

Statistics of Payment Cards Issued in Hong Kong for Third Quarter 2018

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (December 21) statistics of payment cards issued in Hong Kong for the third quarter of 2018.

The payment card statistics (see Annex) include quarterly data on credit and debit cards issued in Hong Kong under the credit and/or debit card schemes of the eight payment card scheme operators (Note 1). The HKMA began to publish the payment card statistics on a quarterly basis in June 2010 to enhance transparency of the payment card industry in Hong Kong, in line with international practice.

According to the quarterly statistics, the total number of credit cards in circulation (Note 2) was 19.32 million by the end of Q3/2018. The figure represents a 0.8 per cent increase from the previous quarter and a 3.3 per cent increase from the previous year. The number and value of credit card transactions (including retail sales and cash advances) (Note 3) are susceptible to seasonal factors and the general economic environment, making the trends more prone to fluctuation. The total number of credit card transactions was 185.61 million for Q3/2018, representing a 3.5 per cent increase from the previous quarter and a 16.6 per cent increase from the same period in 2017. The total value of credit card transactions was HK\$179.1 billion for Q3/2018, representing a 0.3 per cent increase from the previous quarter and a 11.8 per cent increase from the same period in 2017. Of the total transaction value, HK\$136.7 billion (76.3 per cent) was related to retail spending in Hong Kong, HK\$30.0 billion (16.8 per cent) in retail spending overseas and HK\$12.4 billion (6.9 per cent) in cash advances.

The total number of debit cards in circulation is not available due to overlapping of debit card brands in a single card. Like the number and value of credit card transactions, the number and value of debit card transactions in relation to retail sales and bills payments (Note 4) are also affected by seasonal factors. On a quarterly basis, the total number of debit card transactions in relation to retail sales and bills payments decreased 2.2 per cent to 33.50 million while the total value decreased by 0.3 per cent to HK\$79.4 billion in Q3/2018. When compared to the same period in 2017, the total number increased by 1.6 per cent and the total value rose by 10.4 per cent in Q3/2018.

Notes:

1. The payment card statistics are compiled from data on credit and debit

cards issued in Hong Kong by both authorised institutions (AIs) and non-authorised institutions (non-AIs) under the credit and/or debit card schemes of the eight payment card scheme operators (the card operators). The card operators, in alphabetical order, are American Express International, Inc., Discover Financial Services (Hong Kong) Limited, EPS Company (Hong Kong) Limited (EPSCO), JCB International (Asia) Ltd, Joint Electronic Teller Services Ltd. (JETCO), MasterCard Asia/Pacific Pte. Ltd., UnionPay International Co. Ltd and Visa Worldwide Pte. Limited.

2. A credit card issued in Hong Kong only carries one credit card brand. The total number of credit cards in circulation refers to the total number of credit cards (i.e. cards with a credit function) issued in Hong Kong under the credit card schemes of card operators (but excluding EPSCO and JETCO, which do not operate a credit card scheme). Some of these credit cards carry debit card functions, i.e. the credit card can be used for making purchases/payments or cash withdrawal at ATMs through directly debiting cardholders' bank accounts.
3. The total number/value of credit card transactions refer to the total number/value of transactions made via credit card accounts of credit cards issued in Hong Kong under the credit card schemes of card operators (excluding EPSCO and JETCO). Starting from March 2015, a Hong Kong/overseas spending breakdown of credit card retail sales transactions is provided.
4. The total number/value of debit card transactions in relation to retail sales/bill payments refers to the total number/value of those transactions made via debiting cardholders' bank accounts. Some of the eight card operators do not operate a debit card scheme. Care should be exercised in combining the credit card retail sales figures and the debit card retail sales/bills payment figures because of the possibility of double counting.

Sample of candied lotus seed detected with excessive preservative

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced today (December 21) that a sample of loose-packed candied lotus seed was found to contain a preservative, sulphur dioxide, at a level exceeding the legal limit. The CFS is following up on the case.

A spokesman for the CFS said, "The CFS collected the abovementioned sample of candied lotus seed from a retail outlet in Sheung Wan for testing under its routine Food Surveillance Programme. The test result showed that the sample contained sulphur dioxide at a level of 1 190 parts per million (ppm), exceeding the legal limit of 500 ppm."

The CFS has informed the vendor concerned of the irregularity and instructed it to stop sale and remove from shelves the affected product. The CFS is tracing the source of the affected product.

Sulphur dioxide is a commonly used preservative in a variety of foods including dried vegetables and dried fruits. This preservative is of low toxicity. As it is water soluble, most of it can be removed through washing and cooking. However, susceptible individuals who are allergic to this preservative may experience breathing difficulties, headache and nausea after consumption.

The spokesman reminded the food trade that the use of preservatives in food must comply with the Preservatives in Food Regulation (Cap 132BD). Offenders are liable to a maximum fine of \$50,000 and six months' imprisonment upon conviction.

The CFS will continue to follow up on the incident and take appropriate action. Investigation is ongoing.

Key statistics on service demand at A&E Departments and occupancy rates of medical wards in public hospitals

The following is issued on behalf of the Hospital Authority:

During the winter surge, the Hospital Authority will closely monitor the service demand at Accident and Emergency Departments and the occupancy rate of medical wards in public hospitals. Key service statistics are issued daily for public information. Details are in the appended table.

Designation of Domestic Systemically Important Authorized Institutions

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) has completed its annual assessment of the list of Domestic Systemically Important Authorized Institutions (D-SIBs). Based on the assessment results, the list of

authorised institutions designated as D-SIBs remains unchanged compared to the list of D-SIBs published by the HKMA on December 29, 2017. The latest list of D-SIBs is shown in the Annex.

