

LCQ10: eMPF Platform project

Following is a question by the Hon Kwok Wai-keung and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (May 11):

Question:

In 2021, the Mandatory Provident Fund Schemes Authority (MPFA) established the eMPF Platform Company Limited (eMPF Company) to take forward the eMPF Platform project, and engaged a contractor to commence the building work. It is learnt that the contractor is required to complete the various stages of the work in a timely manner, including system development (end of 2022), system testing (first quarter of 2023), system ready for onboarding by Mandatory Provident Fund (MPF) schemes in sequence (April 2023), and completion of the onboarding process for MPF schemes (2025). In this connection, will the Government inform this Council:

(1) whether it knows the milestones for the aforesaid various work stages, as well as the progress of the system development work so far and the status of achieving the milestones; of the measures put in place by MPFA to supervise the work of the contractor in order to ensure that the various stages of the work can be completed as scheduled; whether it has formulated a punishment mechanism for MPFA, the eMPF Company and the contractor in case of the failure of the contractor to complete the work on schedule, resulting in the eMPF Platform being unable to come into full operation in 2025;

(2) whether it knows the following information about the engagement sessions on the eMPF Platform project organised since December 2021 by MPFA and the eMPF Company in conjunction with the contractor: the number of sessions held, the number of participants, the types of stakeholders involved, and the major views collected; whether it has assessed the impacts of the epidemic on the consultation work; if so, of the details; if not, the reasons for that; and

(3) as it is learnt that the Government will implement the abolition of the "offsetting arrangement" (i.e. an employer may use the accrued benefits of the mandatory contributions he made for an employee to a MPF scheme to offset the statutory severance payment or long service payment payable by him to that employee) only after the enactment of the bill on the Designated Savings Accounts Scheme and upon the full implementation of the eMPF Platform, whether the Government has explored with MPFA the possibility of expediting the building of the eMPF Platform; whether it has formulated publicity and promotional programmes so as to, before the formal launch of the eMPF Platform, explain to members of the public as early as possible the Platform's services and its relationship with the offsetting arrangement?

Reply:

President,

The eMPF Platform is a centralised and integrated electronic platform that will standardise, streamline and automate the administration processes of Mandatory Provident Fund (MPF) schemes, thereby enhancing the operational efficiency of the MPF System, reducing administration costs and improving user experience. To take forward the eMPF Platform Project (the Project), the Mandatory Provident Fund Schemes Authority (MPFA) established the eMPF Platform Company Limited (eMPF Company) as its wholly owned subsidiary in March 2021 for the design, building and operation of the eMPF Platform (the Platform). Our target is to complete the development of the eMPF Platform by the end of 2022 at the earliest to enable sequential and orderly onboarding of MPF trustees and their schemes to the Platform starting from around April 2023, thereby making the Platform fully functional in 2025.

Our reply to the various parts of the Hon Kwok's question is as follows:

(1) According to the contract awarded by the MPFA, the work to be delivered by the Project contractor includes three main components, namely the software component (including functional design, system development and testing), the hardware component (such as the setting up and maintenance of the production data centre for the eMPF Cloud) and the operation and service component (such as the setting up of frontline service centres and back-end administration offices). The high-level timetable of the Project is set out below:

Stage	Target completion date
System development	End-2022
System testing	1st Quarter of 2023
System ready for onboarding by MPF schemes in sequence	End-April 2023
Completion of onboarding by all MPF schemes	End-April 2025

The eMPF Platform is a public utility carrying important mission and involving the retirement protection of many scheme members. Hence, the Project team must ensure that the contractor implements the Project in accordance with their contractual requirements. In this regard, since the award of the contract in January 2021, the MPFA and the eMPF Company have been working closely with the contractor on building the eMPF Platform in full steam. To achieve the above targets, control of time and quality is of utmost importance. The MPFA and the eMPF Company have been steadfast in supervising the contractor's work progress, including the quality and timeliness of the deliverables, through a multi-level and proactive monitoring and reporting mechanism. If the progress or quality of work is found to be unsatisfactory, the MPFA and the eMPF Company will immediately request the contractor to propose and implement improvement measures. Should the contractor fail to complete the above building work and deliver the

Platform on schedule according to contract terms, the MPFA and the eMPF Company can penalise the contractor pursuant to the contract terms.

The Project team is committed to working at full speed to take forward the Project. The MPFA and the eMPF Company are working to achieve the target of enabling MPF trustees to transfer their MPF schemes' account information to the eMPF Platform in a sequential and orderly manner starting from around end-April 2023. The data migration process for all MPF schemes is expected to complete by around end-April 2025. The Management Board of the MPFA and the Board of Directors of the eMPF Company will continue to closely monitor the progress of the Project, identify any bottleneck issues and demand prompt handling as necessary.

