

## SFST's speech at luncheon with University of Chicago (English only) (with photo)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at a luncheon with the University of Chicago in Chicago, the United States, yesterday (April 11, Chicago time):

Ladies and gentlemen,

Good afternoon.

It's my pleasure to be here at the prestigious University of Chicago today. As one of the world's leading global research institutions, the University of Chicago has long been at the forefront of cutting-edge innovation and pioneering thought leadership. Your strong commitment to international engagement, with various programmes, initiatives and partnerships spanning over 48 nations and every continent, is truly impressive. Global mindset and cross-pollination of ideas are crucial as we navigate an increasingly interconnected world. I understand that Chicago Booth has already opened its Asia campus in Hong Kong back since 2014.

Today, I would like to discuss the tremendous development opportunities in two key areas that are transforming the future of finance – fintech and green and sustainable finance.

Let me start with fintech. I know your Asia campus was first opened in our Cyberport, meaning that your University has very good foresight. Currently, we have around 1 000 fintech companies operating in the city, covering a diverse range of areas such as mobile payments, cross-border wealth management, AI-powered financial advisory services, and regulatory technology. We have a well-developed ecosystem including eight virtual banks, four virtual insurance companies, and two licensed virtual asset service providers that are redefining traditional financial services. And according to a recent market study, in 2023 Hong Kong ranked fourth in Asia and ninth globally in terms of fintech investment, making it into the global top 10 for the first time. The total fintech investment amount in Hong Kong reached around US\$900 million, with an average deal size of US\$22 million.

The development of this dynamic fintech ecosystem has attracted a vast influx of companies and talented individuals to join the industry. In fact, the combined fintech communities of our incubators Cyberport and the Hong Kong Science Park currently employ approximately 7 200 people – and this number is expected to continue growing rapidly, providing exciting opportunities for local and regional talent. But we are not resting on our laurels. To further accelerate the development of fintech in Hong Kong, we are taking concerted action on several key fronts:

(i) We are prioritising enhanced data sharing and access. A government-led data sharing initiative has been launched to not only improve data exchange across different departments, but also open up more types of government data for banks to access through the Hong Kong Monetary Authority's Commercial Data Interchange (CDI) platform.

(ii) We are embracing innovative payment solutions, such as our Project mBridge and Project e-HKD that are exploring the potential of central bank digital currencies at both the wholesale and retail levels.

(iii) Hong Kong's approach to virtual assets focuses on risk-based, prudent regulation. We are introducing a new regulatory framework for fiat-referenced stablecoins. To further support this initiative, the Hong Kong Monetary Authority has launched a stablecoin issuer sandbox arrangement. This serves as an effective channel for the regulator and industry to exchange views on the proposed regulatory requirements, and will help us formulate fit-for-purpose, risk-based rules to promote the sustainable growth of the stablecoin issuance business in Hong Kong.

Given the importance of fintech, the Hong Kong Government has been attaching great importance to nurturing fintech talent. In October last year, we launched the GBA Fintech Two-way Internship Scheme for Post-secondary Students to help students acquire practical work experience in fintech companies in Hong Kong and Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). The Scheme provided internship positions in Hong Kong and Mainland cities of the GBA (Guangzhou, Shenzhen and Zhuhai), covering fintech companies of different segments in Hong Kong and the Mainland, including virtual banks, virtual insurers, regtech, wealthtech, credittech and payment tech. The winter programme just ended and I got a chance to talk to one of the students participating in the Scheme and the feedback is very positive.

Another area that I would like to share is green and sustainable finance – a domain where Hong Kong is also rapidly emerging as a global leader. We have recently issued a vision statement on developing a robust sustainability disclosure ecosystem in Hong Kong. Our goal is to be among the first jurisdictions to align local sustainability reporting requirements with the new International Sustainability Standards Board (ISSB) disclosure standards, which were published as the global baseline for entities to prepare comparable climate and sustainability information.

By showcasing our commitment to reinforcing Hong Kong's leading position on the international sustainable finance map, we aim to solidify the competitiveness of businesses in Hong Kong to address the growing global demand for sustainability data and disclosures. To translate this vision into concrete action, we will be launching a detailed roadmap within this year to provide a transparent and well-defined pathway on sustainability reporting for companies in Hong Kong. This will take a holistic, phased approach that covers all financial services sub-sectors, including listed companies as well as regulated institutions like banks, fund managers, insurers and Mandatory

Provident Fund trustees. This initiative will go beyond just disclosure requirements. It will also encompass sustainability assurance to enable credible implementation, as well as capacity building programmes to support companies in their sustainability journeys. We have already taken steps in this direction, launching a set of free-to-use greenhouse gas emissions calculation and estimation tools that integrate Hong Kong and Mainland-specific data.

Let me give you some more figures. The annual issuance of green and sustainable debt instruments in Hong Kong has seen remarkable growth, expanding from just US\$12 billion in 2020 to more than US\$80 billion in 2022 – a six-fold increase in just two years. In 2022, the volume of green and sustainable bonds arranged in Hong Kong topped the entire Asian market, accounting for 35 per cent of regional activity.

The above shows that our green and sustainable finance market has been very vibrant and provides great opportunities for all walks of talent to work in Hong Kong, no matter whether it is banking, fund raising, risk management or accounting, etc. I am sure that students from Chicago Booth as well as other schools of the University of Chicago should not miss the opportunity to gain work experience in Hong Kong. In fact, we have launched a three-year Pilot Green and Sustainable Finance Capacity Building Support Scheme to encourage local eligible practitioners and prospective practitioners to participate in training related to green and sustainable finance in response to the new trend of developing low carbon and sustainable economy. What's more, graduates from the University of Chicago should not miss our Top Talent Pass Scheme, as the Scheme targets graduates from the world's top 100 universities and your University is definitely one of them.

Let us draw inspiration from the University of Chicago's storied history of intellectual curiosity and bold, interdisciplinary thinking. And let us harness the dynamism of Hong Kong's financial ecosystem and our shared commitment to driving positive change on a global scale.

I look forward to the meaningful discussions and collaborations to come. Thank you very much.

