

LCQ6: Promotion of electronic payment

Following is a question by the Hon Starry Lee and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (January 27):

Question:

It has been reported that cash is still the most frequently used payment method in Hong Kong, and mobile payment accounts for 20 per cent only, which is far lower than the 80 per cent of the Mainland. In order to reduce the risk of epidemic spreading through the use of cash, the Government has earlier on provided a one-off subsidy of \$5,000 per stall in the public markets to encourage the stall tenants to install contactless payment systems. However, only 30 per cent of the stall tenants applied for the said subsidy. Moreover, the Hong Kong Monetary Authority launched the "Faster Payment System" (FPS) as early as in 2018, but so far only seven government departments accept members of the public making payments through FPS. Regarding the promotion of electronic payment, will the Government inform this Council:

(1) whether it will step up its promotional efforts, including adopting administrative measures, providing a new subsidy or raising the amount of the existing subsidy, with a view to encouraging more trades to adopt electronic payment systems; if so, of the details; if not, the reasons for that;

(2) whether it will spur more government departments to accept members of the public making payments through FPS; if so, of the details and timetable; if not, the reasons for that; and

(3) whether it will create some short-term posts to hire young people and deploy them to the public markets to promote electronic payment systems to the stall tenants and answer enquiries, so as to encourage the stall tenants to install the relevant systems?

Reply:

President,

Hong Kong has a well-developed and mature electronic payment ecosystem. Various non-cash payment options including credit cards, Octopus, Easy Payment System (EPS), online and automated teller machine (ATM) transfers, etc., are widely adopted by the public. In addition, using mobile payment tools such as e-wallet applications on mobile phones is increasingly popular in recent years. A research report (Note) also indicated that electronic payment by Hong Kong consumers has already surpassed cash since 2019. Merchants will take into account circumstances of business operation, usage scenario, customer behaviour, operating cost, etc., to offer suitable payment options for consumers.

In consultation with the Food and Health Bureau and the Hong Kong Monetary Authority (HKMA), my reply to the question by the Hon Starry Lee is as follows:

(1) The HKMA has rolled out various measures in recent years to facilitate the development of electronic payment market in Hong Kong. These include establishing the Stored Value Facility licensing regime to facilitate orderly market development; launching the Common Quick Response (QR) Code Specification for retail payments in Hong Kong and the "Hong Kong Common QR Code" mobile application, allowing merchants to convert multiple QR codes from different payment service providers into a single, combined QR code and presenting it at the point-of-sale or printing it on bills to accept payments from multiple payment service providers; implementing the Faster Payment System (FPS), a round-the-clock platform offering instant payment and transfer services across banks and e-wallets, and supporting transactions conducted in Hong Kong Dollar (HKD) and Renminbi (RMB). These measures have provided greater convenience to consumers and merchants alike. As of December 2020, the FPS recorded 6.88 million registrations and processed 170 million real-time transactions, involving transaction amount of around HKD 2,100 billion and RMB 36 billion.

To further enhance the functionality of the FPS, the HKMA launched a new feature in December 2020 to allow citizens to link their Hong Kong identity card (HKID) number to their bank account for receiving funds from institutions which already possess the HKID number of the recipients via the FPS, making the transfer of funds more expeditious and flexible.

We will keep in view market developments and continue to promote the wider use of electronic payment through appropriate financial technology infrastructure and regulations.

(2) The Government rolled out a new measure of accepting bill payment via FPS QR codes in November 2019. Currently, bills issued by the Inland Revenue Department, the Rating and Valuation Department and the Water Supplies Department, as well as general demand notes issued by the Government are now printed with FPS QR codes. The public can make payment by simply scanning the QR codes using mobile applications that support payment of government bills using FPS QR codes. As of end-December 2020, over 1.76 million bill payments via the FPS were recorded, involving an amount of over HKD 2.1 billion. In addition, starting from December 2020, FPS QR code devices have been made available for use at designated counters and self-help kiosks of the Companies Registry, the Immigration Department, the Official Receiver's Office and the Transport Department, so that altogether seven government departments now accept payments through the FPS, as pointed out by the Hon Starry Lee.

Government departments will, based on their operational needs, adopt different payment options, including online banking, credit cards, telephone banking, etc. Various government departments will study the feasibility of extending FPS payment functions to their bills. We are now also examining the feasibility of enabling online payments for government services with the FPS. At least seven government departments have already commenced the preparatory

work. The initiative will cover various services frequently used by the public, such as applying for licenses and certificates, booking and registration of services, etc. The initiative is expected to be rolled out by phases in 2022.

(3) As the use of contactless payment is conducive to reducing the risk of virus transmission in markets, the Government launched, in October last year, the "Subsidy Scheme for Promotion of Contactless Payment in Public Markets" (the Subsidy Scheme) to provide a subsidy to tenants of market stalls at a flat rate of \$5,000 per stall for use to meet the initial set-up costs as well as service and other fees in relation to the provision of at least one contactless payment means. Since the launch of the Subsidy Scheme, the Food and Environmental Hygiene Department (FEHD) has received over 3 500 applications. Some tenants have already been providing contactless payment means on their own without applying for the subsidies.

The FEHD has conducted a series of promotional activities for the tenants of its market stalls, including compiling service scheme information of the service providers for reference by the tenants; arranging promoters of the service providers (including many young people) to provide on-site explanation. Front line staff of the department and service providers and representatives of the markets will also conduct promotion on-site at the markets. The Government will conduct publicity drive focusing on customers' needs, with a view to encouraging market stall tenants to use contactless payment means for transactions through market forces.

Thank you President.

Note: Source: Visa Consumer Payment Attitudes Study 2.0 published in December 2020