GRANTING OF VIRTUAL BANKING LICENCES

27 March 2019
Policy Objectives

• To promote development of fintech and innovation in Hong Kong
• To offer new customer experience
• To promote financial inclusion
Approval Process

• Published a revised Guideline on Authorization of Virtual Banks on 30 May 2018

• Received a total of 33 virtual banking applications as of 31 August 2018

• 11 applicants did not submit sufficient information on certain critical aspects
Approval Process

• Considered substantially complete applications based on the following 4 principles:

  (i) Whether the applicant has adequate financial, technological and other related resources to operate virtual banking business;

  (ii) Whether the applicant’s business plan is credible and feasible and able to provide new customer experience and to promote financial inclusion and the development of fintech;

  (iii) Whether the applicant has in place or is able to put in place appropriate IT platform to support its business plan; and

  (iv) Whether the applicant is able to start operation early when granted a virtual banking licence.

• Shortlisted 8 applications for the next stage of detailed due diligence
Granting of Licences

• HKMA granted three licences today
• Actively processing the remaining five applications
The Three Licensed Institutions

- Livi VB Limited
  - A joint venture set up by BOC Hong Kong (Holdings), JD Digits and Jardines
  - BOC Hong Kong (Holdings) has a 44% shareholding
  - JD Digits has a 36% shareholding
  - Jardines has a 20% shareholding
The Three Licensed Institutions

• SC Digital Solutions Limited
  ➢ A joint venture set up by Standard Chartered Bank (Hong Kong), PCCW, HKT and Ctrip Financial
  ➢ Standard Chartered Bank (Hong Kong) has a 65.1% shareholding
  ➢ PCCW and HKT have a 25% shareholding
  ➢ Ctrip Financial has a 9.9% shareholding
The Three Licensed Institutions

• ZhongAn Virtual Finance Limited
  ➢ A company set up by ZhongAn Online and Sinolink Group through a joint venture
  ➢ ZhongAn Online has a 51% shareholding
  ➢ Sinolink Group has a 49% shareholding
Preparations Prior to Commencement of Business

• The virtual banks intend to launch services within 6-9 months

• To complete a range of preparatory work to meet supervisory expectations before commencing business

• Preparations prior to commencement of business include:
  ➢ Testing of IT platform and system
  ➢ Finalisation of detailed risk management measures and controls
  ➢ Setting up remote account opening procedures & AML/CFT controls
  ➢ Human resources