

Head 148 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (FINANCIAL SERVICES BRANCH)

Controlling officer: the Permanent Secretary for Financial Services and the Treasury (Financial Services) will account for expenditure under this Head.

Estimate 2024–25 **\$981.5m**

Establishment ceiling 2024–25 (notional annual mid-point salary value) representing an estimated 94 non-directorate posts as at 31 March 2024 reducing by two posts to 92 posts as at 31 March 2025 **\$73.7m**

In addition, there will be an estimated 12 directorate posts as at 31 March 2024 reducing by one post to 11 posts as at 31 March 2025.

Commitment balance..... **\$3,806.8m**

Controlling Officer's Report

Programmes

Programme (1) Financial Services
Programme (2) Subvention: Financial Services Development Council

These programmes contribute to Policy Area 1: Financial Services (Secretary for Financial Services and the Treasury).

Detail

Programme (1): Financial Services

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)				
<i>eMPF platform</i>	625.5	234.3	101.9 (-56.5%)	470.7 (+361.9%) (or +100.9% on 2023–24 Original)
<i>Other items</i>	452.0	526.4	352.3 (-33.1%)	463.3 (+31.5%) (or -12.0% on 2023–24 Original)
Total	1,077.5	760.7	454.2 # (-40.3%)	934.0 @ (+105.6%) (or +22.8% on 2023–24 Original)

The revised estimate for 2023–24 is lower than the original estimate for 2023–24, mainly due to –

(a) change in funding requirement of various funding schemes/initiatives under the “Funding for promoting and facilitating the development of the financial services sector” in view of the less-than-expected demand; and

(b) decrease of \$132,400,000 (56.5%) in the funding requirement of the eMPF Platform Project, including the deferral of a payment milestone from 2024–25 to 2025–26 and a decrease in annual maintenance fee, both of which arose from the delay in system readiness.

@ The provision for 2024–25 is \$479,800,000 (105.6%) higher than the revised estimate for 2023–24. This is mainly due to the increased cash flow requirement of \$368,800,000 for the eMPF Platform in 2024–25 arising from the deferral of payment milestone from 2024–25 to 2025–26 and an increase in annual maintenance fee.

Aim

2 The Financial Services Branch aims to:

- maintain and enhance Hong Kong’s status as a major international financial centre;
- maintain the integrity and stability of the financial system of Hong Kong;

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- ensure orderly and efficient operation as well as prudent and appropriate regulation of the financial markets; and
- provide a business environment which is open, fair and conducive to financial market developments.

Brief Description

- 3** The Branch seeks to achieve the above aims through:
 - formulating policies and/or introducing legislative proposals covering the banking system; securities and futures market; asset and wealth management sector; insurance industry; Mandatory Provident Fund schemes operation; companies, trusts, money lending, insolvency and accountancy matters;
 - enhancing financial co-operation with the Mainland;
 - co-ordinating and facilitating the implementation of new initiatives on financial infrastructure to enhance Hong Kong's competitiveness;
 - facilitating market innovation to deepen and broaden the market, including formulating policies on financial technology (Fintech) development and green finance;
 - assisting the Financial Secretary in overseeing the relevant regulatory authorities, including the Securities and Futures Commission, the Insurance Authority, the Mandatory Provident Fund Schemes Authority (MPFA) and the Accounting and Financial Reporting Council (AFRC); and
 - overseeing the operation of the Census and Statistics Department, the Companies Registry and the Official Receiver's Office.
- 4** The aims of the programme were broadly achieved in 2023.

