FS responds on the reduction of countercyclical capital buffer

The Financial Secretary, Mr Paul Chan, today (March 16) welcomed the reduction of the countercyclical capital buffer (CCyB) for Hong Kong to 1.0 per cent by the Monetary Authority.

Facing the impact of the epidemic outbreak and the pressure of the global economic downturn, small and medium-sized enterprises (SMEs) in Hong Kong have imminent financing needs. Lowering the CCyB will release some $500 billion in capital, providing banks with a larger buffer to support the local economy as well as hard-hit sectors and individuals.

"I call on the banking sector to provide full support to SME borrowers while complying with their own credit policies and risk management principles. This includes handling enterprises' loan applications with a supportive, accommodating and flexible attitude at full speed, and providing the option of loan restructuring for those in need, so as to assist them in overcoming the challenges," Mr Chan said.

"I announced one-off measures totalling over $120 billion in the latest Budget, with a view to providing multi-pronged support to the economy and enterprises. Amongst the measures, I proposed the introduction of a concessionary low-interest loan with a 100 per cent government guarantee to address the financing needs of SMEs facing difficulties. The Hong Kong Mortgage Corporation Limited has started its discussion with banks and the relevant preparatory work. The scheme will be discussed by the Commerce and Industry Panel of the Legislative Council tomorrow (March 17), before submission to the Finance Committee for approval. It will be formally launched in April subject to approval within this month. The Hong Kong Monetary Authority will continue to co-ordinate the close liaison between the banking sector and the trade, with a view to providing suitable assistance to SMEs," Mr Chan added.

Separately, the global financial market has been tumbling due to worldwide uncertainty. Mr Chan emphasised that all financial regulators will continue to monitor the market situation closely through a cross-market co-ordinated approach, and ensure the normal and orderly operation of the currency, stock, futures and derivatives markets. Where necessary, additional enhancement measures will be implemented to safeguard the financial stability of Hong Kong.

In addition, Mr Chan appealed to investors to manage their own risks properly and make careful investment decisions.