

Press Release

LCQ18: Impact of the Occupy Central movement on the financial sector

Wednesday, October 29, 2014

Following is a question by the Hon Ng Leung-sing and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (October 29):

Question:

It has been reported that the impact of the Occupy Central movement on commercial activities is gradually surfacing. For instance, the Westpac Banking Corporation of Australia has cancelled its Board meeting originally scheduled to be held in Hong Kong. In this connection, will the Government inform this Council:

(1) whether it has assessed the medium and long term impact of the Occupy Central movement on the financial sector of Hong Kong; if it has, of the results; if not, the reasons for that; and

(2) whether it has taken measures to mitigate the impact of the Occupy Central movement on the status of Hong Kong as an international financial centre?

Reply:

President,

The consolidated reply to part 1 and 2 of the question is as follows.

The impact of the protests on the operation of Hong Kong's financial industry has so far been limited. Except for individual banks at the affected areas which have to be closed temporarily, thus causing some inconvenience to the general public, Hong Kong's financial system, including the banking system, stock market and foreign exchange market, etc. have been functioning in a normal and orderly manner. The linked exchange rate system is robust, interest rates remain steady, and there is no evidence of abnormal fund outflow.

Indeed, the HKSAR Government, financial regulators and major

financial institutions have earlier conducted risk assessments and devised contingency measures with regard to the protests, with an aim to maintaining the continued operation of, and minimising the impact on, the core businesses.

As for the medium and long term impact on Hong Kong's financial industry, we do not have sufficient data yet to make an accurate assessment. However, any prolonged protests would inevitably affect the confidence of local and overseas investors, which would in turn increase the potential risk to our financial market. Together with the financial regulators, we will continue to monitor closely the financial system and market situation, and take appropriate measures as and when necessary to ensure that important financial infrastructure, the monetary system, the settlement system, as well as the securities and futures trading markets will continue to function in an orderly manner, so as to minimise the impact on Hong Kong's financial industry.

Ends