Matters Requiring Special Attention in 2024–25

- 5** During 2024–25, the Branch will:
 - engage the industry and formulate proposals to promote the further development of the financial services industry;
 - advance financial co-operation with the Mainland, including fulfilling the goals set out in the National 14th Five-Year Plan and promoting Hong Kong's efforts in initiatives in relation to the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development in respect of the financial services sector;
 - promote the competitiveness and sustainable development of the stock market;
 - promote the issuance and trading of Renminbi securities in Hong Kong;
 - promote the development of the bond market;
 - promote the development of the asset and wealth management sector, including attracting more family offices to set up operation or expand their business in Hong Kong, reviewing the existing tax concession measures applicable to the asset and wealth management sector, and implementing the New Capital Investment Entrant Scheme;
 - promote the development of green and sustainable finance in Hong Kong, including launching a new "Green and Sustainable Fintech Proof-of-Concept Subsidy Scheme", in tandem with national and international development;
 - promote the development of Fintech in Hong Kong, including overseeing the Pilot Scheme on Training Subsidies for Fintech Practitioners, implementing the GBA Fintech Two-way Internship Scheme for Post-secondary Students, and issuing a policy statement on application of artificial intelligence in the financial market;
 - oversee the Pilot Green and Sustainable Finance Capacity Building Support Scheme, and the Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector to foster talent development in these aspects in Hong Kong;
 - prepare legislation for introducing a company re-domiciliation regime;
 - prepare legislation for promoting paperless corporate communication for Hong Kong companies;
 - work with the MPFA and the eMPF Platform Company Limited to develop the eMPF Platform to facilitate standardisation, streamlining and automation of administration processes of Mandatory Provident Fund registered schemes;
 - work with the AFRC to implement the new independent regulatory regime for the accounting profession and auditors with continuous improvements;
 - promote the development of the insurance industry, including implementation of a risk-based capital regime to align with international standards;

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- enhance Hong Kong’s regulatory regime for combatting money laundering and terrorist financing by, inter alia, overseeing the implementation of a licensing regime on virtual asset service providers and the relevant measures, extending the regulatory scope to cover over-the-counter trading of virtual assets and stablecoin issuers, stepping up the efforts in investor education and participate actively in inter-governmental organisations such as the Financial Action Task Force;
- strengthen regulation of licensed money lenders and conduct public education to raise awareness on prudent borrowing;
- strengthen banking regulation in line with international standards, including implementation of the Basel III requirements;
- implement the new Companies Registry inspection arrangements to enhance personal data protection;
- enhance the efficiency of administration of corporate insolvency and personal bankruptcy; and
- operationalise the resolution regime established under the Financial Institutions (Resolution) Ordinance (Cap. 628).

Programme (2): Subvention: Financial Services Development Council

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)	31.7	31.7	31.7 (—)	47.5 (+49.8%)
				(or +49.8% on 2023–24 Original)

Aim

6 The aim is to support the Financial Services Development Council (FSDC) in conducting strategic studies, providing advice, fostering market development and nurturing talent, with a view to enhancing Hong Kong’s competitiveness in the international financial market.

Brief Description

7 The FSDC was established in January 2013 to support the sustained development of Hong Kong’s financial services industry. It was incorporated as a company limited by guarantee in September 2018 to enhance its operational efficiency and flexibility. The objectives of the FSDC are to:

- advise the Government on strategies and measures to expand the scope of Hong Kong’s financial markets and enhance the competitiveness of Hong Kong as an international financial centre;
- support the financial services industry in developing the core competence and knowledge of its practitioners; and
- promote Hong Kong’s financial services industry and Hong Kong as an international financial centre in the Mainland and overseas.

8 The FSDC engages the industry and carries out its mission under three broad themes of research, market promotion and human capital development.

Matters Requiring Special Attention in 2024–25

9 During 2024–25, the FSDC will:

- engage the industry and provide strategic advice for the further development of Hong Kong as an international financial centre;
- promote Hong Kong’s financial services industry locally, in the Mainland and overseas through organising and participating in a wide range of marketing campaigns;
- help nurture human capital for Hong Kong’s financial services industry with outreach programmes for students and practitioners; and
- offer ongoing training, knowledge exchange and networking opportunities for family office practitioners and next-generation asset owners through the Hong Kong Academy for Wealth Legacy established under the FSDC.

