



# FINTECH IN HONG KONG

A holistic look at the Hong  
Kong FinTech Ecosystem

Research Report 2023



**FINTECH**  
CONSULT



FINTECH ASSOCIATION  
OF HONG KONG

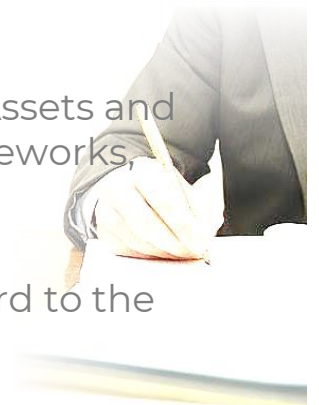
---

A joint research report by the FinTech  
Association of Hong Kong and FinTech  
Consult on the Hong Kong financial  
ecosystem

October 2023

# Executive Summary

1. Hong Kong's **FinTech ecosystem still growing** going from strength to strength with now encompassing around 500 companies and covering various segments.
2. *'Blockchain & Digital Assets'* and *'Payment & Remittance'* are still the top two verticals in terms of the number of FinTechs spurred by a resurging Digital Asset community powered by an increasing adoption of Virtual Assets, license issuances to Virtual Asset Service providers (VASPs), and an industry wide appetite to pursue tokenization of (real) assets and DeFi applications.
3. *'Crypto'* has passed *'Data Analytics & AI'* and become the third vertical, compared with the FinTech Consult 2021 FinTech in Hong Kong report, where Crypto ranked #5.
4. Overall **funding** has plummeted from all time high of 2021. However, the investments of last year and this year are still higher than in most previous years, reflecting the resilience and potential of the FinTech sector in Hong Kong. The funding has also become more selective and focused, with investors looking for more mature and proven business models that can generate revenue and growth.
5. **Government is significantly supporting FinTech in Hong Kong** (especially in Web3 & Digital Assets and Crypto) and the Greater Bay Area (GBA) with a variety of measures such as providing legal frameworks, funding support schemes, talent programs and more.
6. Hong Kong offers **ample opportunities for international FinTechs**. It is an excellent springboard to the Mainland with its 1.4 billion consumers, as well as other fast-growing countries in Asia.



# Foreword



*“Hong Kong is a prime location for international FinTech companies, thanks to its affluent consumer market and strong government support. Many innovative startups use Hong Kong as a testing ground to develop new services for Asian customers.*

*Our report, compiled jointly with the FinTech Association of Hong Kong and based on our database of more than 500 FinTech companies, provides a comprehensive overview of the FinTech landscape in Hong Kong. For international FinTechs considering market entry, we have highlighted some of the most attractive FinTech topics, significant trends, and the most successful players in the ecosystem. Additionally, we provide an overview of government support schemes and the leading incubation, acceleration, and innovation hubs for FinTechs.*

*We hope you will find this report helpful for your market entry planning. Our experts are ready to support you.”*

**Jochen Biedermann, Managing Director of FinTech Consult Ltd.**



*“The Fintech Association of Hong Kong (FTAHK) is delighted to join hands with FinTech Consult to announce the launch of the Fintech Report 2023. This report provides a comprehensive overview of the current state of the Hong Kong fintech ecosystem and a market map of various companies within the community. The publication of this report is a testament to our core values of Advocacy, Collaboration, and Education (ACE).*

*With a renewed and optimistic outlook towards Fintech, we anticipate that this report will serve as a valuable resource for anyone interested in gaining insight into the Fintech sector in Hong Kong.*

*Moreover, we remain committed to our #SuperConnector role and extend an invitation to all, whether based in Hong Kong or abroad, to join us in our events and initiatives. We believe that this will foster greater connections within the FinTech community and open new opportunities for collaboration, innovation and partnership for the future.”*

**Neil Tan, Chair of the Board of the FinTech Association of Hong Kong Ltd.**

# Methodology

This research report is based on the FinTech Consult database of **530 Hong Kong FinTech companies** (as of 31 October 2023).

The database includes:

- companies registered in Hong Kong offering a FinTech (financial technology) product or service as part of their main business;
- InsurTechs and RegTechs;
- foreign FinTechs with a legal presence (subsidiary or branch office) in Hong Kong;
- closed FinTech companies so we can make historical comparisons.

The database does not contain any consulting firms, universities, venture capital providers, or other corporates and institutions supporting FinTechs, despite their crucial roles in FinTech ecosystem building. This allows us to compare FinTechs qualitatively and quantitatively.

There is no age limit enforced for companies. Instead, every company is checked individually.

For foreign FinTechs with a legal presence in Hong Kong, we do not consider funding rounds, financials, or staffing of their parent companies.

We do not guarantee that we cover all Hong Kong FinTech companies. New entrants often start in stealth mode and might not be publicly visible in their first year. Therefore, the actual number of FinTech companies in Hong Kong may be higher.

FinTech Consult publishes the [list of Hong Kong FinTech companies](#) on its website so that you can quickly check which companies are included.

Furthermore, FinTech Consult offers [free and easy registration](#) of missing FinTech companies.

# Table of Contents

Contents	Slide
1 <b>HONG KONG FINTECH MAP: GROWTH, FUNDING, DIVERSITY</b>	6
2 <b>GOVERNMENT SUPPORT: PUBLIC ACTORS AND ACTIVITIES, DEVELOPMENT PLAN</b>	19
3 <b>INCUBATION, ACCELERATION AND INNOVATION</b>	25
4 <b>FINTECH UNICORNS, LISTED COMPANIES</b>	34
5 <b>FINTECH EMPLOYMENT AND EDUCATION</b>	38
6 <b>RECENT DEVELOPMENTS: OPEN BANKING, VIRTUAL ASSETS, WEALTH MGMT CONNECT</b>	40
7 <b>MARKET ENTRY</b>	47

# 1 Hong Kong Fintech Map

As of 31 October 2023, our database includes 530 Hong Kong FinTechs, of which 22 are closed. The remaining 508 FinTechs are shown on our map.

Most of them are located on Hong Kong Island (373), with Cyberport as a significant hub.



[Live Map](#)



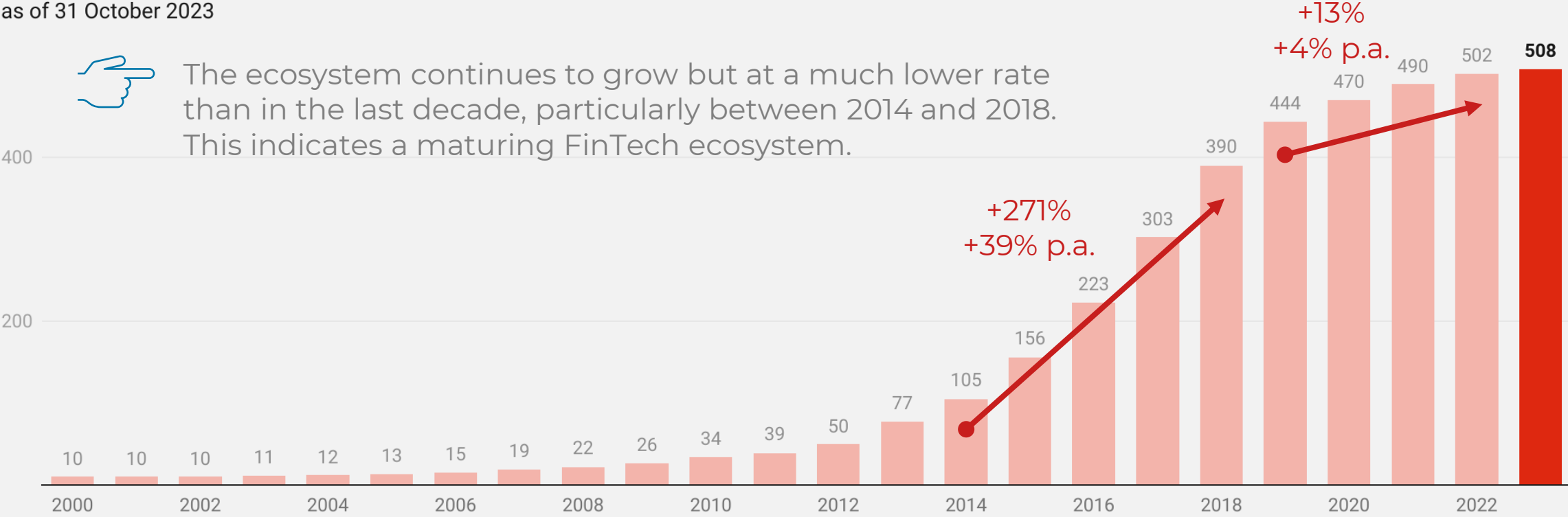
# Growth of Ecosystem – the overall numbers

## FinTech Companies in Hong Kong

as of 31 October 2023



The ecosystem continues to grow but at a much lower rate than in the last decade, particularly between 2014 and 2018. This indicates a maturing FinTech ecosystem.



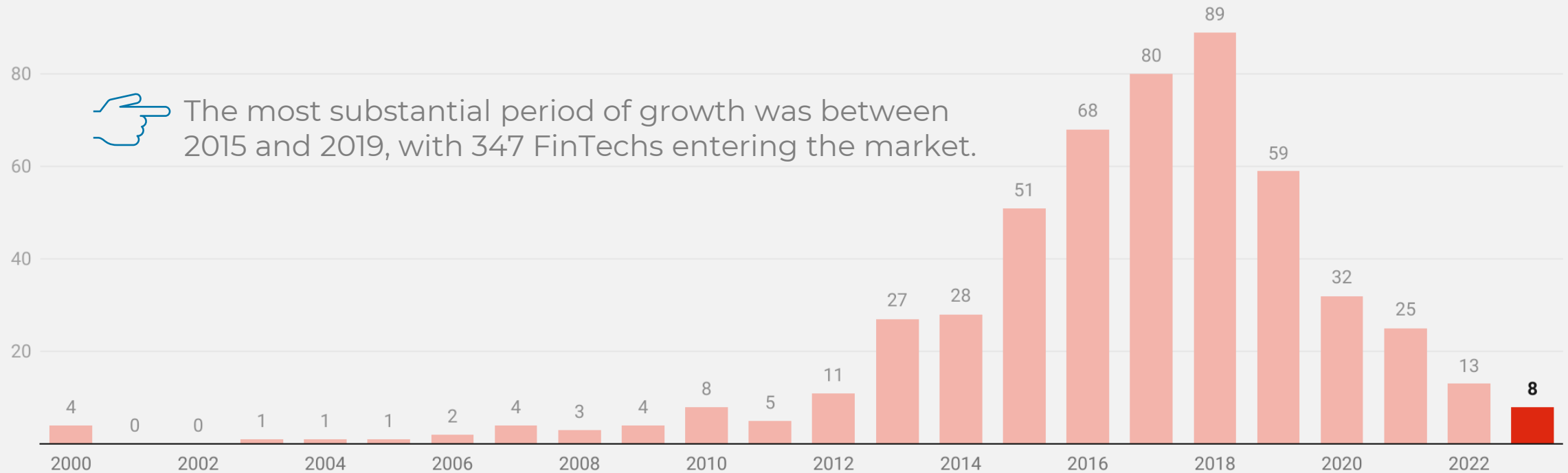
© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

# Growth of Ecosystem - Newcomers

## FinTech Companies in Hong Kong

as of 31 October 2023



© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

# Growth of Ecosystem - Closed Operations

## FinTech Companies in Hong Kong

as of 31 October 2023



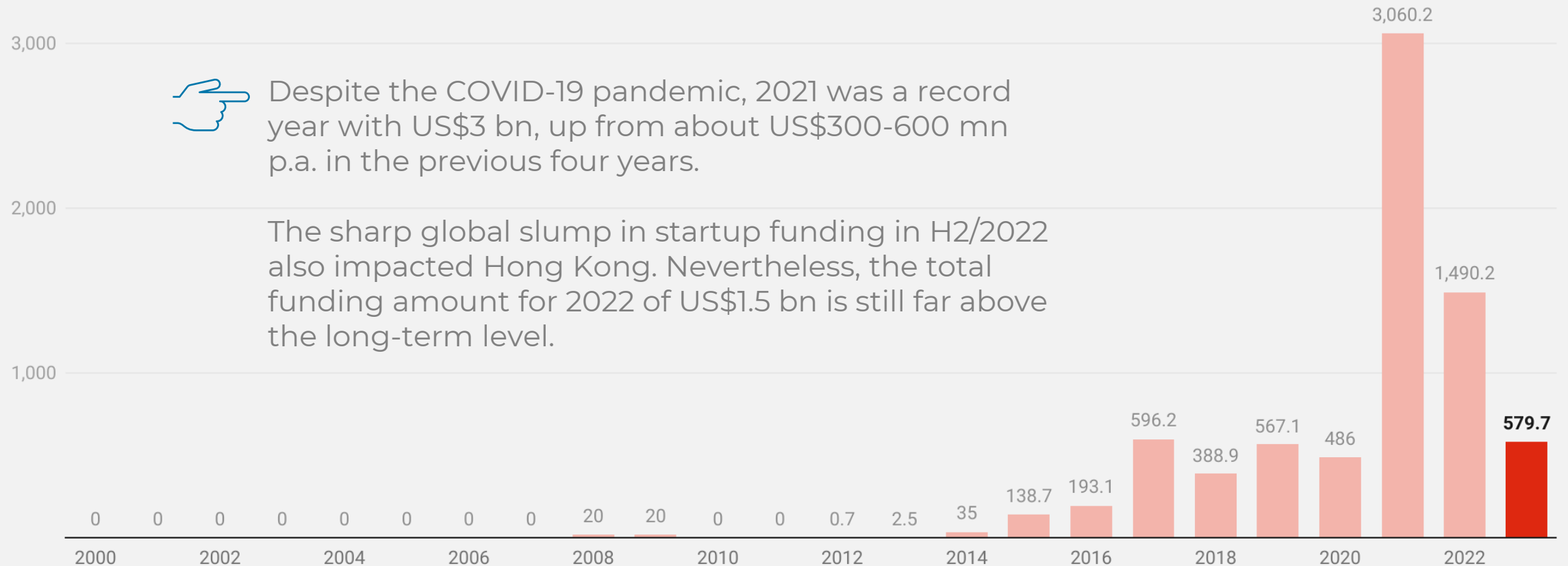
© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

