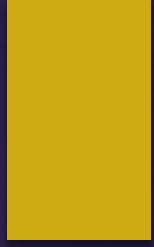




HONG KONG MONETARY AUTHORITY  
香港金融管理局



# Licensing of Stored Value Facilities (SVF)

MEDIA BRIEFING

4 NOVEMBER 2016

# Content

- ▶ Second batch of SVF licences and related matters
- ▶ Supervisory framework and focuses
- ▶ What SVF users should know



# Second batch of SVF licences

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SVF licensee	Current scope of licensee's operations			
	Online payment	POS / Mobile payment	P2P transfer	Physical card
1. • PayPal Hong Kong Limited	✓	✓	✓	
2. • Autotoll Limited	✓	✓		✓

Prepaid card (ride on existing payment card networks e.g. MasterCard, UnionPay, etc)	
3.	• Optal Asia Limited
4.	• 33 Financial Services Limited
5.	• UniCard Solution Limited
6.	• ePaylinks Technology Co., Limited
7.	• Transforex (Hong Kong) Investment Consulting Co., Limited
8.	• K & R International Limited



# Scope of the Ordinance

Type of SVF	Arrangement under the Ordinance
▶ <b>Single-purpose SVF</b>	<ul style="list-style-type: none"><li>• Outside the scope of the Ordinance</li></ul>
▶ <b>Multi-purpose SVF</b>	<ul style="list-style-type: none"><li>• Normal multi-purpose SVF: need to apply for a licence from the HKMA in accordance with the Ordinance</li><li>• Licensed banks: regarded as being granted SVF licenses under the Ordinance</li><li>• SVF exempt under the Ordinance or granted exemption by Monetary Authority (MA)</li></ul>



# Licensed banks issuing SVF

- ▶ Licensed banks are regarded as being granted SVF licences under the Ordinance
  - ▣ Existing licensed banks: regarded as SVF licensees on 13 November 2016
  - ▣ Institution granted a banking licence in the future: regarded as being granted an SVF licence at the same time
  - ▣ SVF business of licensed banks are subject to same supervision
- ▶ Currently, there are two licensed banks issuing SVF (prepaid cards)
  - ▣ Bank of Communications Co., Ltd. Hong Kong Branch
  - ▣ Dah Sing Bank, Limited



# Outright exemption

- ▶ SVF exempt under Schedule 8 to the Ordinance:
  - ▣ SVF (not being sold ) for cash reward or bonus point schemes
  - ▣ SVF for purchasing digital contents on online store platforms (e.g. games, songs, movies, etc.)
  - ▣ SVF used within premises of the issuer, aggregated float not exceeding \$1,000,000
- ▶ No application is needed
- ▶ The issuers are responsible for ensuring compliance with exemption criteria



# Exemption granted by the MA

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- ▶ Risks posed by the SVF to the user or the payment or financial system of Hong Kong are immaterial
- ▶ Exemptions will be granted to the following to facilitate orderly exit and return of stored value to users:

Issuer	SVF
BOC Credit Card (International) Ltd	<ul style="list-style-type: none"><li>• BOC VISA Prepaid Card, BOC CUP HKD Prepaid Card, BOC CUP CNY Prepaid Card</li></ul>
Travelex Card Services Ltd	<ul style="list-style-type: none"><li>• Cash Passport MasterCard cards (issued in Hong Kong)</li></ul>
Sun Hung Kai Real Estate Agency Ltd	<ul style="list-style-type: none"><li>• SHKP Mall Cash Coupon</li></ul>

- Limited float amount, and parent companies of the issuers are financially sound
- Exemption conditions: adequate float protections and measures to ensure orderly redemptions



# Common misunderstandings

Misunderstanding	Facts
<ul style="list-style-type: none"><li>• <b>Positive list?</b></li></ul>	<ul style="list-style-type: none"><li>• Payment related business – Allowed</li><li>• Other business – Conducted by fellow group companies to avoid affecting the payment services</li></ul>
<ul style="list-style-type: none"><li>• <b>Security deposit?</b></li></ul>	<ul style="list-style-type: none"><li>• Requirement on security deposit – No</li><li>• Minimum capital requirement – To ensure quality and continuity of operations</li></ul>
<ul style="list-style-type: none"><li>• <b>Standardisation of payment technology?</b></li></ul>	<ul style="list-style-type: none"><li>• Diverse payment technologies/platforms generally exist in others markets</li><li>• Facilitate innovations by allowing SVF to develop different technologies</li><li>• Motivate business developments to attract users</li></ul>





# Supervisory focuses in 2017

## *Scope of supervision*

- ▶ Float protection
- ▶ Payment security
- ▶ Use and protection of personal data

## *Supervisory policy*

- ▶ Balance between risks and convenience
- ▶ Encourage market development and competition so long as risks are under control



# What SVF users should know

- ▶ The Ordinance are fully effective on 13 November 2016
- ▶ SVF users should take note of the following:
  - ▣ Understand functionalities and terms and conditions of the SVF and make your choice according to your own needs
  - ▣ Safe keep your computers, mobile phones and physical SVF
  - ▣ Store only an appropriate amount in the SVF and check transaction records regularly
  - ▣ Visit the HKMA website for details of SVF licensees, SVF users smart tips, and public education information



# Public education advertisement

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YouTube: "HKMA Tips"



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# Q&A

