

FINANCIAL SERVICES & FAMILY OFFICES INDUSTRIES NEWS ON OPPORTUNITIES & SUPPORT MEASURES

2022-2023 BUDGET SPEECH

Policy Initiatives for Financial Services Sector

On 23 February 2022, the Financial Secretary delivered the 2022-2023 budget speech which proposed a number of policy initiatives for the financial services sector of Hong Kong, including:

- Increase the funding allocated to the Hong Kong Growth Portfolio under the Future Fund to set up a \$5 billion GBA Investment Fund to focus on investment opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”)
- Plan to issue no less than \$15 billion of inflation-linked retail bonds (iBond), no less than \$35 billion of Silver Bond and no less than \$10 billion of retail green bonds in the next financial year
- Explore ways to enhance the prospectus requirements, in order to make it easier for retail investors to participate in bond market
- Examine the revision of the listing requirements to meet the fundraising needs of technology enterprises
- Make preparation to allow stocks traded via the Southbound Trading of Stock Connect to be denominated in RMB
- Explore enhancement measures for the Cross-boundary Wealth Management Connect Scheme in the GBA
- Propose to provide tax concessions for the eligible family investment management entities managed by single-family offices
- Continue to issue green bonds totalling about US\$4.5 billion or equivalent, and enhance the Green and Sustainable Finance Grant Scheme

Source: 2022-2023 Budget



GBA DEVELOPMENT



HKEX Signs New Strategic Cooperation Agreement with SZSE to Support Greater Bay Area Development

On 12 January 2022, Hong Kong Exchanges and Clearing Limited (HKEX) is pleased to announce it has signed a new strategic cooperation agreement with Shenzhen Stock Exchange (SZSE) to further enhance market connectivity and facilitate the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

Under this expanded agreement, HKEX and SZSE will work closely together to support the development of Hong Kong and Mainland China's capital markets. The two exchanges will conduct joint marketing and promotional activities on a regular basis, such as forums and workshops, on relevant topics including Stock Connect, index and derivatives product development and cross-border regulatory updates.

As part of the new agreement, HKEX and SZSE will also take part in reciprocal short-term training and secondment programmes for their employees, to increase the exchanges, and their understanding of the development and operations of the respective markets.

Source: Hong Kong Exchanges and Clearing Limited

FINTECH

Financial Practitioners FinTech Training Programme Open for Application

The Financial Services and the Treasury Bureau (FSTB) announced on 24 February 2022 that the new round of the Financial Practitioners FinTech Training Programme (Training Programme) is open for application.

The Training Programme aims to provide financial practitioners from different sectors with FinTech training courses and tuition subsidies to enhance their knowledge of the practical application of FinTech, thus accelerating the digital transformation of the financial services sector.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "Talent are crucial to the development of Hong Kong's FinTech sector. The Government has been sparing no effort in nurturing FinTech talents. We launched the Training Programme for the first time in 2020. It was well received and attracted more than 1,200 practitioners from the financial services sector to join."



“We hope that financial practitioners can seize the chance to actively participate in the new round of the Training Programme. Through the sharing of local FinTech experts and those from other places who have experience in the practical application and research of FinTech, participants could learn more about the latest development trends of the FinTech landscape, thereby equipping themselves to embrace the huge opportunities brought by the continuous digital transformation of the financial services sector.”

Different from the previous round, the new round of the Training Programme will benefit not only practitioners of financial institutions, but also members of trade associations in securities and insurance sectors. Trade associations can therefore flexibly arrange necessary training for members through its subsidies.

Source: <https://www.info.gov.hk/gia/general/202202/24/P2022022400359.htm>

INSURANCE



Insurance Authority Releases Provisional Statistics of Hong Kong Insurance Industry in 2021

The Insurance Authority (IA) released provisional statistics of the Hong Kong insurance industry for 2021, showing a mild decrease of total gross premiums by 0.9 percent to \$602.7 billion over 2020.

Long term business

Total revenue premiums of in-force long term business were \$540.8 billion in 2021 (decreased by 1.3 percent), mainly comprising \$446.6 billion from Individual Life and Annuity (Non-Linked) business (decreased by 3.7 percent), \$44.6 billion from Individual Life and Annuity (Linked) business (increased by 61 percent), as well as \$43.9 billion from Retirement Scheme business (decreased by 13.4 percent). Total amount of payment made to policy holders in terms of claims and benefits was \$307.1 billion (increased by 25.7 percent).

