

Speech by FS at Hong Kong Fintech Week 2020 (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at Hong Kong Fintech Week 2020 today (November 2):

Ladies and gentlemen,

Good morning, good afternoon and good evening!

Wherever in the world you're watching from, whatever city, economy or time zone you're in, it's a great day: the opening of Hong Kong Fintech Week.

For the first time in its five-year run, Fintech Week is a fully virtual experience, welcoming speakers and audiences from all over the globe, with round-the-clock access to world-class content and plenty of networking opportunities.

Participation has never been higher. I'm told this year's Fintech Week boasts about 350 high-powered international speakers, more than 500 exhibitors, over 30 delegations and more than 20 000 of you from some 70 economies: fintech founders and players, financial services professionals, investors, regulators and government bodies, academics and researchers and so many others. All of whom have seen the future, and know that it will be powered by fintech, and the people who make it work for their companies and their clients.

Yes, we know fintech as the integration of finance and technology. But without the human element, it will never quite fly.

This leads me to this year's timely theme: "humanising fintech". The sector's continuing evolution has been accelerated by the grim realities of the pandemic that has so overwhelmed all over the world this year.

If COVID-19 has devastated everything it has touched, it is also spurring a wide-ranging acceptance, and adoption, of digital solutions. To fully realise the opportunities, however, fintech must create financial technology and solutions that understand and address real-life needs – in today's challenging environment and in the post-pandemic world we all look forward to.

Hong Kong has shown remarkable resourcefulness throughout this testing time. We continue to be the region's leading financial services hub. The 2020 FM Global Resilience Index ranked Hong Kong Asia's most resilient economy.

And according to IMD World Digital Competitiveness Ranking, Hong Kong is number two among Asian economies.

No wonder, the progress of fintech in Hong Kong is very reassuring.

In recent years, a number of major fintech initiatives have been launched, and widely adopted, by businesses and consumers alike. That includes the Faster Payment System, the eTradeConnect blockchain platform, virtual banks and insurers, virtual asset trading company, and much else.

In the first seven months of this year, more than 20 Hong Kong-based start-ups raised nearly US\$500 million in venture funding, and that's despite the pandemic.

Home to more than 600 fintech companies and start-ups, including eight unicorns, Hong Kong is fast becoming the first choice among those looking to reach new clients, investors and markets in Asia.

Consider the company – and the companies – we keep. They include globally respected research centres, innovation laboratories and accelerator programmes such as the Bank for International Settlements Innovation Hub Centre, Accenture Fintech Innovation Lab, Deloitte Asia Pacific Blockchain Lab and Standard Chartered's eXellerator Innovation Lab.

They are here because Hong Kong believes in fintech. Our consumer fintech adoption rate, at 67 per cent last year, is among the world's highest, according to the EY Global FinTech Adoption Index. Indeed, we rank above advanced economies such as the United States and Japan.

As of August, eight virtual banks and four virtual insurers, as well as a virtual asset trading company, have been authorised, or granted in-principal agreement, to operate in Hong Kong.

In addition, our instant transfer system, the FPS, has seen significant growth in adoption since its launch in September 2018. The system connects banks and e-wallets, enabling 24-hour instant transfer in both Hong Kong dollars and Renminbi.

The FPS has recorded 6.2 million registrations as of September – and that in a city of 7.5 million people. The average daily turnover in September reached 426 000 real-time transactions. That's seven times more than the FPS's first month of business, reflecting its steadily expanding utility, from person-to-person payments at the initial stage to bill, retail and business payments today.

The Government has also embraced the FPS for payments of fees and charges. Several government departments hope to accept FPS payments at counters and self-help kiosks before year's end. Online payment via the FPS is also being explored. And the Hong Kong Monetary Authority will continue to work with the Government and relevant industries to enhance the system.

An enabling and robust regulatory environment is essential if fintech is to flourish. And we are working closely with financial regulators to ensure that convenience does not compromise privacy and security.

