

Speech by S for IT at Hong Kong FinTech Week 2021 (English only)

Following is the speech by the Secretary for Innovation and Technology, Mr Alfred Sit, at the Hong Kong FinTech Week 2021 today (November 4):

Distinguished speakers, honourable guests, ladies and gentlemen,

Good afternoon! A warm welcome to all of you here in the Hong Kong Convention and Exhibition Centre and to our online audience to the Hong Kong FinTech Week 2021. I am honoured to join industry experts and practitioners from different parts of the world and explore how to promote wider use of innovation and technology (I&T) in our society.

As one of the world's leading financial centres, Hong Kong has evolved into a prime location for the fast-growing fintech sector in just a few years. In 2017, we had only 180 fintech companies and some 2 200 start-ups. Today, we are home to more than 600 fintech companies and over 3 700 start-ups. We also witnessed the birth of 12 unicorns. The consumer fintech adoption rate in Hong Kong reaches 67 per cent, which is one of the highest in the world. I am delighted to learn that KPMG ranks Hong Kong amongst the world's top 10 technology innovation hubs outside Silicon Valley over the next four years.

In taking stock of our rapid development of fintech, I shall express my appreciation to the tremendous efforts made by our two I&T flagships, Cyberport and Science Park in nurturing our local fintech community. Cyberport, as the local I&T landmark, hosts the biggest fintech community in Hong Kong. To date, its fintech cluster comprises nearly 400 fintech companies specialising in blockchain, mobile payment, programme trading, etc, and it helped incubate two fintech unicorns. Cyberport is not just a venue for new joiners. Last year, Cyberport was entrusted by the Government to implement the Financial Practitioners FinTech Training Programme, providing fintech-related training to over 1 200 practitioners from the banking, insurance and securities sectors.

We understand one of the major challenges to start-ups is to obtain sufficient funding to transform innovative ideas into real business. To drive further fintech adoption, we have just announced to support the launch of the Hong Kong Monetary Authority's (HKMA) Fintech Supervisory Sandbox 3.0 through the Public Sector Trial Scheme. We will provide a maximum of \$1 million in funding to local technology firms for each eligible project supported by the HKMA. Eligible local technology firms may apply for funding if the trial projects are assessed to have the potential to support the HKMA's regulatory and supervisory work in areas such as regtech and cybersecurity, or related to and can enhance the HKMA's infrastructure projects under the "Fintech 2025" strategy. In addition to the financial support to local firms provided by the Government, Cyberport has also launched a number of funding schemes to

offer assistance to fintech start-ups to cater for their needs at different stages of development over the years. For example, Cyberport launched its Creative Micro Fund (the Fund) in 2009 to provide a seed funding of \$100,000 to each individual project to convert innovative concepts into prototypes. Earlier this year, an additional \$200 million was injected into the Fund to enable more promising start-ups, including fintech start-ups, to prosper. On the other hand, since its implementation in 2005, the Cyberport Incubation Programme provides comprehensive financial, technical and business advisory support to technological start-ups. All these efforts have helped catalyse the phenomenal growth of our fintech community.

In addition, the Science Park also accommodates some 80 companies engaging in the R&D of various fintech solutions, covering regtech which uses information technology to enhance regulatory processes, investment and wealth management and e-commerce. To help capitalise new growth opportunities and cross-industry innovation, the FinTech Centre (the Centre) of the Science Park was officially opened in January this year at the InnoCentre. Since then, the Centre has served as a focal point for all stakeholders to co-create projects for the financial sector with advanced technologies. Another major initiative was the launch of the Banking, Financial Services and Insurance Accelerator, in January, which helps bridge financial companies and technology ventures in the Science Park to develop fintech solutions and create a wide range of new business opportunities in the world of banking, financial services and insurance. I believe we will soon witness many eye-opening business solutions in the market.

Talent is another key to I&T development. On one hand, we are attracting talent from all over the world to Hong Kong via our Global STEM Professorship Scheme and Technology Talent Admission Scheme. On the other hand, we are eager to train up our next-generation I&T talent from primary schooling all the way to tertiary education. We launched the Knowing More About IT Programme in primary schools and the IT Innovation Lab in Secondary Schools Programme to cultivate students' interest in I&T through various STEM-related extra-curricular activities. Whereas university students can experience I&T-related work and explore career opportunities during their studies under the STEM Internship Scheme. Over 4 000 students have benefitted from this Scheme since its inception in 2020. Incidentally, this year marks the 7th anniversary for the Cyberport University Partnership Programme. Since its launch in 2015, over 300 youth entrepreneurs received fintech-focused entrepreneurship training from renowned overseas universities, and 68 teams successfully obtained seed funding from the Cyberport Creative Micro Fund.

To sustain our university graduates' interest to join the I&T industry, we have also launched different schemes to encourage them in pursuing a career in I&T upon graduation. For instance, we launched the Research Talent Hub programme with 5 400 research positions offered to university graduates over the past four years. This is not the finishing line but we are striving to create a fervid I&T environment in the community. We have just organised the first-ever City I&T Grand Challenge competition, which attracted more than 740 submissions under the two topics of "environmental sustainability" and "social connectivity" from over 1 200 local and non-local contestants on

an individual or team basis. We will conduct trials of some of the winning solutions at government departments or public organisations where appropriate. We will certainly keep our momentum in nurturing, attracting and retaining talent.

Our efforts in driving fintech development are definitely not limited to what I have just shared with you. The country's 14th Five-Year Plan has firmly expressed the Central Government's clear support for Hong Kong's development into an international I&T hub. In response, the Chief Executive has earlier announced a series of forward-looking I&T initiatives in her 2021 Policy Address, which include the earmarking of a number of sites for I&T development, promotion of R&D and pooling tech talent, and provision of support for start-ups in gaining a foothold in the Greater Bay Area. All these new initiatives will give our I&T ecosystem, including our fintech cluster, another big boost.

Hong Kong FinTech Week 2021 pools many stakeholders together. I hope you all will benefit from this five-day event by engaging with other participants and exploring opportunities to scale up the fintech development. Thank you very much.