

International Financial Centre

Extracts from the National 14th Five-Year Plan

National Development Strategy

“...steadily promote the opening of banking, securities, insurance, funds, futures, and other financial sectors, deepen the connectivity between domestic and foreign capital markets, and improve the system of qualified foreign investors. Steadily promote the internationalisation of RMB in a prudent manner...” (Section 1, Chapter 40)

“...vigorously develop green finance...”
(Section 4, Chapter 39)

“...steadily develop financial technology...”
(Section 3, Chapter 21)

Central Government's Support for Hong Kong

“Support Hong Kong to enhance its status as an international financial centre...strengthen its functions as a global offshore RMB business hub and an international centre for asset management and risk management...”
(Section 1, Chapter 61)

“...deepen and expand the connectivity between the Mainland and the SARs' financial markets...”
(Section 2, Chapter 61)

Hong Kong's Strengths

- The only city in the world where the global advantage and China advantage converge, being a dual-direction channel for international capital inflows to the Mainland and Mainland capital to go global.
- Highly open and internationalised market.
- Internationally aligned regulatory regime, rule of law, a wealth of talents, robust infrastructure, free flow of information and capital.

Present Situation

Stock Market

- Topped the world for seven times in terms of initial public offering (“IPO”) funds raised in the past 12 years. In 2020, Hong Kong's IPO raised a total of HK\$400.1 billion, ranked second in the world.
- The world's second largest listing venue for biotechnology companies.

Seven companies listed on the HKEX main board on the same day in January 2020



Banking

- 78 of the world's 100 top banks operate in Hong Kong.
- As at July 2021, total deposits with authorized institutions reached HK\$14.9 trillion.

Offshore RMB Business Hub

- The world's largest offshore RMB business hub. About 75% of the global offshore RMB payments processed via Hong Kong. Average daily turnover exceeded RMB 1.5 trillion in the first half of 2021.

Asset and Wealth Management Centre

- Top fund management hub in Asia. Hong Kong's asset and wealth management business at end-2020 amounted to HK\$34.9 trillion, up 21% over 2019.
- The second largest private equity (“PE”) hub in Asia.

Bond

- The largest centre for arranging Asian international bond issuance.

Insurance

- One of the most open insurance centres, with 165 authorised insurers operating in Hong Kong.
- Total gross premiums increased to HK\$608.4 billion in 2020. The highest insurance density in Asia.

Green and Sustainable Finance

- Of the two batches of government green bonds issued so far, the second batch marked the world's largest US dollar government green bond deal, of which the 30-year tranche was the longest tenor US dollar government green bond in Asia.

Mutual Market Access

- As at end-August 2021, average daily trade value of Northbound Trading of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect was RMB 120.7 billion (up 34% over the same period last year), and that of Southbound was RMB 47 billion (doubling the figure over the same period last year).
- Average daily trading volume of Northbound Trading of Bond Connect increased to RMB 26.5 billion in the first eight months of 2021 (up 32% over the same period last year).
- Launched Cross-boundary Wealth Management Connect and Southbound Trading of the Bond Connect in September 2021.

Cross-boundary Wealth Management Connect launched in September 2021



FinTech

- Over 600 Fintech companies, including five unicorns.
- Eight virtual banks and four virtual insurers.
- Faster Payment System recorded about 8.9 million registrations and daily transaction of HK\$5.2 billion and RMB 147 million.

Strategy and Measures

- Complement the national development strategy and opening up of the financial market, and maintain financial stability to safeguard the economic and financial security of the country, including implementing through legislation a risk-based capital regime to align Hong Kong's regulatory standards with international standards; and a policy holders' protection scheme to better protect policy holders in case an insurance company becomes insolvent.
- Further attract Mainland enterprises that are interested in listing offshore and provide such enterprises two-way access to capitals from the Mainland and international markets. Enhance the listing rules in phases to make our listing platform more competitive.
- Continue to expand the channels for two-way flow of cross-boundary RMB funds, develop offshore RMB products and tools, and establish international multilateral co-operation platforms for offshore RMB transactions.
- Enhance Hong Kong's role as an international asset management centre through diversified PE fund structures, tax concessions and fund re-domiciliation mechanisms. Consider providing tax concessions to attract family offices to Hong Kong.
- Strengthen our role as an international risk management centre and promote mutual access of insurance markets in the Guangdong-Hong Kong-Macao Greater Bay Area.
- Explore with the Mainland to enhance existing mutual access schemes and expand new cross-boundary investment channels.
- Encourage more entities to make use of Hong Kong's financial platform for green and sustainable investment and financing. Assess the possibility of developing Hong Kong into a regional carbon trading hub.
- Attract more Fintech companies and talents to Hong Kong, and deepen co-operation with the Mainland and overseas jurisdictions on cross-boundary Fintech applications.

