

Speech by SFST at Financial Planner Awards 2007
(English only)

Monday, October 29, 2007

Following is a speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at Financial Planner Awards 2007 today (October 29):

Tony (Mak), Nancy (Valiente), distinguished guests, ladies and gentlemen,

It gives me great pleasure to join you tonight for the Financial Planner Awards 2007 Presentation jointly organised by the Institute of Financial Planners of Hong Kong and the South China Morning Post. The Awards give recognition to practitioners who demonstrate acumen and professional knowledge in financial planning. The event does not only promote professional excellence among financial planners in Hong Kong, but also showcases the rich pool of financial professionals in our city. Though this is only the third year of the Awards, it has already become one of the major events of the financial planning industry in Hong Kong.

As a former Business School Dean prior to my joining the Government, developing a pool of high quality financial professionals has always been close to my heart. I understand that a new category of award has been added for university students this year. This is a very positive initiative and will help foster interest among university students to pursue financial planning as a career.

Importance of Human Resources to Hong Kong as an International Financial Centre

A rich pool of financial professionals is one of the crucial factors which lead to Hong Kong's success as an international financial centre. At present, Hong Kong has the largest number of Certified Financial Analysts in Asia. A research conducted by the Securities and Futures Commission (SFC) also shows that Hong Kong has the highest ratio of Certified Financial Planners to the population in Asia. Thanks to the rapid development of our financial planning industry in recent years, the number of CFPs in Hong Kong has grown 26 times from 90 in 2001 to more than 2,400 this year. The increase in the number of CFPs complements and supports the development of Hong Kong's financial market.

The Government attaches great importance to expanding and upgrading our human resources. Early in 2000, we set up the Advisory Committee on Human Resources Development for the Financial Services, drawing together the Government, industry, and the academics on financial services and manpower development to co-ordinate efforts to train up professionals. In his 2007-08 Policy Address earlier this month, the Chief Executive announced that we will modify the Quality Migrant Admission Scheme by relaxing the restrictions on age limit and other prerequisites. We will also encourage more non-local university students to seek employment in Hong Kong after graduation. These measures will attract more Mainland and overseas talent to come and contribute to the development of Hong Kong.

Prospects of the Financial Planning Industry

According to the World Investment Report 2007 published by Merrill Lynch and Capgemini, the number of high net worth individuals population in Asia-Pacific Region, i.e. people having net assets of over US\$1 million excluding their primary residence and consumables, grew by 8.6% to 2.6 million in 2006. These high net worth individuals have a combined wealth amounting to around US\$8.4 trillion. In particular, the number of such high net worth individuals in Hong Kong registered an increase of 12% to about 87,000 last year. With a high concentration of high net worth individuals and the growing public awareness of the importance of financial and retirement planning, our financial planning industry will continue to flourish in the years to come.

As an international financial centre situated at the heart of Asia with the Mainland as our hinterland, Hong Kong is uniquely positioned to tap into the vast savings and asset management business in our region. According to the annual survey conducted by the SFC, Hong Kong's combined fund management business, which comprises asset management, advisory business, private banking, and real estate investment trusts, amounted to HK\$6.154 trillion as at end-2006, representing a growth of 36% over 2005, and an accumulated growth of more than 70% over 2004.

The global asset management industry has tremendous prospects for further growth, and Hong Kong certainly has the potential to take a larger share of this market. In the past few months, the relevant Mainland authorities have announced a series of measures to facilitate the orderly outflow of capital from the Mainland. For instance, new measures under the Qualified Domestic Institutional Investor Scheme (QDII) allow Mainland commercial banks, securities firms and fund management companies to invest in, among other things, funds authorised by the SFC and Hong Kong stocks. The Mainland Government is also working on technical details for the implementation of a pilot scheme for Mainland individuals to invest directly in securities in Hong Kong. These measures will facilitate the further development of Hong Kong as a premier asset management centre in Asia.

Government Initiatives

The Government will continue our efforts to enhance Hong Kong's position as a major asset management centre. We have exempted offshore funds from profits tax and abolished estate duty since last year. These measures not only help attract new offshore funds to Hong Kong, and encourage existing offshore funds to continue to invest in Hong Kong, but also encourage local and overseas investors to hold assets in Hong Kong. Feedback from the local asset management and banking sectors suggest that the abolition of estate duty has encouraged many private banking clients to relocate their overseas assets back to Hong Kong.

In addition to tax concessions, we have also embarked on a series of promotional activities abroad as well as in the Mainland to promote Hong Kong's strengths as an asset management centre. In the past year, we have visited a number of countries and cities in the Middle East, Asia and North America to promote our financial services. In the months ahead, we will continue these promotion efforts.

To further expand our asset management business, we are committed to providing a business-friendly environment. Recently, the SFC adopted a set of new measures to streamline the licensing procedures for overseas fund managers wishing to operate in Hong Kong. The measures would help attract quality and world-class fund managers to relocate to Hong Kong, hence expanding the depth and breadth of our market. The SFC will continue to review the licensing procedures and requirements to ensure they are responsive to market needs.

Concluding Remarks

Ladies and gentlemen, the financial services industry is a major pillar of our economy. The Government will spare no efforts in improving our position as an international financial centre. We count on your support and partnership. Together we will bring Hong Kong's financial services industry to new heights. Last but not least, may I extend my warmest congratulations to the award winners for your outstanding achievements.

Thank you.

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