# Funding Rounds – Dollars Invested

## Funding Rounds of Hong Kong FinTech Companies

as of 31 October 2023



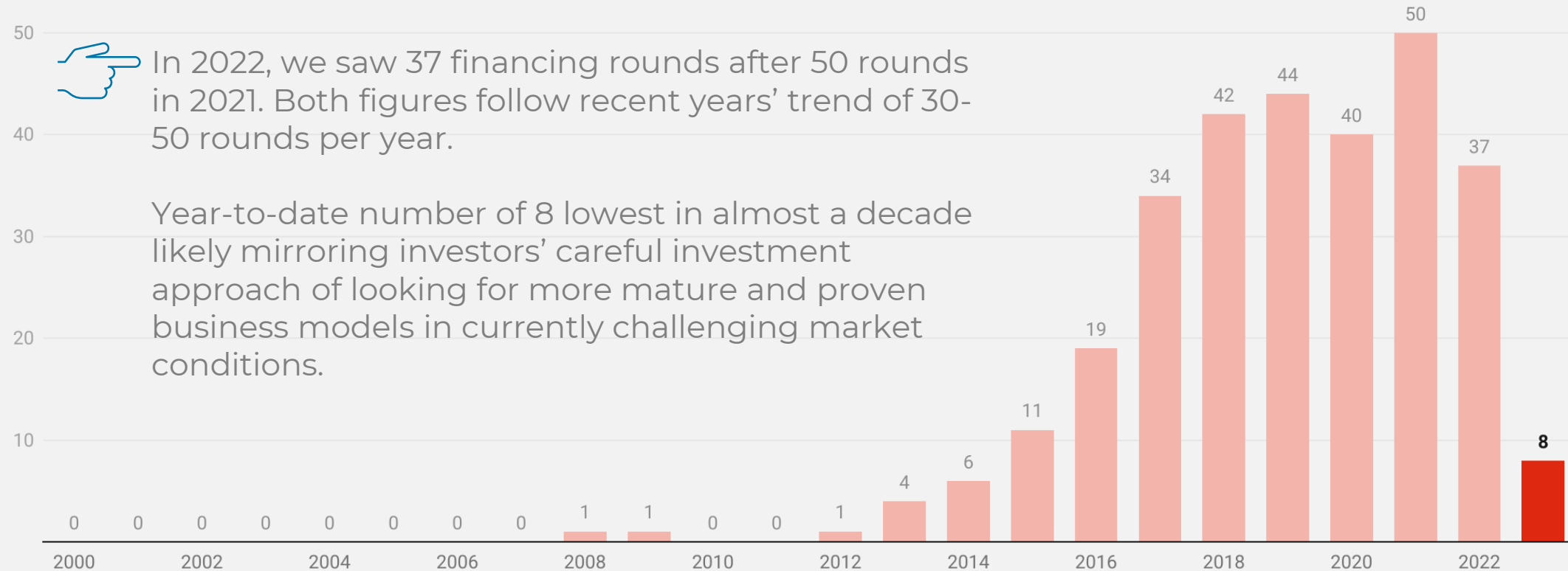
© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

# Funding Rounds – Number of companies

## Funding Rounds of Hong Kong FinTech Companies

as of 31 October 2023



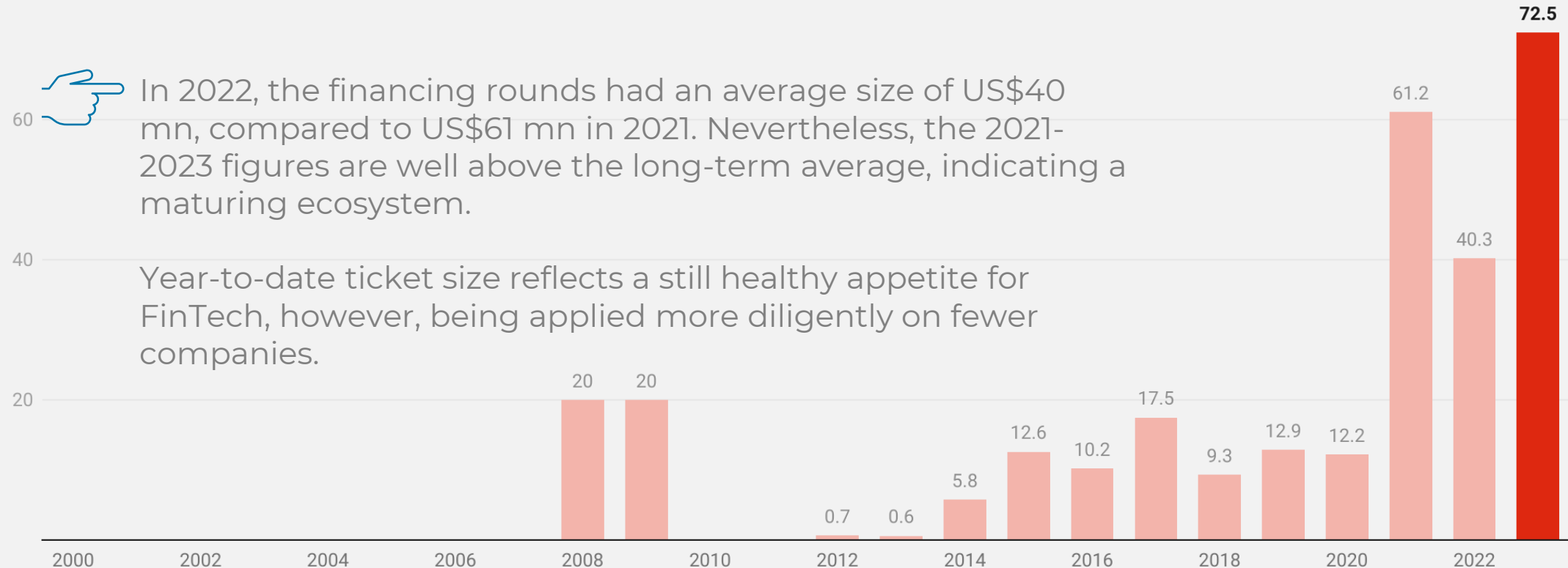
© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

# Funding Rounds – Average Ticket Size

## Funding Rounds of Hong Kong FinTech Companies

as of 31 October 2023



© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

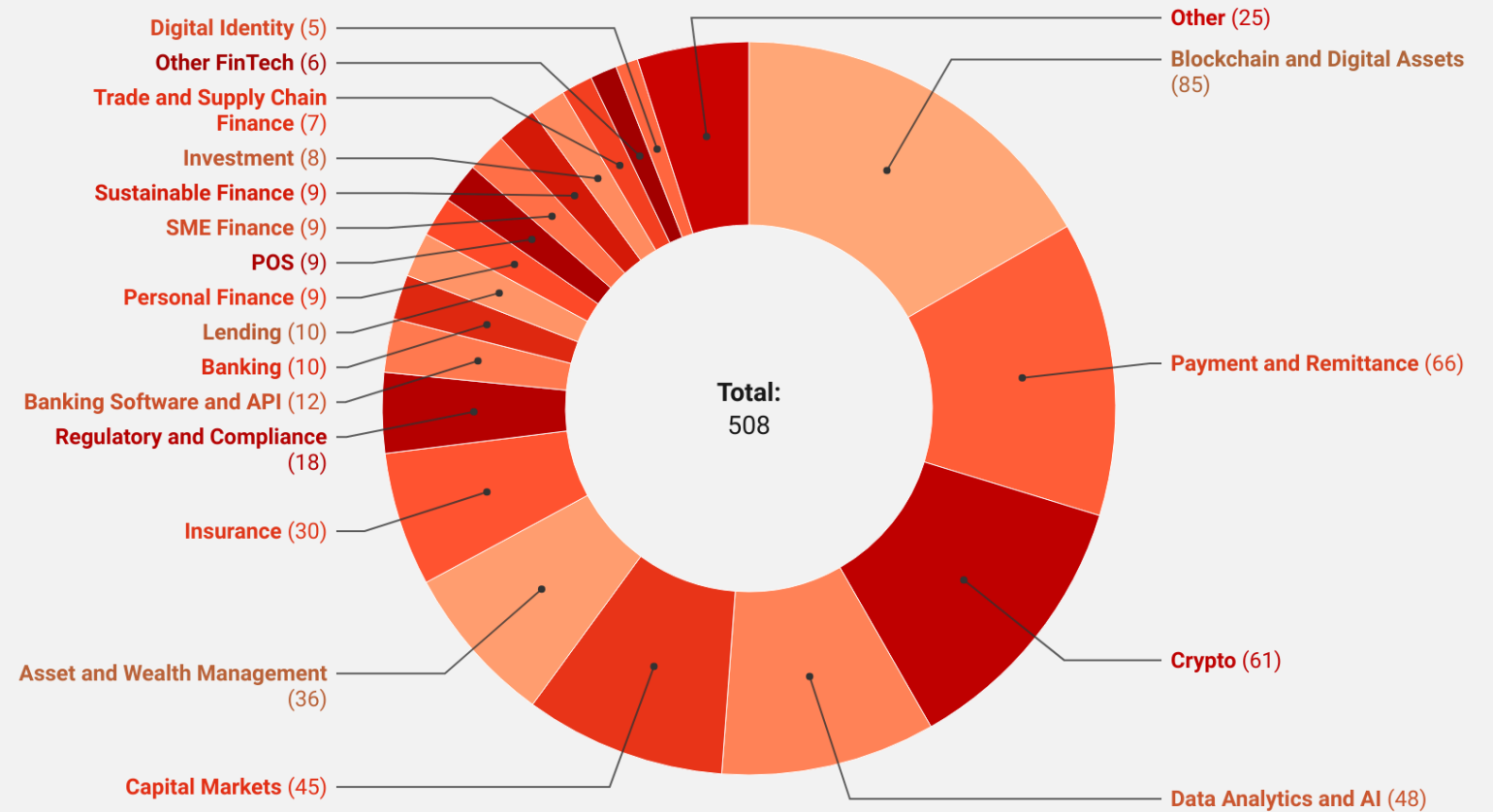
# Ecosystem Diversity (1/6)

## Categories of Hong Kong FinTechs

as of 31 October 2023



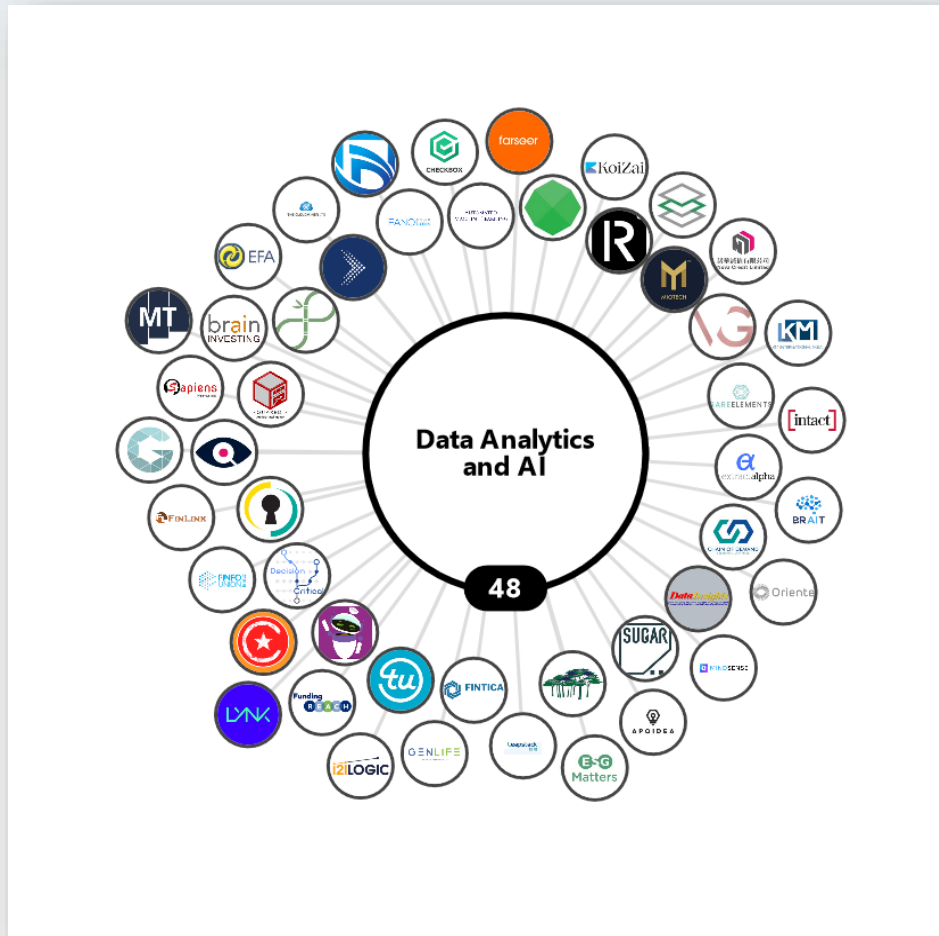
The government's push to reinvigorate the for Blockchain and Digital Assets industry and attract companies in that space seems to pay off.



