

**For discussion  
on 1 April 2019**

**Legislative Council Panel on Financial Affairs**

**Work of the Financial Services Development Council**

**PURPOSE**

This paper updates Members on the work of the Financial Services Development Council (“FSDC”) for 2018-19, the progress of its incorporation as a company limited by guarantee, as well as its work plan for 2019-20.

**BACKGROUND**

2. The Government established the FSDC in 2013 as a high-level and cross-sectoral advisory body to engage the industry and formulate proposals to promote the further development of Hong Kong’s financial services industry. To allow the FSDC to better discharge its functions with more flexibility, the FSDC has been incorporated as a company limited by guarantee with effect from September 2018. The Government provides funding to the FSDC in the form of annual subvention.

**PROGRESS UPDATE**

**Work of the FSDC for 2018-19**

3. The FSDC continues to play an important role in promoting Hong Kong in large-scale events held locally, in the Mainland and overseas. It hosted or participated in 16 events in 2018-19, including the Belt and Road Summit and Asian Financial Forum organised by the Hong Kong Trade Development Council; InvestHK’s Hong Kong FinTech Week; the Green and Social Bond Principles Conference organised by the International Capital Market Association

and the Hong Kong Monetary Authority, etc. The FSDC also continued to engage local, Mainland and overseas industry associations and development bodies with a total of 24 outreach luncheons and liaison meetings held over the past twelve months.

4. A total of seven reports and other papers have been issued in 2018-19, including among others –

- (a) a report on digital identity and know-your-customer (“KYC”) which presented a strategy for the development of digital identification and electronic-KYC in Hong Kong;
- (b) a report on environmental, social and governance (“ESG”) which presented the value proposition of ESG integration from the perspectives of both investors and investees;
- (c) a report on maritime leasing which recommended measures to revitalise the maritime cluster; and
- (d) a report on life insurance which analysed the competitive advantages of Hong Kong as a destination of choice for multinational life insurers.

All of these reports have generated keen interest from the market.

5. In pursuance of human capital development, the FSDC organised nine seminars with local tertiary institutions under the Practitioner Speakers Series on the latest industry trends and career opportunities in the financial services sector in 2018-19. The FSDC’s 5<sup>th</sup> Career Day saw the launch of the first CV Clinic, with human resources professionals offering one-on-one advisory services to over 350 tertiary students and young graduates on-site.

### **Incorporation of the FSDC**

6. The FSDC was incorporated as a company limited by guarantee in September 2018. The work of the incorporated FSDC will be directed by its Board of Directors (“the Board”) which includes the non-executive Chairman and the Secretary for Financial Services and the Treasury (“SFST”) as an ex-officio Director. Including SFST, there

are currently 16 Directors appointed by the Chief Executive with their term of appointment lasts until 16 January 2021.

7. Further, Committee Members will be appointed by the Board in consultation with the Government under six Committees. They are the Policy Research Committee, Mainland Opportunities Committee, New Business Committee, Market Development Committee, Human Capital Committee, and the Corporate Governance Committee to be established. The composition of the Board and Committees will be broadly representative of the major sectors of the financial services industry with a balanced mix of expertise.

8. The FSDC has set up its new office in Central in February 2019. The work of the incorporated FSDC will be supported by its own executive team led by an Executive Director. The organisation chart of the incorporated FSDC is at Annex A. Staff recruitment has commenced in December 2018 and is in good progress, with the first batch of staff reported for duty in March 2019. The current secondment arrangement<sup>1</sup> will be gradually phased out within 2019.

## **WORK PLAN FOR 2019-20**

9. The incorporated FSDC will continue to undertake the role of a high-level and cross-sector advisor to the Government. The incorporation will allow the FSDC to better discharge its functions through market promotion, research and human capital development with more flexibility.

10. On market promotion, the FSDC will forge closer relationships with overseas bodies through outreach programmes to strengthen the financial and business links between Hong Kong and other markets. Locally, the FSDC will continue to engage industry stakeholders regularly to promote market development. It will step up Hong Kong's marketing efforts in the local and international media and further enhance its marketing collaterals, with a view to promoting Hong Kong's competitive edges to various target audiences.

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<sup>1</sup> The FSDC Secretariat comprises staff seconded from the Hong Kong Monetary Authority, Securities and Futures Commission and Hong Kong Trade Development Council, and government employees deployed from the Financial Services and the Treasury Bureau.

11. In terms of research, a number of broad themes will be explored in 2019-20, including opportunities arising from the Greater Bay Area Development; innovation and technology (covering InsurTech and RegTech); insurance and asset management; ESG practices; a review of the tax issues in financial services, etc. The FSDC will step up efforts in exchanging views with local and overseas market practitioners through engagement meetings, roundtables and thematic forums, with a view to mapping out the strategic directions for the development of the financial services industry of Hong Kong. The FSDC will also work with the financial regulators to review the latest developments of the financial market, and identify gaps and areas for further enhancement.

12. The FSDC will continue to support human capital development and capacity building of home-grown professionals through working with tertiary institutions and other relevant bodies to connect tertiary students and young graduates to the actual context of the financial services industry. The FSDC will also conduct studies with a view to formulating recommendations and implementation plans in enhancing the finance talent development landscape in Hong Kong.

