

SFST's speech at Bloomberg's Greater Bay Area Fintech Talent Initiative Summit (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at Bloomberg's Greater Bay Area Fintech Talent Initiative Summit on "Connecting Beyond Borders: Innovation and Talent for the Greater Bay Area" today (November 27):

Bing (Head of Asia Pacific, Bloomberg, Mr Bing Li), Eddie (Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue), Dr Lam (Chairperson of the Hong Kong United Youth Association, Dr Lam Ho-yi), students, distinguished guests, ladies and gentlemen,

Good afternoon. I am very pleased to be here and speak to you all today at the Bloomberg Greater Bay Area Fintech Talent Initiative Summit. It is always a pleasure to meet the new generation of fintech talent, as you represent the future of our financial growth and progress.

Nurturing fintech talent as GBA emerging into a global fintech hub

The Guangdong-Hong Kong-Macao Greater Bay Area (GBA) is brimming with opportunities for financial investment, technological advancement, and talent development. This dynamic region is home to leading financial and technology enterprises, several of which are corporate partners in this year's Initiative. Additionally, the GBA boasts world-class universities that contribute significantly to the development and application of cutting-edge technologies across various financial sectors.

As in Hong Kong, we are one of the top 10 fintech hubs around the globe. We attach great importance to promoting fintech so as to boost the overall competitiveness of various financial services, ranging from banking to insurance, and from securities to green finance.

Over the years, we have observed the respective strengths of Hong Kong and Shenzhen in advancing fintech. Hong Kong boasts a robust financial foundation and institutional framework, while Shenzhen's technology ecosystem is vibrant, with numerous applications of cutting-edge technology across the financial service sectors. There is significant potential for complementing strengths of the two places to further foster fintech development in the GBA.

This is why the Government initiated the GBA Fintech Two-way Internship Scheme for Post-secondary Students in October 2023. The scheme aims to provide a platform for students in Hong Kong and other cities in the GBA to gain first-hand insights into the fintech ecosystems of the two places. We are glad that about 70 students have already joined our scheme and acquired work experience in more than 30 fintech companies.

Earlier this year, I had the opportunity to talk to some scheme alumni. One student from Hong Kong working on the Mainland shared how the internship became an integral part of his skill set and professional identity. Working in a securities firm, he did not just observe but actively participate in the creation and analysis of financial data. This hands-on experience has been invaluable for understanding how technology can benefit financial services and carving out his career prospects in the dynamic field.

Another student from the Mainland expressed a desire to gauge his competitiveness by working in a start-up at Cyberport. In school, students gain a wealth of advanced knowledge in finance and technology, and Hong Kong, being one of the world's top three financial centres, offers an ideal platform for students to apply their theoretical knowledge in a practical setting.

After all, nurturing fintech talent has always been one of our top priorities. We aim to work closely with financial regulators and industry players to collectively nurture the next generations and lay the foundation for future fintech development.

I wish to draw an additional example of our talent-related initiative. In September 2022, we rolled out the first batch of fintech professional qualifications recognised under the Qualifications Framework (QF) for banking practitioners. At the same time, we launched the Pilot Scheme on Training Subsidy for Fintech Practitioners to promote the professional development of fintech talent and further expand the fintech talent pool in Hong Kong, providing practitioners having attained such qualifications with reimbursement of the tuition fees. So far, more than 500 banking practitioners have already enrolled in the relevant fintech QF training courses.

Building a more vibrant fintech ecosystem in GBA

The financial sector is rapidly evolving with the development of technologies such as blockchain and big data analytics. Among these, I shall start with artificial intelligence, as it stands out as the most promising technology, revolutionising every aspects of the financial sector.

Seeing the emergence of AI application in the sector, in October 2024, we issued a policy statement on responsible application of artificial intelligence in the financial market. Here, I would like to share with you what a book quoted Stephen Hawking as having once said about AI: "It will either be the best thing that's ever happened to us, or it will be the worst thing. If we're not careful, it very well may be the last thing." We will therefore keep an open mind, closely monitor market developments and draw on international experience in promoting the use of AI in the financial services sector, expediting the development of new quality productive forces. Our local academic institutions also offer their self-developed AI model and computing resources to Hong Kong's financial services industry, providing advisory and training services for companies interested in adopting AI applications.

In fact, according to a survey in 2023, the adoption of generative AI in Hong Kong financial institutions was the highest among all markets. AI's ability to analyse vast amounts of data and make intelligent predictions positions it at the forefront of financial innovation.

Rise of virtual assets and digital currencies

Let us move on to our emerging virtual asset (VA) market. The Web3 industry transformed the global economy in a revolutionising fashion in recent years, creating new opportunities to the traditional financial market. Hong Kong has been an attractive base for Web3 talent and investment with over 220 relevant companies from over 20 countries setting up their businesses here, ranging from virtual asset exchanges to blockchain infrastructure, network security, and payment sectors.

We aim to leverage the rising influence of the Web3 industry to further grow our financial sector. Conventional financial institutions are showing increased interest in the VA market, while VA service providers are expanding their services by referencing the existing sector. In October 2022, we issued a Policy Statement on the Development of Virtual Assets in Hong Kong to outline our vision and policy direction. Following this, in June 2023, we introduced a licensing regime for VA service providers. Up till now, we have issued three licenses, and the SFC (Securities and Futures Commission) is expected to issue more license approvals in the near future, demonstrating our commitment to a well-regulated market.

It is worth mentioning that we launched the first spot Bitcoin and Ether exchange-traded funds (ETFs) in Asia back in April this year, illustrating our significant position of international financial centre capable of embracing and mastering the innovative technologies.

We believe in the importance of clear regulatory frameworks under the "same activity, same risk, same regulation" principle, as they might provide VA service providers, investors and practitioners in other financial sectors with a clearer picture of the future market landscape. This clarity helps mitigate the risks and uncertainties of the Web3 market. We plan to amend regulations further, including bringing over-the-counter trading of VA and VA custodian service providers under our regulatory framework. We are also working on introducing a regulatory regime for stablecoin issuers, with a legislative bill to be introduced within this year and the HKMA launching a sandbox back in March for potential issuers to test their operational plans.

All these initiatives in the GBA's and Hong Kong's fintech and Web3 development imply numerous opportunities for our talent sitting here today. The GBA and our city offers abundant, inspiring and boundless chances for you to leverage your strengths. Your knowledge undoubtedly means our economy's remarkable future, both on the front of financial services and technological research.

As I conclude, I would like to encourage all participating students to seize these opportunities and strive for excellence in your careers. To our corporate partners, I wish you continued success and growth in your

endeavours. Together, we can build a brighter, more innovative future for the GBA and beyond.