



HONG KONG MONETARY AUTHORITY
香港金融管理局

**Consultation Conclusions on
Proposed Renaming of “Virtual Bank”**

14 October 2024

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I. Introduction

1. The Hong Kong Monetary Authority (“HKMA”) issued a consultation paper on 6 August 2024 on the proposal to rename “Virtual Bank (虛擬銀行)” as “Digital Bank (數字銀行)” (“Consultation Paper”).
2. The one-month consultation ended on 5 September 2024. A total of 26 submissions were received from various parties including industry/professional associations, individual virtual banks and members of the public. The names of the respondents are listed in the Annex.
3. This consultation conclusions paper (“Conclusions Paper”) summarises the key comments received from the respondents to the Consultation Paper, the responses of the HKMA to those comments, and the HKMA’s conclusions on the proposed renaming. This Conclusions Paper should be read together with the Consultation Paper.

II. Executive Summary

4. The respondents of the consultation expressed broad support for the proposal of the Hong Kong Monetary Authority (“HKMA”) to rename “Virtual Bank (虛擬銀行)”, and the majority of the respondents supported the new nomenclature of “Digital Bank (數字銀行)”. They also provided comments on certain aspects of the proposed renaming. Highlighted below are some of the key comments received during the consultation and the HKMA’s responses.

On renaming

5. All institutional respondents and most individual respondents supported the proposal to rename “Virtual Bank (虛擬銀行)”, asserting that the term no longer reflects the evolving nature of the use of financial technologies and banking practices of virtual banks. Some of them considered that the proposed renaming would align with global trends and that the word “virtual” could imply a lack of real financial activities or high risk behaviours. However, a few individual respondents cautioned against renaming, opining that the proposed renaming might confuse members of the public as they are familiar with the term “Virtual Bank (虛擬銀行)” and some incumbent banks have been referring themselves or their online banking businesses as “digital bank” or “digital banking business”.

On the proposed new name

6. All of the respondents including all those virtual banks (“VBs”) supporting the renaming proposal agreed with the proposed new name of “Digital Bank”, with the majority supporting “數字銀行” as the Chinese name. They generally believed that the term “Digital Bank” aligns with industry trends and accurately represents banks adopting financial technologies, thereby enhancing public’s confidence and trust in VBs. On the other hand, a few individual respondents preferred “數碼銀行” as the Chinese name, arguing that the term “數碼” is more widely accepted in Hong Kong and better conveys the concepts of “digital” and “internet”, and that the term “數字” might be misinterpreted as referring to numerical values.
7. Taking into consideration the comments received, the HKMA considers that it is appropriate to rename “Virtual Bank (虛擬銀行)” as “Digital Bank (數字銀行)” to put more emphasis on the business models and financial technologies adopted by the VBs rather than their form of presence. The suggested Chinese name “數字銀行” is deemed appropriate as it aligns with industry trends and current digitalisation terminology used by the Government in policy development while providing distinction with the existing digital banking services of the incumbent banks, which are usually

translated as “數碼銀行服務”.

8. The HKMA will embark on the amendments to the Guideline on Authorization of Virtual Banks to effect the new name “Digital Bank (數字銀行)” shortly.

III. Comments and Responses

Question 1: Do you agree that “Virtual Bank (虛擬銀行)” should be renamed? If not, why?

Question 2: Do you have any comments on the proposed new name “Digital Bank (數字銀行)” ?

Comments received

On renaming

9. All institutional respondents and the majority of individual respondents were supportive of the proposed renaming of “Virtual Bank (虛擬銀行)”. They generally considered that “Virtual Bank (虛擬銀行)” would no longer be a good representation of banks adopting new technologies and their business models, and that the proposed renaming would align with global and industry trends. Some of them also commented that the word “virtual” might give an impression that Virtual Banks (“VBs”) did not engage in actual financial activities, or were engaging in or associated with high risk business activities.
10. A few individual respondents did not consider it necessary to rename “Virtual Bank (虛擬銀行)” lest doing so might cause confusion to members of the public, as VBs have gained a certain extent of market acceptance in Hong Kong over the past few years and the term “Virtual Bank (虛擬銀行)” has become an established term that is familiar to members of the public. Two of these respondents also commented that some incumbent banks have been referring themselves or their online banking businesses as “digital bank” or “digital banking business”, which might not be easily differentiated by the public if the proposed new name “Digital Bank” was adopted. A respondent suggested that instead of renaming, running promotional campaigns and public education could be more effective in eliminating the public’s misconceptions about VBs.
11. An institutional respondent pointed out that apart from adopting a terminology that aligns with global and market trends, it is crucial to improve financial literacy in digital banking in order to seize the opportunity of digital banking and build a more secure financial future.

