

Speech by FS at Financial Services Development Council Career Day (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Career Day held by Financial Services Development Council (FSDC) today (October 20):

Laurence (Chairman of the FSDC, Mr Laurence Li), Laura (the Chairman of Hong Kong Exchanges and Clearing Limited, Mrs Laura M Cha), young ladies and gentlemen, and distinguished panels, good afternoon.

I'm indeed very delighted to be here, with so many smart, ambitious, eager-to-get started young people who might one day take the jobs that Laurence and Laura currently hold and probably mine, too. Ladies and gentlemen, the sky is your only limit. I hope Laurence and Laura and everyone else here this afternoon have been of some help in that regard.

I would also like to offer two cents on a career in finance, and specifically on why Hong Kong can make it happen for you, whatever your financial career ambitions may be.

The financial services sector is one of Hong Kong's pillar industries. It contributes to about 18 per cent of our GDP but accounts for only 7 per cent of our total employment. So it is a high value-added industry. In fact, an industry that Hong Kong people feel very proud of as well.

Let's take a quick look of the current state of the industry. Just last month, Hong Kong finished third in the Global Financial Centres Index, only behind London and New York. In the latest report, Hong Kong came first in investment management, financial infrastructure and human capital. In banking, we finished second, only behind London.

Also let's not forget insurance where we are the first runner-up in the world in terms of insurance density.

When it comes to funds raised annually through IPOs, our stock market has finished first five times in the past nine years. It is highly likely that we will top the world again this year given the huge amount of funds raised so far this year. At the end of September, our market capitalisation stood at about HK\$32 trillion, which is six times of Singapore's. And in fact it is about 12 times of our GDP.

We are also Asia's leading asset management centre. Our asset and wealth management business exceeded HK\$24 trillion last year.

There is no doubt we are the leading financial centre in Asia. And we

have the China advantage under the unique “one-country, two system” arrangement.

As you all know, Mainland China is the growth engine of the world's economy. Our ever-deepening economic integration with the Mainland, the second-largest economy in the world, brings us boundless opportunities. To start with, we have long enjoyed first-mover advantage in the Mainland's opening up and the internationalisation of the Renminbi (RMB) business.

Hong Kong is the world's largest offshore RMB business hub. We maintain the world's largest offshore pool of RMB funds as well as a welcome variety of RMB products and services.

Our stock and bond connect schemes with the Mainland are of ground-breaking significance to capital market access between us. Powered by the twin engines of Mainland China and the rest of the world, Hong Kong is the golden gateway, bringing together the markets, and businesses, of the Mainland and the rest of the world.

But we are not complacent. We spare no efforts in further enhancing our competitiveness to enable us to stay ahead of the curve.

For example, we have enhanced our listing regime to allow the listing of pre-revenue biotech companies, as well as high growth and innovative companies with weighted voting rights structure.

To develop our bond market, we have introduced a Pilot Bond Grant Scheme plus tax incentives to attract more issuers to Hong Kong.

These days you can't talk about finance, or any other industry indeed, without noting the fast-growing promise of technology. Financial technology or fintech has already been reshaping our financial services with innovative new modes of service delivery, enhanced consumer experience and greater operational efficiency.

Needless to say, the Government is working closely with the industry and stakeholders to promote fintech's development. We have gathered together over 300 fintech companies, fintech start-ups in Cyberport and Science Park.

Last month, we launched the Faster Payment System. Using mobile phone numbers, email addresses or QR codes, users can move funds across banks and stored value operators. That means real-time, round-the-clock fund transfers and payment services in Hong Kong in both Hong Kong dollars and RMB.

We are also seeing some encouraging developments in virtual banking. The Hong Kong Monetary Authority (HKMA) has received about 30 virtual bank applications, ranging from telecommunication operators and fintech companies to global banks. We expect the HKMA will start issue virtual bank licences by the end of this year.

Fintech knows no borders, no boundaries. Which is why the HKMA has

entered into fintech cooperation agreements with institutions spanning the globe from the United Kingdom and Switzerland to Singapore, Dubai and Shenzhen.

Moving ahead, thinking smart alone is not enough, we must think green. The demand for green finance is rising globally, and Hong Kong is determined to become a green finance hub.

We have launched a Green Bond Grant Scheme to subsidise the costs incurred by green bond issuers in obtaining green finance certification.

We are also working on a Government Green Bond Programme, with a borrowing ceiling of HK\$100 billion to fund Government green public projects.

In the first half of 2018, at least 15 green bonds were issued in Hong Kong, with an aggregate size of US\$8 billion. The Asian Development Bank, the World Bank and the European Investment Bank were among the issuers. This speaks well of Hong Kong's promise as a regional green finance hub.

Looking into the future, the financial services sector will drive further, thanks to the two visionary, important national strategies of the Mainland – the Belt and Road Initiative and the Greater Bay Area Development.

First, our financial services sector has a key part to play in raising funds for the Belt and Road's big-ticket infrastructure projects through our capital markets. The HKMA has been driving this forward through its Infrastructure Financing Facilitation Office while the SFC (Securities and Futures Commission) has also issued guideline to provide clear pathway for infrastructure project companies to come to Hong Kong for listing.

As to the development of the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), an ambitious cluster city development encompassing Hong Kong, Macao and nine cities in Guangdong.

With a total population of 69 million and an aggregate GDP of US\$1.5 trillion, the Greater Bay Area is a huge, consumer-rich and affluent market, presenting tremendous opportunities for our wealth management, asset management and insurance professionals. For companies in the Bay Area going global, Hong Kong will continue to be their best platform.

Add it all up, you should be clear that our financial services sector holds a promising prospect. Of course, challenges are inevitable. Among them, the protracted trade dispute between the United States and China is creating uncertainties. Nonetheless, whatever the near-term concerns, I'm confident in Hong Kong's long-term future, because I believe in our people, I believe in people just like you who are determined, bright and committed, who will always stand tall in times of adversity.

My sincere thanks to the Financial Services Development Council for organising this year's Career Day, bringing together industry experts and

prospective young professionals.

Before I go, let me wish you a very bright and rewarding future.

Thank you very much.

