

SFST's speech at Cyberport FinTech Innovation Conference (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Cyberport FinTech Innovation Conference today (November 1):

Dr Lam (Chairman of the Board of Directors of the Hong Kong Cyberport Management Company Limited, Dr George Lam), ladies and gentlemen,

Good morning. My pleasure to be officiating at the opening of the FinTech Innovation Conference 2021 and meeting with you face-to-face. A very warm welcome to you all and my heartfelt thanks to Cyberport for staging this event.

With the theme "Innovation of FinTech Proof-of-Concept for Hong Kong Financial Services Industry", I know today's conference will bring together speakers from banks, insurance companies, securities institutes, financial regulators, as well as fintech companies and start-ups to exchange insights on trends and opportunities of the application of fintech in various financial service sectors, particularly after the conclusion of the Fintech Proof-of-Concept Subsidy Scheme (the PoC Scheme).

The PoC Scheme is a programme that we have entrusted Cyberport to administer. Indeed, fintech application has penetrated into our daily lives. From making payments and transferring funds, to obtaining credit, insurance and investment products, enterprises and the general public now enjoy more than ever convenient, expeditious, secured and reliable services brought about by the diversified fintech solutions available in Hong Kong. Digital transformation of businesses and financial sector is further accelerated during the COVID-19 pandemic not just in Hong Kong, but also around the world. Adoption of fintech is undoubtedly the worldwide trend for tomorrow's financial services.

As part of an international financial centre, financial institutions and technology companies enjoy great flexibility to develop fintech solutions to meet market needs. We have put in place enabling measures to facilitate the incubation process of fintech products. For example, our financial regulators provide regulatory sandboxes allowing financial institutions to conduct pilot trials of their fintech products before launch in the market, such that they can obtain early supervisory feedback and user opinions, thus reducing development costs.

Enabling measures aside, it is also essential to provide incentives to encourage the fintech sector to more proactively come up with practical and innovative fintech initiatives so as to increase the breadth and depth of the sector. In this regard, we launched the PoC Scheme for the first time in February this year to grant subsidies to fintech institutions to partner with

financial institutions to test fintech projects. All proposed projects were expected to address practical issues faced by financial institutions concerned with no prior used cases in the market.

I am very glad to see that the PoC Scheme was well-received and oversubscribed, with 160 applications received by the end of the application period. Upon a rigorous vetting process conducted by an independent advisory panel, a total of 93 projects were approved, using up the total grant of \$10 million allocated for the scheme. These projects sought to provide practical and innovative solutions in the field ranging from wealthtech, regtech, insurtech and payment systems, to cross-boundary data analysis, remittances and know-your-customer processes, and many other areas.

The 14th Five-Year Plan of the country supports Hong Kong to enhance its international financial centre status, develop into an international information and technology hub, as well as deepen and widen the connections between the financial markets of Hong Kong and the Mainland. With the support of the country, the economic development of and integration between the Mainland and Hong Kong, particularly in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), will continue to present tremendous opportunities for all of you.

A number of cross-boundary initiatives connecting the capital markets of Hong Kong and the Mainland have been recently announced, including the Cross-boundary Wealth Management Connect in the GBA, as well as the Southbound Trading under Bond Connect. These initiatives will undoubtedly strengthen Hong Kong's role as a bridge for international investors to access the Mainland market and for Mainland funds to reach out to the international market.

To capitalise on these opportunities, financial innovation plays a key facilitating role. To this end, the Government will continue to work closely with financial regulators, the industry and stakeholders to promote the advancement of the fintech sector. Just two weeks ago, the Hong Kong Monetary Authority and the People's Bank of China signed a Memorandum of Understanding to link up the Fintech Innovation Regulatory Facility in the Mainland with the Fintech Supervisory Sandbox in Hong Kong. The initiative seeks to provide a one-stop platform to enable pilot trials of cross-boundary fintech initiatives concurrently in Hong Kong and the Mainland GBA cities, thereby, expediting the launch of cross-boundary fintech products.

I urge all of you to actively explore opportunities emerged from the above initiatives. I understand that there will be more focused discussions at today's conference. Besides, this week also marks the opening of the Hong Kong Fintech Week 2021, and many of you will also attend. I am sure the discussions to take place at these two events will bring us new wisdom and insights on how to equip ourselves to scale new heights together.

Lastly, I would like to express my gratitude to Cyberport for helping to administer the PoC Scheme, and of course, the participation of the industry. No matter whether their projects have been selected under the scheme this

time round, I wish all fintech companies and financial institutions every success in their development of fintech solutions in the pursuit of our common goal of using fintech to enhance access to financial services by all walks of life in this journey.

I wish this conference every success. Thank you.