

FSDC releases report on digital identity and KYC utilities

The following is issued on behalf of the Financial Services Development Council:

The Financial Services Development Council (FSDC) today (June 22) released a research report entitled the "Building the Technological and Regulatory Infrastructure of a 21st Century International Financial Centre: Digital ID and KYC Utilities for Financial Inclusion, Integrity and Competitiveness". The report sets out key recommendations regarding digital identity and "know your client" (KYC) utilities for Hong Kong.

The Chairman of the FSDC, Mrs Laura M Cha, said, "The application of technology for facilitating the provision of financial services is gaining traction globally. During the development of FinTech infrastructure to enhance the KYC process, Hong Kong also needs urgent regulatory fixes to improve customers' account opening experience and, more importantly, to maintain the city's financial competitiveness."

The report seeks to present the main features of an essential strategy to develop the necessary technological and regulatory infrastructure for digital identification and electronic-KYC in Hong Kong. The report recommends (i) an urgent revision of the current regulatory environment to facilitate non-face-to-face account opening; (ii) that the forthcoming electronic identity system consider elements necessary to support its use in digital and non-face-to-face customer identification; (iii) that a Hong Kong KYC utility (KYCU) be established to address due diligence requirements applicable to individual and legal entity customers – with the Government's support and provision of system to check trusted data available via the KYCU, while the customers are the data owner; and (iv) that a KYCU working group be established to address the different issues and challenges in the spectrum.

The full version of the report can be downloaded from the FSDC website: www.fsd.org.hk.

About the FSDC

The Hong Kong Special Administrative Region Government established the FSDC in 2013 as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of Hong Kong's financial services industry and to map out the strategic direction for development.

The FSDC set up five committees, namely the Policy Research Committee, the Mainland Opportunities Committee, the New Business Committee, the Market Development Committee and the Human Capital Committee, as the five streams of its work.