(2) Effective enhancement of user experience and promoting digital take-up of the eMPF Platform are the key success factors for the implementation of the Platform. To this end, the MPFA and the eMPF Company together with the contractor kicked off a six-month stakeholder consultation exercise in December 2021. The objective of the exercise is to introduce the Project's background, policy objectives and implementation timeline, as well as to showcase the design of the two main user portals for scheme members and employers and demonstrate the interface functions for gauging users' views and ensuring that the design of the eMPF Platform would cater for the needs of different users.

As at end-April 2022, the Project team has organised 25 consultation sessions participated by over 650 representatives from over 60 groups, including labour unions, business chambers, small and medium enterprises associations, self-employed person (SEP) groups, representatives of employees and employers under the MPF Industry Schemes, human resources bodies, MPF industry practitioners (including MPF intermediaries, fund managers, Fintech industry players, financial planners and retirement planning educators), Legislative Council Members and financial regulators. The MPFA's Friends of MPF and awardees of Good MPF Employer Award as well as media were also engaged. The views collected during the consultation sessions held so far can be broadly summarised into three categories as follows:

(i) Overall impression of the eMPF Platform: e.g. many stakeholders considered that performing functions such as access to MPF information and transfer between accounts via a "one-stop" centralised electronic platform would be more user-friendly than the existing decentralised mode. Meanwhile, some stakeholders opined that more support and education should be provided to scheme members and micro enterprises who were not conversant with the use of electronic tools;

(ii) Views on the design of the user portal: e.g. how to save data, amend instructions, check information such as funds' fees and charges, past performance and risk levels, etc. in the course of operation; whether the eMPF Platform would provide automatic contribution calculation, contribution reminder or confirmation functions; and how the Platform would interface with electronic payment tools and existing human resources management software, etc; and

(iii) Overall operation of the Platform: e.g. cybersecurity measures for handling and storing voluminous data, operational workflows, employer's authorisation for third party access, etc.

The Project team would record and conduct a detailed analysis of the views collected during the consultation exercise to study the feasibility of incorporating them into the design and building of the eMPF Platform.

The fifth wave of the COVID-19 epidemic situation has had, to some extent, short-term impact on the above stakeholder consultation exercise. For example, some consultation sessions had to be conducted online to reduce social contact, while some organisations preferred to arrange meetings when the epidemic situation stabilises. As the epidemic situation is gradually subsiding, consultation activities have been going back to normal since end-March 2022. It is expected that the original target of the consultation can be achieved as planned.

(3) The transition of all MPF schemes to the eMPF Platform will involve data migration of some 10 million MPF accounts under 27 schemes managed by 13 trustees using different scheme administration systems. Without affecting the day-to-day live administration of the MPF schemes, the technical complexity of such mega-scale data migration process must not be underestimated. Apart from building the Platform, we also need to allow sufficient time for planning the operation of the administration centres, service centres and call centres; for trustees to revamp their operation systems; and for carrying out briefings and promotion work targeting at the 4.6 million scheme members and 330 000 employers, to ensure a smooth and seamless transition between the old and new systems. As such, we are already working under a very tight project schedule. In a bid to manage risks and ensure a smooth transition, the MPFA and the eMPF Company will strive to achieve the original working target.

As regards publicity and promotion, the MPFA has since 2018 been actively promoting the use of electronic means among scheme members and employers in their MPF management to prepare for the future implementation of the eMPF Platform. Besides, the contractor of the eMPF Platform is required under the contract to develop and execute effective promotional programmes to boost registration by employers and scheme members for the use of the Platform, with a view to achieving the target of 90 per cent digital take-up rate within five years after operating the Platform. In this connection, the MPFA, the eMPF Company and the contractor are developing a large-scale community-wide publicity, promotion and public education campaign for the phased commencement of the eMPF Platform scheduled for next year, with the following objectives:

(i) To promote public awareness of the eMPF Platform in Hong Kong through mass publicity channels and enhance understanding of employees, SEPs and employers about the policy objectives and features of the eMPF Platform as well as the benefits to be brought by the use of a centralised electronic platform, including cost savings in MPF administration and improved user

experience.

(ii) To tie in with the sequential and orderly onboarding by trustees and their MPF schemes to the eMPF Platform, so that employees and employers would have a clear understanding about the onboarding schedule and arrangements of the MPF schemes in which they are participating;

(iii) To conduct targeted promotion on the support services to be provided by the contractor for employees, SEPs and scheme members of different background and employers of varying business scale;

(iv) To boost the digital take-up rate of the eMPF Platform by rolling out effective and attractive marketing activities; and

(v) To explore collaboration with and arrange training programmes and seminars for different stakeholder groups such as labour unions, business chambers and professional bodies to promote the usage of the Platform.

Regarding the supporting measures in relation to the abolition of the MPF offsetting arrangement, the MPFA and the eMPF Company will render full assistance to the Labour and Welfare Bureau and the Labour Department in this regard, including the detailed operation and publicity and promotion work about the Designated Savings Accounts scheme, and have commenced the preparatory work concerning the relevant interface issues.