose his full name. "Many youngsters just cannot get through it."

"New pawnbrokers have to work almost every day and take care of their master, who teaches them everything about pawning. For example, they have to do their master's laundry and clean the pawnshop," said Mr Chow, who has over 30 trainees.

But he added that being a pawnbroker is an option for teenagers.

"The income of pawnbrokers is stable. Being pawnbrokers can avoid teenagers from becoming a bad person as this industry requires high level of honesty and this can definitely ease parents' worries," said Mr Chow.

"Pawnbrokers come across many people who pawn their belongings after losing all the money in a gamble. This can be a warning for pawnbrokers, reminding them not to gamble," he added.

According to Mr Chow, credibility is of the greatest significance as a pawnbroker. He never picks strangers as employees because they seem less trustworthy. He prefers hiring people introduced by friends and relatives.

"You need to rely on personal connections to get into the industry," he said.

"Pawnbrokers are always surrounded by a tempting environment with a lot of expensive and valuable items like gold and jewellery," said Mr Chow.

"If pawnbrokers cannot restrain themselves, they may steal the pawned goods and they take money from the till," he added.

Other essential skills for pawnbrokers, suggested by Mr Chow, are good observation and communication skills.

"Pawnbrokers need to know how to read people's faces and posture as some people may try to pawn counterfeits," said Mr Chow. "They should also have

excellent communication skills to negotiate with pawnners who want to get more money," he added.

Mr Chow is proud of his professional skills in authentication.

"Don't you find it amazing? I know some extraordinary skills which people are not familiar with!" Mr Chow said with a smile.

According to Mr Chow, pawnbrokers are known as *er-shu-gong* in Chinese which literally mean "the second great uncle", but, it carries a deeper meaning of a great uncle with *yi-qi*, a person with honour and justice.

He said such an interpretation shows that pawnbrokers are usually portrayed as people who would provide the poor with immediate help.

Referring to Chapter 166 of the Pawnbrokers' Ordinance, the maximum price for a pawned item is HK\$50,000. Pawnbrokers can set the monthly interest rate up to a 3.5 percent maximum regardless of the variety of pawns.

For pawnners: there are always some points to note.



ALL BY LAM CHO-WAI

## MORE ABOUT PAWNSHOPS...

1. There is a screen inside every pawnshop (called a *Zhe Chou Ban* in Chinese), which is used to prevent passersby from looking into the shop and seeing who is there. Since pawning means the pawnner is having a tough time, it can be quite embarrassed to be seen.
2. There is a mirror behind the wall facing the pawnbroker. It is used for some pawnners to wear their necklaces when they get back their pawn.
3. There are more pawnners on horseracing days; sometimes they even read form guides inside the pawnshops.
4. They usually get back their goods immediately if their bets pay off.
5. Mr Hung has a touchstone to know whether gold is real. However, Mr Hung said he seldom uses it because he can examine the genuineness of the gold just through experience.
6. Mr Hung has an (a) electronic balance to weigh gold and estimate its price as well as a (b) magnifying glass to access diamonds and gold clearly.

(Information provided by pawnbrokers Mr Hung Hin-kong and Mr Chow)