© 2016-2023 FinTech Consult, <https://fintech-consult.com>

Created with Datawrapper

# Ecosystem Diversity (2/6)

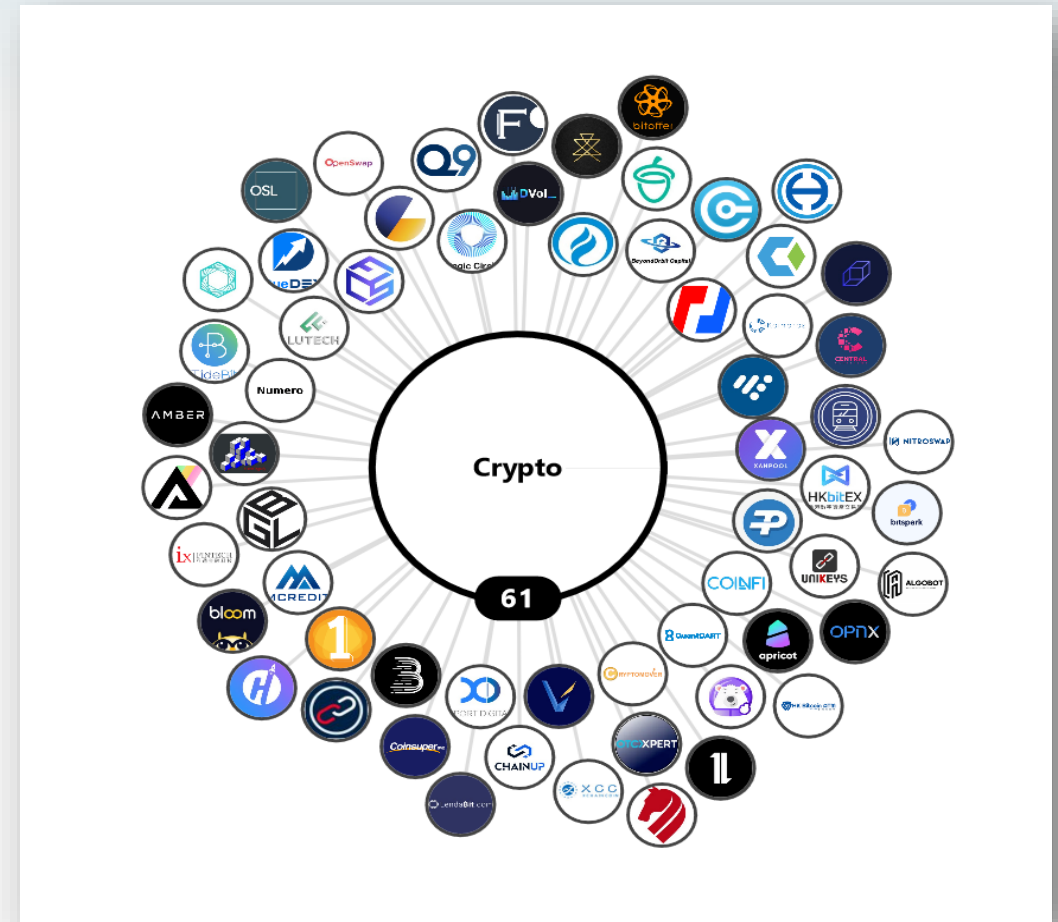
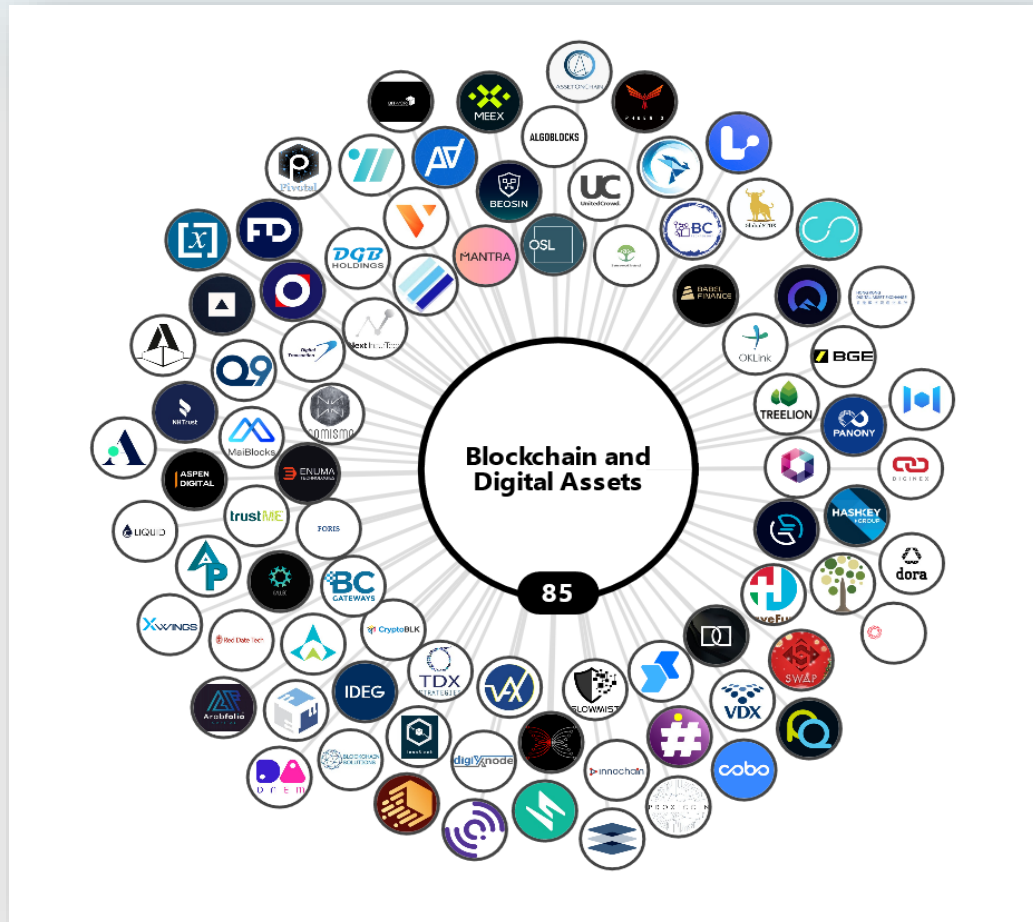


☞ This vertical is slated to grow further given the (global) boom in AI, notably GenAI.



☞ Being the second biggest vertical, it moved from growth into maturity stage, with growth arguably coming through future CBDC and Crypto advancements.

# Ecosystem Diversity (3/6)

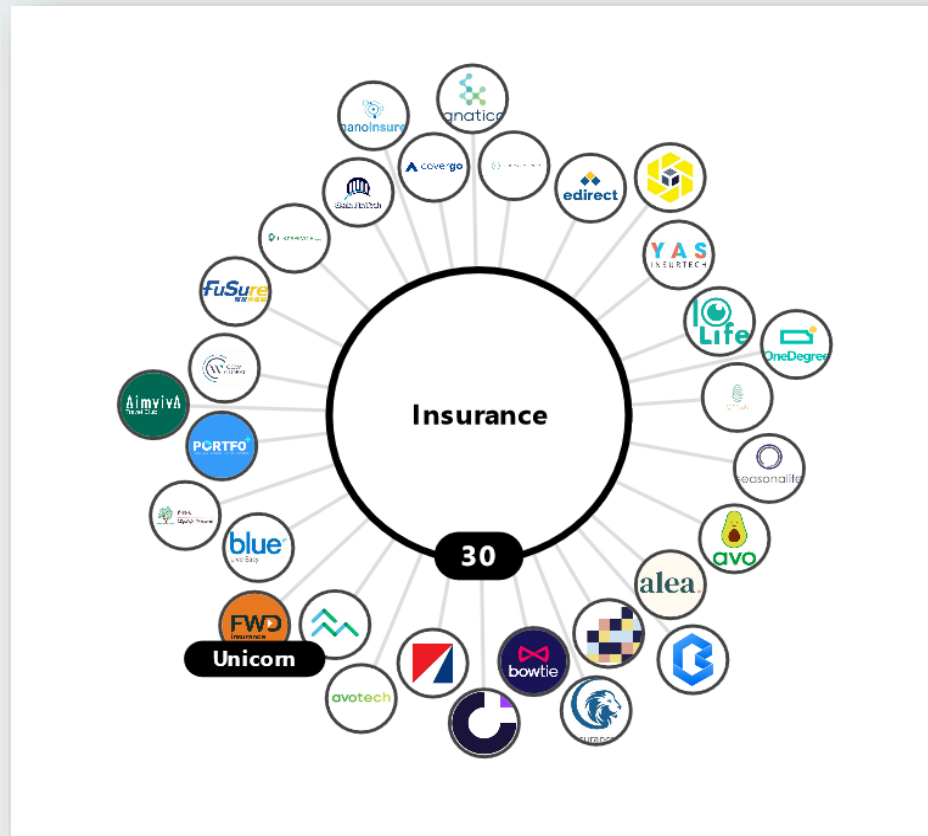


SFC's new regulation around digital assets has provided new opportunities in this space for established and new players.

The Finance industry's focus on (real)asset tokenization provides tailwind to a resurging industry.