On the proposed new name

12. All respondents including some VBs who supported the renaming of “Virtual

Bank” agreed with the proposed new name “Digital Bank”. All institutional respondents and the majority of individual respondents supported “數字銀行” as the Chinese name, generally considering that this aligns with industry trends and the representation of banks with similar business nature. Some of them commented that the term “數字銀行” would better reflect the use of financial technologies and innovations by the VBs, which as some considered would help to reduce misconception and enhance public’s trust in and perception of these institutions. In addition, one of the respondents quoted examples of the use of the term “數字” by the Hong Kong Special Administrative Region (“HKSAR”) Government in the development of policy and digital economy.

13. A few individual respondents preferred “數碼銀行” as the Chinese name. They were generally of the view that the term “數碼” had been widely used and accepted in various aspects in Hong Kong, including in a number of initiatives of the HKSAR Government. A few of them also commented that the term “數字” could not reflect the concepts of “digital” and “internet” clearly and that members of the public would associate this term with numerical values. An individual respondent suggested some alternative Chinese names such as “智慧型銀行”, “智慧銀行” and “智能銀行”.

HKMA’s response

14. The HKMA noted that some respondents preferred the existing name of “Virtual Bank (虛擬銀行)”. As explained in the Consultation Paper, the proposed new nomenclature aims to place more emphasis on the banking model of VBs instead of their form of “virtual” presence in this era of digital transformation, and that “Digital” is a common term which can better reflect the use of the financial technologies and innovations by VBs. Taking this into consideration and the broad support received on the renaming proposal, the HKMA maintains its view that “Virtual Bank (虛擬銀行)” should be renamed.
15. The HKMA took note of the respondents’ views on the Chinese term for “Digital Bank”. It is considered that “數字銀行” is the appropriate Chinese name as it aligns with the terminology used in the era of digitalisation while providing distinction with the existing digital banking services of the incumbent banks, which are usually translated as “數碼銀行服務”. For the avoidance of doubt, the renaming of “Virtual Bank (虛擬銀行)” as “Digital Bank (數字銀行)” is not intended to render that only such entities have exclusivity in the provision of digital banking services in Hong Kong.
16. The public education efforts by the HKMA, industry/professional associations and individual institutions will collectively help raise the public’s awareness of the new name to build confidence of members of the public and avoid any potential public confusion.

IV. Conclusions and Way Forward

17. Following the issuance of this Conclusions Paper, the HKMA will embark on the amendments to the Guideline on Authorization of Virtual Banks to effect the new name “Digital Bank (數字銀行)” shortly.
18. The HKMA would like to take this opportunity to thank all respondents for their valuable comments.

Annex - List of Respondents

(in alphabetical order)

Institutional Respondents

1. Airstar Bank Limited
2. Ant Bank (Hong Kong) Limited
3. Fintech Association of Hong Kong
4. Institute of Financial Planners of Hong Kong
5. PAO Bank Limited

Individual Respondents

6. Mr Alex Cheng
7. Mr Chan
8. Mr Cheung
9. John
10. Mr Lam
11. Ms Lee
12. Mr Leung
13. Mr Li Pui Lun
14. Mr Lo
15. Mr Meng XiaoFeng
16. Teresa
17. Mr Timothy Huang
18. Mr To
19. Mr Wong Pei Chung
20. Mr Wong
21. Mr Wong

The name of four other individual respondents are withheld from disclosure at their requests, and the name of one individual could not be identified.