

Press Release

LCQ21: Electronic stored value payment services

Wednesday, December 9, 2015

Following is a question by the Hon Christopher Chung and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (December 9):

Question:

It has been reported that recently, a local company providing electronic stored value payment services (commonly known as "e-wallet services") collaborated with a supermarket chain in conducting promotional activities, which attracted tens of thousands of members of the public to download the related mobile application and register as users of its services. While the company claimed that it could transfer payments collected from members of the public to public utilities for settling electricity, gas, telecommunications services bills, etc., the utilities concerned issued statements stating that they had not made any agreement on fee collection with that company. Regarding electronic stored value payment services, will the Government inform this Council:

(1) given that the Payment Systems and Stored Value Facilities Ordinance, which commenced operation on the 13th of last month, provides that it will be illegal for any issuers, unless being exempt, to issue or operate any stored value facilities without a licence, but there is a one-year transitional period for such a requirement, whether the authorities have assessed the risk of law-breakers committing fraud under the guise of providing electronic stored value payment services during the transitional period; if they have assessed, of the details and their corresponding measures;

(2) whether the authorities have compiled statistics on (i) the number of companies operating electronic stored value payment services in Hong Kong and (ii) the number complaints relating to such services received by the authorities (broken down by nature of such complaints), in each of the past five years; and

(3) given that more and more members of the public use electronic stored value

payment services, whether the authorities have plans to step up publicity to educate the public on how to choose and safely use such type of services; if they do, of the details?

Reply:

President,

(1) The regulatory regime for stored value facilities (SVFs) and retail payment systems under the Payment Systems and Stored Value Facilities Ordinance (the Ordinance) commenced operation on November 13 this year. Under the Ordinance, the Hong Kong Monetary Authority (HKMA) is empowered to implement a mandatory licensing system for multi-purpose SVFs and perform relevant supervision and enforcement functions. A one-year period is allowed for existing issuers of SVFs or new market operators to apply for a licence from HKMA. After the expiry of the one-year period (i.e. from November 13, 2016 onwards), it will be illegal for any issuers, unless being exempt, to issue or operate any SVFs without a licence.

Deception and fraud are criminal offences under the Theft Ordinance. The public should report to the Police in cases of any suspected deception for the Police's follow-up.

(2) The HKMA does not have statistical breakdown on the number of companies operating electronic stored value payment services in Hong Kong and related complaints in the past five years.

(3) Customers should always exercise caution when choosing or using SVFs. They should understand clearly the terms and conditions of the agreement, such as the nature of the relevant SVFs, scope of services, fees, redemption arrangements of the outstanding stored value, complaint handling mechanism, etc. The HKMA has launched public education programmes, including through press releases, TV and radio announcements, posters, brochures, etc., to enhance public awareness of the use of these payment products or services, and their understanding of the new regulatory regime enforced by HKMA.

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