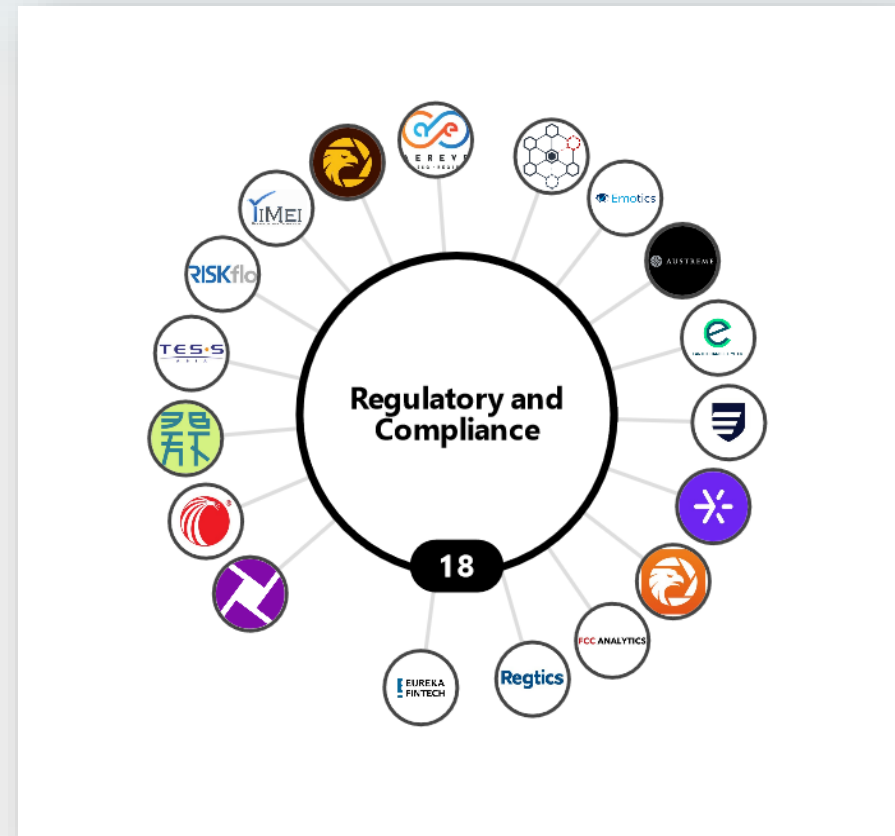


# Ecosystem Diversity (5/6)



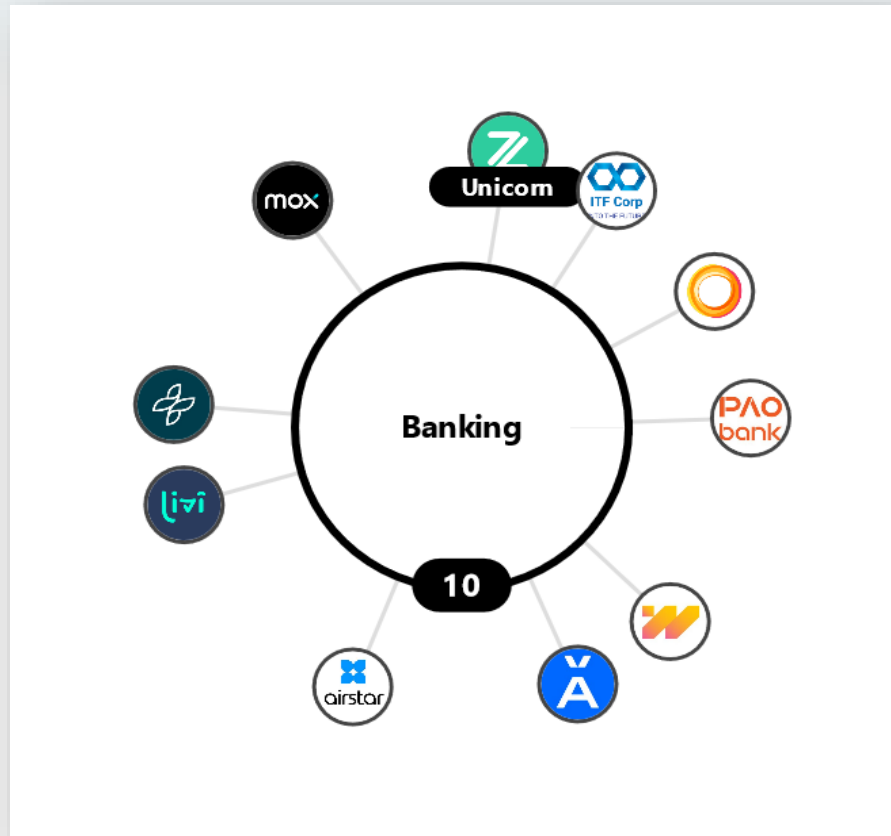
Four active Digital Insurers competing with traditional insurers, mostly in the B2C space and some in the B2B market for SMEs.

Others, providing true SaaS Tech stacks to enable (embedded) insurance solutions

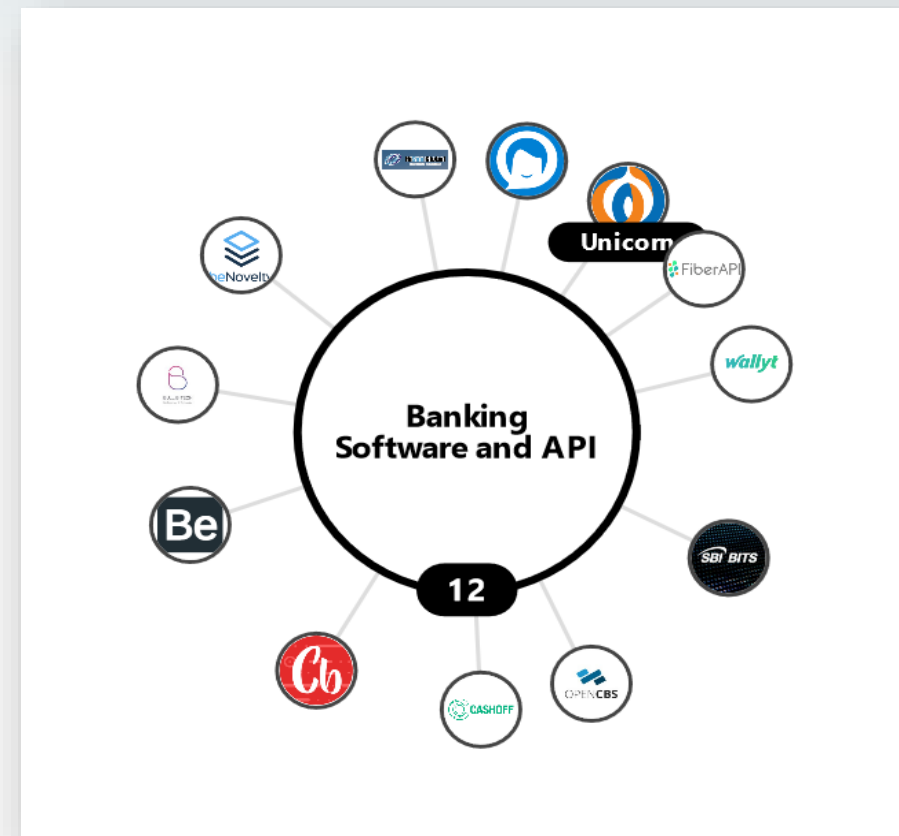


Finding technology solutions to ensure compliance in an ever-changing regulatory environment is key for Financial Institutions and Insurances alike. Therefore, FinTechs providing RegTech solutions find a nurturing ground in Hong Kong.

# Ecosystem Diversity (6/6)



8 active Digital Banks, mostly in the B2C space with segways into SME lending and even international expansions



FinTechs tend to follow the most prevailing uses cases for API for lending as well as (embedded) insurance services following the Insurance Authority's launch of the Open API Framework.

## 2 Government Support (1)

### Hong Kong Monetary Authority:



- Fintech Supervisory Sandbox
- Faster Payment System (FPS)
- Project mBridge: research jointly conducted with the Bank of Thailand to study CBDC application for cross-border payments
- Bank for International Settlements Innovation Hub (“BISIH”) Centre
- Licensing Virtual Banks and Stored Value Facilities (e-wallets)
- Cybersecurity Fortification Initiative
- Fintech Career Accelerator Scheme

### Securities & Futures Commission:



- Member of the Global Financial Innovation Network (GFIN) for regulatory cooperation
- Licensing framework for virtual asset trading platforms

### Insurance Authority:



- Member of the Global Financial Innovation Network (GFIN) for regulatory cooperation
- Insurtech Facilitation Team
- Licensing Virtual Insurers
- Open API Framework for the Insurance sector

### Financial Services Development Council:

- Theme-based Fintech studies



# Government Support (2)

## Financial Services and the Treasury Bureau (FSTB):



- Innovation and Technology Fund
- Innovation and Technology Venture Fund
- Enterprise Support Scheme
- Technology Voucher Program

## Invest HK:



- Dedicated Fintech team for attracting and assisting Fintech companies, start-up entrepreneurs, investors, and incubators from overseas and the Mainland
- Series of “FintechHK” events in the Mainland and overseas, including global competitions, promotion roadshows as well as main sponsor for Hong Kong’s leading FinTech conferences (Hong Kong Fintech Week and InsurTech Week)

## Cyberport:



- Various programs and funding schemes to support Fintech startups at different stages, including the Cyberport Incubation Program, the Cyberport Creative Micro Fund, the Cyberport Accelerator Support Program and the Cyberport Macro Fund
- Cyberport University Partnership Program

## Hong Kong Science Park:



- Collaborating with the HKMA on the Open API Framework initiative for banking business at the Science Park Data Studio
- Hosting the Global Acceleration Academy

# Special FSTB Funding Schemes

## **Fintech Proof-of-Concept Subsidy Scheme**

To encourage traditional financial institutions to partner with fintech companies to conduct Proof-of-Concept projects on innovative financial services products, FSTB has launched the Fintech Proof-of-Concept Subsidy Scheme to accelerate the growth and application of Fintech in Hong Kong.



## **Pilot Program to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector**

The objective is to promote public awareness of the wide range of career opportunities and the career paths of functional jobs in the insurance sector and the asset and wealth management sector.

## **FinTech Anti-epidemic Scheme for Talent Development (FAST)**

FAST is one of the job creation schemes established under the HKSAR Government's Anti-epidemic Fund to support local industries affected by the COVID-19 pandemic.



## **Pilot Green and Sustainable Finance Capacity Building Support Scheme**

The Government launched the Scheme in December 2022 to provide subsidies to eligible local practitioners and prospective practitioners participating in training related to green and sustainable finance in response to the new trend of developing low carbon and sustainable economy.



# New HKMA Roadmap to Promote FinTech Adoption (1)

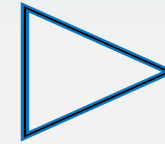
The Hong Kong Monetary Authority (HKMA) published in August 2023 a new Fintech Promotion Roadmap, outlining the key initiatives it will undertake over the next 12 months to give further impetus to Fintech adoption in the financial services industry.

## FinTech Verticals:

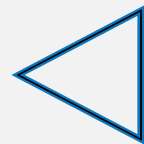
-  1. WealthTech/InvestTech
-  2. InsurTech
-  3. GreenTech

## Technology Overlays

-  4. Artificial Intelligence (A.I.)
-  5. Distributed Ledger Technology (DLT)



-  1. Promoting Hong Kong as a Fintech hub
-  2. Clarifying regulatory requirements
-  3. Bolstering Fintech supporting infrastructure
-  4. Nurturing talent
-  5. Offering financial support



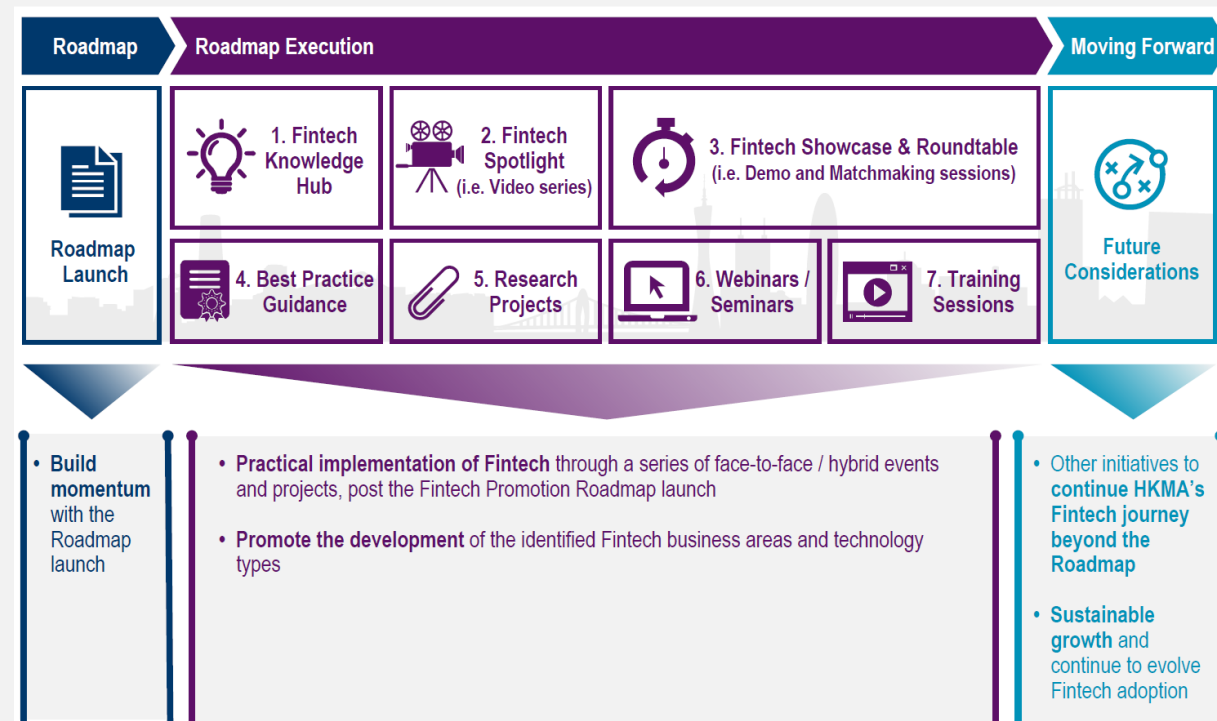
The new Roadmap focuses on the Fintech business areas of *Wealthtech*, *Insurtech*, and *Greentech*, as well as the technology types of *Artificial Intelligence (AI)* and *Distributed Ledger Technology (DLT)*. Given the relevance of these key Fintech areas to the wider financial services sector, the HKMA worked closely with the Securities and Futures Commission and the Insurance Authority, as well as key stakeholders across different financial sectors during the formulation of the new Roadmap.

Following the Roadmap, the HKMA will expand its scope of promotion beyond awareness-raising and take proactive steps to assist financial institutions to put Fintech solutions into action.

