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Discussion Paper

LEGISLATIVE COUNCIL
PANEL ON FINANCIAL AFFAIRS

Development of Financial Technologies

INTRODUCTION

This paper updates Members on the latest development of financial technologies (“Fintech”) in Hong Kong and the measures to promote and facilitate Fintech development.

LATEST DEVELOPMENT OF FINTECH

2. The Government attaches great importance to the development of Fintech so as to enhance the overall competitiveness of the financial services industry and consolidate Hong Kong’s status as a leading international financial centre. Hong Kong has a vibrant Fintech community. According to the latest Fintech study conducted by InvestHK, there are over 600 Fintech companies and startups operating in Hong Kong, spreading over Cyberport, Hong Kong Science and Technology Park (“Science Park”) and other co-working and office spaces. These Fintech companies and startups cover various verticals, including mobile payment, cross-border remittance, robo-advisory, wealth management, blockchain, etc. According to Accenture, the accumulated investment in Hong Kong-based Fintech companies between 2014 - 2019 has reached US\$1.47 billion. Some of these Fintech companies have even reached a valuation of US\$1 billion, i.e. the so-called “unicorns”.

3. The adoption of Fintech has also improved significantly over the years. According to the Ernest & Young Global Fintech Adoption Index 2019, the Fintech adoption rate by consumers in Hong Kong has leaped from around 32% in 2017 to 67% in 2019, as compared to the average adoption rate of 64% in other major economies in the world. Traditional financial institutions, including banks and insurance companies, have also been adopting Fintech at an increasing pace.

4. Since our last update on the development of Fintech for the Panel in April 2019, a number of major Fintech initiatives have been rolled out in the past year, including -

- (a) **Banking industry** : the first batch of eight virtual bank licenses granted; Open Application Programming Interface (“API”) framework being implemented in phases; and study of the application of Central Bank Digital Currency (“CBDC”) for cross-border payments commenced;
- (b) **Insurance industry** : authorised four virtual insurers; Guideline on Cybersecurity published; Insurance Fraud Prevention Claims Database (“IFPCD”) and Motor Insurance DLT-based Authentication System (“MIDAS”) expanded in coverage;
- (c) **E-payment** : a wider adoption of the Faster Payment System (“FPS”) and the Common QR Code Standard; e-wallet operators extended the use of their Hong Kong e-wallets for retail payments in the Mainland; Government bill payments through the FPS;
- (d) **Securities industry** : a new regulatory approach for virtual assets announced; development of Regulatory Technology (“Regtech”); and
- (e) **Other measures** : strengthened Fintech talent training for in-service financial practitioners; continuous support through various incubation programme and funding schemes by Cyberport and Science Park; participation in international organisations and collaboration with overseas and the Mainland regulatory bodies.

MEASURES TO PROMOTE AND FACILITATE FINTECH DEVELOPMENT

5. The Government has adopted a multi-pronged approach in promoting and facilitating Fintech development. These initiatives and measures are broadly grouped under promotion, regulation, facilitation, talents and funding.

(a) Promotion

InvestHK’s Dedicated Fintech Team

6. InvestHK’s dedicated Fintech team is responsible for attracting and assisting Fintech companies, start-up entrepreneurs, investors and incubators

from overseas and the Mainland to establish their presence in Hong Kong. The team has rendered assistance to over 580 Fintech companies since its establishment in 2016. It also helps connect and foster closer collaboration amongst various Fintech players in our ecosystem, including innovation labs, investors, individual companies and startups, trade associations, partners from overseas and the Mainland, etc.

7. In terms of promotion, InvestHK's dedicated Fintech team organised a series of "FintechHK" events in the Mainland and overseas last year, including the "FintechHK" Global Competition across six cities (i.e. London, Toronto, San Francisco, Kuala Lumpur, Shenzhen and Hong Kong) and "FintechHK" promotion roadshows in Singapore, Shenzhen, Japan and Korea. The team also sponsored and participated in a number of signature overseas Fintech events over the past year, including Innovate Finance Global Summit in London, Money 20/20 in Europe and Money 2020/20 in the United States, to showcase the latest development and advantages of "FintechHK" and facilitate Fintech companies and startups with growth potential to expand their business in Hong Kong.

