Ladies and gentlemen,

Welcome to the third day of Hong Kong's inaugural Fintech Week. I hope that the events in the past two days have not drained away all your energy, since the activities in the next few days will be equally insightful and enjoyable.

Celebrating the Vibrant Ecology

Let me first congratulate Next Money and Invest Hong Kong for successfully organising today's conference.

It once again shows that active participation and contribution from financial institutions, innovative startups, investors, as well as finance, technical and entrepreneurial talents are the vital ingredients that have made our Fintech ecology extremely vibrant.

Indeed, our partners in the private sector have contributed a lot to the development of our Fintech sector in the past two years or so.

First, for bank customers, their finances are now at their fingertips, or even at the tip of their tongues, as they can now access some of their accounts using fingerprints and voice recognition.

In addition, making payment has never been so easy, and with so many choices. Our phone can now conveniently pay for our coffees and help to split our lunch bills. And among the two batches of 13 stored value facility licences issued by the Hong Kong Monetary Authority (HKMA), there are both local players as well as companies from
outside Hong Kong in the retail payment field. There are both companies focused on payment services as well as telecommunications and Internet services providers offering payment services as part of their one-stop shop propositions. And there are both established tech giants as well as new operators. This is a good mix reflecting how the market responds under a well-defined regulatory regime.

To nurture innovative ideas, accelerator programmes and innovation laboratories in Hong Kong have been rolled out by various local and multinational financial institutions, professional services firms and research institutions.

As we are speaking now, the Accenture FinTech Innovation Lab Asia-Pacific is wrapping up the third round of its programme in Hong Kong with a Demo Day for its eight programme participants.

In addition, Cyberport, Hong Kong flagship ICT hub, has provided dedicated co-working space for conducting Fintech activities and fostering a cluster of Fintech talents. This "Smart-Space FinTech" will grow to over 3 000 square metres by the end of this year.

On the other hand, our regulators are also keen to support a sustainable Fintech ecology where consumers are confident in using novel products and services. HKMA, the Securities and Futures Commission and the Office of Commissioner of Insurance have established their respective dedicated Fintech liaison platforms to enhance communications with the Fintech industry, after the announcement made by our Financial Secretary in his Budget released in February this year.

The liaison platforms are tasked to handle enquiries from the industry, and provide information on related regulatory requirements to companies engaging in financial innovation. We hope this new, open communication channel with Fintech innovators will help enhance the industry's understanding of the regulatory requirements and environment in Hong Kong, as well as help ensure that the market will balance between market demand and investors' understanding and tolerance of risk when introducing innovative financial products and services.

HKMA also rolled out two initiatives in early September to support Fintech development, namely the Fintech Supervisory Sandbox and the HKMA-ASTRI Fintech Innovation Hub.

Within the Fintech Supervisory Sandbox, banks are allowed to conduct a pilot trial of
their Fintech and other technology initiatives involving actual banking services and a limited number of participating customers, but without the need to achieve full compliance with the HKMA’s usual supervisory requirements during the trial period. The real-life data and user feedback collected under this controlled environment will facilitate more cost-effective refinements to products and services by banks before their formal launch.

The HKMA-ASTRI Fintech Innovation Hub, which is one of the three Fintech collaboration laboratories set up by the Hong Kong Applied Science and Technology Research Institute since July this year, will become a neutral ground of the Fintech industry. It will become a place where various stakeholders can collaborate to brainstorm innovative ideas, try out and evaluate new Fintech applications, and conduct proof-of-concept trials on novel banking and payment services.

We look forward to more initiatives and collaborative efforts from stakeholders to take Hong Kong’s Fintech to the next level. To this end, I know that Invest Hong Kong’s dedicated Fintech team has been working closely with the industry on launching a new industry association that aims to cover various Fintech verticals and be the sounding board of some common issues that are relevant to many of our Fintech innovators.

Celebrating Hong Kong as a Fintech Hub

With all our stakeholders working closely together, Hong Kong has further entrenched our position on the global Fintech map.

We are glad that Finovate brought its conference to Hong Kong for the first time yesterday. On-stage, there were short-form, seven-minute demos from over 30 companies to showcase their cutting-edge Fintech propositions. Off-stage, there were plenty of in-depth conversations among companies doing their demos, executives from financial institutions and other fellow attendees. All efficiently packed into a 10-hour agenda.

And in January next year, we will again be hosting Next Money's Fintech Finals, which was very well received when it was held as part of StartmeupHK Festival in early 2016. There will be pitching by Fintech startups at the competition's final. There will be a "Startup Village" for startups and solution providers to exhibit their products and services. And there will be networking events for potential partners to meet up and take forward cooperation.

The conference today will celebrate the relentless efforts of our Fintech innovators in
applying technology to build a cost-effective database, formulate profitable investment strategy, processing payments for real economic transactions, offering first-class customer experience, and improving other aspects of our financial services.

We will present to you four success showcases of startups born and nurtured right here in Hong Kong this afternoon.

While the companies must have trekked vastly different paths to get to where they are now, I am sure that they will all share one storyline – Perseverance. Success does not come instantly at the first attempt. Or the second. Or even the third.

Dame Julie Andrews, the lead actress in both the "Sound of Music" and "Mary Poppins", once said, and I quote, "Perseverance is failing 19 times and succeeding the 20th".

On this rocky road to success in Fintech innovation, we want to help our financial institutions, startups and talents better survive the 19 not-so-successful attempts. Or better yet, cut down the number of such attempts.

A number of initiatives have been put in place to achieve this one way or another.

Cyberport will provide comprehensive support to 150 Fintech companies over five years, from office accommodation and financial resources to mentorship and cloud computing power, under its designated Fintech incubation programme. I am glad to see that the first cohort of 13 Fintech incubatees has already embarked on their journeys a few months ago to further refine their business models.

To assist startups to attract investment, especially around the Series A funding stage, the Cyberport has also set up a $200 million Cyberport Macro Fund to partner with other private and public investors in providing funding to Cyberport's digital entrepreneurs.

And the Government is doing its bit. The Government's $2 billion Innovation and Technology Venture Fund will also be formally launched in the next few months. The Fund will help stimulate private investments in Fintech and other startups as well as to increase deal flow through co-investing with private venture capital funds on a matching basis.

And Invest Hong Kong's dedicated Fintech team is always here to help our innovative Fintech enterprises, startup entrepreneurs, investors, accelerators, incubators, innovation
labs and R&D institutions. Whether you want to set up a new office, apply for visas, or talk to contact points regarding government grants, private sector funding sources and collaboration, the team is at your service. This allows innovators to spend less time on hunting for information and to better focus on formulating novel products and services.

Conclusion

Ladies and gentlemen, the conference today will celebrate the fertile ground we have built to enable the development of Fintech in Hong Kong. It will celebrate the role of our city as the launch pad to help Fintech ventures to grow. And it will celebrate the support different stakeholders are providing to make our Fintech innovators successful.

In short, we want Hong Kong to be the hub where financial institutions, startups and research institutions can formulate more Fintech solutions that are intuitive for users, secure for all, and, like Mary Poppins, practically perfect in every aspect.

Thank you very much.