The Hong Kong Monetary Authority, for example, has established the Open Application Programming Interface framework. It allows technology companies to access banking data and systems, in phases, encouraging fintech-driven solutions.

Nearly 900 companies have registered to access the Interface framework's first two phases.

In addition, the Monetary Authority, the Securities and Futures Commission and the Insurance Authority have launched regulatory and supervisory sandboxes. These enable financial institutions and fintech companies to conduct pilot trials of novel fintech initiatives in a secure environment, reducing costs and expediting the rollout of innovative products and services.

As I mentioned at the outset, the daunting challenges of COVID-19 are creating opportunities for fintech. The online delivery of financial services through virtual banks and insurers, e-commerce enabled by e-payment systems, global transfers and remittance, robo-advisory and other innovations are becoming mainstream.

Seven virtual banks have officially launched services to the public. Collectively, they have attracted nearly 300 000 retail customers and taken in over US\$1 billion in deposits. And that's just the beginning. Some of the virtual banks already offer a variety of smart services, including numberless debit cards to increase security, flexible time deposits without early withdrawal penalties and in-house credit powered by supervised machine learning to assess a borrower's creditworthiness.

Talent, to be sure, is critical in capturing fintech's promise, today and tomorrow. In Hong Kong, we have created a variety of funding programmes and initiatives to boost fintech talent. The latest is the Fintech Anti-epidemic Scheme for Talent Development. Launched in July, it provides eligible companies with a 12-month salary subsidy for up to 1 000 fulltime positions.

In March, we launched the Financial Practitioners FinTech Training Programme. It gives financial practitioners invaluable insight into fintech, while expanding its adoption in traditional financial sectors.

The programme has been well received. All 1 500 quotas have been fully subscribed by professionals from the banking, securities and insurance sectors. I understand that a graduation and award ceremony will take place later this week. My congratulations to the awardees, and I look forward to seeing the fintech innovations you bring to your companies and your clients.

In September, we increased our Quality Migrant Admission Scheme quota to 2 000. We want to attract the best and the brightest to Hong Kong. And that includes you, of course.

I encourage you, wherever in the world you are, to think Asia, think Hong Kong. The Asian region is recovering from COVID-19 much faster than Western economies. Asia, especially China, has embraced fintech's promise much more readily, and broadly, than the West has. And Hong Kong, the business bridge between the Mainland and the rest of the world, is where you can best take advantage of it all.

Today, and for the next five days, where you want to be is right here, at Hong Kong Fintech Week.

Among this year's highlights is the Greater Bay Area Track, which gives participants an inside look at the far-reaching opportunities available in the fast-emerging Guangdong-Hong Kong-Macao Greater Bay Area. Discover how Hong Kong can be your launching pad to the GBA, with its 11 prosperous cities, its population of nearly 73 million people and a GDP per capita, last year, of well over US\$23,000.

This year's Fintech Week gives you more wide-ranging programming, more insight and information, more business, finance and fintech stars, than you'll find on Netflix.

Fintech Week features three channels: Hong Kong, Future, and Growth, as well as nine main conference tracks, ranging from Fintech Global and Insurtech to the Mainland and the Greater Bay Area, as well as Capital Markets and SME & Commercial Banking.

In addition, there's the FintechHK Global Final, the Global Fast Track Programme, international exhibitions, a deal floor, demo shows and masterclasses, and even matchmaking powered by AI. That's business matchmaking, just to clarify.

My thanks to the organisers of Hong Kong Fintech Week: Invest Hong Kong, the Hong Kong Monetary Authority, the Securities and Futures Commission and the Insurance Authority. I'm grateful, too, to Finnovasia, the 2020 event organiser, for putting it all together.

Ladies and gentlemen, I wish you the best of business at Fintech Week. And I look forward to seeing you all, in person – happy, healthy and flourishing – at next year's Hong Kong Fintech Week. Thank you.