8. InvestHK's dedicated Fintech team has also been organising our own annual flagship event, Hong Kong Fintech Week ("HKFTW"), since 2016. Notwithstanding the strong headwinds in the second half of 2019, the HKFTW 2019 was successfully held on 4 – 8 November 2019, drawing more than 12,000 attendees from over 60 economies, 250 world-class speakers, 150 exhibitors and start-ups and more than 1,400 business matchings lined-up. The HKFTW 2019 also attracted 18 delegations from around the world and 8 of them had dedicated booths. The HKFTW 2019 also featured visits to major Fintech companies in Shenzhen which brought together overseas, Hong Kong and Mainland Fintech communities for business exchanges.

Collaboration with Overseas and the Mainland counterparts

9. Our financial regulators continued to pursue Fintech collaboration with a wide range of their overseas counterparts. The Hong Kong Monetary Authority ("HKMA"), the Securities and Futures Commission ("SFC") and the Insurance Authority ("IA") are members of the Global Financial Innovation Network ("GFIN")¹, which allows cross-border pilot trials for Fintech companies that wish to test innovative products and services in different member

¹ GFIN is a network of financial regulators and related organisations which seeks to provide a more efficient way for innovative firms to interact with regulators. This includes a pilot for firms wishing to test innovative financial products, services or business models across more than one jurisdiction. It also aims to create a framework for co-operation between financial services regulators on innovation related topics, sharing different experiences and approaches.

jurisdictions. Other notable international collaborations include Project Inthanon-LionRock, a research jointly conducted by the HKMA and the Bank of Thailand to study the application of CBDC for cross-border payments; and the establishment of the world's first Bank for International Settlements Innovation Hub ("BISIH") Centre, which conducts research projects on technology and innovation to foster collaboration among central banks.

10. Hong Kong also maintains close liaisons with the Mainland authorities and relevant industry associations so as to foster more Fintech collaborations, including co-organizing the annual Shenzhen-Hong Kong Fintech Award and the Shenzhen Summer Internship Programme, participating in cross-boundary Fintech events, etc.

(b) Regulation

Virtual Banks

11. After granting licences to eight virtual banks in the first half of 2019, the HKMA has been maintaining close communication with these virtual banks to understand their progress towards commencement of business. Up to end of April 2020, one virtual bank has officially launched its services, while four other virtual banks have commenced pilot trials through the HKMA's Fintech Supervisory Sandbox. The remaining three virtual banks are completing the necessary preparatory work for providing services to the public. In general, virtual banks plan to start with relatively basic offerings (e.g. deposits, loans and fund transfers) in the first one to two years of operation, before gradually expanding to provide more sophisticated products (e.g. wealth management).

Open API

12. Open API allows banks' internal data and systems to be opened up and accessed by technology companies so that more Fintech-enabled solutions (e.g. product comparison, aggregated views of financial positions, etc.) can be offered to customers. Since the promulgation of the Open API Framework ("Framework") in 2018, the banking industry has been implementing the Framework in phases. As of the end of March 2020, about 800 registrations from third-party service providers to access banks' Phase I (product information) Open APIs had been recorded. Twenty retail banks launched Phase II (customer acquisition) Open APIs in October 2019, covering deposits, loans, insurance, and investments to support applications for banking products and services. The HKMA will continue to work closely with the banking industry on defining a detailed set of technical standards for Phase III (account information) and IV

(transactions) Open APIs. The set of standards is targeted to be published in 2020, followed by an implementation timetable.

Promoting use of technology in customer onboarding process

13. The HKMA works closely with the industry to promote the greater use of technology, including remote on-boarding initiatives, to enhance the efficiency of banks' customer due diligence process and improve customer experience in terms of transparency and efficiency. The HKMA has been maintaining close dialogues with banks and Fintech companies on their related initiatives through the Fintech Supervisory Sandbox and Chatroom. The HKMA also articulated to the industry through a circular last year regarding the principles of identity authentication and identity matching when opening account remotely for individual customers, and reminded banks to adopt a risk-based approach during the processes of account opening and maintenance. So far more than ten banks in Hong Kong have launched remote account opening services and other banks are considering or testing similar initiatives.

Stored Value Facilities (“SVF”) (e.g. e-wallets)

14. The SVF industry recorded constant growth over the past year, signally an increasing adoption of e-wallets and digital payments by the public. As at the end of Q4 2019, the HKMA has issued SVF licences to 15 non-bank entities and also three licensed banks providing SVF services². The total number of SVF accounts in use was 63.12 million, an increase by 12.5% from the previous year. In addition, the total value of SVF transactions made in Q4 2019 was HK\$53.0 billion, an increase of 10.1% compared to the same quarter last year. The SVF operators are actively expanding service and customer reach to different sectors such as public transport, wet markets and small merchants. Two e-wallet operators have also extended the use of their Hong Kong e-wallets for retail payments in the Mainland, providing greater convenience for users who are frequent travelers between Hong Kong and the Mainland.