# New HKMA Roadmap to Promote FinTech Adoption (2)


To implement the Roadmap, the HKMA will launch a series of activities in the coming 12 months (from Aug. 23 onwards):

- establishing a **Fintech Knowledge Hub** which includes a new cross-sectoral directory of Fintech service providers and financial institutions to enhance accessibility of resources for various stakeholders in the Fintech ecosystem;
- hosting **more regular Fintech showcase events and roundtables** to establish more in-depth communication among financial institutions and Fintech service providers;
- organizing **interactive seminars and training sessions** on the specific Fintech areas to encourage exchange of practical knowledge across different financial sectors; and
- publishing **use case videos and research reports** to provide insights into a wider range of practical considerations across the entire Fintech adoption lifecycle.



# The city's most important Fintech conference

- The inaugural Hong Kong FinTech Week was held in 2016, initiated by InvestHK to position the city as the premier center in Asia for FinTech companies and start-ups, as well as for accelerators, incubators and investors searching for FinTech innovation
- Since then, the Hong Kong FinTech Week has evolved into a hybrid event that combines both physical and virtual formats, attracting over 30,000 attendees from 95 economies and featuring over 600 speakers and exhibitors thus making it one of APAC's most prominent annual events.
- Nowadays it is organized by InvestHK and co-organized by the Financial Services and the Treasury Bureau (FSTB), the Hong Kong Monetary Authority (HKMA), the Insurance Authority (IA) and the Securities and Futures Commission (SFC).
- The event covers various segments of FinTech, such as payments, lending, wealth management, insurance, blockchain, digital assets and more. The event also showcases the latest trends, challenges and opportunities in the FinTech landscape in Hong Kong and beyond.
- Its 2023 event is positioned as a 'cross-boundary' FinTech event taking place in both Hong Kong and Shenzhen.

 [More info here](#)

2023  
**HONG KONG FINTECH WEEK**

**FINTECH REDEFINED.**

**Oct 30 - Nov 5**  
HKCEC and various locations



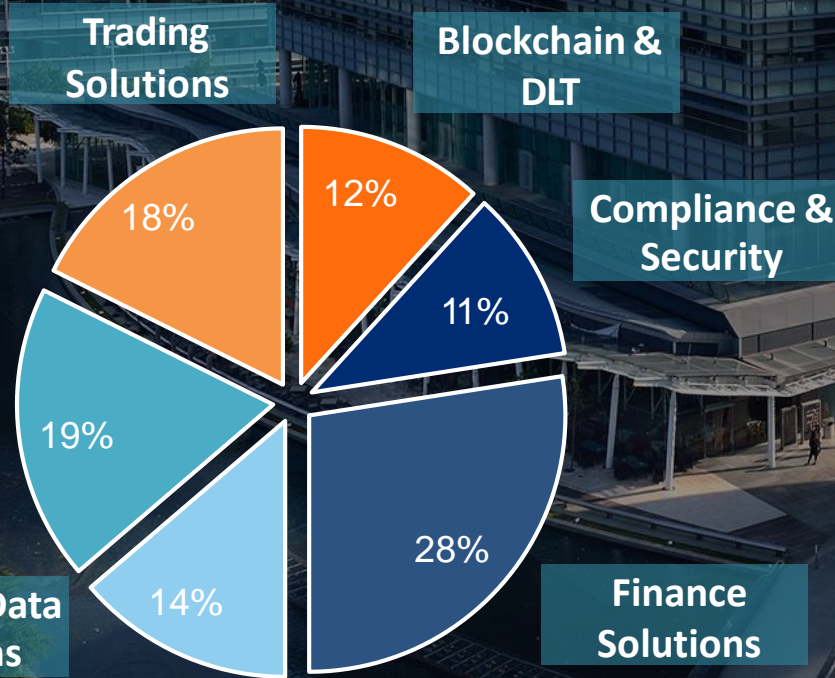
3

# Incubation, Acceleration and Innovation



# Hong Kong Science Park

- Administered by the Hong Kong Science and Technology Parks Corporation, established by the Hong Kong government in 2001
- 400,000 sqm office and lab space for 9,000 staff
- Leading technology incubator in Hong Kong
- Home to a large number of FinTech companies



# Incubation Program at HKSTP

Supporting start-ups to develop & commercialize products for market success

**Incu-Tech**  
科技.創業.培育

**3-year program**



## FINANCIAL SUPPORT

**up to HKD 860K - 1,290K**

- 320K-480K grant
- 360K targeted fund
- 450K rental subsidy
- talent & gov sponsorship



## BUSINESS SUPPORT

**all-rounded support to your biz**

- mentorship
- investment matching & support
- go-to-market & biz matching



## WORKING PREMISES

**headquarter at Science Park**

- Office/co-working spaces
- Tech Incubation Centre
- world-class infrastructure & facilities



## TECHNICAL SUPPORT

**connect you with stakeholders**

- training & consultation
- tech development with Uni
- productization & manufacturing

# Acceleration Program at HKSTP

Accelerating high-potential start-ups to grow on the world stage of business

## FINANCIAL SUPPORT



### ▼ FINANCIAL PACKAGE

HKD 4.8M program value (including HKD 1.2M financial subsidy & value-added services + Project + Resources)

## BUSINESS DEVELOPMENT SUPPORT



### ▼ INDUSTRY

3-tier mentorship system & industry connection

### ▼ ANCHOR SALES

channel building & scale up and expansion in regional/global markets

## GROWTH MANAGEMENT SUPPORT



### ▼ STRATEGY

IP & corporate development capital planning

### ▼ CORPORATE & HR

corporate & HR structuring

### ▼ COMMUNICATION

marketing & PR support



# HKSTP's FinTech Initiatives

## FinTech Virtual Lab

The Virtual Lab, unveiled at the Hong Kong FinTech Week 2021, aims to **accelerate FinTech research and development and commercialization.**

Supported by the Hong Kong Monetary Authority, it is an environment giving access to banks, institutions, and tech ventures to build and test their latest FinTech innovations. It addresses a significant challenge faced by FinTech developers in that they do not have sufficient data themselves and need to collaborate with external data providers to build solutions together. Furthermore, the traditional machine learning approach requires all parties to upload their data onto a central server for model training, which often causes data security & privacy concerns.



## Banking, Financial Services and Insurance (BFSI) Accelerator

The BFSI Accelerator is an accelerator program with partners that started in 2021 to foster data collaboration across the industry. **Shortlisted tech ventures will have the opportunity to co-create and conduct proof-of-concept (POC) via HKSTP Fintech Virtual Lab with corporate partners,** e.g., Bank of China (Hong Kong), Bank of Communications, China Construction Bank (Asia), China Life, Dah Sing Bank, DBS Hong Kong, FWD Insurance, Hang Seng Bank, HSBC, SC Ventures by Standard Chartered, SCOR, The Bank of East Asia, UBS, YF Life, and Zurich.



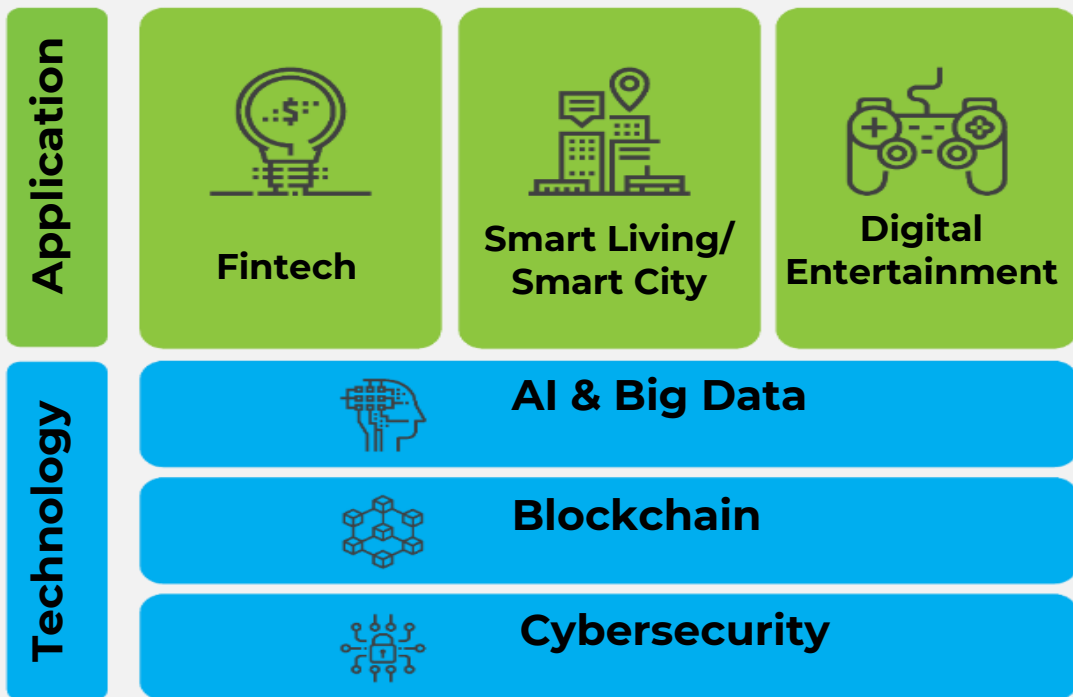
Cyberport aspires to be the hub for  
**digital technology**, creating a  
**key economic driver** for Hong Kong

Over **800** Cyberport Digital Community  
Members On-site



- Innovative digital community with over 1,900 start-ups and technology companies.
- In operation since 2004
- Managed by Hong Kong Cyberport Management Company Limited, which is wholly owned by the Hong Kong SAR Government

2,000+ Cyberport Community Members\*  
(900+ onsite & ~1,100 offsite companies)



**Unicorns**

animoca BRANDS    CERTIK    GOGO X HKEX Listed | 香港交易所    klook

HKEX Listed | 香港交易所

TNG TNG Fintech Group    WeLab    ZA

---

**Licensed Virtual Banks**

WeLab Bank    ZA Bank

---

**Licensed Virtual Insurers**

bowtie    OneDegree    ZA Insure

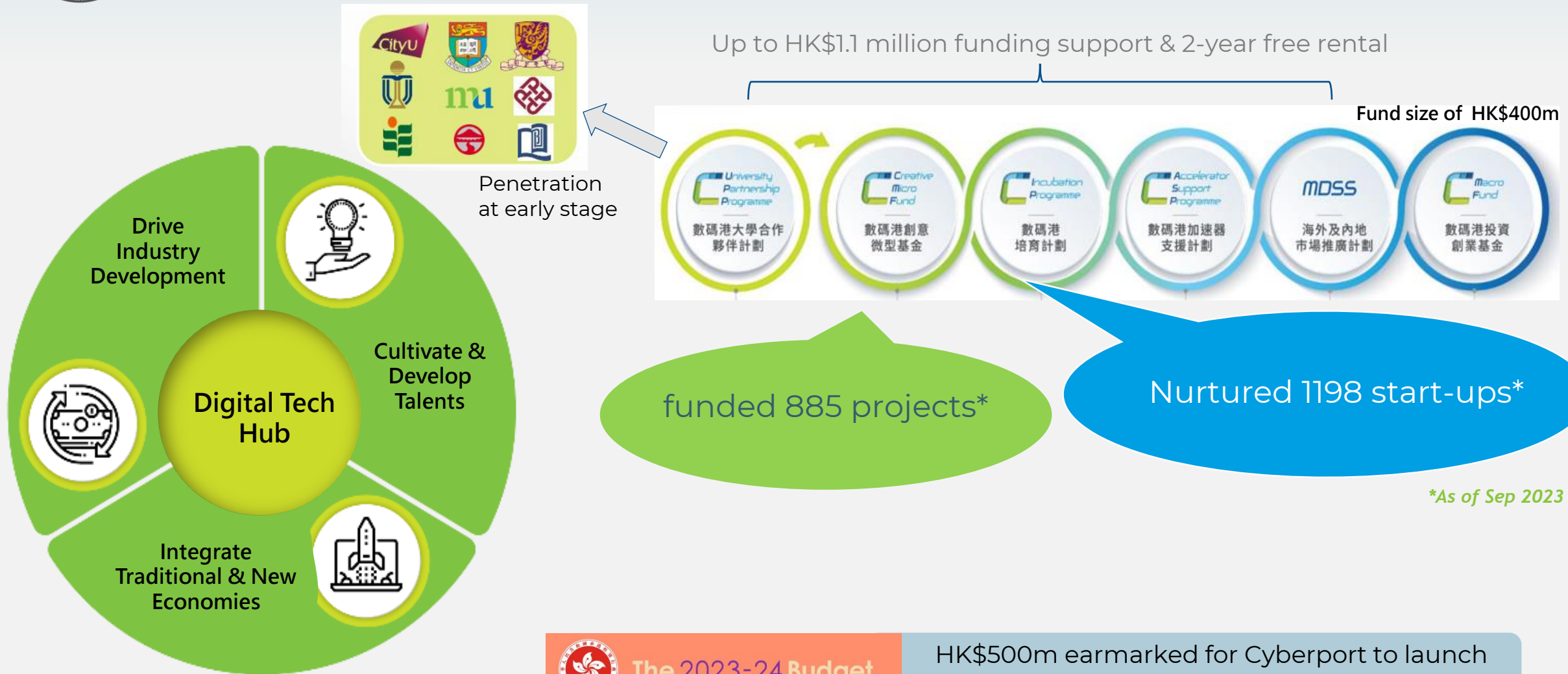
---

**Licensed Virtual Asset Trading Platform**

HASKEY GROUP



# Cyberport Ecosystem for Technology Innovation & Entrepreneurship



\*As of Sep 2023



# “CXN” - Support from Vast Networks

leveraging its vast network and resources to help start-ups connect with traditional companies and investors, promote industry collaboration and increase the chances of success for start-ups.



