

Press release

LCQ1: Cross system usage of electronic money in Hong Kong and Shenzhen

Wednesday, December 16, 2009

Following is a question by the Hon Jeffrey Lam and a reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (December 16):

Question:

At the Hong Kong/Shenzhen Cooperation Meeting held on the 30th of last month, the Governments of Hong Kong and Shenzhen agreed to link up in the near future the two electronic money systems of "Octopus" in Hong Kong and "Shenzhen Tong" in Shenzhen, to enable cross system usage of the stored value cards (SVCs) concerned by residents in both places for travelling and shopping (mutual use of SVCs). In this connection, will the Government inform this Council:

(a) when the mutual use of SVCs is expected to be implemented; in calculating the transaction amounts, how the Hong Kong dollar and Renminbi are to be converted, including whether a fixed or a floating conversion rate will be used; whether the conversion rate will be determined by the card issuers or by the shops concerned; whether it knows if the card issuer had received any complaint about miscalculation of or questionable conversion rates since Octopus may be used in certain retail outlets in Shenzhen in August 2006;

(b) of the transport carriers and retail outlets to which the SVCs concerned will be applicable after the implementation of the mutual use of SVCs, whether transport carriers travelling to and from other cities in the Pearl River Delta (PRD) will be included, and whether the area of application will be expanded to cover other places in the PRD; and

(c) upon the implementation of the mutual use of SVCs, which card issuer the card holders should contact when they lost their cards or wrong amounts have been deducted; what mechanism is in place to handle such situations; whether card holders can check the records of transactions conducted through the aforesaid systems in both Hong Kong and Shenzhen; and whether SVC automatic add-value services are available in both places?

Reply:

President,

The Administration's reply to the question is as follows:

(a) Octopus and Shenzhen Tong have set up a Task Force to conduct in-depth study and detailed discussion concerning the technical, business and operational aspects of the issue. Since the interoperability of the two electronic money systems involves numerous complicated issues, including system standards, card reader compatibility, cryptographic capability, management concept, business operation, etc, further study is required by both parties before an implementation schedule could be worked out.

At present, for payments made by Octopus cardholders in Shenzhen, the exchange rate for Hong Kong Dollar against Renminbi is set by individual merchants on a daily basis and displayed at conspicuous locations at the shops. The transaction value is also printed in both Renminbi and Hong Kong Dollar on the customers' receipts.

According to the information provided by Octopus Cards Limited (OCL), OCL has not received any complaints over the exchange rate or other controversial disputes since Octopus is accepted for payments in Shenzhen.

(b) It is our understanding that there is no single electronic payment card for public transport across the Pearl River Delta Region at this moment. In the "Guiding Opinions on Expediting the Economic Integration in the Pearl River Delta Region" (Guiding Opinions) issued on June 10 this year, the People's Government of the Guangdong Province General Office has proposed the promotion of intercity connection based on the use of a single card on public transport. But the implementation arrangements have not been promulgated yet. The Government will closely monitor the development in this regard. We will also follow up with relevant parties as appropriate, with a view to examining the feasibility of expanding the usage of Octopus to public transport in the Pearl River Delta Region.

(c) Since the proposal of the cross system usage of electronic money is still under discussion among various enterprises and government departments, the implementation details are yet to be confirmed. The arrangements regarding customer service, including loss reporting, refund procedures, transaction record checking, etc, will be considered together with other technical and business issues with a view to ensuring that users can have reasonable protection apart from enjoying the convenience brought about by the service.

Ends