New regulatory approach for virtual assets

15. The SFC published a new licensing framework for virtual asset trading platforms in November 2019. Platforms that operate in Hong Kong and offer trading of at least one security token may now apply to be licensed by the SFC, subject to a set of robust regulatory standards comparable to those applied

² Pursuant to Section 8G of the Payment Systems and Stored Value Facilities Ordinance, a licensed bank is regarded as being granted a licence.

to licensed securities brokers and automated trading venues. These licensees would also need to comply with additional requirements that were tailor-made to address specific risks associated with virtual assets, such as that these platforms could only offer their services exclusively to professional investors. In addition, licensed platforms would be placed in the SFC Regulatory Sandbox for a period of close and intensive supervision. The SFC is currently processing licensing applications from interested platforms.

Fast Track and the Insurtech Facilitation Team

16. The IA's Fast Track provides a dedicated queue for new applications for authorisation from applicants which would own and operate solely digital distribution channels to provide insurance products with simple structure and high protection element. As of May 2020, the IA has granted authorisations under Fast Track to four virtual insurers, two of which offer life insurance while the other two offer non-life insurance. The IA will continue to process other applications under the Fast Track to drive further innovations and promote inclusiveness.

17. In addition, the dedicated Insurtech Facilitation Team under the IA helps facilitate the Insurtech community's understanding of the current regulatory regime and provides advice on Insurtech-related issues. Since its establishment in February 2016, the Insurtech Facilitation team has handled some 240 inquiries and held some 120 meetings with different stakeholders including Insurtech start-ups, technology firms and insurance companies. Separately, the "Embracing Fintech in Hong Kong" working group set up under the "Future Task Force"³ of the Insurance Industry also provides a platform for exchanging ideas of innovative Insurtech initiatives among key stakeholders.

Sandboxes, Regtech and Suptech

18. Financial regulators' sandboxes provide a platform for the industry to conduct pilot trials of Fintech initiatives, expediting the launch of new technology products and reducing the development cost. As of end-April 2020, the HKMA had allowed 134 pilot trials of Fintech initiatives to be conducted in the HKMA's Fintech Supervisory Sandbox ("FSS"). The FSS Chatroom had also received 442 use cases for supervisory feedback at early stages of Fintech projects, about 70% of which were made by technology firms. Similarly, the IA

³ Future Task Force of the Insurance Industry ("FTF") was set up by IA to build and sustain a regulatory environment conducive to business development and embrace technology, and to work hand in hand with IA in exploring the future of the insurance industry. The FTF was headed by Chairman of IA and comprised experts and professionals from the insurance industry and the academia.

has approved nine sandbox applications as of mid-May 2020, six of them have completed trials and have been rolled out to the market. In the banking sector, the HKMA has been facilitating the adoption of Regtech and is undertaking a series of initiatives to help develop a larger and more diverse Regtech ecosystem in Hong Kong.

19. In the securities industry, upon obtaining encouraging results from the data analysis used when conducting onsite inspections of licensed securities brokers, the SFC has set out in a circular which prescribed the minimum content and presentation format of trading-related data to be submitted by licensed securities brokers to the SFC upon request. Meanwhile, a data analytic platform is being developed to automate some supervisory inspection steps. In addition, the SFC has established a cross-divisional Market Intelligence Programme and a Data Analytics Group to draw on expertise from across the organisation to analyse data for regulatory purposes and address new technological developments. An Intelligence Relationship Identification System (“IRIS”) was also rolled out in March 2019 to facilitate the identification of complex relationships between individuals, companies, financial products and enforcement cases. The system applies Natural Language Processing and Machine Learning techniques in the integration of internal and external information and uses Graph Database for search and visualisation. Apart from IRIS, the SFC has developed a data visualization tool using a case specific algorithm to facilitate the identification of complex and large volume of transactional data in an enforcement case. The SFC plans to enhance this tool for wider application in other enforcement cases.

Cybersecurity

20. While new modes of service delivery have been enabled by Fintech, cybersecurity risks have also received increasing attention. The HKMA’s Cybersecurity Fortification Initiative (“CFI”), launched in 2016, has raised the cyber resilience of Hong Kong’s banking system. The initiative is underpinned by three pillars, the Cyber Resilience Assessment Framework (“C-RAF”), the Professional Development Programme (“PDP”) and the Cyber Intelligence Sharing Platform (“CISP”). Due to changes in the global cybersecurity landscape, the HKMA considers it necessary to further enhance the existing CFI framework. In January 2020, the HKMA began a consultation to seek the industry’s feedback on the proposed enhancements.

