

Speech by CE at Hong Kong Association of Banks Distinguished Speaker Luncheon (English only) (with photos/video)

Following is the speech by the Chief Executive, Mr John Lee, at the Hong Kong Association of Banks (HKAB) Distinguished Speaker Luncheon today (November 24):

Mr Sun Yu (Chairperson of the HKAB), ladies and gentlemen,

Good afternoon. I am pleased to join you today for the Hong Kong Association of Banks Distinguished Speaker Luncheon.

I'm pleased to speak to you, the leaders and professionals of Hong Kong's banking sector. It's thanks to you, to each and every one of you, that our financial stability through the daunting pandemic years was never in question.

Despite today's challenging global economy, the Hong Kong economy has shown clear improvement. Real GDP (Gross Domestic Product) was up 4.1 per cent, year-on-year, in the third quarter, and unemployment rate remains at less than 3 per cent.

Our banking sector – home to 74 of the world's 100 largest banks – is among the world's largest and most internationalised. As of June this year, annual external transactions totalled more than US\$3 trillion.

Banking is the cornerstone enabling Hong Kong's development as an international financial centre.

This has been reaffirmed by the International Monetary Fund, which recognises Hong Kong's robust institutional framework, substantial capital and liquidity buffers, high-quality financial regulation and well-functioning Linked Exchange Rate System. Music to a banker's ears, I'd say. Music to my ears, let me add.

The latest Global Financial Centres Index, out in late September, underlines our sustained strength as a global financial hub in the post-pandemic era. We finished fourth overall, out of 121 global financial centres.

In short, ladies and gentlemen, Hong Kong's free, open and fair business environment continues to rank among the world's very best. And that isn't going to change.

We are actively building on this solid financial foundation. That means realising the full potential of Hong Kong as a bridge between our country and international investors. That means enriching mutual-market access programmes with the Mainland. That also means strengthening our position as the world's largest offshore Renminbi business hub.

We are expanding the Connect programmes progressively, broadening our Renminbi products, including Renminbi counters under Southbound trading, while introducing offshore Mainland government bond futures, and providing block trading.

We are building on Wealth Management Connect as well, enlarging investment options and promoting mutual access between Hong Kong, the Mainland and Macao.

In equities, we are launching measures to promote trading and strengthen fundraising.

The stamp duty rate on stock transfers was reduced, last Friday, to 0.1 per cent. And we will review the stock-trading spread and fee structure of real-time data services.

GEM, our second stock-market board, will be reformed, streamlining the transfer mechanism to the Main Board, simplifying compliance obligations for issuers and, generally, helping SME issuers raise funds. A new listing route for R&D (research and development) companies will also be established.

No less important is getting the good word out. To that end, my Government and the HKEX (Hong Kong Exchanges and Clearing Limited) are promoting Hong Kong as a premier listing centre to overseas issuers, focusing in particular on such sought-after markets as ASEAN (Association of Southeast Asian Nations) and the Middle East. Doing so should help us attract more multinationals to our capital market. And that can only diversify the issuer base.

Then there's green and sustainable finance, an area we're making great progress in.

We have issued green bonds totalling about US\$24 billion to date. And we are seeing significant growth in the private sector's green debt issuance as well.

Last year, over US\$80 billion in green and sustainable debt was issued in Hong Kong. That's up more than 40 per cent over 2021.

A market's success is, of course, measured by more than volume. And we are working to align our sustainability efforts with those of the international community.

That includes working with financial regulators to adopt our IFRS Sustainability Disclosure Standards services to meet international

standards.

Core Climate, our carbon credit trading platform, supports the global transition to Net Zero, connecting opportunities across the Mainland, throughout Asia and around the world.

The Green Technology and Finance Development Committee, let me add, is working on an action agenda to promote Hong Kong's continuing rise as an international green technology and financial centre.

We see promise, too, in becoming an asset- and wealth-management centre.

At the end of last year, our asset- and wealth-management sector had accumulated HK\$30.5 trillion. Almost two thirds of that came from non-Hong Kong investors.

Hong Kong is Asia's largest hedge fund and cross-border, wealth-management capital, and the world's second largest private-equity centre after the Mainland.

Given our singular access to the Mainland and track record, I'm confident our family office business is primed for long-term growth.

Our dedicated "FamilyOffice HK" team is committed to attracting at least 200 family offices to Hong Kong by 2025.

And rest assured, we are looking closely at tax matters. We are determined to create a more facilitating tax environment for the asset- and wealth-management industry. And business in general.

Yes, alongside boosting our competitive edge in financial services, we are laser-focused on the real economy, on attracting companies and talent from around the world.

In my annual Policy Address, last month, I put a priority on developing a headquarters economy.

That means enticing international companies to set up headquarters or corporate divisions in Hong Kong, taking advantage of the vast opportunities presented by the Mainland and the region as a whole.

On the talent side, we will implement a Capital Investment Entrant Scheme for high-net-worth investors seeking Hong Kong residency. That will bring new capital to Hong Kong and generate demand for high-end, asset- and wealth-management services.

We welcome investors from all over the world. That includes the United States (US). Like all of us, I'm sure, I was pleased to see the talks between President Xi Jinping and US President Joe Biden last week in San Francisco.

Hong Kong and the US, of course, have a long history of co-operation – of ties that run from trade and investment to culture, education and a great deal more. We share many values, as well, including the rule of law and open and free markets.

It's encouraging, too, that several US companies are among the 30 strategic concerns that recently agreed to set up or expand their businesses here through OASES, our Office for Attracting Strategic Enterprises.

And, of course, some of America's most prominent financial corporations took part in the Global Financial Leaders' Investment Summit earlier this month. They were among the Summit's 300 overseas and local leaders, some of whom are with us today, I'm pleased to note.

The Summit unequivocally showcased the boundless opportunities Hong Kong has been blessed with. It underlined, too, the financial world's continuing confidence in Hong Kong's future.

Next week, the Hong Kong Monetary Authority (HKMA) and the Bank for International Settlements (BIS) will host a two-day conference here. It will mark the HKMA's 30th anniversary and the 25th anniversary of the BIS office for Asia and the Pacific.

And, in just two months, the 2024 Asian Financial Forum opens, attracting a wealth of global leaders from finance, business and government.

Ladies and gentlemen, I count on your expertise, experience and support to help us realise Hong Kong's far-reaching promise – in finance and business, in shaping the flourishing future of our nation and the Asian region. Together, I'm confident there's nothing we cannot accomplish.

My thanks to the Hong Kong Association of Banks for giving me this welcome opportunity to speak to you today.

I wish you all the best of business, and banking, in the year to come.

Thank you very much.





The Hong Kong Association of Banks
Distinguished Speaker Luncheon
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