

Press Release

Steering Group on Fintech releases report (with photo/video)

Friday, February 26, 2016

The Steering Group on Financial Technologies (Fintech) today (February 26) released a report which proposes a number of recommendations to further Hong Kong's development as a Fintech hub.

The Chairman of the Steering Group and Secretary for Financial Services and the Treasury, Professor K C Chan, said, "The report highlights the vibrancy of the local Fintech sector comprising world-class financial institutions, innovative start-ups, investors, finance and entrepreneurial talent, and research and development (R&D) institutions. There is vast potential for Hong Kong to become a premier Fintech hub, through leveraging our role as an international financial centre, the highly developed information and communication technology infrastructure, and ample finance and entrepreneurship talent.

"The Steering Group considers that the local Fintech ecology is maturing, and appropriate support and measures from the Government can help take the sector to the next level.

"The Government shares the Steering Group's vision to foster a conducive ecology for Fintech so that our consumers can enjoy the benefits brought about by Fintech, while the local financial services industry can stay ahead of the competition and continue to attract talent and innovations."

Acknowledging that Fintech offers consumers novel experiences in managing their finances and provides financial institutions with tools to improve their operational efficiency, the Steering Group noted that established financial institutions in Hong Kong had already been actively applying Fintech in enhancing their services.

The favourable Fintech ecology locally also attracted 48 out of 100 top Fintech companies in the world to operate here, complementing the cluster of local, Mainland and international financial institutions and talent in Hong Kong's financial services industry. In addition, co-working space, accelerator programmes and innovation laboratories run by local as well as multinational financial and professional services firms acted as platforms for expediting

growth for participating Fintech start-ups as well as channels for incumbent financial institutions to keep abreast of the latest technology.

Drawing from Mainland and overseas experiences as well as recent developments in Hong Kong, the report sets out the broad directions and focused areas to build a thriving Fintech sector.

Major recommendations proposed by the Steering Group include formulating a vision to underline Hong Kong's commitment in developing Fintech and positioning as a launch pad for companies in the sector; providing assistance to Fintech start-ups; establishing in and attracting to Hong Kong more Fintech-themed programmes and innovation laboratories; encouraging the application and setting of standards for cutting-edge Fintech technologies; facilitating communication between financial regulators and the Fintech community; improving dissemination of information on funding sources and immigration policy; and encouraging young talents to enter the Fintech sector.

In his 2016-17 Budget, the Financial Secretary announced a range of measures for early implementation of the Steering Group's recommendations, including:

- * establishing a dedicated team under Invest Hong Kong to organise international events and assist start-ups, investors and R&D institutions to establish their presence in Hong Kong;
- * setting aside a dedicated space of 3 000 square metres in Cyberport's Smart-Space for Fintech activities and rolling out a designated incubation programme for 150 Fintech start-ups over the next five years;
- * arranging for 300 university students, through Cyberport, to join Fintech training camps in overseas universities to gain more in-depth understanding of career prospects in the sector;
- * establishing dedicated platforms at the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission and the Office of the Commissioner of Insurance to enhance communication between regulators and the Fintech community;

* setting up, by the HKMA in partnership with the other s takeholders, a three-pronged cyber security programme that comprises a cyber intelligence-sharing platform, the conduct of risk assessment and professional certification; and

* encouraging the industry and relevant organisations to explore the application of "Blockchain" technology in the financial services industry, with a view to developing its potential to reduce suspicious transactions and bring down transaction costs.

On the funding side, enterprises developing Fintech products and solutions can benefit from new and existing funding schemes, including the Innovation and Technology Fund (ITF), as well as the Innovation and Technology Venture Fund and the Cyberport Macro Fund announced in the 2016 Policy Address. Together, a pool of about \$5 billion is available to ventures and research projects in various technology areas including Fintech.

The private sector is also encouraged to invest in innovation under the Enterprise Support Scheme of the ITF, which is offering dollar-to-dollar matching funds up to \$10 million for R&D activities. Financial institutions and Fintech start-ups can make use of this scheme to develop new products and services.

The Steering Group was set up in April 2015 following the announcement of its establishment in the Financial Secretary's 2015-16 Budget. Chaired by the Secretary for Financial Services and the Treasury, the Steering Group is tasked to advise the Government on how to develop and promote Hong Kong as a Fintech hub. It comprises 10 non-official members drawn from the industries and R&D institutions as well as relevant government officials and representatives from the regulatory authorities.

The Steering Group's report has been uploaded to the website of the Financial Services and the Treasury Bureau at www.fstb.gov.hk/fsb/ppr/report/index.htm.

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