21. In the insurance sector, the Guideline on Cybersecurity issued by the IA has been effective since 1 January 2020. It sets the minimum standard for cybersecurity that authorised insurers are expected to have in place and the general guiding principles of IA in assessing the effectiveness of the cybersecurity framework of an insurer.

22. In the securities sector, the SFC issued the Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading in October 2017, setting out 20 baseline cybersecurity requirements which included two-factor authentication for system login. These requirements became effective in July 2018. In order to assess the compliance with the cybersecurity requirements by brokers, the SFC conducted a cybersecurity thematic review in second half of 2019, which comprised both onsite inspections and industry survey. Findings and observations identified from the review are targeted to be shared with the industry as additional guidance in Q2 2020.

(c) Facilitation

Cyberport

23. As one of Cyberport's key development clusters, the Fintech cluster in Cyberport comprises of 389 Fintech companies, making it the largest Fintech community in Hong Kong. The Fintech cluster covers Insurtech, Regtech, AI, blockchain, banking, wealth management, payment applications, etc. Over the years, Cyberport has been running various programs and funding schemes to support Fintech startups at different stages, including the Cyberport Incubation Program, the Cyberport Creative Micro Fund, the Cyberport Accelerator Support Program and the Cyberport Macro Fund. The Overseas/ Mainland Market Development Support Scheme also provides financial subsidies to incubatees and alumni of the Cyberport programs to conduct market research and Go-To-Market promotion, as well as participate in trade fairs in support of start-ups expanding into new markets and attracting investors.

24. Apart from providing direct assistance from the aforementioned Programs and Funding Schemes, the Cyberport Partner networks, including the Cyberport Enterprise Network ("CEN"), the Cyberport Investors Network ("CIN") and the Cyberport Technology Network ("CTN"), also offer an entrepreneur-conducive environment and networking opportunities to Fintech companies and startups. In particular, with the support from the CIN, the total investment raised by Cyberport Fintech companies reached some HK\$1.38 billion from April 2019 to February 2020. In parallel, the CTN provides technology support to Fintech companies, and the CEN bridges startups with large corporates for solution and business matching, as well as opportunities for corporate venture investment.

25. On nurturing budding entrepreneurs and talents, the Cyberport University Partnership Program has sponsored more than 300 university students to attend overseas entrepreneurship boot camps organised by top universities (e.g.

Stanford, Chicago Booth) to deepen their knowledge and interests in Fintech. Cyberport also supports the HKMA's Fintech Career Accelerator Scheme (FCAS). To showcase the strengths of Hong Kong's Fintech ecosystem, Cyberport has also organised and participated in major industry events, including the HKFTW, Internet Economy Summit and the Hong Kong Blockchain Week etc.

Science Park

26. Science Park has also been actively promoting the development of Fintech in Hong Kong. At present, there are over 60 companies primarily focused on Fintech, covering verticals such as Wealthtech, Regtech and cybersecurity, capital market solutions, payment and remittance solutions, banking, etc. Science Park has organised and supported various Fintech-related activities to foster its development, including collaborating with the HKMA on the Open API Framework initiative for banking business at the Science Park Data Studio; signing collaboration agreements with financial institutions and technology companies; participating in local and overseas Fintech roadshows; organising startup pitching competitions, corporate venture conferences and hackathons; as well as hosting the Global Acceleration Academy ("GAA") to develop real-world solutions with their startups for financial institutions. Science Park also proactively connects with other relevant global entities, bringing Fintech firms from abroad to explore the opportunities in Hong Kong, the Greater Bay Area and Asia. Science Park provides fundraising and Fintech research and development support through investment matching and other value-added services.

27. Looking ahead, InnoCentre in Kowloon Tong will be designated as the new Fin + Tech hub, giving different stakeholders a focal point to collaborate with Science Park companies and startups. Together with various partners, the hub will serve as a platform for Fintech solution co-creation, business matching, soft-landing of overseas Fintech companies, laboratory and Proof-of-Concept trials, as well as training and seminars. The new Fin + Tech hub is targeted for launch in 2020.

