

Government announces major initiatives to foster co-development of fintech and real economy (with photo)

The Financial Services and the Treasury Bureau (FSTB) today (November 2) announced a series of major initiatives for fintech development in Hong Kong in the Hong Kong FinTech Week 2023. These initiatives aim at fostering co-development of fintech and the real economy, including launching a new Integrated Fund Platform (IFP); welcoming cross-boundary e-CNY applications to benefit inbound and outbound visitors between the Mainland and Hong Kong; and promoting real economy related applications and innovations by the Virtual Assets (VA) and Web3.0 sector, as well as further development of the regulatory framework.

The Financial Secretary, Mr Paul Chan, said, "The Government has been committed to promoting fintech development in Hong Kong, with a view to enhancing the competitiveness of Hong Kong's financial services industry and the real economy, empowering financial institutions to accelerate digitalisation and product innovation, better serving the real economy, and providing members of the public with more convenient, less expensive, and inclusive financial services. The various relevant policy measures promoted in recent years clearly demonstrate our firm support for the rapid and robust development of the fintech sector."

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "To tie in with the theme 'Fintech Redefined.' of Hong Kong FinTech Week 2023, the FSTB further announced the comprehensive fintech initiatives this year to reflect our strategic views and visions for taking the market forward. From launching a new IFP to welcoming e-CNY applications, and promoting real economy related applications and innovations by the VA and Web3.0 sector, these initiatives will contribute to the real economy and provide further impetus for growing our fintech ecosystem."

Launching a new IFP

The new IFP to be developed and operated by the Hong Kong Exchanges and Clearing Limited (HKEX), is a new financial infrastructure for the Hong Kong market. The new IFP targets the retail fund sector, covering the front-to-back distribution life cycle and value chain, and is proposed to better serve investors, fund managers, distributors and other stakeholders within the ecosystem. The integrated platform will serve the roles of a communication hub; a business platform; and an information portal for further strengthening Hong Kong's position as an international asset and wealth management centre.

Welcoming cross-boundary e-CNY applications to benefit inbound and outbound visitors between the Mainland and Hong Kong

FSTB is pleased to note that Octopus Cards Limited (OCL) and Bank of China (Hong Kong) (BOCHK) will seek to explore new e-CNY applications. Earlier this year, OCL has partnered with Bank of China Shenzhen Branch to facilitate the purchase of e-CNY hard wallets by Hong Kong residents, via Self-service Card Issuing Machines in Lo Wu, Shenzhen using the Octopus mobile application. Also, BOCHK has launched e-CNY services facilitating payment by inbound Mainland visitors to retail merchants with e-CNY wallets in Hong Kong, and offering Hong Kong customers with a convenient option to top up e-CNY wallets from their Hong Kong personal bank accounts.

As a next step, subject to regulatory approval and technical readiness, the FSTB welcomes OCL to provide an inbound solution facilitating Mainland tourists' use of e-CNY in Hong Kong through topping up Octopus Cards in tourist mobile application.

Promoting real economy related applications and innovations by the VA and Web3.0 sector, and further development of the regulatory framework

The Government encourages market participants to explore the potential of the underlying technologies of Web3.0 to empower and enable real economy related applications and innovations. In this regard, a dedicated session will be arranged in this year's FinTech Week for market participants to share their products and project ideas.

On the regulatory side, with regard to tokenisation, to enhance clarity for the market, the Securities and Futures Commission (SFC) will issue a circular on intermediaries engaging in tokenised securities-related activities and a circular on tokenisation of SFC-authorized investment products to shed light on the regulatory expectations from an investor protection perspective. The Government also intends to expand the regulatory remit to cover the buying and selling of VAs beyond trades taking place on VA trading platforms. As for the regulatory regime for stablecoin issuers, the FSTB and the Hong Kong Monetary Authority (HKMA) will issue a joint consultation on the legislative proposal for implementing the regime in due course. On banks' provision of digital asset custodial services, the industry is being consulted on HKMA's guidance to ensure client assets are adequately safeguarded and that the risks involved are properly managed.

The presentation delivered by Mr Hui in the Main Conference of FinTech Week can be found in annex.

