

# LCQ13: Development of an electronic disbursement platform and fintech

Following is a question by the Hon Charles Peter Mok and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (June 10):

Question:

The Financial Secretary announced in this financial year's Budget that a Cash Payout Scheme would be launched to disburse \$10,000 to each Hong Kong permanent resident (resident) aged 18 or over. However, the lead time for the Scheme is rather long, as registration by residents is not expected to commence until the end of this month and disbursements to the majority of residents is not expected to be made until the end of August this year. Some members of the information technology sector have pointed out that the Government should, in the long run, establish an e-payment platform and make good use of e-payment means (e.g. stored value facilities, prepaid cards and debit cards), so as to facilitate the expeditious disbursements of various types of subsidies and allowances to residents, as well as to promote the development of fintech. In this connection, will the Government inform this Council:

(1) whether it has assessed the cost effectiveness of efforts in stimulating local consumption and boosting the economy by using means other than cash (e.g. e-payment);

(2) whether it will study issuing, through electronic means, to residents local consumption vouchers with time limits and specified uses, so as to boost the economy and promote consumption;

(3) whether it will collaborate with the information technology sector to conduct the research and development of a platform that supports the use of various e-payment means in disbursing subsidies and allowances, with a view to enhancing the efficiency of the Government's work of disbursing funds to residents in future, as well as promoting fintech development; and

(4) given that the Government will provide an "iAM Smart" account for residents free of charge in order to facilitate the use of a single digital identity by residents to conduct online transactions with the Government and commercial organisations, and it has implemented a pilot sandbox programme for commercial organisations (confined to financial institutions for the time being) to conduct tests, of the to-date number of financial institutions which have taken part in the tests, as well as the details of the test items (e.g. authentication, form filling and digital signing) and the progress made; the expected time when iAM Smart will be available for use by commercial and public organisations, as well as the relevant timetable?

Reply:

President,

In light of the prevailing economic situation, the Financial Secretary proposed in the Budget on February 26 this year the disbursement of \$10,000 to Hong Kong permanent residents aged 18 or above, with a view to boosting and encouraging local consumption on the one hand, and relieving people's financial burden on the other. Since the announcement of the scheme, the Government has immediately started the preparation work, which includes devising the workflow, discussing with relevant organisations (e.g. banks) the implementation details, designing and developing the computer systems, etc. The preparation work for the scheme has now reached its final stage. Registration will commence on June 21 and payment will be made starting from July. It is expected that the vast majority of eligible people will receive payment by the end of August.

My reply to the various parts of the question, prepared in consultation with relevant bureaux/ departments, is as follows:

(1) As mentioned above, the Cash Payout Scheme aims to relieve people's financial burden, boost local consumption and inject impetus into the economy. Whether the disbursement is made by means other than cash (such as depositing the cash into people's e  wallets) or by depositing the cash directly into their local bank accounts will not make any difference in terms of the time of payment. However, as electronic payment is a relatively new disbursement means, its adoption may cause delay as additional time will be required to study its feasibility and make specific arrangements.

The Government will keep a close watch on the development and popularity of electronic payment methods. When opportunity arises, we will give consideration to these methods and other viable means, with a view to implementing measures in a swift, convenient and sound way.

(2) Whether issuing consumption vouchers is more effective in stimulating consumption than handing out cash depends on many factors. For example, if some people use consumption vouchers mainly for meeting their basic living expenses rather than on additional consumption, the effect on boosting consumption and stimulating the economy may not meet the expectation. The experience of other economies in issuing consumption vouchers also shows that the effect of such measures on boosting consumption is often not as significant as expected.

Besides, even if the Government issues consumption vouchers through electronic means, we may still have to issue paper-form vouchers so as to cater for the needs of those unfamiliar with electronic payment methods.

In any case, the Government will closely monitor the economic situation of Hong Kong and introduce measures in a timely manner to revitalise the economy and relieve people's burden, while taking into account our long-term fiscal position.

(3) & (4) The Government attaches great importance to the development of financial technologies (Fintech). In addition to promoting and facilitating its development, the Government also takes the lead in adopting Fintech. Since November 2019, the public can settle tax, rates and Government rent as well as water service bills through the Faster Payment System (FPS). The Government is considering allowing some government departments to accept payment by FPS at shroff counters and self-help kiosks, and will extend the use of FPS to online payment subsequently.

The Office of the Government Chief Information Officer (OGCIO), in collaboration with Cyberport, introduced a pilot sandbox programme for "iAM Smart" in March this year to enable the financial sector to conduct simulated tests on application programming interface (API) functions provided under the programme. As at end May, 88 organisations (covering banks, stored value facility operators, virtual banks and securities service companies) have registered for participation in the testing of different functions of "iAM Smart" APIs, including authentication, form-filling service with "e-ME" and digital signing, according to their business needs. OGCIO will consider the time frame and the scope of extending the pilot sandbox programme to other sectors.

It is OGCIO's plan to launch "iAM Smart" in the fourth quarter this year. At the initial stage, OGCIO will focus on promoting and facilitating the adoption of "iAM Smart" among government departments and public bodies as well as extending "iAM Smart" to utility companies that are closely related to the public's daily lives. After the launch, OGCIO will progressively roll out "iAM Smart" to other commercial applications, having regard to factors such as the usage of "iAM Smart" and the requirements of different e-services. The Government is open-minded about different viable options, including the "iAM Smart" platform, should we develop platforms to disburse subsidies and allowances in the future.