New business derived from Mainland visitors shrank from \$6.8 billion in 2020 to about \$688 million in 2021 (decreased by 89.9 percent), representing 0.4 percent of the total for individual businesses. Some 96 percent of the policies taken out by this group of customers were settled at regular intervals (i.e. non-single premium). Critical illness, whole life and medical insurance accounted for 38 percent, 33 percent and 19 percent of the policies respectively.

General business

In 2021, the gross and net premiums of general insurance business were \$61.8 billion (increased by 2.6 percent) and \$41.5 billion (increased by 1.4 percent) respectively, against which total gross claims payment was \$31.4 billion (increased by 2.3 percent). The overall underwriting profit dropped from \$2,232 million to \$1,958 million.

On direct business, the gross and net premiums were \$46.1 billion (increased by 3.9 percent) and \$33 billion (increased by 5.6 percent) respectively.

On reinsurance inward business, gross and net premiums were \$15.7 billion (decreased by 1.2 percent) and \$8.4 billion (decreased by 12.3 percent) respectively as the contraction of Motor Vehicle business outweighed an expansion in Property Damage business and Accident & Health business. Nonetheless, the overall underwriting performance rose from \$582 million to \$622 million, mainly contributed by a lowering of the net claims incurred ratio from 62.2 percent to 59.8 percent.

Source: Hong Kong Insurance Authority

INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) Acknowledges Hong Kong's Strong Economic Recovery and Stability of its Financial System

Following the conclusion of the 2022 Article IV Consultation, the International Monetary Fund (IMF) reinforced its assessment on 8 March 2022 of Hong Kong's economic and financial positions in its staff report with a detailed analysis.

Hong Kong's position as a major global financial centre has been reaffirmed for the city's resilient financial system, sound macroprudential policies and robust regulatory and supervisory frameworks, the IMF recognised that Hong Kong's financial sector has continued to expand amid the COVID-19 pandemic.

The IMF also spotted that a large fiscal stimulus has helped mitigate the impact of economic shocks and speed up economic recovery, which supported the Government's approach to containing housing market risks and increasing housing affordability.

Last but not least, it commended that Hong Kong has made significant progress in addressing climate change in the past decade and acknowledged the Government's ongoing efforts to enhance the green and sustainable finance ecosystem.

Source: <https://www.info.gov.hk/gia/general/202203/08/P2022030800395.htm>



GLOBAL FINANCIAL CENTRES INDEX



Hong Kong Maintains Third Place in Global Financial Centres Index

Hong Kong maintained the third place globally among 119 financial centres assessed in the Global Financial Centres Index (GFCI) 31 Report published on 24 March 2022 by Z/Yen from the United Kingdom and the China Development Institute from Shenzhen. A Government spokesman said, "The report reaffirms Hong Kong's status and strengths as a leading global financial centre. Hong Kong has remained among the top in various areas of competitiveness, including business environment, human capital, infrastructure, and reputational and general a leading global financial centre."

“Persistent uncertainties stemming from the COVID-19 pandemic and heightened geopolitical tensions continued to affect global financial markets. Thanks to our robust and effective regulatory regime, a well-established institutional framework for systemic risk monitoring and the well-functioning Linked Exchange Rate System underpinned by large foreign exchange reserves, Hong Kong’s financial markets have been functioning in an orderly manner with no abnormal signs of capital flow observed. At the same time, Hong Kong’s unique advantages, including institutional advantages under ‘one country, two systems’, a fine tradition of rule of law, and a market-oriented and internationalised business environment, coupled with robust infrastructure support, internationally aligned regulatory regimes, a full range of financial products, and free flow of information and capital, have continued to consolidate Hong Kong’s status as a leading global financial centre.”

The spokesman added, “We will continue to make good use of national policies and our own advantages and take the Guangdong-Hong Kong-Macao Greater Bay Area as an entry point, proactively exploring the vast Mainland market and participating in the domestic circulation of the national economy. At the same time, Hong Kong will play its bridging and platform role at the intersection of domestic and international circulations well, connecting domestic and foreign markets and investors, and assisting Mainland enterprises to explore the international market.”

Source: <https://www.info.gov.hk/gia/general/202203/24/P2022032400440.htm>

CONTACT US

If you would like to know more about how InvestHK's Financial Services and Family Office teams can help you to set up or expand your business in Hong Kong, please get in touch. Our services are free, confidential and tailored to your needs.

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About InvestHK

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