In-town Fintech Event Space

28. As one of the Fintech initiatives in the 2019 Policy Address, the Government will collaborate with Cyberport to set up a Fintech event space, "Fintech @ Gloucester" in Wanchai so as to allow various Fintech stakeholders including Fintech companies, traditional financial industries, innovation labs and accelerators, venture capital firms and Fintech training institutions to exchange ideas and drive Fintech demand and business opportunities. The new Fintech event space can provide venues for hosting different Fintech events, such as

Fintech conferences and workshops; it can also provide a convenient meeting spot for the Fintech community and traditional financial institutions for business matching. The new Fintech event space is targeted to open in 2021.

The FPS

29. The FPS has seen significant adoption since its launch in September 2018. As of 30 April 2020, the FPS recorded 4.86 million registrations⁴, reflecting a significant penetration rate in a population of 7.5 million people. Transaction volume has also grown steadily. It has processed 73 million real-time transactions involving an aggregate amount of over HK\$ 1 trillion since its launch. The turnover of the FPS rose significantly under the epidemic compared to December 2019. The average daily turnover reached 264,000 real-time transactions in April 2020, a sharp increase of 60% from the 168,000 real-time transactions in December 2019 and more than four-fold increase over October 2018, the first full month after the launch. As for registrations, the FPS recorded an increase of 830,000 registrations in the first four months of this year, corresponding to 21% increase between end-April and end-2019. Moreover, the number of participants has increased to 31 banks and 12 SVFs, with an addition of ten banks and two SVF since its launch.

30. To promote wide adoption of the FPS and provide greater convenience to the public, since November 2019, the public can settle the bills issued by the Inland Revenue Department, the Rating and Valuation Department and the Water Supplies Department through mobile banking apps and e-wallets that support FPS payment. As of end-April 2020, 710,000 government bill payment transactions involving HK\$860 million had been made through the FPS. As the next step, we are planning to accept payments through the FPS at counters and self-help kiosks of certain Departments on a pilot basis.

eTradeConnect

31. The HKMA has been proactively looking for opportunities to connect eTradeConnect⁵ with trade platforms in other regions and improving the functionalities of the platform based on the feedback collected from banks and other users. Recently, the PoC to connect eTradeConnect and a European trade finance platform has been completed. In addition, a Memorandum of

⁴ The number of registrations does not represent the number of users, as one user may register more than one account proxy (such as mobile number and email address), which may be linked to more than one account.

⁵ The trade finance platform eTradeConnect is the first large-scale multi-bank blockchain project in Hong Kong fully funded by a consortium of twelve member banks. It aims to improve overall trade efficiency and reduce risks and fraud by digitising trade documents and automating trade finance processes.

Understanding was signed in November 2019 between the operators of eTradeConnect and the People's Bank of China ("PBoC") Trade Finance Platform to conduct a PoC trial, which aims to connect the two platforms.

Study on Artificial Intelligence ("AI")

32. The HKMA completed a study on the application of AI in the banking industry in Hong Kong. It conducted an industry-wide survey in Q3 2019 and published a report titled "Reshaping Banking with Artificial Intelligence" in December 2019 to highlight the key facts, opportunities, and challenges of applying AI in the banking industry.

The IFPCD and MIDAS

33. Two Insurtech projects, IFPCD and MIDAS, launched by the Hong Kong insurance sector, help detect patterns of fraudulent insurance claims by means of analytical intelligence, and digitise motor cover note and policy by adopting blockchain technology to eliminate cases of insurance scams respectively. In particular, the applicability of IFPCD currently covers motor, medical, personal accident and travel insurance, while life insurance will be covered at a later stage.

(d) Talents

Nurturing local talents

34. A new Fintech initiative in the 2019 Policy Address is to launch a new Fintech training programme for in-service financial practitioners. The new training programme is operated by Cyberport and includes over 30 seminars, workshops, conferences and networking opportunities on an array of topics at different levels, benefiting over 1,500 financial practitioners. The objective is to enable in-service financial practitioners with different experiences and background knowledge to deepen and upskill their understanding of Fintech development, as well as to promote the application of Fintech in the traditional financial industry. The first batch of Fintech training courses has commenced in March 2020.

35. In the education sector, six local universities have rolled out Bachelor's or Master's degree programmes related to Fintech, and some new Fintech related degree programmes are in the pipeline. The Study Subsidy Scheme for Designated Professionals/Sectors also covers self-financing Fintech-related undergraduate programmes starting from the 2018/19 academic year. In addition, the HKMA launched the upgraded version of the Fintech Career

Accelerator Scheme (“FCAS”) as FCAS 2.0 in 2018, offering four talent development programmes. For the year of 2019/20, over 220 students have benefited from the FCAS 2.0 programme.

