



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C

23 June 2022

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Results of the Tech Baseline Assessment

I am writing to inform you that the HKMA has completed the Tech Baseline Assessment and has published a final report detailing its key observations from the Assessment, as well as the HKMA's planned next steps to further support the industry's adoption of Fintech.

As part of its Fintech 2025 Strategy, the HKMA is promoting the all-round adoption of Fintech by banks and encouraging them to fully digitalise their operations, from front-end to back-end. The Tech Baseline Assessment, rolled-out in June 2021 as part of the "All banks go Fintech" initiative, took stock of Hong Kong banks' current and planned adoption of Fintech in the coming three years, and assessed whether there may be Fintech business areas and technology types that would benefit from the HKMA's support.

Overall, the results of the Assessment indicate that the banking industry is supportive of the HKMA's Fintech drive. Key observations include:

- Banks are prepared to dedicate healthy amounts of financial and talent investment to Fintech adoption, and most expect to make good progress in achieving their objectives for Fintech adoption by 2025;
- Adoption of the surveyed Fintech business areas is expected to increase across the board. Although variations exist, it is clear that banks will increasingly apply Fintech to not just the most popular areas of risk management and compliance (Regtech), payments (Paytech) and lending (Lendingtech), but also to investment/wealth management services (Investech/Wealthtech), insurance business (Insurtech) and green banking (Greentech);
- Banks intend to utilise extensively both established (e.g. cloud, API and Low Code Automation) and more novel technology types (e.g. Artificial Intelligence and Distributed Ledger Technology) as they press ahead with their Fintech strategies.

The HKMA welcomes the positive feedback received from the banks and will continue to support the industry's adoption of Fintech. Taking into account the results of the Assessment, the HKMA will formulate over the next few months a detailed roadmap of initiatives to further promote developments in the Fintech business areas of **Investech**, **Wealthtech**, **Insurtech** and **Greentech**, as well as the technology types of **Artificial Intelligence** and **Distributed Ledger Technology**. During the process, the HKMA will closely engage with other local authorities, including the Securities and Futures Commission, the Insurance Authority and the Mandatory Provident Fund Schemes Authority to identify opportunities for cross-sectoral collaboration. More details about the Assessment results and the HKMA's upcoming plans can be found in the enclosed report.

In case of any questions related to the Tech Baseline Assessment, please contact Joanna Chan at 2878 8694 or David Xu at 2597 0883.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive

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