

SFST's speech at Green Fintech: Catalyst for Scaling Sustainable Finance seminar (English only)(with photo)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Green Fintech: Catalyst for Scaling Sustainable Finance seminar today (March 1):

Charleston (Board Director of the Cyberport, Dr Charleston Sin), Christine (Senior Director, Head of International Affairs and Sustainable Finance of the Securities and Futures Commission, Ms Christine Kung), distinguished panelists and guests, ladies and gentlemen,

Good morning.

My heartfelt welcome to all of you for joining us at this event, co-hosted by the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group), Invest Hong Kong, and Cyberport. As one of the last highlight events during the Hong Kong Green Week, we ensure you that this event will provide you with unparalleled insights into the convergence of "green", "finance", and "technology", or collectively known as "green fintech".

"Green"

To start with "green", I am sure you would all agree that the world is facing the imminent threat of a changing climate. According to the World Meteorological Organization's preliminary assessment, in the past year, the globe has likely experienced the warmest year on record, coupled with the highest global mean sea level ever recorded. Around the world, different regions suffered the devastating consequences of extreme weather events. Heatwaves, severe droughts, extreme rainfall, and relentless spread of wildfires, among others, have attacked every corner of our planet. These events serve as a subtle reminder that climate change is not a distant threat but a current-day reality.

"Green finance"

As the Secretary for Financial Services and the Treasury, I am very proud to share with you the Government's commitment to promote the development of "green finance" and Hong Kong's crucial role in combating climate change on a global scale. According to the Asia Securities Industry & Financial Markets Association, in the next 30 years, the Asian region will require US\$66 trillion in climate investment. Leveraging our influential financial services, we have a unique responsibility to channel capital

towards climate-resilient projects to meet the funding requirements and facilitate the development of green transition initiatives, fostering positive change and global sustainability.

Speaking of figures, we were the top international green and sustainable bond arranger in Asia in 2022, taking up over one-third of the market. In October last year, a research report revealed that about 70 per cent of enterprises in the Greater Bay Area would consider using more of Hong Kong's green products and services over the next two years.

The Government has been working with financial regulators and stakeholders to promote the development of green and sustainable finance in Hong Kong with a multipronged approach. The Steering Group was set up by relevant government bureaux and financial regulators in 2020 to co-ordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies.

As announced in the Budget published this week, we propose to extend the Green and Sustainable Finance Grant Scheme for three years to 2027, and to expand the scope of funding to cover transition bonds and loans, which are essential financial products gaining growing attention in the realm of green and sustainable finance.

"Green fintech"

To advance further in enhancing our competitive edge, one of our top priorities is to establish Hong Kong as a "green financial technology" (green fintech) hub.

Green fintech, a perfect integration of our advantages in green finance and fintech, is of unmatched potential in driving the green economy transformation. Among the about 1 000 fintech companies and start-ups in Hong Kong, many of them are doing green or ESG (environmental, social, and governance)-related businesses, eagerly awaiting discovery.

Prototype Hong Kong Green Fintech Map

I am delighted to announce today the launch of the prototype Hong Kong Green Fintech Map. This is a directory jointly developed by the Steering Group, Cyberport and Invest Hong Kong, featuring green fintech companies in Hong Kong. The companies are grouped into various categories for easy navigation, covering:

- * Carbon Credit Trading, Analytics and Technology;
- * Climate Risk Modelling & Assessment;
- * ESG Data, Intelligence and Analytics;
- * ESG Disclosure, Compliance & Regulatory Reporting; and
- * Green & Digital Finance and Investment.

This prototype currently consists of about 50 companies, and will be

updated from time to time. It will help companies and financial institutions better understand the availability and development of green fintech solutions in Hong Kong, thereby raising the profile of firms in the green fintech landscape.

Some of the companies featured on the Map will share more with you at the upcoming panel discussion on the fintech solutions that they offer, and some have also set up booths just outside this hall. I highly encourage all of you to explore these booths and engage with these innovative companies. Don't miss this opportunity to discover their pioneering solutions and learn more about their contributions to the green fintech ecosystem.

Other green fintech initiatives

In addition to the Hong Kong Green Fintech Map, the Government is implementing a range of measures to foster the integration of green finance and technology across various fronts.

One of the key initiatives is that we will launch the Green and Sustainable Fintech Proof-of-Concept Subsidy Scheme in the first half of this year, as announced in the 2023 Policy Address and the Budget published this week. The Scheme will provide early-stage funding support for the pre-commercialisation of green fintech innovations, and promote the development of technology-powered solutions. I encourage friends at green fintech companies to stay tuned. We will announce further details in due course.

We are also pioneers in adopting fintech in the bond market. In early February, the Government successfully issued digital green bonds totalling around HK\$6 billion equivalent in various currencies under the Government Green Bond Programme. This marked the second issuance following the inaugural tokenised green bond issued by the Government in February last year and is the world's first multi-tranche digitally native green bonds.

We are also keen to facilitate enterprises to utilise green fintech in making sustainability disclosures. The Steering Group has collaborated with the Hong Kong University of Science and Technology to develop greenhouse gas emissions calculation and estimation tools, which were launched last week. The tools enable users to calculate their own greenhouse gas emissions based on actual activity levels and estimate the emissions of their investees or borrowers in situations where data is limited. These free and user-friendly tools empower small and medium-sized enterprises to manage their environmental impact and encourage market participants to improve sustainability practices.

Closing

Ladies and gentlemen, together, we can drive positive change and achieve global sustainability. Thank you once again for your participation, and I wish you all a successful and fruitful day ahead.

