

Update on the processing of virtual banking applications

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) today (December 7) provided an update on the processing of virtual banking applications.

The HKMA announced earlier that around 30 applications had been received as at the end of August 2018. About one-third of these applicants did not submit sufficient information on certain critical aspects of authorization criteria. Subsequently, the HKMA has informed these applicants that their applications will not be further processed.

As for the remaining applications, the HKMA will shortlist about one-third of them for the next stage of assessment. This batch of applicants should be more promising or better-equipped than others in terms of their business models, technology platforms and financial capability, etc., rendering them better positioned to meet the policy objectives of the HKMA in introducing virtual banking. Such objectives include promoting fintech development, providing new customer experience and promoting financial inclusion (Note). The HKMA will endeavour to start granting virtual banking licence(s) in the first quarter of 2019. The HKMA does not set any specific number for virtual banking licences, and the actual number of licences to be granted ultimately will be subject to the HKMA's further assessment and due diligence process.

Note: The HKMA indicated in its press release "Guideline on Authorization of Virtual Banks" on May 30 that priority would be given to applicants demonstrating these strengths, while the relevant policy objectives were also laid down in the Guideline.