# 4 Hong Kong FinTech Unicorns (1/2)\*,\*\*



- Founded in 2013
- Private company
- Insurance
- 7,000+ employees
- 10 million customers across 10 markets
- Valuation of US\$9 billion in private placements of US\$1.6 billion in Dec 2021 & Jan 2022



- Founded in 2021
- Private company
- Investments in Chinese small businesses
- 200+ employees
- Invested in 9,200+ stores in 220+ cities
- Valuation of US\$1.7 billion after raising US\$458 million Series C in Aug 2023

- Founded in Melbourne in 2015
- Moved headquarters to Hong Kong in 2018
- Private company
- Cross-border payment platform
- 1,300+ employees in 20 international offices
- Valuation of US\$5.5 billion confirmed in a US\$100 million Series E extension in Oct 2022

\* excluding listed companies

\*\* Amber Group was removed after moving its headquarters to Singapore, BitMEX excluded as its current valuation is unclear

# Hong Kong FinTech Unicorns (2/2)



- Founded in 2017
- Private company; subsidiary of ZhongAn Technologies International Group Limited
- Banking & insurance
- 600+ employees
- US\$53 million in revenues in 2022
- Valuation of US\$1 billion after a US\$230 million Series A in Nov 2021



- Founded in 2013
- Private company
- Pan-Asian FinTech (Virtual banking, consumer financing, etc.)
- 1,000+ employees
- 60+ million users
- Valuation of US\$1 billion\*\*\*\* achieved in 2017
- Funding round of US\$243 million in Dec 2021

# Listed FinTech companies



- Founded in 2012
- Listed at NASDAQ ([NASDAQ: FUTU](#))
- Online brokerage
- 2,700+ employees
- US\$1.17 billion in revenues in 2022
- Market cap of US\$8.1 billion\*



- Founded in 2014
- Listed at NASDAQ ([NASDAQ: MNY](#))
- Personal finance platform
- 200-500 employees
- US\$68.1 million in revenues in 2022
- Market cap of US\$51 million



- Founded in 2014
- Listed at HKEx ([0020.HK](#))
- Artificial Intelligence software company
- 5,000+ employees
- US\$520 million in revenues in 2022
- Market cap of US\$6 billion\*



- Founded in 2004
- Listed at HKEx ([08062.HK](#))
- POS payment terminals
- US\$14.2 million in revenues in 2022/23
- Market cap of US\$14.6 million\*



- Founded in 2010
- Listed at HKEx ([00327.HK](#))
- POS payment terminals
- 1,600+ employees
- US\$1.0 billion in revenues in 2022
- Market cap of US\$740 million\*

# 2023 Forbes Asia 100 to Watch list

12 Asian FinTechs made the 2023 Forbes Asia 100 to Watch list, including three from Hong Kong:



- Founded in 2018
- Private company
- Life insurance company
- 100+ employees
- Valuation of US\$150 million after a US\$22.6 million Series B round in Oct 2021



- Founded in 2016
- Private company
- Marketplace for corporate receivables
- 50+ employees
- Valuation of about US\$600 million after a US\$150 million Series B round in Nov 2021



- Founded in 2019
- Private company
- Payment solutions for small businesses
- 80+ employees
- Valuation of about US\$100 million after raising US\$40 million in Oct 2022

# 5 FinTech Employment

## Total Number of Employees in FinTech

25,000

- ▶ This corresponds to **0.66%** of the total workforce in Hong Kong. This is the highest percentage in Asia, followed by Singapore with 0.29%.
- ▶ The FinTech unicorns in Hong Kong jointly employ **12,000** staff, i.e., about half the total FinTech workforce.
- ▶ On average, Hong Kong FinTechs have **50 employees**, which indicates a mature startup ecosystem.

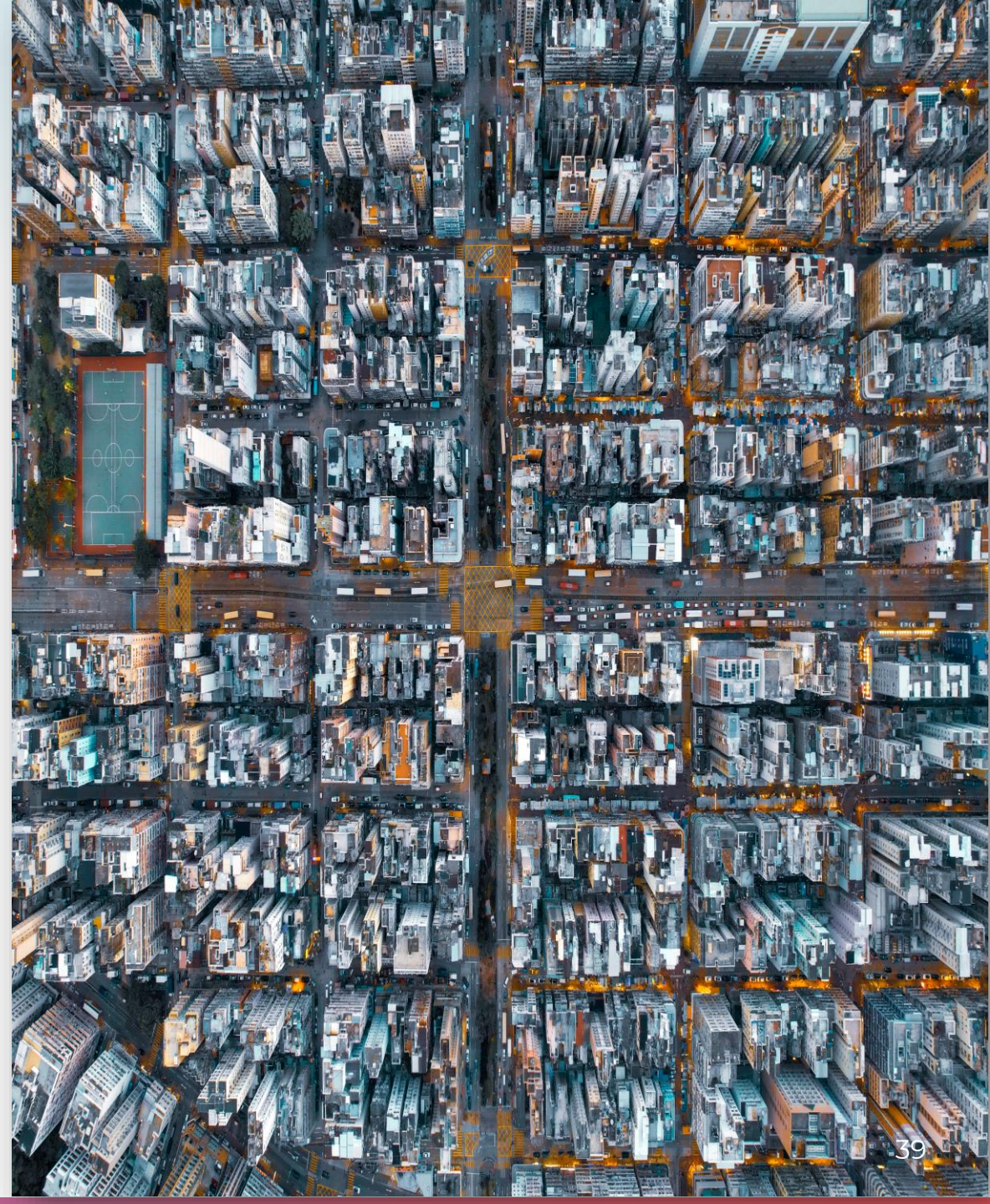
We conducted an extensive analysis of the Hong Kong FinTech ecosystem to examine the employment distribution among FinTech companies of different sizes, with a specific focus on unicorns versus non-unicorns. Our analysis encompassed 530 Hong Kong-based FinTechs. After excluding 22 closed FinTechs and 30 dormant\* ones, we identified **478 active FinTechs**.

- ① we aggregated the employee counts for 41 FinTech companies that consistently disclose their headcounts, such as in their annual reports or on official websites. **16,336**
- ② we conducted a thorough LinkedIn search, excluding 16 branch offices (to avoid counting staff from abroad), to gather employee numbers from company profiles. If FinTechs lacked employment data on LinkedIn, we assumed one employee. **19,833**
- ③ by combining above methodologies, namely using the higher numbers from publicly available sources and LinkedIn employment figures, consistently applying same assumptions and exclusions, we arrived at: **25,717**

\* Website down, no social media activities, but the company itself still exists

# Education and FinTech

- Hong Kong has **22 degree-awarding education institutes** and in 2021/22 approximately 21,200 undergraduate and 3,500 postgraduates completed their courses. Hong Kong offers a world class education and has a five universities in the world top 100 from the *QS World University Rankings*, including the University of Hong Kong (ranked 26th), Chinese University (47th), University of Science and Technology (60th), Polytechnical University (65th) and City University (70th).
- Most universities offer courses that focus on FinTech, Financial Technology at both a bachelors and masters level. There are also several specialist innovation programs that include:
  - ① *LITE Lab@HKU (Law, Innovation, Technology and Entrepreneurship)*
  - ② *HK Polytechnic University Center for Economic Sustainability and Entrepreneurial Finance (CESEF)*
- In addition, the government and regulators are supporting professional qualifications and grants, for example the HKMA's Training Subsidy for Fintech Practitioners where 80% of the training costs will be reimbursed, subject to a cap of HK\$25,000.





# 6

## Recent Developments (1/2)

2023

### Reinvigorated FinTech Focus with Digital Assets and Web3

- In a world's first, the government offered HK\$800m (US\$100m) of tokenized green bonds
- Hong Kong has provided a path to regulated status for virtual asset trading platform (VATP) operators to provide digital asset trading platforms for retail customers
- Six months after their announcement, SFC published its licensing regime on June 1st for VATP operators with a grandfathering scheme and full compliance required by July 2024
- HKMA has continued to pilot their Central Banking Digital Currency trials, namely its retail eHKD domestically as well as cross-border wholesale eHKD via the mBridge Project
- HKEX launched a settlement acceleration platform for (northbound) Stock Connect called 'Synapse'

### Financial services regulators and industry are focusing on Sustainable Finance

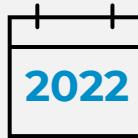
- There are also regulatory activities, such as the formation of the Green and Sustainable Finance Cross-Agency Steering Group to strengthen Hong Kong's sustainable finance ecosystem.

### Hong Kong's outlook for 2024 and beyond includes:

- Continuation of establishing Hong Kong as global Web3 Hub
- Leveraging Greater Bay Area opportunities, e.g. as Insurance Hub
- An ambition to become I&T / data hub with four focal points: AI, Fintech, life sciences , and advanced manufacturing
- The FinTech promotion roadmap from the HKMA (supported by KPMG and Quinlan and Associates) that specifically emphasizes WealthTech, InsurTech and GreenTech

# Recent Developments (2/2)

*From a FinTech perspective, and despite the impact of COIVID, the regulatory agenda for Hong Kong has been clear. The developments in 2022 and 2021 set the baseline for current priorities and there have not been any changes in direction, just reinforcement.*



2022

- A focus on sustainability and climate change – in June 2022, the HKMA said it would focus on incorporating climate risk into its supervisory approach. It will integrate climate risk management as a standing item in prudential meetings including compliance with the new regulations.
- Building a robust financial center supporting virtual assets. In November, HK fostered its **commitment to both a Global Financial Center with strong ties to ML China** as well as its aspiration to become a **globally leading virtual asset hub and the Insurance hub for the Greater Bay Area (GBA)**
- Continued support of FinTechs, for example with the FinTech PoC Subsidy Scheme (Round 2): as in 2021, for projects between financial institutions and Fintechs



2021

- The HKMA unveiled their “Fintech 2025”- Strategy in June setting out: *1. All banks go fintech 2. Future-proofing Hong Kong for Central Bank Digital Currencies (CBDCs) 3. Creating the next-generation data infrastructure 4. Expanding the fintech-savvy workforce 5. Nurturing the ecosystem with funding and policies*
- The government launched its first PoC Subsidy Scheme (Round 1) : A funding subsidy scheme with up to HKD 150,000 for projects between financial institutions and Fintechs
- In October, building on the back of its Fintech 2025 strategy, the HKMA announced the Commercial Data Interchange to offer a next-generation financial data infrastructure that aims to enable more efficient financial intermediation in the banking system

# Virtual Assets

The Hong Kong government is trying to support the growth of virtual assets and other Web3 industries.

