

SFST's speech at "Fintech Bridge: Canada – Hong Kong" Webinar (English only)

Following is the video speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the "Fintech Bridge: Canada – Hong Kong" Webinar co-organised by the National Crowdfunding and Fintech Association of Canada and InvestHK today (February 24, Toronto time):

Ladies and gentlemen, good afternoon. Welcome to the FinTech Bridge webinar co-organised by NCFCA Canada and InvestHK. It's my great pleasure to be here and you are in the right place as Hong Kong is surely the place to be when it comes to fintech and financial services. Just in September last year, the Global Financial Centres Index placed Hong Kong as the world's third most competitive financial services centre, just behind New York and London.

As an international financial centre anchoring the world and serving the Mainland, Hong Kong possesses a deep and broad stock market, which raised more than US\$38 billion for almost 100 company listings in 2021, making us one of the world's leading platforms for IPO fundraising. Our stock market has ample liquidity, with an average daily turnover of over US\$20 billion last year, increasing by nearly 30 per cent when compared with 2020. At the same time, we have the world's largest offshore Renminbi pool, and we are the second largest base for private equity funds in Asia.

Now zooming into fintech, it is high on the Government and also regulators' policy agenda. Hong Kong is home to 600 fintech companies, and we will continue to facilitate further advancement of the fintech sector in terms of infrastructure, regulations, innovation and talent nurturing.

Let me first talk about our infrastructure. In a new era where financial development is driven by technology, data is indeed the valuable assets and if appropriately used, can substantially reduce the operating costs of financial activities. That is why we are developing the Commercial Data Interchange (CDI). Through this centralised platform, enterprises could authorise service providers such as payment systems, public bodies or utility companies in Hong Kong to furnish banks with data. Banks can then make more accurate predictions about the sales and operation of enterprises, thereby reducing the need for enterprises to provide collaterals.

Another key development down the line is the co-operation between the People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA). The two authorities will construct a one-stop platform that will provide importers and exporters between Hong Kong and the Mainland with more comprehensive and convenient trade finance services. HKMA is now working closely with the PBoC to finalise the implementation details. On top of that, the Proof-of-Concept for connecting eTradeConnect of Hong Kong, a Trade Finance Blockchain Platform, with the PBoC's platform was completed last

year, covering more types of trade activities and financing products.

Then on the regulatory front, we have set up a Coordination Group on Implementation of Fintech Initiatives (CGFin) chaired by me. Representatives of the Government and financial regulators exchange views regularly on the latest developments in fintech era. The group review and supervise our fintech development, to ensure our policy and regulations are proactive enough.

We balance both development and regulation for the fintech industry. It is apparent that trading in the virtual world has significantly blossomed recently, and it is widely recognised that virtual assets, for all their potentials, pose significant money laundering or terrorist financing risks to the international financial system. To mitigate such risks, we are introducing a licensing regime for the virtual asset service providers under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, which would foster the development and adoption of financial innovation in a proper and orderly manner. Our Securities and Futures Commission and Hong Kong Monetary Authority have also issued an updated joint circular on intermediaries' virtual asset-related activities to facilitate the provision of virtual asset dealing services to their clients.

We all know fintech requires the integration of finance and technology. But without an adventurous mindset for innovations, the industry will never move itself forward. So we are also placing our focus on encouraging testing of new ideas for the fintech sector. We launched the Fintech Proof-of-Concept Subsidy Scheme last year to encourage fintech companies to partner with financial institutions such that they can put forth innovative and practical fintech products and services. The scheme was well-received by the industry, with approved projects ranging from the fields of WealthTech, RegTech, InsurTech and payment systems, to cross-boundary data analysis and remittances, etc.

Finally, a series of programmes have also been introduced to support the development of financial and fintech talents, including our Financial Industry Recruitment Scheme for Tomorrow (FIRST), the Financial Industry Recruitment Scheme for Young Graduates (YOUTH) and the Fintech Anti-epidemic Scheme for Talent Development (FAST). As at end-2021, these schemes have together subsidised the financial services industry and fintech companies to create over 2 000 full-time new jobs, for financial professionals and university graduates.

Ladies and gentlemen, there's of course much more to talk about when it comes to fintech in Hong Kong, and I certainly look forward to another opportunity to share with you all in the future. In the meantime, may I wish you a fruitful webinar for the rest of the day, and I sincerely hope that we will connect again someday here in Hong Kong with your businesses and fintech ideas flourishing in Asia's world city. Thank you.