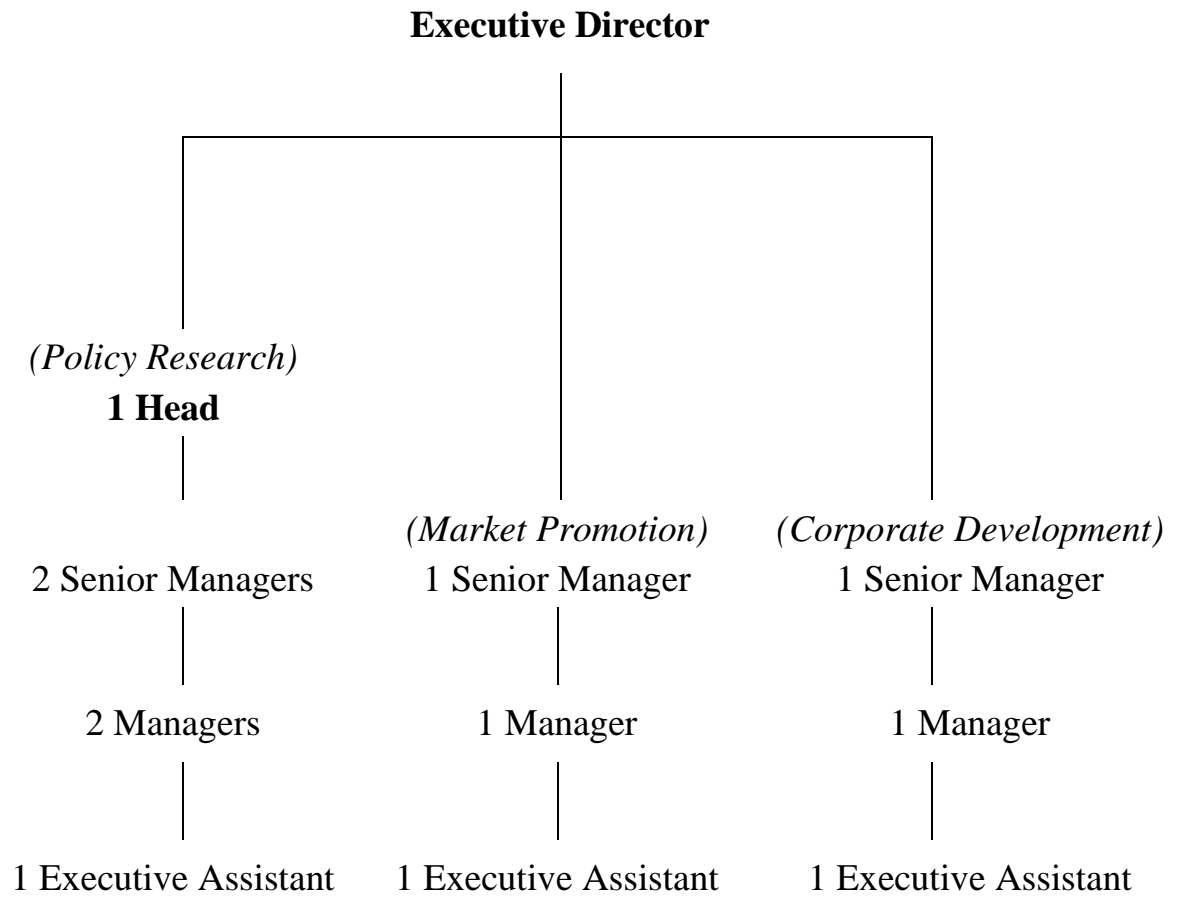
13. The budget for 2019-20 is \$32 million, covering staff costs, accommodation expenses, administrative costs and expenses on implementation of its work initiatives on market promotion, research and human capital development. The entire budget of the FSDC will be funded by Government subvention. Details of the budget are at **Annex B**.

## **ADVICE SOUGHT**

14. Members are invited to note the progress and work plan of the FSDC as set out in the paragraphs above.

**Financial Services Development Council  
Financial Services and the Treasury Bureau  
22 March 2019**

Organisation Chart of the Incorporated FSDC



## Annex B

### Annual Budget of the Incorporated FSDC for 2019-20

	(\$ million)	Notes
<b>Market Promotion</b>	4.5	A
<b>Research</b>	2.0	B
<b>Human Capital Development</b>	0.5	C
<b>Staff, Accommodation and Other Administrative Costs</b>	25.0	D
	<hr/> <b>32.0</b> <hr/>	

#### Notes

- A For participating/organising/sponsoring promotional activities in Hong Kong, the Mainland and overseas, and conducting outreach meetings with local market practitioners, chambers, industry bodies, as well as overseas organisations.
- B For commissioning sector-wide studies, roundtables/forums with invited experts to develop strategic directions, and subscriptions to market data and intelligence.
- C For organising Practitioner Speakers Series, Career Day and other human capital initiatives.
- D For staff costs and benefits based on an establishment of 13 staff members (see Annex A), office rental and related expenses, as well as administrative costs.