Following the implementation of the **new dual licensing regime** on June 1, 2023, OSL and HashKey have obtained formal licensing from the SFC to serve retail investors. Additionally, several other VATP operators are currently in the application process..

However, four months after the regime was implemented, the SFC has issued a warning regarding improper practices by some VATP operators. This warning comes in the wake of recent news about multiple arrests related to allegations of fraud at an unlicensed cryptocurrency exchange (**JPEX**). The fraudulent activities have affected over 2,500 investors and resulted in the loss of over HK\$1.56 billion (US\$199.2 million) in assets.

Meanwhile, in the latest *Chainalysis Global Crypto Adoption Index*\* Hong Kong's ranking in crypto adoption has dropped one spot compared to the previous year and now sits at 47th position, while Mainland China, despite not officially permitting virtual assets within its jurisdiction, ranks 11th in terms of crypto adoption.

\* attempts to identify countries where the most people are putting the greatest share of their wealth into cryptocurrency

In order to rope in the **banking sector** into the virtual asset ecosystem especially Chinese banks and some digital banks have become more open to offering bank account services to VATP operators.

In the realm of **Web3**, the Hong Kong government has taken steps to advance its development by establishing a dedicated task force that sees a budget of \$6.4 million USD (HK\$50 million) to be allocated to support its activities by early 2024.

The **task force**, led by Financial Secretary Paul Chan, consists of 15 non-official members from relevant sectors, key government officials, financial regulators, and prominent figures such as Mr. Yat Siu, Chair of Animoca Brands, and Mr. Neil Tan, Chair of the FinTech Association of Hong Kong Kong.

Currently, Cyberport hosts over 180 Web3-related technology companies, including both startups and well-established exchanges. Notably, 20% of these companies originate from overseas, underscoring the international appeal of the ecosystem.

# Commercial Data Interchange

## What is Commercial Data Interchange (CDI)?

CDI is a blockchain-based trusted activity-journal infrastructure operated by HKICL Technology. It aims to facilitate efficient financial intermediation within the banking system and enhance financial inclusion in Hong Kong with **focus on SMEs**.

De-emphasizing multiple one-to-one connections between banks and sources of commercial data, each bank and data provider will have **a single connection to CDI**, thus making consent-based financial data sharing more efficient and scalable.

The creation of CDI is part of **the HKMA's Fintech 2025 strategy**.

Potential practical use cases include:

- credit underwriting, product development, customer acquisition, know your customer (KYC), business intelligence

Key features include:

- consent-based sharing, application programming interface (API) standardization, innovation stimulation, data immutability, security and trust

## Market Feedback of CDI

Ever since its launch, CDI has registered approx. HK\$4.4 billion in approved **SME** loans (until June 2023).

So far it has attracted the participation of over 25 banks and 10 data providers in CDI, all with material SME business/data.

- Amongst the banks are Ant Bank, Bank of China, Fubon Bank, HSBC, DBS, Standard Chartered and more.
- The 10 data providers, who provide consented access for banks in the CDI production environment such as e-trade declaration, e-commerce, supply chain, payment and credit reference data, include Dun & Bradstreet, HKT Payment, New World Development, Octopus, and more.

As the CDI ecosystem grows in numbers, the HKMA continues to broaden the spectrum of data available via CDI, including data from government departments and analytics service providers in anticipation of exploring new business use cases leveraging CDI.



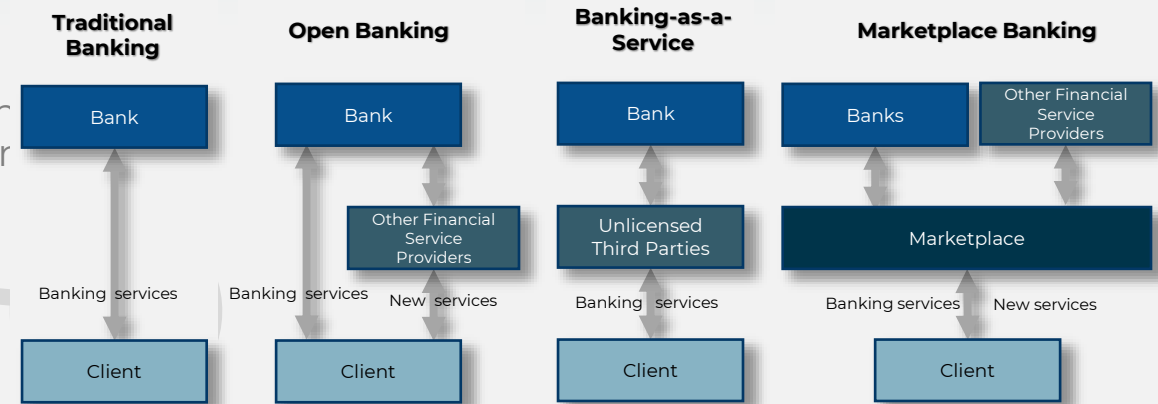
More info on CDI [here](#)

# Open Banking

## What is Open Banking?

Banks use *Open Application Programming Interfaces* (Open APIs) to enable third-party financial service providers (e.g., FinTech) to develop applications and services around the financial institution.

They grant technical access to the account information of their clients. The banks' clients can determine who can access their account data and its purpose while maintaining data privacy and security. They benefit from additional functionality and improved usability.



## HKMA opted for a phased approach for Open Banking:

In 2019, HKMA launched Phases 1 & 2:

- Facilitate access of third-party service providers to banks' product information and enable customer acquisition

In 2021, Phases 3 & 4 of the Open Banking API were launched:

- Facilitate access of third-party providers to users' information at multiple banks and ability to perform transactions

Having launched the Interbank Account Data Sharing in August, the HKMA requires all banks to be ready for the scope of Phase 3 & 4 by early 2024.

**HKSTP runs a central repository of all open APIs launched by banks:**

 <https://openapi.hkstp.org/banking/en-us/>

**HKMA tracks the status of all banks' implementation of the phases:**

 [Status Tracker](#)

# Wealth Management Connect (1/2)

## What is Wealth Management Connect?

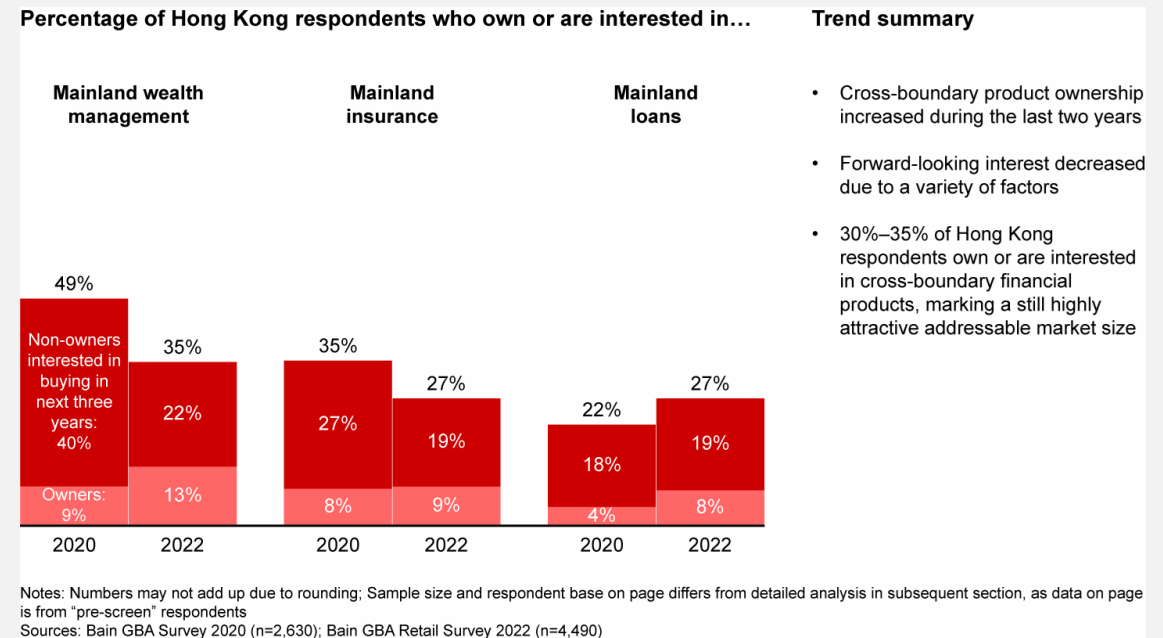
- This GBA scheme allows investors in Mainland China cities to invest in RMB-denominated financial products in Hong Kong and Macao, and vice versa
- The program aims to promote financial integration in the GBA, enhance Hong Kong's role as an offshore financial center, and diversify Macao's economy
- The scheme allows eligible securities firms to distribute investment products and services to southbound and northbound individual investors
- Financial regulators will continue to refine the implementation details of the scheme

Banks in the GBA have started rolling out the first batch of products under the program since October 2021. As of June 2023, there are over 20 Hong Kong banks and their mainland partner banks eligible to provide services in both the **Northbound** and the **Southbound** scheme.

The aggregate quotas under the *Southbound* and *Northbound Scheme* is RMB 150 billion each, which are shared by Hong Kong and Macao. The individual investor quota is RMB 1 million.

A report published by Bain & Company in June 2023 showed:

- From 2020 to 2022, there is a slight increase in ownership of financial products from both sides (WM, insurance, loans)
- However, the interest in buying products in next 3 years has decreased



# Wealth Management Connect (2/2)

- The interest in northbound products of HK consumers has decreased
- HK consumer prefers Mainland's WM products over insurance and loan products
- Mainland consumers think HK providers offer more production options (e.g. global equities, foreign stocks, and bonds), while HK consumers think Mainland products offer more substantial risk-adjusted returns
- Since its launch, the total value of assets held across borders by north- and southbound Wealth Management Connect customers is about USD \$95 million (HKD 7.4 billion)

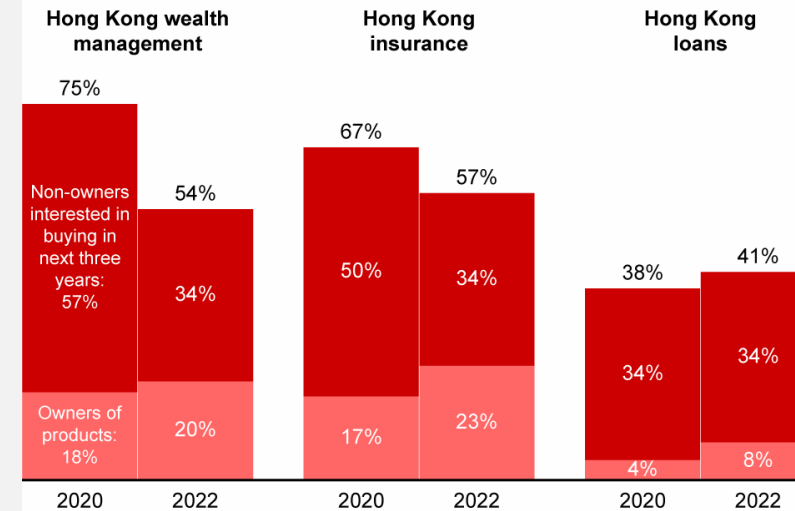
*"With the reopening of the border, the industry anticipates an increase in wealth management demand from mainland customers. To enhance the appeal of WMC, measures such as loosening product eligibility requirements, offering investment advice, and raising quotas should be considered to maximize the benefits of this closed-loop mechanism for GBA customers, enabling them to diversify their investment portfolios."*

**Peter Stein, CEO and managing director, PWMA**

## The top reason for seeking cross-boundary products:



## Percentage of mainland respondents who own or are interested in...



## Trend summary

- Cross-boundary product ownership increased during the last two years
- Forward-looking interest decreased due to a variety of factors
- More than 50% of mainland respondents own or are interested in cross-boundary financial products, marking a still highly attractive addressable market size

Notes: Numbers may not add up due to rounding; Sample size and respondent base on page differs from detailed analysis in subsequent section, as data on page is from "pre-screen" respondents  
Sources: Bain GBA Survey 2020 (n=2,630); Bain GBA Retail Survey 2022 (n=4,490)

# 7 Market Entry (1)

Hong Kong is still an excellent springboard to the Mainland with its 1.4 billion potential consumers, as well as other fast-growing countries in Asia.

