

Speech

Opening remarks by SFST at press conference on initiatives of Financial Services and the Treasury Bureau in 2013 Policy Address (with video)

Thursday, January 17, 2013

Following is the opening remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the press conference today (January 17) on policy initiatives in the 2013 Policy Address:

The Chief Executive delivered his Policy Address yesterday. His Address has emphasised the importance of enhancing people's livelihood through promoting economic development, enhancing development of industries and providing a better business environment.

Financial Services Development Council

As far as promotion of the financial services industry is concerned, the Chief Executive has announced the establishment of the Financial Services Development Council (FSDC) and the appointment of its 22 members, including professionals from various sectors such as financial services, academia, accounting and legal, for a term of two years.

The Preparatory Task Force's Report on the Setting Up of a Financial Services Development Council has been uploaded to the website of the Financial Services and the Treasury Bureau and the GovHK website for public information.

The FSDC will provide a high-level and effective platform for stakeholders to explore ways to complement the internationalisation of the financial market of our country. It will also help facilitate the further development of Hong Kong's financial services industry, including advising the Government on areas related to diversifying the financial services industry and enhancing Hong Kong's position and functions as an international financial centre of our country and in the region.

The FSDC will be set up as a company limited by guarantee to project an independent image as well as enhance its operational flexibility, transparency and governance. Its board of directors, together with the functional

sub-committees, will be broadly represented by talent of various sub-sectors of the industry to ensure that views of different segments of the financial market will be heard and taken into account by the FSDC.

In its inception years, the FSDC will have a team of staff seconded from the Bureau and other relevant agencies, including the Hong Kong Monetary Authority, the Securities and Futures Commission and the Hong Kong Trade Development Council, to provide executive support for an early implementation of its work. The FSDC will also consider secondments of professional staff from Invest Hong Kong to help conduct promotional activities on an operational needs basis.

I trust that members of the FSDC will meet to discuss the FSDC's future work plan and budget shortly. The Bureau will absorb the costs required for the operation of the FSDC within its existing resources on an operational needs basis. If additional resources are required, the Bureau will seek funding approval in accordance with the established procedures.

In the long run, the FSDC should operate on a self-sustaining model.

Mandatory Provident Fund

On retirement protection, the Government will continue to reinforce and enhance the existing three pillars of retirement protection, namely private savings and family support, the social security system and the Mandatory Provident Fund (MPF) System. I would like to highlight the areas we are working on with the Mandatory Provident Fund Schemes Authority (MPFA) in adopting a multi-pronged approach to improve the MPF System on all fronts.

First, the MPFA announced the results of its Consultancy Study on MPF Trustees' Administration Costs at the end of last year. The MPFA has been pressing ahead with the implementation of various short- and medium-term measures within the existing legislative framework, so as to increase the scope of fee reduction by trustees. These proposals include: implementing industry-wide initiatives to deliver end-to-end online and electronic payments and data processing; introducing measures to facilitate scheme members' account consolidation; and facilitating industry consolidation of MPF schemes, investment funds, trustees and administration platforms, etc.

Secondly, we will discuss with the MPFA possible options of enhancing its power, including the power to approve MPF schemes and funds and their consolidations. For instance, the MPFA may take into account factors such as fund types, fee levels and benefits to scheme members, in processing applications for approval of MPF schemes and funds, with a view to better meeting the public needs for retirement protection. We aim to introduce the relevant legislative amendments in the 2013-14 legislative session.

Thirdly, to further increase employees' autonomy in selecting their MPF schemes, the MPFA is studying the necessary measures for the implementation of Full Portability, such as studies on establishing a central database and arrangements for "one-member-two-accounts". We have invited the MPFA to map out the implementation of Full Portability within three years.

Finally, the Government and the MPFA will, having regard to the objective of retirement protection, follow up on some fundamental changes to the MPF System. We have invited the MPFA to consider measures to rationalise the types and numbers of MPF funds which could entail the simplification of MPF products, and to develop proposals for the implementation of a cap on MPF fees that may help address any market failure. We aim to conduct public consultation on relevant proposals within this year.

(Please also refer to the Chinese portion of the opening remarks.)

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