

Legislative Council Panel on Financial Affairs

Follow-up actions arising from the meeting on 1 April 2019

Agenda Item V - Development of Financial Technologies

At the Panel meeting on 1 April 2019, the Administration was requested to provide supplementary information on the following issues:

Measures taken by the Administration and financial regulators to help local Fintech companies to expand business in overseas markets other than Mainland

2. Cyberport has been assisting Fintech companies to expand business in overseas markets through a number of initiatives, including –

- (a) “Cyberport Accelerator Support Programme” supports Cyberport incubatees and alumni, including Fintech companies, to participate in overseas accelerator programmes, offering guidance and assistance in their overseas expansion and fundraising;
- (b) Cyberport also builds connections with overseas bodies and counterparts so as to facilitate its Fintech companies to look for overseas opportunities. For instance, Cyberport has since 2017 partnered with the Department for International Trade of the United Kingdom (“UK”) to provide Fintech companies in Hong Kong with soft-landing opportunities, as well as to assist them in liaising with financial regulators in the UK. In November 2018, Cyberport and Mizuho Financial Group signed a Memorandum of Understanding (“MoU”) to assist Cyberport start-ups aiming to expand into the Japanese market by forming partnerships with local enterprises in Japan. In February 2019, Cyberport and the InnoSpace of Thailand signed an MoU to support Hong Kong start-ups’ expansion into overseas markets;
- (c) Cyberport has also been actively participating in international Fintech conferences and events, and bringing delegations of its

Fintech companies to join exhibitions, product demonstrations and pitching sessions, and to hold investor-matching meetings. These conferences and events include Singapore Fintech Festival, Fintech Taipei, etc.; and

- (d) Cyberport launched the Overseas/Mainland Market Development Support Scheme (“MDSS”) in end 2018. MDSS provides a financial subsidy of up to \$200,000 to incubatees and alumni of the Cyberport programmes in conducting market research and promotion, as well as participating in trade fairs outside Hong Kong with a view to assisting start-ups in expanding into new markets and attracting investors.

3. Furthermore, the Hong Kong Monetary Authority (“HKMA”), the Securities and Futures Commission and the Insurance Authority have entered into Fintech co-operation agreements with major financial or Fintech hubs (e.g. the UK, Singapore, Switzerland, Dubai, etc.) with a view to encouraging and facilitating innovation in financial services in both markets, and supporting innovative financial businesses to expand to each other’s market.

The work of the Administration and the Hong Kong Monetary Authority in promoting the use of stored value facilities and the Faster Payment System to the retail sector including the relevant bodies in the sector which have been engaged

4. HKMA supervises stored value facility (“SVF”) operators in accordance with the Payment Systems and Stored Value Facilities Ordinance. The supervisory regime aims to promote the safe and sound operations of the industry, as well as to support market development and innovation, thereby bringing more choices and payment convenience to the public. Since the SVF supervisory regime took effect in 2016, SVF operators have been introducing new payment services and expanding their reach to segments such as taxi, public transport and small retail merchants, etc. SVF operators also deploy new technologies to enhance their services and customer experience.

5. In addition, with the development of the Guangdong-Hong

Kong-Macao Greater Bay Area, there is an increasing demand for cross-border retail payment from Hong Kong people. HKMA has been actively promoting the payment industry in Hong Kong to develop cross-boundary payment services, and has closely worked with the relevant Mainland authorities to explore and provide necessary policy headroom for Hong Kong e-wallets to be used in the Mainland. Up to now, two Hong Kong e-wallets have offered cross-boundary payment services. HKMA will continue to support the development in this area.

6. To enhance the public awareness of the Faster Payment System (“FPS”), HKMA has developed a series of education materials, including the Announcements in the Public Interests on television and radio, online videos, electronic banners and leaflets. In addition, HKMA has approached various industry organisations and institutions (please refer to **Annex**) to provide briefings on FPS and to promote the use of FPS. HKMA will continue with the promotion through engagement with various industries, roving exhibitions and participation in trade fairs to promote the understanding and the use of FPS amongst enterprises and members of the public.

7. Apart from HKMA’s promotional work, the Government is planning for the use of FPS to provide the public with greater convenience in paying taxes, rates and water charges. The Transport Department, the Immigration Department and the Leisure and Cultural Services Department are examining the feasibility of accepting payments through the FPS at their shroff counters on a pilot basis. In addition to facilitating the use of Government services by members of the public, the new payment channels should encourage more people to make use of innovative payment products and services.

The penetration rate of contactless payment facilities in Hong Kong in 2018

8. With regard to electronic payment, as at the end of the fourth quarter of 2018, the total number of SVF accounts in use was 56.1 million. During the quarter, there were on average 17.8 million SVF transactions daily, involving \$523 million. As for credit cards, the number of credit cards in circulation in Hong Kong was 19.46 million at

the end of the fourth quarter of 2018. During the quarter, there were on average some 2.14 million transactions daily, involving \$2.1 billion. The aforementioned figures have covered contactless payment means, but we do not have the figures specifically for contactless payment means.

Financial Services and the Treasury Bureau
April 2019

Annex

List of FPS briefing sessions held in 2018-2019

	Date	Organized by
1	12 April 2018	GS1 Hong Kong Limited
2	10 August 2018	Hong Kong Retail Management Association
3	24 August 2018	Mandatory Provident Fund Schemes Authority
4	29 August 2018	Securities and Futures Commission
5	21 September 2018	Hong Kong General Chamber of Commerce
6	27 September 2018	The Hong Kong Institute of Bankers
7	3 October 2018	Hong Kong Trade Development Council
8	16 October 2018	Hong Kong Information Technology Federation - Hong Kong Fintech Federation (A sub-division of Hong Kong Information Technology Federation)
9	21 November 2018	Small and Medium Enterprise Committee
10	22 January 2019	Hong Kong Productivity Council
11	28 February 2019	Tung Wah Group of Hospitals
12	28 February 2019	City University of Hong Kong College of Business