

# SFC-HKMA joint product survey in 2022 shows shifts to investments in money market funds

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

The Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) today (September 27) released the findings of their 2022 [joint survey](#) on the Sale of Non-exchange Traded Investment Products by licensed corporations (LCs) and registered institutions (RIs) (Note 1).

Money market funds were the top-selling collective investment schemes (CIS) based on the top five CIS reported by the large firms (Note 2), accounting for 61 per cent of the total top five CIS transaction amount in 2022, up from 33 per cent a year earlier. Bond funds and equity funds came second and third, accounting for 14 per cent and 7 per cent of the total. The shift to money market funds was attributed to investors' preference for stable income and liquidity amid a rising interest rate environment, driving an increase in the transaction amount in such funds despite the overall decline in CIS sales and total investment product sales.

The survey covered 371 LCs and RIs engaged in the sale of investment products in 2022 with the participation of over 800 000 clients (Note 3). Total transaction amount declined by 24 per cent to \$3,799 billion (Note 4), largely in line with the decrease in turnover observed in other major stock markets in 2022 (Note 5). However, the overall manpower deployed by firms to conduct the sale of investment products remained stable.

It was noteworthy that around 35 per cent of firms recorded an increase in their transaction amount. Some large firms attributed this to their offering of personalised investment products to meet the preferences and needs of individual investors. By offering tailored solutions to clients, these firms were able to withstand or even thrive in times of market challenges.

Other major observations from the survey included:

- Structured products remained the most prevalent type of products sold by the respondent firms during 2022, constituting 51 per cent (\$1,921 billion) of the total transaction amount. CIS and debt securities followed, accounting for 23 per cent (\$884 billion) and 17 per cent (\$648 billion), respectively.
- Equity-linked structured products remained predominant, representing 53 per cent of all the structured products sold in 2022. Some investors shifted to other product types such as currency-linked products owing to weak sentiment in stock markets in 2022.

- On debt securities, some investors shifted their interest to sovereign bonds, such as HKSAR Government Bonds including Green Bonds and Silver Bonds, which were perceived to be of lower risks with more stable returns.
- The number of firms distributing investment products online increased to 83 in 2022, up 19 per cent from 2021. CIS remained the most common product type distributed through online platforms, which represented 83 per cent of total online sales. Of all CIS investors, the proportion of investors transacting online also increased from 65 per cent in 2021 to 72 per cent in 2022. Notably, online sales of debt securities increased significantly to 15 per cent of the total online sales in 2022 from 6 per cent in 2021.

Note 1: This is the survey conducted annually by the SFC and the HKMA on all the LCs and RIs which engaged in selling activities. Survey questionnaires were sent to 2,269 LCs and 111 RIs licensed or registered for Type 1, Type 4 or both regulated activities, and over 99 per cent responded. The survey covered the sale of non-exchange traded investment products from 1 January 1 to December 31, 2022 (the reporting period), by respondent firms to non-professional investor clients, individual professional investors (PIs) and certain corporate PIs.

Note 2: Large firms refer to LCs and RIs with respective total transactions amounting to \$1 billion or more and \$30 billion or more during the reporting period. They were requested to provide details about the investment products they sold, such as the transaction amount of products by types of investors and the details of the top five products ranked by transaction amount.

Note 3: The number of clients refer to clients who completed at least one transaction in non-exchange traded investment products during the reporting period. The number of clients of LCs and RIs were 240 548 and 579 470, respectively.

Note 4: The transaction amount refers to the amount paid or payable by investors for investment products. For structured products and derivative products, the transaction amount refers to the maximum exposure of the contracts at the point of sale. Respondent firms were requested to report only one side of the transaction. Rollovers, redemptions and position close-outs were not included.

Note 5: See [Research Paper No. 72: A Review of the Global and Local Securities Markets in 2022 \(Featuring Market Turnover and Short Positions\)](#) issued by the SFC.