

LCQ22: Mandatory Provident Fund scheme members consolidating their accounts

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (April 17):

Question:

In June 2014, the Mandatory Provident Fund Schemes Authority (MPFA) launched the E-Payment for MPF Transfer system (the E-payment system), which made use of the Hong Kong Monetary Authority's Hong Kong dollar Real Time Gross Settlement system to automate payments for the transfer of Mandatory Provident Fund (MPF) accrued benefits between trustees. The E-payment system not only shortens the time needed for MPF transfers but also enhances the accuracy and efficiency of the transfer process. The E-payment system renders (i) the time needed for trustees to process transfer of MPF accrued benefits and (ii) the out-of-market time to be shortened to two to three weeks and about one week respectively, thereby significantly reducing scheme members' exposure, due to market fluctuations during the transfer process, to the risk of "selling low, buying high". In this connection, will the Government inform this Council if it knows:

(1) in respect of each approved trustee who made use of the E-payment system to transfer MPF accrued benefits in each of the past three years, (i) the average processing time and (ii) the average out-of-market time (set out in a table);

(2) the number of complaints received by the Consumer Council from MPF scheme members since the launch of the E-payment system about the slow pace in the transfer of MPF accrued benefits between trustees; whether the MPFA (i) collected the views of the various stakeholders on the E-payment system, and (ii) reviewed the effectiveness of the system and implemented improvement measures, in the past three years; and

(3) whether the MPFA has plans to implement, within this year, other measures and electronic systems to streamline the administration processes of MPF schemes in order to encourage and facilitate the consolidation of MPF accounts by scheme members; if the MPFA has, of the details; if not, the reasons for that?

Reply:

President,

(1) The transfer of Mandatory Provident Fund (MPF) benefits requires the original trustee to redeem the fund units in the scheme member's account after receiving the election form from the new trustee. The original trustee will then send the MPF benefits to the new trustee for transferring into the

new scheme.

The Mandatory Provident Fund Schemes Authority (MPFA) does not have information on the actual average processing time and out-of-market time in respect of the transfer of MPF benefits by trustees using the E-payment system.

That being said, performance pledges of the processing time required by trustees (including the out-of-market time) (Note) are set out in the Annex. According to the understanding of the MPFA, in general, the actual time required is less than the time required under the performance pledges.

(2) The Consumer Council has not received any complaints in relation to the time taken to handle transfer of accrued benefits by MPF trustees since the implementation of the aforesaid payment system in 2014.

The MPFA has been gauging views from stakeholders including scheme members and trustees through different channels (such as hotlines, emails and meetings) to review the system's operation and trustees' scheme administration processes. If necessary, the MPFA will refine the system accordingly, or make suggestions to trustees regarding their administration processes and request them to enhance their service quality.

(3) The Government and the MPFA are preparing for the setting up of a Centralised Platform (CP) to facilitate standardisation, streamlining and automation of MPF scheme administration processes.

The CP is developed for over four million MPF scheme members, including employees/self-employed persons, MPF personal account holders, as well as nearly 300 000 employers in Hong Kong. The stakeholders will be able to manage their MPF with the CP easily, conveniently and efficiently. Scheme members can also consolidate their MPF accounts through the CP conveniently and swiftly.

Our target is to issue tender for the CP project within 2019, with a view to completing the development of the CP in 2022 and implementing the CP by phases thereafter.

Note: The relevant information, together with other information on services provided by each MPF approved trustee and their MPF schemes, are available in the Trustee Service Comparative Platform on the MPFA's website.