Under the D-SIB framework, each of the authorised institutions designated as a D-SIB will be required to include a Higher Loss Absorbency (HLA) requirement into the calculation of their regulatory capital buffers within a period of 12 months after the formal notification of its designation. In line with the phase-in arrangements in the frameworks issued by the Basel Committee on Banking Supervision (Basel Committee) for assessing D-SIBs and global systemically important banks (G-SIBs), the full amount of the HLA requirement will be phased-in from 2016 to 2019 in parallel with the Capital Conservation Buffer and Countercyclical Capital Buffer. Ultimately, the HLA requirement applicable to a D-SIB (expressed as a ratio of an authorised institution's Common Equity Tier 1 capital to its risk-weighted assets as calculated under the Banking (Capital) Rules) will range between 1 per cent and 3.5 per cent (depending on the assessed level of the D-SIB's systemic importance).

Further details about the decision can be found on the HKMA website ([Systemically Important Authorized Institutions \(SIBs\)](#)).

Background

1. D-SIB framework in Hong Kong

The Banking (Capital) Rules and the HKMA's regulatory framework for D-SIBs follow the provisions in "A framework for dealing with domestic systemically important banks" issued by the Basel Committee in October 2012, by enabling the Monetary Authority (i) to designate an authorised institution as a D-SIB if the Monetary Authority considers the authorised institution to be of systemic importance in the context of the Hong Kong banking and financial system and (ii) to require an authorised institution designated as a D-SIB to be subject to an additional HLA capital buffer.

The rationale for imposing an HLA requirement on D-SIBs is to reduce any probability of them becoming non-viable. This is considered both prudent and justified in view of the greater impact that they could have, in the unlikely event of their failure, on the domestic financial system and the local economy more broadly.

2. HLA requirement for authorised institutions designated as D-SIBs

The Monetary Authority is empowered under sections 3U and 3V of the Banking (Capital) Rules, which came into effect on January 1, 2015, to designate D-SIBs and to determine an HLA requirement for such D-SIBs by reference to the degree of domestic systemic importance which the Monetary Authority assesses them to bear. To achieve this aim, the HKMA's regulatory framework for D-SIBs provides for authorised institutions designated as D-SIBs to be allocated to different HLA "buckets". This differentiated approach reflects the diversified nature and varying degrees of systemic importance of

authorised institutions in Hong Kong.

The designated D-SIBs must apply the HLA in the calculation of their regulatory capital buffers within 12 months of the notification of their designation. There are five HLA buckets in total ranging from 1 per cent to 3.5 per cent. Initially, only the first four buckets (i.e. from 1 per cent to 2.5 per cent) are populated, with an empty 3.5 per cent bucket to deter D-SIBs from becoming even more systemically important. The HLA requirement has started to phase-in from January 2016 and will reach full implementation by January 2019. This means that the HLA applicable to a D-SIB between 2016 and 2018 is only a percentage of the full HLA requirement, and this percentage will increase by 25 per cent of the full HLA requirement each year. The phase-in ranges of the HLA requirement are as follows (1):

HLA bucket	2016	2017	2018	≥2019
5	0.875 per cent	1.75 per cent	2.625 per cent	3.5 per cent
4	0.625 per cent	1.25 per cent	1.875 per cent	2.5 per cent
3	0.5 per cent	1 per cent	1.5 per cent	2 per cent
2	0.375 per cent	0.75 per cent	1.125 per cent	1.5 per cent
1	0.25 per cent	0.5 per cent	0.75 per cent	1 per cent

The HLA applied to a D-SIB takes effect (together with the Countercyclical Capital Buffer) as an extension of the Basel III Capital Conservation Buffer. Accordingly, if and when a D-SIB's CET1 capital ratio falls within the extended buffer range, the D-SIB will be subject to restrictions on the discretionary distributions it may make. The effect of this is that D-SIBs will be required to retain earnings in order to bolster their regulatory capital.

(1) However, it does not necessarily follow that a D-SIB in a given HLA bucket will remain in that bucket throughout the phase-in period, as there may be intervening changes in its perceived degree of systemic importance.

[Government to sell two sites by public tender](#)

The Lands Department (LandsD) announced today (December 21) that a commercial/hotel site and a residential site in the 2018-19 Land Sale Programme will be disposed of by public tender.

The two sites are New Kowloon Inland Lot No. 6547 at Kai Tak Area 4C Site 5, Kai Tak, Kowloon, and Tai Po Town Lot No. 244 at the junction of Yau King Lane and Pok Yin Road, Pak Shek Kok, Tai Po, New Territories. The tender invitation for New Kowloon Inland Lot No. 6547 will commence on December 28, 2018, and close on January 25, 2019. The tender invitation for Tai Po Town Lot No. 244 will commence on December 28, 2018, and close on February 8, 2019.

New Kowloon Inland Lot No. 6547 has a site area of about 9,480 square metres and is designated for non-industrial (excluding residential, godown and petrol filling station but including hotel) purposes. The minimum gross floor area and the maximum gross floor area are 34,128 sq m and 56,880 sq m respectively.

Tai Po Town Lot No. 244 has a site area of about 32,900 sq m and is designated for non-industrial (excluding godown, hotel and petrol filling station) purposes. The minimum gross floor area and the maximum gross floor area are 52,920 sq m and 88,200 sq m respectively. Both include the gross floor area of Government Accommodation, being a residential care home for the elderly to be constructed by the purchaser.

Land sale documents including the Forms of Tender, the Tender Notices, the Conditions of Sale and the sale plans of the two lots will be available for downloading from the LandsD website (www.landsd.gov.hk), and the sale plans will be available for distribution and inspection by the public from December 28, 2018, when the particulars of the tenders will also be gazetted.