

**For discussion
on 3 May 2021**

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 2020-21 and its work plan for 2021-22.

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 enable the FSDC to better discharge its functions with more flexibility, it 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 an annual subvention. The year 2020-21 was the second full year that the FSDC performed its role as an incorporated entity with staff of its own.

PROGRESS UPDATE

Work of the FSDC for 2020-21

3. Notwithstanding a series of challenges during the year including the COVID-19 pandemic and the changing socio-economic landscape around the globe, the FSDC has been able to respond quickly to these challenges and grasp new opportunities in fulfilling its objectives on policy research, market promotion and human capital development under the

leadership of the Board¹ and with the support of the financial services industry.

4. The COVID-19 pandemic has posed challenges to global economy and impacted business practices in the financial services industry. With fighting the COVID-19 pandemic becoming a new normal, we are glad to see that the financial services industry has been able to respond promptly to the changing environment and adapt to the changing business landscape, including the acceleration of technology adoption in business and reducing face-to-face contact with customers. The FSDC has also extensively applied digital means such as videoconferencing to conduct meetings and seminars, and social media and website platforms to disseminate promotional messages.

5. During 2020-21, the policy research work of the FSDC has not been affected. Researches conducted revolved around four main themes, namely green and sustainable finance, financial technology (“FinTech”), asset and wealth management, and connectivity with the Mainland and the rest of the world. A total of nine reports / documents on different areas of financial services were issued in 2020-21, which include –

- (a) two reports regarding connectivity with the Mainland, with one featuring Hong Kong’s unique role in the Greater Bay Area and the other on offshore Renminbi business;
- (b) a report with recommendations on how Hong Kong can consolidate its status as a preferred family office hub;
- (c) a report which proposed ways to develop Hong Kong into a global Environment, Social, and Governance (“ESG”) investment hub of Asia;
- (d) a report with recommendations regarding group tax loss relief;

¹ The work of the FSDC is directed by its Board of Directors which includes the non-executive Chairman, 16 non-official directors and the Secretary for Financial Services and the Treasury as an ex-officio Director. There are six committees formed under the Board, namely the Policy Research Committee, the Mainland Opportunities Committee, the New Business Committee, the Market Development Committee, the Human Capital Committee, and the Corporate Governance Committee.

- (e) a report with recommendations on enhancing access to the A-share market by expanding the range of A-share-linked derivatives and structured products;
- (f) a brief with recent developments on central bank digital currencies; and
- (g) consultation responses on corporate weighted voting rights beneficiaries and IPO settlement process.

6. Having developed its own in-house Policy Research Team post incorporation, the FSDC has strengthened its research capacity through organising sector and issue-specific focus groups and closed-door discussion sessions, consisting of both physical and virtual meetings, to develop strategic directions and gauge market views at a greater depth. Industry feedbacks and practical recommendations on various issues have been included in the FSDC's policy research reports on various subjects.

7. On market promotion, while the COVID-19 pandemic has had an impact on its physical promotional activities since early 2020, the FSDC's promotion efforts did not come to a halt. In the past year, the FSDC responded swiftly by making use of technology to overcome geographical barriers and continued to promote Hong Kong's advantages as an international financial centre in Hong Kong, the Mainland and overseas. The market promotion efforts of the FSDC have been strengthened rather than weakened. For example -

- (a) the FSDC participated in a total of 47 events in 2020-21, including hosting discussion panels at the Belt and Road Summit, the Asian Financial Forum 2021 and the Hong Kong FinTech Week, and speaking at various leading industry events such as the Securities and Futures Commission's Compliance Forum 2020, the Insurance Authority's Asian Insurance Forum 2020 and the Hong Kong Green Finance Association's 2020 annual forum. Most of these events were conducted virtually or in a hybrid mode;
- (b) amid the pandemic outbreak, the FSDC managed to extend its reach to the target audiences such as asset managers, asset owners

and founders of technology companies around the world via selected virtual events such as Forbes Under 30 Summit China in Shanghai, City Week 2020 and Launch of Global Financial Centres Index 29 in London, John Templeton Foundation Roundtable discussion with US endowment funds, a webinar for the business community in Indonesia, and the Private Wealth Asia Forum in Singapore;

- (c) the FSDC launched its first branded series of webinars, namely “FSDC Industry Exchange Series”, for industry practitioners to discuss key industry topics such as private funds domicile and impact investing; and
- (d) the FSDC stepped up its efforts to engage local, Mainland and overseas industry bodies, with a total of 37 outreach meetings held over the past 12 months. The FSDC website was also revamped with more functions and a better look and feel to enhance user experience.

8. On human capital development, the FSDC organised eight events in 2020-21, including pilot job-shadowing programme and seminars under the Practitioner Speakers Series, on the latest industry trends and career opportunities in the financial services sector. The FSDC’s 7th Career Day, which went virtual with the CV Clinic and one-on-one advisory services offered by human resources professionals, was concluded with a strong turnout of over 350 from over 10 local tertiary institutions.

