

HKMA unveils “Fintech 2025” strategy

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

The Hong Kong Monetary Authority (HKMA) today (June 8) unveiled "Fintech 2025", its new strategy for driving fintech development of Hong Kong.

In his opening remarks for a fintech seminar organised by the Hong Kong Association of Banks, the Chief Executive of the HKMA, Mr Eddie Yue, outlined the new fintech strategy, which aims to encourage the financial sector to adopt technology comprehensively by 2025, as well as to promote the provision of fair and efficient financial services for the benefit of Hong Kong citizens and the economy. The five focus areas put forward by the strategy are:

1. All banks go fintech

Leveraging the solid foundation for fintech adoption established by the Smart Banking Era Strategy announced in 2017, the HKMA will continue to promote the all-round adoption of fintech by Hong Kong banks and encourage them to fully digitalise their operations, from front-end to back-end. To take this forward, the HKMA will roll-out a Tech Baseline Assessment to take stock of banks' current and planned adoption of fintech in the coming years, to identify fintech business areas or specific technology types which may be underdeveloped, and would benefit from the HKMA's support. The HKMA will issue further supervisory guidance to facilitate the uptake of novel technologies and continue to "walk the talk" by digitalising its supervision of banks through the use of advanced technologies.

2. Future-proofing Hong Kong for Central Bank Digital Currencies (CBDCs)

The HKMA will strengthen its research work to increase Hong Kong's readiness in issuing CBDCs at both wholesale and retail levels. In addition to the continued effort on wholesale CBDCs, the HKMA has been working with the Bank for International Settlements Innovation Hub Centre in Hong Kong to research retail CBDCs and will begin a study on e-HKD to understand its use cases, benefits, and related risks. The HKMA will also continue to collaborate with the People's Bank of China in supporting the technical testing of e-CNY in Hong Kong with a view to providing a convenient means of cross-boundary payments for both domestic and mainland residents.

3. Creating the next-generation data infrastructure

To unleash Hong Kong's potential for the next generation of banking, the HKMA will take the lead in enhancing the city's existing data infrastructure and building new ones, including Commercial Data Interchange, digital corporate identity, and DLT-based credit data sharing platform, to facilitate

consent-based data sharing.

4. Expanding the fintech-savvy workforce

To increase the supply of fintech talent, the HKMA aims to collaborate with various strategic partners to groom all-round fintech talent, both students and practitioners, through various initiatives, including developing fintech-specific training programmes and qualifications, as well as promoting joint projects between the industry and the academia. An example of such initiatives is the Industry Project Masters Network scheme. It will be piloted this September to provide internship opportunities to postgraduate students to work on banks' fintech projects on federated learning and other artificial intelligence technologies.

5. Nurturing the ecosystem with funding and policies

A new Fintech Cross-Agency Co-ordination Group will be established by the HKMA and various industry key players to formulate supportive policies for the Hong Kong fintech ecosystem. In addition, the HKMA will continue the preparatory work for the Hong Kong Growth Portfolio, which seeks to reinforce Hong Kong's status as a financial, commercial and innovation centre. It will also enhance its Fintech Supervisory Sandbox and is exploring with the Innovation and Technology Commission the possibility of providing funding support to qualified fintech projects.

"Fintech is, without doubt, a key growth engine for the financial industry in the post-pandemic era, and now is the right time to double down on our efforts to grasp the opportunities. 'Fintech 2025' sets out our vision in this regard. I urge all stakeholders to join forces with the HKMA. Together, we can take our city's fintech ecosystem to new heights." Mr Yue said.

Further details of the initiatives under the "Fintech 2025" strategy will be announced by the HKMA in due course.