

**Press Release**

**LCQ16: Mobile payment services**

Wednesday, December 7, 2016

Following is a question by the Hon Chiang Lai-wan and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (December 7):

Question:

In recent years, more and more services for making payments and peer-to-peer money transfers via smartphones (mobile payment services) have come onto the market. While such kind of services bring convenience to members of the public, they create new security and privacy problems, which is a cause for concern. In this connection, will the Government inform this Council:

(1) whether the authorities have measures in place to safeguard the rights and interests of members of the public when using mobile payment services, and to prevent service providers from misusing customers' personal data which they have obtained; if so, of the details; if not, the reasons for that;

(2) as the development of technology is rapidly advancing and changing, whether the authorities have, since the Clearing and Settlement Systems (Amendment) Ordinance 2015 came into operation on November 13 last year, reviewed if the existing legislation is adequate to regulate mobile payment services; if so, of the details; if not, the reasons for that; and

(3) whether the authorities have plans to launch publicity programmes next year to educate and remind members of the public of the issues to note when using such mobile payment services, especially about ways to protect their own rights, interests and privacy; if so, of the details; if not, the reasons for that?

Reply:

President,

(1) In light of development in technology and market, the Government

commenced operation of the Payment Systems and Stored Value Facilities Ordinance (the Ordinance) in November 2016. Under the Ordinance, the Hong Kong Monetary Authority (HKMA) is empowered to implement a licensing system for multi-purpose stored value facilities and perform relevant supervision and enforcement functions.

According to the Ordinance, any person issuing stored value facility (SVF) is required to obtain a licence issued by the HKMA. All SVF licensees have to comply with the requirements stipulated in relevant guidelines issued by the HKMA, including establishing robust and effective systems, management policies and procedures to ensure payment security and efficiency, protect users' float and manage risks arising from the payment business.

With respect to personal data protection, SVF licensees must comply with the Personal Data (Privacy) Ordinance and any relevant guidelines issued by the Office of the Privacy Commissioner for Personal Data, and take appropriate measures for protecting personal data of customers.

(2) The implementation of the Ordinance helps ensure safe and robust operation of SVFs and retail payment systems, as well as adequate protection of users. The HKMA will closely monitor technological and market development and refine the regulatory regime when necessary in light of its experience in regulating mobile payment services.

(3) The HKMA has been working with various organisations (e.g. the Hong Kong Association of Banks, the Hong Kong Police Force etc.) to remind the public on tips to use e-banking services, including the protection of smart phones, through different means and channels (including educational videos, announcements in the public interest (APIs) on radio, newspaper comics, inSight publications and public education seminars).

The HKMA has also launched a series of featured campaigns to promote public awareness of issues associated with the use of SVFs, especially on understanding the terms and conditions, handling personal data and managing the value stored on SVFs according to payment needs. These messages are conveyed to the public in the form of videos, APIs on radio, animation, print advertisements, etc. via television, radio and other media platforms. The HKMA will step up publicity effort when necessary.

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