

**People's Republic of China–Hong  
Kong Special Administrative Region:  
Financial Sector Assessment Program  
-Technical Note-Implications of  
Fintech for the Regulation and  
Supervision of the Financial Sector**



# PEOPLE'S REPUBLIC OF CHINA– HONG KONG SPECIAL ADMINISTRATIVE REGION

## FINANCIAL SECTOR ASSESSMENT PROGRAM

June 2021

### TECHNICAL NOTE—IMPLICATION OF FINTECH FOR THE REGULATION AND SUPERVISION OF THE FINANCIAL SECTOR

This Technical Note on Implication of Fintech for the Regulation and Supervision of the Financial Sector for the People's Republic of China–Hong Kong Special Administrative Region FSAP was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed in June 2021.

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**International Monetary Fund**  
**Washington, D.C.**



INTERNATIONAL MONETARY FUND

# PEOPLE'S REPUBLIC OF CHINA–HONG KONG SPECIAL ADMINISTRATIVE REGION

FINANCIAL SECTOR ASSESSMENT PROGRAM

June 7, 2021

## TECHNICAL NOTE

IMPLICATIONS OF FINTECH FOR THE REGULATION AND  
SUPERVISION OF THE FINANCIAL SECTOR

Prepared By  
**Monetary and Capital Markets  
Department**

This Technical Note was prepared by IMF staff in the context of the Financial Sector Assessment Program in Hong Kong Special Administrative Region, led by Ananthakrishnan Prasad. It contains technical analysis and detailed information underpinning the FSAP's findings and recommendations. Further information on the FSAP can be found at <http://www.imf.org/external/np/fsap/fssa.aspx>

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## Glossary

AI	Authorized Institution
AML/CFT	Anti-Money Laundering and Counter-Financing of Terrorism
API	Application Programming Interface
BCBS	Basel Committee on Banking Supervision
BCD	Banking Conduct Department of the HKMA
BDAI	Big Data Analytics and Artificial Intelligence
BIS	Bank for International Settlements
BO	Banking Ordinance
BOT	Bank of Thailand
BSD	Banking Supervision Department of the HKMA
B2B	Business-to-business
B2C	Business-to-customer
CBDC	Central Bank Digital Currency
CCP	Central Counterparty
CFI	Cybersecurity Fortification Initiative
CFR	Council of Financial Regulators
CIS	Collective Investment Scheme
CISP	Cyber Intelligence Sharing Platform
CPMI	Committee on Payments and Market Infrastructures
C-RAF	Cyber Resilience Assessment Framework
DAG	Data Analytics Group
DLT	Distributed Ledger Technology
FAG	FinTech Advisory Group
FATF	Financial Action Task Force
FCP	Fintech Contact Point
FFO	FinTech Facilitation Office
FMI	Financial Market Infrastructure
FPS	Faster Payment System
FSAP	Financial Sector Assessment Program
FSC	Financial Stability Committee
FSS	Fintech Supervisory Sandbox
FSTB	Financial Services and the Treasury Bureau
GFIN	Global Financial Innovation Network
HKAB	Hong Kong Association of Banks
HKEX	Hong Kong Exchanges and Clearing Limited
HKICL	Hong Kong Interbank Clearing Limited
HKMA	Hong Kong Monetary Authority
HKSAR	Hong Kong Special Administrative Region
IA	Insurance Authority
ICO	Initial Coin Offering
IEO	Initial Exchange Offering

IFEC	Investor and Financial Education Council
IFPCD	Insurance Fraud Prevention Claims Database
IHC	Immediate Holding Company
IOSCO	International Organization of Securities Commissions
IRIS	Intelligence Relationship Identification System
ITC	Information and Technology Communication
JETCO	Joint Electronic Teller Services Limited
KRI	Key Risk Indicator
MIDAS	Motor Insurance DLT-based Authentication System
ORM	Operational Risk Management
PBoC	People's Bank of China
PCPD	Privacy Commissioner for Personal Data
PDPO	Personal Data (Privacy) Ordinance
PFMI	Principles for Financial Market Infrastructure
PHE	Public Housing Estate
PoC	Proof-of-Concept
PSSVFO	Payment Systems and Stored Value Facilities Ordinance
RegTech	Regulatory Technology
RPA	Robotic Process Automation
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance
SME	Small- and Medium-sized Enterprise
SPM	Supervisory Policy Manual
SupTech	Supervisory Technology
SVF	Stored Value Facility
TN	Technical Note
TSP	Third-party Service Provider
UHC	Ultimate Holding Company
VA	Virtual Asset
VASP	Virtual Asset Service Provider
VB	Virtual Bank