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Efforts towards FinTech in Hong Kong

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In March 2016 the HKMA (Hong Kong Monetary Authority) established a FinTech promoting office, the Fintech Facilitation Office (FFO). The Hong Kong government in April 2015 set up a steering group concerning FinTech and with the proposal from this group, put in the 2016 fiscal budget the building up of the platform of FinTech by the HKMA, Securities and Futures Commission and the Office of the Commissioner of Insurance, together with the private sector. The establishment of the FFO is part of this process.

According to the HKMA, one of the purposes of establishing the FFO is to promote Hong Kong to be the hub of Asia for FinTech. In the proposal¹ of the before mentioned steering group one can see the intent of having Hong Kong to strengthen its top position in Asia being the world's third international financial center next to New York and London.

But this must require the sound development of FinTech. In mainland China the authorities are strengthening regulations² towards the rapid increasing P2P platforms (Connecting platform for lenders and borrowers through the internet). In Hong Kong it looks as if it is clearly reflecting this trend of mainland China. In short, in Hong Kong, although they pretty much want to greatly develop as an international financial center by promoting FinTech, it is an important issue on how to protect the customer from the confusion brought about by FinTech as well.

HKMA commented on FinTech that “When developing and implementing regulatory framework and requirements, we will only base on the intrinsic characteristics of the financial activities or transactions and the risks arising from them³”. In other words, do not be misled by facial beauty and freshness of FinTech and look at the essential qualities of finance that occurs. Also they commented, as the authorities, they have the responsibility to be prepared for the “possible worst scenario”. Hong Kong's intent to promote FinTech is strong but they are also very carefully researching the risk.

¹ http://www.fstb.gov.hk/fsb/ppr/report/doc/Fintech_Report_for%20publication_e.pdf

² http://english.gov.cn/state_council/ministries/2015/12/29/content_281475262680932.htm

³ <http://www.hkma.gov.hk/eng/key-information/insight/20160321.shtml>