

**立法會**  
***Legislative Council***

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**Panel on Financial Affairs**

**Meeting on 18 December 2018**

**Background brief on the centralized electronic platform for the  
administration of Mandatory Provident Fund registered schemes**

**Purpose**

This paper provides background information on the development of a centralized electronic platform for the administration of mandatory provident fund registered schemes ("eMPF"). It also summarizes the relevant views and concerns expressed by Legislative Council ("LegCo") Members on the subject since 2017.

**Background**

The Mandatory Provident Fund System

2. The Mandatory Provident Fund ("MPF") system is a mandatory, privately-managed and fully-funded pension system established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) ("MPFO") and was launched in December 2000 to offer basic retirement protection to the working population. Employees and self-employed persons are required under MPFO to join a registered MPF scheme selected by the employers or self-employed persons (as the case may be) and make choice from a range of constituent funds available under the scheme for investment of contributions. All provident fund schemes intended to be operated as MPF schemes must be registered with the Mandatory Provident Fund Schemes Authority ("MPFA"), and registered MPF schemes must be operated by MPF trustees approved by MPFA. The major service providers in the MPF System include approved trustees, custodians, scheme administrators and investment managers. Other than investment management, service providers of registered MPF schemes provide a range of

services covering collection and allocation of contributions, providing assistance in the recovery of outstanding contributions, providing statutory reporting to regulators, handling transfers between schemes and fund switches within schemes, and administration of withdrawals of accrued benefits.

Centralized electronic platform for the administration of Mandatory Provident Fund registered schemes

3. The eMPF was an initiative in the 2017 Policy Address and Policy Agenda released in January 2017. The management platform under design was called Administration Master ("AM") which aimed to handle MPF-related transactions electronically such as enrolment of scheme members, processing Remittance Statements submitted by employers, managing fund and scheme switching.

4. The Administration set up a Working Group on eMPF<sup>1</sup> in June 2017 to steer the development of eMPF. According to the Administration, eMPF would be a technically-complicated, multi-faceted mega-project involving the following major challenges:

- (a) the design and building of an online centralized portal for employers and employees to handle their MPF transactions;
- (b) the design and building of an information technology system, including a database, that would capture the MPF-related data of contributing employers and MPF scheme members and handle the transactions of the existing nine million MPF accounts;
- (c) managing a data transfer process from the existing systems of 14 approved trustees to AM during the transitional phase that would not cause data loss or confusion to employers and employees; and
- (d) managing the interfacing between AM and the existing systems of 14 approved trustees.

5. As advised by the Administration in October 2018, it is collaborating with MPFA to put in place a centralized electronic platform to enhance the administrative efficiency of the MPF schemes, thereby providing more room for fee reduction. The Administration will brief the Panel on Financial

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<sup>1</sup> Members of the Working Group include the Deputy Government Chief Information Officer (Infrastructure and Operations), the Executive Director (Supervision) of the Mandatory Provident Fund Authority and representatives of the 14 Mandatory Provident Fund ("MPF") approved trustees who are operating MPF schemes.

Affairs ("FA Panel") on the financial implications for building the platform in due course and tentatively plans to introduce the relevant legislative proposal into LegCo in 2021.

### **Major views and concerns expressed by Members**

6. LegCo Members raised concerns about the development of eMPF at FA Panel meeting on 20 October 2017 during the briefing on relevant policy initiatives in the Chief Executive's 2017 Policy Address. LegCo Members also enquired about the progress of eMPF when FA Panel was consulted on the proposal to create one supernumerary Administrative Officers Staff Grade C post in the Financial Services and the Treasury Bureau at the meeting on 5 March 2018 which was subsequently considered by the Establishment Subcommittee at its meeting on 29 May 2018.<sup>2</sup> Issues relating to the implementation of eMPF were also discussed during the special meetings of the Finance Committee on 3 April 2017 and 17 April 2018 for the examination of the Estimates of Expenditure 2017-2018 and 2018-2019 respectively. The major views and concerns expressed by LegCo Members at the above meetings are summarized in the ensuing paragraphs.

#### Benefits of and timetable for implementing the centralized electronic platform for the administration of Mandatory Provident Fund registered schemes

7. Members enquired about the impact of the development of eMPF on the management fees of MPFs.

8. The Administration responded that it had not assessed the implications of eMPF for MPF management fees, but a consultancy report had indicated that MPF administration fees amounted to approximately 0.75% per annum of the net asset value of MPF constituent funds. As such, it was believed that establishment of eMPF could result in a substantial reduction in MPF fees. Moreover, eMPF would assist employers and employees in the disbursement and collection of monies after the abolishment of the arrangement of offsetting severance payments and long service payments against MPF accrued benefits. The e-MPF would also facilitate the implementation of MPF full portability.