Attracting overseas talents

36. Since the promulgation of the Talent List of Hong Kong in 2018, immigration facilitation has been provided to eligible persons under the Talent List through the Quality Migrant Admission Scheme. Experienced professionals in Fintech are covered in the Talent List. The Government has also rolled out the Technology Talent Admission Scheme (“TechTAS”) to provide a fast-track arrangement for the admission of overseas and Mainland technology talent to undertake research and development (“R&D”) work in Hong Kong. As at end April 2020, among the 338 quotas allotted, about 28% was Fintech related. Since 30 January 2020, the scheme has been extended to companies beyond Science Park and Cyberport which are conducting R&D activities in 13 specified technology areas, including Fintech.

(e) Funding

37. The Innovation and Technology Fund (“ITF”) administered by the Innovation and Technology Commission (“ITC”) has funding programmes that assist local companies, including those in the financial services sector, to upgrade their technological level. The Enterprise Support Scheme (“ESS”) under the ITF supports companies in Hong Kong for their in-house R&D on a dollar-for-dollar matching basis for up to HK\$10 million under each approved project. As at end April 2020, there were six approved Fintech-related projects under the ESS, with a total funding support amounted to HK\$14.8 million. One project focusing on data security had been completed. The remaining five were still ongoing, focusing on payment solutions, cash management and data analytics.

38. Also under the ITF, the Technology Voucher Programme (“TVP”) subsidises local enterprises/ organisations on a matching basis in using technological services and solutions to improve productivity, or upgrade or transform their business processes. So far, 49 applications from banking, insurance or other financial services had been approved with a total approved funding of around HK\$8 million. With effect from 1 April 2020, TVP has been further enhanced with the Government’s funding ratio for each approved project raised from two-thirds to three-quarters, the funding ceiling per applicant increased from HK\$400,000 to HK\$600,000 and the maximum number of approved projects per applicant increased from four to six.

39. In 2017, the ITC established a HK\$2 billion Innovation and Technology Venture Fund (“ITVF”) to co-invest with partner venture capital funds in local I&T start-ups at an overall matching investment ratio of approximately 1to2. As at end April 2020, the ITVF has invested in two Fintech companies. To further explore co-investment opportunities, the ITVF has invited a new round of applications with a view to selecting more co-investment partners to join the scheme following assessment.

LOOKING FORWARD

40. Over the years, we have witnessed a strong growth of the Fintech sector in Hong Kong from a relatively small niche to a sizeable and vibrant community. Our maturing ecosystem, pioneering infrastructures, increasing receptiveness and adoption, conducive and forward-looking regulatory environment, coupled with Hong Kong’s traditional strengths in financial services, have elevated Hong Kong to one of the major Fintech hubs in Asia. Looking ahead, we will continue to work with all relevant sectors to promote and facilitate Fintech development using a multi-pronged approach under promotion, regulation, facilitation, talents and funding.

41. In the coming year, we will continue to strengthen the existing work and launch an array of new Fintech initiatives, including collaboration with the Financial Services Development Council (“FSDC”) to conduct theme-based Fintech studies to explore development possibilities in the Fintech industry; to explore the application of technological infrastructures, such as the “iAM Smart” platform (developed by the Government to provide one-stop personalised digital government services and is also accessible to industry applications through API) and FPS, in financial services. The Government recognises the importance of an advanced, comprehensive e-KYC (e-Know Your Customer) platform, which can be instrumental in advancing the development and competitiveness of Hong Kong's financial services sector. The HKMA’ Fintech sandbox can facilitate the development and testing of such e-KYC platform for remote on-boarding. The e-KYC platform can be developed by leveraging on the iAM Smart platform and also an optional e-ME personalised digital services for default form-filling with basic personal information. When developed successfully, the e-KYC platform can serve not only banking institutions but also stored-value facilities (i.e. e-wallets), securities industry and other financial service providers. The Government will also provide more supportive measures, such as establishing an in-town Fintech event space, “Fintech @ Gloucester”, to provide greater convenience to the public and in-service practitioners and promote the adoption of Fintech in the traditional financial industry. We will also strengthen external and internal promotion and facilitation work through a one-stop platform; and on

the talent front, work with other bureaux and departments to facilitate admissions of talents from overseas and the Mainland, and strengthen Fintech training locally.

ADVICE SOUGHT

42. Members are invited to note the content of this paper. Views and comments on the measures taken to promote and facilitate Fintech development are welcomed.

**Financial Services and the Treasury Bureau
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