## Verticals

- Most FinTechs in Hong Kong are still represented in the 'Blockchain & Digital Assets' and 'Payment & Remittance' space
- However, 'Crypto' has passed 'Data Analytics & AI' as the third strongest vertical, compared with the FinTech Consult *2021 FinTech in Hong Kong report*, where Crypto ranked #5
- This might be a surprise for international observers, given the crypto ban in the Mainland since 2017 (trading) / 2021 (ownership & mining). However, the recent focus by the Hong Kong government on digital assets, including SFC regulation for virtual asset exchanges, has improved the environment
- FinTechs in the segment of 'Capital Markets' and 'Asset & Wealth Management', two traditionally strong areas of Hong Kong's financial center, are following thereafter

## Banking

- Hong Kong has **one of the highest concentrations of banking institutions in the world**. 70+ of the world's largest 100 banks operate in Hong Kong
- As of August 2023, there were 170 licensed banks, 31 local and 139 banks incorporated outside of Hong Kong
- As of 2021, the four largest banks in Hong Kong were HSBC (total assets of HK\$9.9 trillion), Bank of China (HK\$3.4 trillion), Standard Chartered (HK\$2.5 trillion), and Hang Seng (a subsidiary of HSBC, HK\$1.8 trillion)\*
- Eight **virtual banks** launched in 2020, increasing the competition in retail and SME banking
- With an approx. 8-million population, the retail market is limited in size, though almost all residents have a bank account\*\*
- On the other hand, the Mainland Chinese Insurer PingAn and the Big Techs (e.g., Alibaba/Ant, Tencent, Xiaomi) are active in Hong Kong, both in payment and backing virtual banks

# Market Entry (2)

## Incorporation

- Opening and maintaining a limited company in Hong Kong is relatively easy and cost-efficient. Only a desk and a company secretary are required, no local director like in Singapore
- Opening and maintaining a corporate bank account can be quite challenging. Hong Kong banks are highly concerned about money laundering and will frequently inquire about transaction details
- English is the prevailing language in business, but B2C FinTechs have to support Traditional Chinese equally

## Government Support

- Hong Kong government entities welcome international FinTechs entering Hong Kong by offering practical ([Invest.HK](#), [HKMA](#)) and in many cases also financial support ([Cyberport](#), [HKSTP](#), [ASTRI](#), [hkpc](#))



# Appendix

# Credits

1

## Pictures from Tibor Banach

Tibor, originally from Berlin and living in Hong Kong for the past 8 years, has dived into his passion for aerial cinematography over the past couple of years. With his unique style and sense for composition and lighting, he creates timeless and spectacular impressions of Hong Kong, letting the audience immerse into the breathtaking atmosphere.

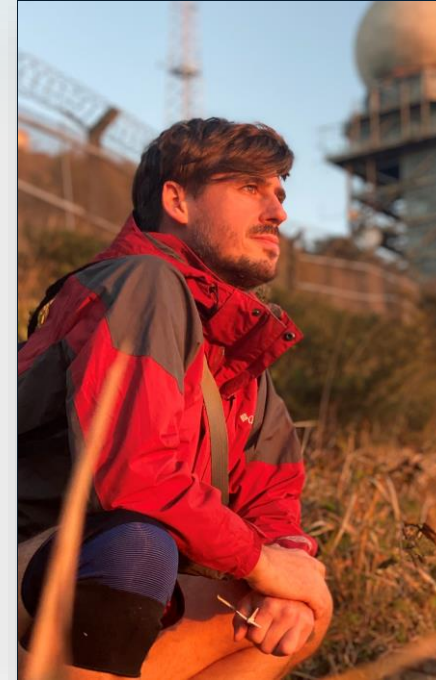


His Instagram profile: [Here](#)

2

## Cyberport and HKSTP

We thank both for their kind support and permission to use their logos, pictures, and charts.



# ABOUT THE FINTECH ASSOCIATION OF HONG KONG



FINTECH ASSOCIATION  
OF HONG KONG

# #SuperConnecting the Ecosystem

As the “voice of the community”, FTAHK has formed a robust bond with key stakeholders and are actively engaging in regular conversations with industry partners to drive critical initiatives and grow the local FinTech ecosystem.

## Regulators



Representing the Fintech view in consultations with regulators thus shaping Hong Kong's market frameworks

## Industry-Led Bodies\*



We often collaborate with our peers to co-host events. Leveraging the strength our memberships to yield greater engagements, delivering FinTech to a larger audience.

## Academia\*



Engaging with the Universities and shaping and supporting their FinTech Curriculums



## Government-Backed Bodies



We maneuver cohesively with our partners to build on common-interest developing common-success.

\*logos are randomly selected

# Advocacy, Connectivity and Education is our DNA!

A

**HKAB Public Consultation on Phase III Banking Open API Standards – 13<sup>th</sup> October 2022**

**Response to HKMA Discussion Paper on Cryptoassets & Stablecoins (March 31, 2022)**

**FTAHK Response to request for Public Comment on IOSCO's Consultation Report on Policy Recommendations for Decentralized Finance (DeFi)**

October 2023

**Response to the Consultation Paper on Cyber-dependent Crime and Jurisdictional Issues**

**Response to the SPC's Consultation Paper on the Proposed Regulatory Requirements for Virtual Asset Trading Platform Operators**

C



E

**Hong Kong Fintech Week Satellite Pre-Discussion: Latest in WealthTech Trends and Investments**

28 October 2022 (Friday)

Speakers: Karen Contat, Peter Dingle, Kevin Li, Gerard Sharkey, Steffanie Yuen

**temenos**

**How to build a digital bank in 90 days**

15 June 2022, Wednesday, 6:00 – 7:00 PM (HK Time)

Register Now

**MAYS**

**THE FUTURE OF HK & GBA AS THE DIGITAL FINANCIAL HUB OF ASIA**

23<sup>rd</sup> Nov, 2022, Wednesday | 6:00pm - 9:30pm

Panel Discussion Overview:

- Does HK still have competitive advantages within Financial Services in Asia?
- What's next for Digital Transformation & Innovation in HK?
- How will HK regain global confidence as a Financial Hub?

**Web3 Reality Check: The Inflection Point**

Speakers: Evan Auyang, Michael Elko, Sylvia To, Jehan Chu, Caroline York

20th Sep | 6:30pm – 8:00pm

**Bringing Digital Assets & Crypto to Your Customers: An Introduction**

**Re-Inventing and Scaling Up in the New World Order & New Financing**

Under digital transformation, would Web 3 bring a higher hype for Fintech in Traditional Economy?!

27th Sep (Wed) | 10:30am - 1:00pm (HKT)

Speakers: Colin Dang, Sookin Ho, Alex Lee, James Li, Amy Tang

# Our Committees

Our variety of committees cross the technology and industry sector with some having more of a geographic or strategic focus.



A.I. & Big Data



Cloud & Cybersecurity



Digital Banking & Payments



GreenTech & ESG



InsurTech



RegTech



WealthTech & InvestTech

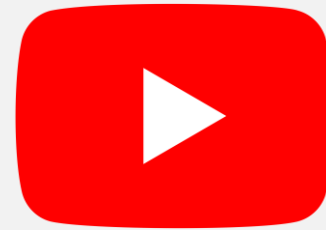


Web3 & Blockchain

# Stay Connected: Follow Us



ftahk.org



(1) Fintech Association  
of Hong Kong -  
YouTube



FinTech Association  
of Hong Kong |  
LinkedIn

# ABOUT FINTECH CONSULT



# ABOUT US

**We are an international team of FinTech founders, experts and investors from the cities of Almaty, Amsterdam, Doha, Dubai, Frankfurt, Hong Kong, Kigali, Seoul, Singapore, Tel Aviv, Vienna, and Vilnius.**

All our partners are FinTech founders themselves, investors or experts, and have an excellent knowledge of their local ecosystems.

**We support FinTech companies in raising capital and expanding globally.**

We do so by providing research & market studies. And we introduce them to investors, clients, partners, and peers.

**We have specialized in European, Asian, MENA, and African markets.**

We help European and African FinTech companies to enter Hong Kong, China, Korea, Singapore, Vietnam, and Kazakhstan, leading Asian FinTech hubs, and to do business in Israel, Qatar, and the U.A.E.

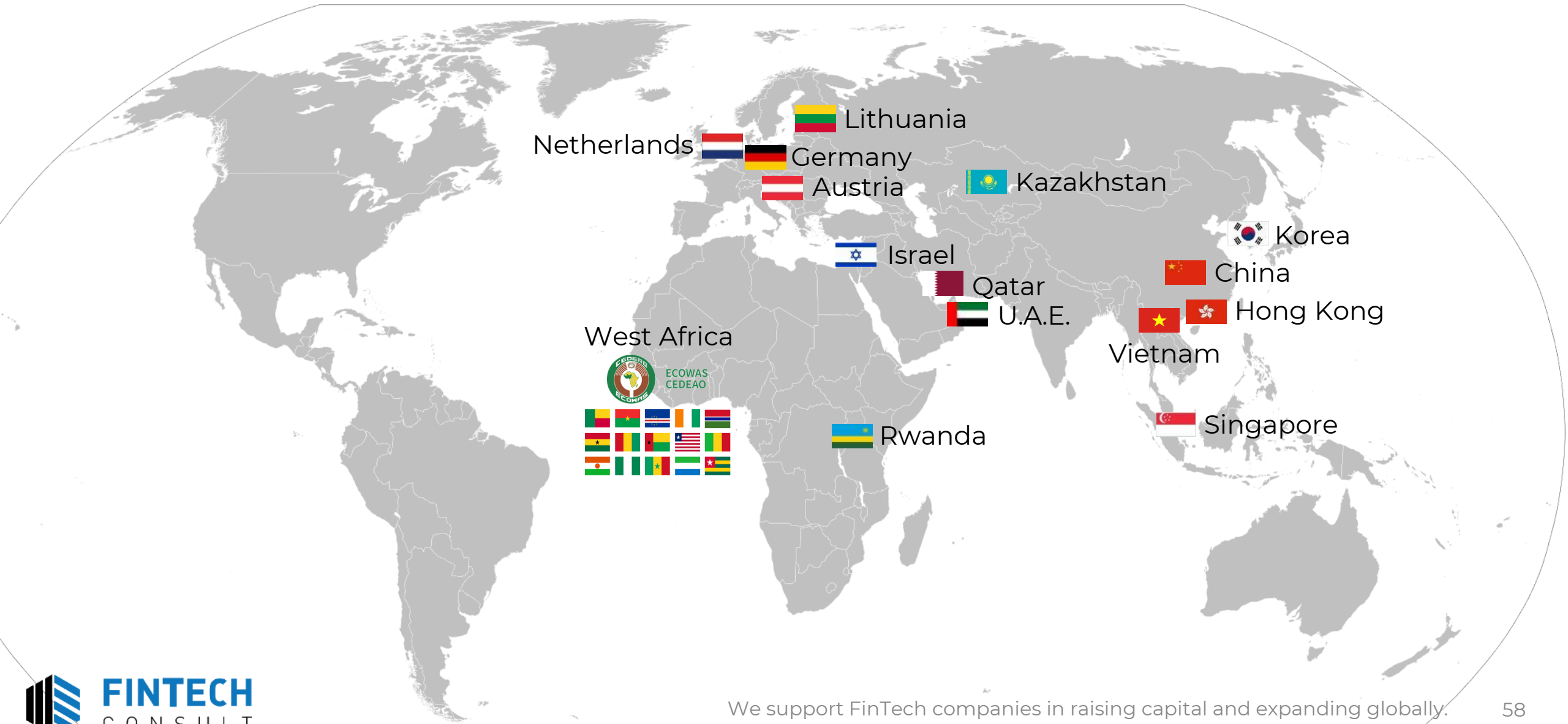
Furthermore, we support Asian, MENA, and African FinTech companies in getting started in Germany, the Netherlands, Lithuania, as well as in Austria and South-East Europe.

**We bring corporates together with FinTech companies in the most innovative cities worldwide.**

We support you in scouting for innovation and managing your digital transformation process.



# OUR GLOBAL NETWORK



# OUR SERVICES

## FOR FINTECHS:

- Market entry advice
- Global expansion support
- Mentoring and coaching
- Stakeholder organization

## FOR FINANCIAL CENTERS:

- Financial center development
- FinTech ecosystem development mapping & advice
- International marketing and networking
- Organization of innovation tours



# FINTECH

## CONSULT

### FinTech Consult Limited

**Address** 39 Lung Sum Avenue, Sheung Shui, N.T., Hong Kong

**Web** [www.fintech-consult.com](http://www.fintech-consult.com)

**LinkedIn** <https://www.linkedin.com/company/fintechconsult/>

**Contact** Jochen Biedermann

**Email** [jochen@fintech-consult.com](mailto:jochen@fintech-consult.com)



# DISCLAIMER

Copyright © 2023 FinTechConsult Limited and FinTech Association of Hong Kong Limited ('the Parties')

All rights reserved. This report may not be distributed, in whole or in part, without the express written consent of each of the Parties. The Parties accept no liability whatsoever for the actions of third parties in this respect. The information and opinions in this report were prepared by the Parties collectively. This report is not financial or investment advice and should not be relied upon for such advice or as a substitute for professional accounting, tax, legal or financial advice. The Parties have made every effort to use reliable, up-to-date and comprehensive information and analysis in this report, but all information is provided without warranty of any kind, express or implied. Both Parties disclaim any responsibility to update the information or conclusions in this report. Both Parties accept no liability for any loss arising from any action taken or refrained from because of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages. This report is under no circumstances represent any offer to buy or sell securities or a solicitation of an offer to buy or sell securities.