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ANALYSIS OF FINANCIAL PROVISION

	2022–23 (Actual) (\$m)	2023–24 (Original) (\$m)	2023–24 (Revised) (\$m)	2024–25 (Estimate) (\$m)
Programme				
(1) Financial Services	1,077.5	760.7	454.2	934.0
(2) Subvention: Financial Services Development Council	31.7	31.7	31.7	47.5
	<hr/>	<hr/>	<hr/>	<hr/>
	1,109.2	792.4	485.9 (–38.7%)	981.5 (+102.0%)
				(or +23.9% on 2023–24 Original)

Analysis of Financial and Staffing Provision

Programme (1)

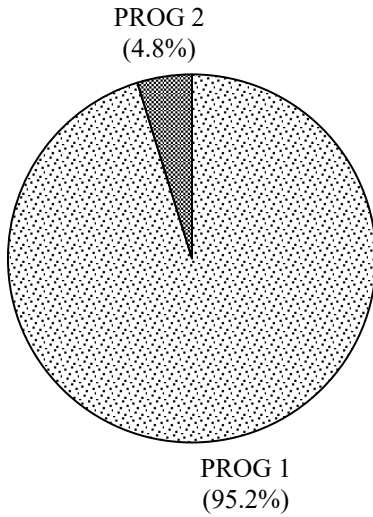
Provision for 2024–25 is \$479.8 million (105.6%) higher than the revised estimate for 2023–24. This is mainly due to the increased cash flow requirement of \$368,800,000 for the eMPF Platform in 2024–25 arising from the deferral of payment milestone from 2024–25 to 2025–26 and an increase in annual maintenance fee. There will be a decrease of three posts in 2024–25.

Programme (2)

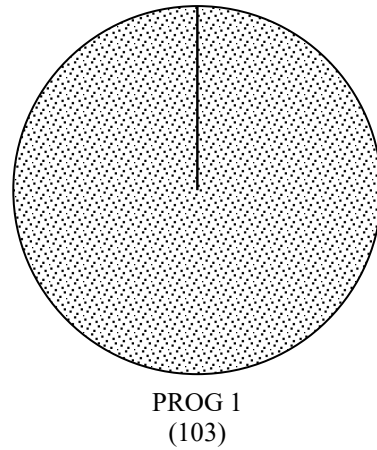
Provision for 2024–25 is \$15.8 million (49.8%) higher than the revised estimate for 2023–24. This is because additional funding is provided to the FSDC for supporting the operation of the Hong Kong Academy for Wealth Legacy and strengthening the FSDC’s policy research and market promotion efforts.

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Allocation of provision to programmes (2024-25)