9. Some LegCo Members raised concern that under the existing MPF system, when an MPF scheme member had more than one trustee account, the member would be required to log in to the website of every trustee in order to check and manage his/her MPF accounts. They asked whether eMPF could

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<sup>2</sup> The relevant proposal was set out in [EC\(2018-19\)4](#). The proposal was approved by the Finance Committee on 22 June 2018.

improve the situation and provide convenience to scheme members in managing their accounts.

10. The Administration explained that eMPF was a centralized electronic administration platform where MPF scheme members could check and manage all of their MPF accounts through a single password.

11. Members generally expressed support for implementing eMPF, and pointed out that both the public and the MPF industry welcomed the early implementation of eMPF with a view to driving down administrative fees of MPF schemes and facilitating the consolidation of MPF accounts. They enquired about the concrete timetable for launching eMPF, and urged the Administration to implement the measure as soon as possible.

12. The Administration advised that it attached great importance to the establishment of eMPF platform for the purpose of lowering the management fees of MPF schemes, having regard that high administration cost was one of the main factors for the relatively high MPF management fees. However, establishment of eMPF platform involved complicated work including making changes to the existing workflow of the MPF System, and it would take some time to work out the detailed plans before implementation. The Administration had set up a working group comprising all operating trustees to steer the development of eMPF. The Administration's initial target was to finalize a set of technical specifications for the centralized electronic administrative platform by mid-2018 for the purpose of seeking funding approval from the Finance Committee subsequently. The Administration expected that the development of e-MPF would complete in 2022 at the earliest.

### **Relevant questions raised at Council meetings**

13. At the LegCo meeting of 2 May 2018, Hon CHAN Kin-por raised a written question on the work of the Working Group on eMPF. The question covers the work progress of the Working Group, the latest timetable for launching eMPF, and the Administration's plan to apply various types of financial technologies to enhance the effectiveness of the electronic platform. Details of the question and the Administration's reply are given in the hyperlinks in the **Appendix**.

### **Latest development**

14. The Administration will consult FA Panel on the funding requirement for designing and building a centralized electronic platform for the administration of MPF registered schemes at the meeting on 18 December 2018.

### **Relevant papers**

15. A list of relevant papers is set out in the **Appendix**.

Council Business Division 1  
Legislative Council Secretariat  
14 December 2018

## List of relevant papers

Date	Event	Paper
3 April 2017	Special meetings of the Finance Committee to examine the Estimates of Expenditure 2017-2018 (session on financial services)	<a href="#">Speaking note of the Secretary for Financial Services and the Treasury</a>  <a href="#">Report on the examination of the Estimates of Expenditure 2017-2018</a>
20 October 2017	Meeting of the FA Panel	<a href="#">Administration's paper</a> (LC Paper No. CB(1)47/17-18(01))  <a href="#">Minutes</a> (paragraphs 18-19) (LC Paper No. CB(1)312/17-18)
5 March 2018	Meeting of the FA Panel	<a href="#">Administration's paper</a> (LC Paper No. CB(1)625/17-18(07))  <a href="#">Background brief</a> (LC Paper No. CB(1)625/17-18(08))  <a href="#">Minutes</a> (paragraphs 43-49) (LC Paper No. CB(1)924/17-18)
17 April 2018	Special meetings of the Finance Committee to examine the Estimates of Expenditure 2018-2019 (session on financial services)	<a href="#">Speaking note of the Secretary for Financial Services and the Treasury</a>  <a href="#">Report on the examination of the Estimates of Expenditure 2018-2019</a>
2 May 2018	Hon CHAN Kin-por raised a written question on Work of the Working Group on eMPF	<a href="#">Hansard</a> (pages 9011- 9012)

<b>Date</b>	<b>Event</b>	<b>Paper</b>
29 May 2018	ESC deliberated on the staffing proposal	<u>Administration's paper</u> (EC(2018-19)4)  <u>Minutes</u> (paragraphs 97-103) (LC Paper No. ESC142/17-18)
30 October 2018	Meeting of the FA Panel	<u>Administration's paper</u> (LC Paper No. CB(1)12/18-19(01))