9. In addition, the FSDC signed a Memoranda of Understanding (“MOU”) with Paris EUROPLACE (“PEP”) and Casablanca Finance City Authority (“CFCA”) respectively, with a view to strengthening collaboration on market promotion and talent development of the financial centres.

10. To support Hong Kong’s financial services industry which has been hit by the pandemic, the FSDC was commissioned by the Financial Services and the Treasury Bureau to launch the Financial Industry Recruitment Scheme for Tomorrow (“FIRST”) in September 2020 with the support from the Government’s Anti-epidemic Fund, to help create 1 500 full-time positions in the financial services industry in eligible financial

services sectors including banking, securities, insurance, trustees of Mandatory Provident Fund Schemes and certified public accountant firms. All the 1 500 jobs applied by 748 employers have been approved, of which around 1329 have been filled as at March 2021. The first quarterly disbursement for October to December 2020 was made to the employers in February 2021.

WORK PLAN FOR 2021-22

11. While the breadth of FSDC's research and connections with research institutes have improved over the past years, the FSDC will continue to establish and strengthen connections with local, regional and global research institutes through participation in relevant forums and other means. The FSDC's research in 2021-22 will continue to focus on the four key broad themes, namely green and sustainable finance, FinTech, asset and wealth management, and connectivity with the Mainland and the rest of the world. Topics to be explored under these themes will include cybersecurity, real estate investment trusts, green finance strategy in the Greater Bay Area, healthcare and biotechnology financing, private wealth management. The FSDC's policy recommendations will focus on regulatory affairs, product development, talent supply and tax arrangement. The FSDC will step up efforts in exchanging views with related organisations in Hong Kong, the Mainland and overseas 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.

12. FSDC aims to promote Hong Kong as an international financial centre globally by leveraging its extensive professional network and unique position as a cross-sectoral advisory body for the financial services industry. A comprehensive, and social media focused, marketing strategy, will be implemented by the FSDC in the coming year with the following key initiatives -

- (a) establish a customer relationship management system for implementing a global social media marketing strategy;

- (b) develop overseas stakeholder networks in major financial centres via targeted marketing on selected digital channels with thematic and interactive contents;
- (c) engage flagship promotion platforms and local media in major financial centres, including the Mainland, to showcase the achievements and policy roadmap of Hong Kong in major development themes, i.e. connectivity, ESG/green finance, FinTech, and asset and wealth management;
- (d) develop joint promotion opportunities with PEP and CFCA following the signing of the MOUs while continuing to strengthen collaborations with other members of the World Alliance of International Financial Centers; and
- (e) continue to collaborate closely with all the key stakeholders in Hong Kong, including the relevant Government bureaux/departments, the regulators and the respective professional associations, on market promotion and industry engagements.

13. The continuous and ample supply of high-quality talent has been a key contributing factor to the success of Hong Kong's financial services industry. With this in mind, the FSDC has placed strong emphasis on human capital development since its foundation years, and more resources will be deployed to enhance such efforts in 2021-22. In relation to the key research themes, noting that the rise of ESG and FinTech will have implications on the future demand for talent, the FSDC will complete a policy research paper with an aim of facilitating the manpower planning in accordance with these emerging trends. In addition, considering that students aspiring to join the industry would benefit from more regular and high-touch interaction opportunities with industry practitioners, FSDC will expand the scope of the Talent Amplifier Programme ("TAP")². Going forward, in addition to covering such existing programmes as the Practitioner Speakers Series, FSDC Career Day and C-suite job-shadowing, TAP will also feature new initiatives such as Fireside Chat with

² TAP, was first introduced during 2019-20, as a C-suite job shadowing initiative. The programme is being expanded to include more educational engagements with the target audience (i.e. university students and young industry professionals) going forward.

Young Practitioners and Mingling with Team Leads. The FSDC believes that this fuller suite of initiatives is conducive to the further development of our city's financial services industry.

14. The FSDC is planning to subsidise 200 additional new job positions for young university graduates graduated in 2019 to 2021 under FIRST, and will announce relevant details in due course.

15. The budget for 2021-22 is \$36.1 million, covering staff costs, accommodation expenses, administrative costs and expenses on implementation of its work initiatives on research, market promotion and human capital development. Details of the budget are at **Annex**.

ADVICE SOUGHT

16. 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
April 2021**

Annual Budget of the FSDC for 2021-2022

	(\$ Million)	Notes
Research	2.6	A
Market Promotion	6.2	B
Human Capital Development	0.6	C
Staff, Accommodation and Other Administrative Costs	26.7	D
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Notes

- A For commissioning/ conducting/ disseminating sector-wide studies, attendance/ participation in industry conferences/ roundtables/ forums with invited experts to develop strategic directions, and subscriptions to market data and intelligence.
- B For organising market promotional activities, implementing social media marketing strategy in Hong Kong, the Mainland and overseas, as well as conducting outreach meetings with all key stakeholders (e.g. professional bodies and business chambers).
- C For organising different tiers of human capital initiatives under “Talent Amplifier Programme” including Practitioner Speakers Series, Career Day and job shadowing.
- D For staff costs and benefits, internship programme, office rental and related expenses, as well as administrative costs.