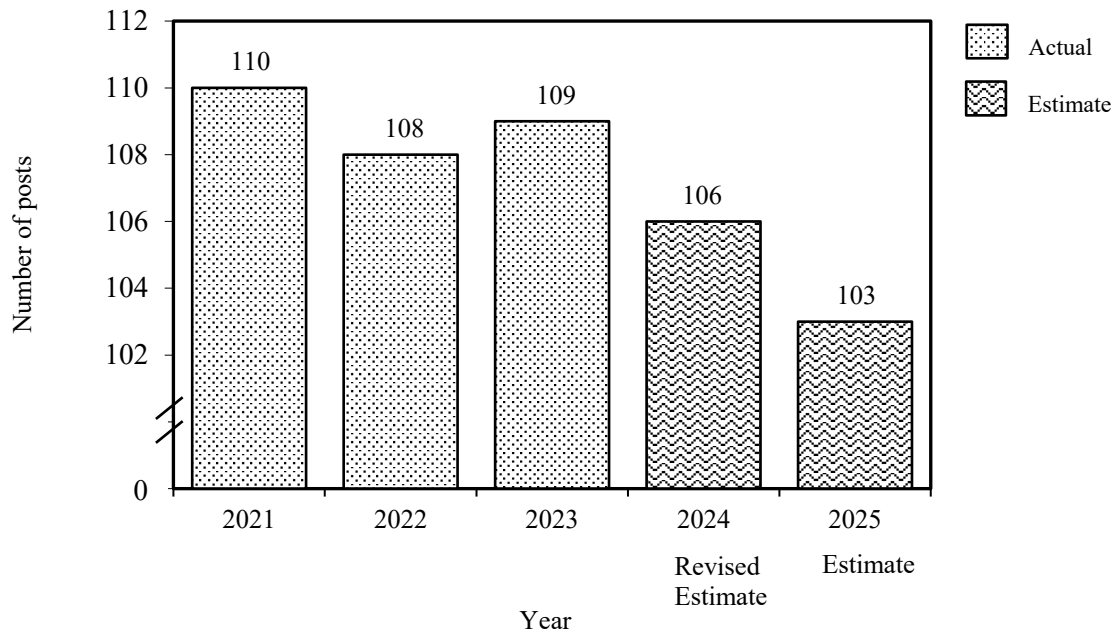


Staff by programme (as at 31 March 2025)



(No government staff under PROG 2)

Changes in the size of the establishment (as at 31 March)



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Sub-head (Code)	Actual expenditure 2022–23	Approved estimate 2023–24	Revised estimate 2023–24	Estimate 2024–25	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	246,224	246,595	246,595	259,451
	Total, Recurrent	246,224	246,595	246,595	259,451
Non-Recurrent					
700	General non-recurrent	862,975	545,755	239,284	722,044
	Total, Non-Recurrent	862,975	545,755	239,284	722,044
	Total, Operating Account	1,109,199	792,350	485,879	981,495
	Total Expenditure	1,109,199	792,350	485,879	981,495

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Details of Expenditure by Subhead

The estimate of the amount required in 2024–25 for the salaries and expenses of the Financial Services Branch is \$981,495,000. This represents an increase of \$495,616,000 over the revised estimate for 2023–24 and a decrease of \$127,704,000 against the actual expenditure in 2022–23.

Operating Account

Recurrent

2 Provision of \$259,451,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Financial Services Branch.

3 The establishment as at 31 March 2024 will be 106 posts including three supernumerary posts. It is expected that there will be a decrease of three posts in 2024–25. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2024–25, but the notional annual mid-point salary value of all such posts must not exceed \$73,651,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2022–23 (Actual) (\$'000)	2023–24 (Original) (\$'000)	2023–24 (Revised) (\$'000)	2024–25 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	97,646	98,044	94,039	94,363
- Allowances	8,250	7,477	9,098	8,243
- Job-related allowances.....	14	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	201	188	155	149
- Civil Service Provident Fund contribution	9,296	10,120	9,645	10,812
Departmental Expenses				
- Hire of services and professional fees	35,066	26,297	27,324	24,656
- General departmental expenses	64,051	72,767	74,632	73,726
Subventions				
- Financial Services Development Council ..	31,700	31,700	31,700	47,500
	246,224	246,595	246,595	259,451

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2023 \$'000	Revised estimated expenditure for 2023–24 \$'000	Balance \$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
802		Funding for promoting and facilitating the development of the financial services sector@	1,395,000@	716,667	123,669	554,664
807		Funding requirements for the eMPF Platform for the administration of Mandatory Provident Fund registered schemes.....	4,939,276	1,635,955	101,915	3,201,406
888		Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector.....	155,000	90,618	13,700	50,682
		Total	6,489,276	2,443,240	239,284	3,806,752

@ The commitment for the item, as approved in 2018–19, 2021–22, 2022–23 and 2023–24, was \$1,285 million. An increase in commitment of \$110 million for promoting and facilitating the development of the financial services sector is sought in the context of the Appropriation Bill 2024.