

LEGISLATIVE COUNCIL PANEL ON FINANCIAL AFFAIRS

Development of Financial Technologies

18 April 2017



Government's Approaches for Developing Fintech

- **Promotion** – attract start-ups, investors and R&D institutions to establish presence in Hong Kong
- **Facilitation** – support start-ups; facilitate collaboration between financial institutions and start-ups; promote cutting-edge Fintech
- **Regulations** – enhance communication between the industry and regulators; provide a regulatory framework; uphold the technology-neutrality principle
- **Funding** – provide funding support to start-ups and financial institutions
- **Talents** – nurture the next generation of Fintech talents; provide internship opportunities



InvestHK's Initiatives



Promotion and Facilitation

- **Fintech Week + Finovate Asia**

2016 (inaugural) : over 2 500 attendees 2017 : HKCEC – Q4 2017

- **Fintech Finals 2017-18** (part of StartmeupHK Festival)
Outstanding Fintech start-ups selected globally to compete in Finals in HK
- **Second FinovateAsia in Hong Kong - Nov 2017**



InvestHK's Initiatives

Promotion and Facilitation

- Media & international engagements :
Sponsorships of events outside HK (London, Copenhagen, Shanghai, Shenzhen, Paris, New York, San Francisco)
- Regular engagement with international media to promote Hong Kong Fintech and its progress
- Fintech dedicated team present in Hong Kong, London and San Francisco
- Assisted 40+ overseas/Mainland Fintech firms
 - Advice on finding office premises
 - Advice on application for work visas
 - Help finding business service providers: accountants, lawyers, and human resource companies
- Disseminate latest information; regular meet-ups with start-ups to understand their needs. Introduce and refer Fintech companies to Cyberport/regulators



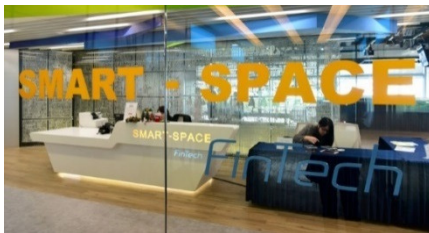
Cyberport's Initiatives

1. Fintech talents and start-ups cultivation

- **Cyberport University Partnership Programme:** Support 300 university students to participate in Fintech boot camp at overseas universities in 5 years
- **Cyberport Incubation Programme:** 54 Fintech start-ups joined the programme (up to Feb 2017)
- **Cyberport Accelerator Support Programme:** The Programme prepares Cyberport incubatees and alumni for international markets and investors, providing up to HK\$300,000 financial assistance to each successful applicant

2. Dedicated work space for Fintech start-ups

- Launched **Smart-Space FinTech** with over 4 300m² in Dec 2016. Occupancy rate for office and fixed workstations are 75% and 40% respectively
- By collaborating with world-leading Fintech accelerators (including Accenture & SuperCharger), Cyberport provides valuable opportunities for Fintech start-ups



Cyberport's Initiatives

3. Collaborating with financial services industry

- Organise Fintech forums and conferences, such as Fintech Forum of 2017 Asian Financial Forum
- Signed MoU with HKMA on Fintech cooperation, together with Hong Kong Science and Technology Parks (HKSTP) and Hong Kong Applied Science and Technology Research Institute (ASTRI), in Nov 2016
- Cyberport and HKMA jointly launched the Fintech Haccelerator programme in Mar 2017

4. Driving the growth of Blockchain

- Held forums, such as **Blockchain Strategies for Business** Forum
- 2017-18: Provide support to the digital currency study of HKMA and US-based R3 Lab
- Mar 2017: Collaborated with IBM to provide business application and technical training on Blockchain to Cyberport start-ups

5. Launched Cyberport Macro Fund

- Launched **Cyberport Macro Fund** in Aug 2016, with an initial size of HK\$200M, to provide seed to Series A stage funding to Cyberport start-ups to assist them to accelerate; and promote the development of the venture and angel capital investments in Hong Kong
- Over 100 enquires on the programme received since its launch. Cyberport is currently conducting due diligence and analysis on a number of applying firms



Initiatives of the Hong Kong Monetary Authority

1. Establishment of a platform for cooperation and exchanging ideas between key stakeholders

- 10 industry events organised, gathering over 2 500 stakeholders to exchange ideas and cultivate collaboration opportunities
- Signed MoU with ASTRI, Cyberport and HKSTP
- Entered into a Co-operation Agreement with the UK Financial Conduct Authority

2. Implementation of an effective regulatory interface

- **Fintech Supervisory Sandbox**
 - 14 pilot trials conducted/to be conducted under the sandbox, covering biometric authentication, securities trading services, API services, Blockchain, chatbot and soft tokens
 - A few other banks expressed interests in using the sandbox
- **Payment Systems and Stored Value Facilities Ordinance**
 - 13 SVF licences issued
- **Fintech Innovation Hub**
 - Other than the 3 Distributed Ledger Technology (DLT) proof-of-concept (PoC) trials, 5 banks and 3 technology firms used the Hub for developments and demonstration of Fintech solutions



Initiatives of the Hong Kong Monetary Authority

3. Initiation of industry research and applications of Fintech

- **Cybersecurity Fortification Initiative**
 - The three pillars were implemented in Dec last year
 - Cyber Resilience Assessment Framework;
 - Cyber Intelligence Sharing Platform; and
 - Professional Development Programme
- **Research Studies on DLT**
 - First whitepaper issued in Nov last year
 - Second whitepaper to be published with 3 PoCs - mortgage application, trade finance and digital identity management
- **Research Studies on Central Bank Digital Currency (CBDC)**
 - Commenced research and PoC work to assess the potential benefits, issues and implications



Initiatives of the Hong Kong Monetary Authority

4. Further enhancement of the financial infrastructure

- **Faster Payment System**

- To be introduced by end of next year, allowing the public to conduct real-time small-value payment services at any time of the day

5. Development of a platform to nurture Fintech talents

- **Fintech Career Accelerator Scheme**

- Supported by 12 banks, offering around 100 internships for students in 10 tertiary education institutions
- Received over 3 000 applications from around 400 student applicants



Good Progress in the Local Fintech Ecology

InvestHK's Start-up Profiling Survey

	Number of Start-ups in Hong Kong	Of which : Fintech Start-ups	
		Number	Share
November 2014	1 065	74	6.9%
August 2015	1 558	86	5.5%
August 2016	1 926	138	7.2%

Source: InvestHK's Start-up Profiling Survey.



Asia-Pacific Fintech Venture Capital (VC) Investment 2014-2016

Economy	VC Investment in Fintech Companies (US\$ million)
Mainland China	13,359
India	2,239
Hong Kong	394
Australia	311
Japan	273
Singapore	141

Source: Accenture Research FinTech Watchtower 2017 Edition, based on data © CB Information Services, Inc.



Thank You

