

Speech
Speech by SFST at Invest Hong Kong's 2016 Hong Kong Fintech Week
launch event (English only)
Wednesday, September 21, 2016

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at Invest Hong Kong's 2016 Hong Kong Fintech Week launch event today (September 21):

Francis (Ho), distinguished guests, ladies and gentlemen,

Good evening. It is my great pleasure to join you all today at Invest Hong Kong's launch event for its Fintech initiatives.

As the government agency responsible for promoting inward foreign direct investment, Invest Hong Kong has been doing a superb job.

On average, it helps one overseas or Mainland company set up anew or expand its operations in Hong Kong every day. That creates jobs for our citizens, brings more investments to the economy, and injects another vote of confidence in our status as a leading international business and financial centre.

And in recent years, Invest Hong Kong has mounted a successful campaign in fostering a vibrant start-up ecology in Hong Kong. It is the most natural move under the "new economic order", where new technology has created an open market ecosystem, new business models, and tremendous opportunities for start-up companies.

That is why the Government has devoted further resources to Invest Hong Kong, so that it can dedicate its efforts to the Fintech sector. And today is a celebration of a key milestone in this new journey.

We would like to, first of all, formally introduce to you the dedicated Fintech team at Invest Hong Kong.

This compact but focused team is tasked to attract top innovative Fintech enterprises, start-up entrepreneurs, investors, accelerators, incubators, innovation labs and R&D institutions from all over the world to Hong Kong

and assist them to establish their presence here.

The team will spare no efforts in helping local Fintech players to benefit from all the support initiatives in our start-up ecology too.

The team will give our innovators practical support on setting up offices, facilitating visa applications, directing companies to appropriate contact points regarding government grants, private sector funding sources and collaboration opportunities, and providing information on support services like co-working spaces, pitching opportunities and networking events.

In other words, they will strive to let our innovators do what they do best - formulating novel solutions that enhance operational efficiency for financial institutions and provide a satisfying experience for our customers and investors when managing their finances.

Furthermore, the team has brought us an overarching Fintech branding logo and a dedicated Fintech website. The idea behind the spiralling curve in the logo is that it grows out from the Hong Kong skyline, symbolising the unlimited possibilities for Fintech business from within and outside the city, once they are connected with the many advantages we have to offer.

And like the tagline in the logo, Hong Kong is the nexus for growth in Fintech and beyond. This stems from our unique role as the springboard between the Mainland and global markets. Local and overseas Fintech companies can enjoy Hong Kong's unique advantage in market access into the Mainland through CEPA and other market opening measures, while Mainland Fintech firms can use Hong Kong as their launch pad to fulfil their regional and global ambition.

You will undoubtedly see more of this logo in events that promote how Hong Kong is fast becoming a Fintech hub and an ideal platform for Fintech start-ups and existing financial institutions to develop and apply Fintech for the Mainland, regional and global markets. If you wish to use this Fintech brand in your efforts in promoting the development of Hong Kong's Fintech ecosystem, I encourage you to talk to the dedicated Fintech team.

More importantly, beside the logo and the website, the Government,

regulators and other stakeholders have worked closely together to foster a conducive Fintech ecology in Hong Kong by rolling out a wide array of measures, most of which were announced in the 2016-17 Budget around half a year ago.

Since then, the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission and the Office of the Commissioner of Insurance have established their dedicated Fintech platforms to enhance communication between regulators and the Fintech community, as well as to help ensure a good balance between market demand for innovative financial products and services and investors' understanding and tolerance of risk.

In April, Cyberport launched the first phase of its dedicated Fintech co-working space, Smart-Space FinTech 1, which will grow to some 3 000 square metres by the end of this year. It has also admitted the first cohort of start-ups under its designated incubation programme which will provide support to 150 Fintech companies over five years.

Then in May, the HKMA introduced its three-pronged Cybersecurity Fortification Initiative that comprises the conduct of risk assessment, a cyber intelligence-sharing platform and a professional certification - all for solidifying the necessary foundation for Fintech applications that require robust mobile platforms and hyper-connectivity.

Before the summer break, the Government successfully secured funding approval from our Legislative Council to establish a \$2 billion Innovation and Technology Venture Fund. The Fund enables the Government to co-invest with top-tier global venture capital funds in our local start-ups, providing up to \$6 billion for aspiring innovators in finance and other sectors.

And over the past month, the HKMA granted the first batch of five stored value facilities licences under the new regulatory regime for retail payment development. It has also announced the setting up of a Fintech Innovation Hub in collaboration with the Hong Kong Applied Science and Technology Research Institute for financial institutions, big and small, to conduct exploratory and experimentation research and development work for industry-wide Fintech solutions. Furthermore, a Fintech Supervisory Sandbox has been introduced to allow banks to gather real-life data and user feedback on

their newly developed technologies and applications, without necessarily achieving full compliance with the usual supervisory requirements.

Through all the initiatives above and future measures, we wish to encourage existing financial institutions to provide innovative financial products and services through applying Fintech. We wish to build a favourable ecology to attract start-ups to develop Fintech in Hong Kong. And we wish to ensure that financial innovation is introduced with great importance attached to investor and consumer protection.

But we cannot do it without the support from our friends here today. We need you to share your experience with our aspiring talents to help them leverage the latest technology. We need your feedback on how we can improve our measures to make Hong Kong the world's leading marketplace for Fintech innovation, trade and investment. We need you to be an active player, not a bystander, and invest in start-ups, co-operate with them, and even set up your own accelerator programmes and innovation laboratories.

I know some of our stakeholders are in the process of forming a fresh industry association to act as an independent, private sector-led platform in Hong Kong to serve all the Fintech verticals through promoting our position as a Fintech hub, attracting and nurturing talents, and being the sounding board of common issues in the industry. The Government very much welcomes this initiative. And Invest Hong Kong's dedicated Fintech team will no doubt look forward to working closely with all new and existing industry bodies to provide support to financial institutions, start-ups and innovators in the local Fintech sector and consolidate collaborative efforts of Hong Kong Inc.

And Hong Kong Inc can demonstrate our spirit in a few weeks' time, when Invest Hong Kong and its Fintech team will organise Hong Kong's first Fintech Week during 7 to 11 November. The highlight of the Fintech Week is Finovate Asia on 8 November, where this one-of-a-kind demo-only Fintech conference will present the newest and hottest innovations made from and for the Asian market and around the globe. Our regulators, professional Fintech event organisers and industry organisations will also develop insightful conferences and networking events during the Fintech Week.

So mark your diary, and go to www.hongkong-fintech.hk. You can get

updates on exciting developments, not only about the Fintech Week in November but also the robust Fintech sector in Hong Kong that you have helped build and made prosperous.

So much for now and for sure you will stay tuned for the events to come. I wish you all a very enjoyable evening.

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