



FACT SHEET: HONG KONG FINTECH LANDSCAPE

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A Diverse and Dynamic International FinTech Hub

Hong Kong is an international FinTech hub characterised by a diverse and dynamic landscape. Although a relatively small city, it punches above its weight as one of the most productive markets for FinTech start-ups to rapidly scale-up. The Hong Kong FinTech sector continues to grow, raise capital and hire.

- Home to [around 1,000](#) fintech companies and start-ups, Hong Kong is one of the top cities globally for start-ups to rapidly scale-up. It is home to [over 10 unicorn companies](#) (start-ups valued over US\$1bn). Examples of Hong Kong's FinTech unicorns include [HashKey Group](#), an end-to-end digital asset financial services group; [ZA International](#), which was granted a HK virtual bank license in March 2019 via its subsidiary ZA Bank Limited; [WeLab](#), an online financial company; and [Airwallex](#), a cross-border payment service provider and more. The city ranks first in Asia Pacific and second worldwide in emerging ecosystems of [The Global Startup Ecosystem Report 2023](#).
- Hong Kong has leaped from 15th in 2021 to ninth in the [2023 Frontier Technologies Readiness Index](#) by United Nations Conference on Trade and Development. 74% of Hong Kong respondents use at least two fintech services and over 90% have adopted digital payment, according to [PolyU Askloria Fintech Adoption Index](#) in April 2023. The adoptions of Virtual Wealth, Virtual Bank, and Virtual Insurance were at 57%, 55%, and 41%, respectively. The city also has a high B2B adoption rate of FinTech and also serves as a platform for entering into mainland China, the world's top consumer market for FinTech. According to HSBC, 37% of their international survey respondents see Hong Kong as the [preferred entry point](#) into the GBA.
- [2023 Annual Startup Survey](#) conducted by InvestHK showed that start-ups in Hong Kong continued to flourish, with the number of start-ups reaching a record high of 4,257, up 34% from 2019, fully demonstrating the attractiveness of Hong Kong to start-up founders. This spans across different business sectors, with over 600 start-ups in the FinTech industry.
- According to the results of the [Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong](#) by the Census and Statistics Department, the number of business operations in Hong Kong with parent companies located outside Hong Kong was 9,039 in 2023. In terms of source country/territory, Mainland China ranked the first with 2,177 companies, followed by Japan (1,403), the United States (1,273), the United Kingdom (641) and Singapore (477). By sector, import/export trade, wholesale and retail topped the list (4,388), followed by financing and banking (1,659), and professional, business and education services (1,304).
- In 2023, Hong Kong improved its ranking to 19th at [IMD Smart City Index 2023](#). The city [ranks fourth](#) in the latest Global Financial Centres Index, which was produced by the China Development Institute and the London think tank Z/Yen Partners. As a vibrant innovation hub with one of the highest densities of inventors and scientific authors, Shenzhen–Hong Kong–Guangzhou ranked second among the biggest science and technology (S&T) innovation clusters in the world in [The Global Innovation Index 2022](#).
- The Hong Kong Stock Exchange has been the world's top IPO market [seven of the last 13 years](#) and an increasingly [popular choice](#) for Asia's FinTech companies thanks in part to highly



attractive listing rules designed for tech companies. In terms of IPO fundraising volume, the Hong Kong Stock Exchange [ranked sixth globally](#).

- The listing of the first Bitcoin futures ETF and Ether futures ETF in Hong Kong in December 2022 marks an important milestone for the virtual asset ecosystem in Asia. HKEX ETP new product listings continue to expand, with [175](#) ETPs were listed on HKEX as at 31 October 2023, including the first metaverse-themed ETF, the first carbon futures ETF, the first blockchain ETF, as well as Asia's first crypto asset ETFs. In November 2023, the first Saudi Arabian ETF is listed in Hong Kong, offering global and regional investors unique Middle East exposure in Hong Kong.
- HKEX has introduced [FINI](#) (Fast Interface for New Issuance) in October 2023 – a new digital platform that modernises the IPO settlement process and will shorten the time gap between IPO pricing and trading, giving investors quicker access to new listings, reducing market risk and improving efficiency for all parties involved. In the same month, HKEX launched [HKEX Synapse](#), a settlement acceleration platform for Stock Connect.
- During the Hong Kong FinTech Week 2023, the Financial Services and the Treasury Bureau announced a new [Integrated Fund Platform \(IFP\)](#). The first phase of the IFP, which will be developed and operated by Hong Kong Exchanges & Clearing, is expected to launch by the end of 2024. It is proposed to cover the front-to-back distribution life cycle and value chain for distribution of retail funds in Hong Kong, and will serve as an integrated platform, thus strengthening Hong Kong's position as an international asset and wealth management centre.

A Supportive Regime and Ecosystem Focusing on FinTech Development

- Stable, world-class regulatory regime with [attractive sandboxes](#) and initiatives to pioneer FinTech development in emerging areas. No exchange controls or restrictions on capital inflows and outflows make Hong Kong one of the freest markets for FinTech companies to grow and expand cross-boundary operations. Start-ups also benefit from a low and simple tax structure, as well as a variety of generous government support, funding, and subsidy schemes.
- Banks of all asset sizes plan to dedicate more financial and talent resources to Fintech. The expected financial investment by small and medium-sized banks is set to grow by over 50% and 80% respectively in the next three-year period. Regtech, Paytech and Lendingtech are currently and set to remain the top three most commonly adopted Fintech business areas by 2025. Greentech adoption is set to increase rapidly and projected to double to around 60% of banks by 2025. Similar momentum can also be seen for Legaltech, with its adoption rate expected to almost double to around 40% by 2025, according to an [assessment](#) by HKMA in June 2022.
- In June 2021, the HKMA announced the “FinTech 2025” strategy to encourage the financial sector to adopt technology by 2025, and to promote the provision of fair and efficient financial services for the benefit of Hong Kong citizens and the economy. The focus areas include:
 1. All banks go FinTech by fully digitizing operations
 2. Future-proofing Hong Kong for Central Bank Digital Currencies (CBDCs) by increasing Hong Kong's readiness in issuing CBDCs at both wholesale and retail levels
 3. Creating the next-generation data infrastructure by enhancing the city's existing data infrastructure and building new ones
 4. Expanding the FinTech-savvy workforce by collaborating with various strategic partners to groom all-round FinTech talent



5. Nurturing the ecosystem with funding and policies by setting up a new FinTech Cross-Agency Co-ordination Group and various industry key players to formulate supportive policies for the Hong Kong FinTech ecosystem
- As one of the key initiatives under its “Fintech 2025” strategy, [Commercial Data Interchange \(CDI\)](#) is officially launched on [24 October 2022](#), signifying a new era of data sharing. With the launch of CDI, financial institutions could embrace more innovative applications to digitalise and streamline a wide range of financial processes, such as Know-Your-Customer (KYC), credit assessment, loan approval and risk management. Since its launch in October 2022, the number of CDI participating banks has reached [26](#), and key data providers have doubled from 6 to 12. The CDI utilisation rate has also increased nearly nine fold to 8,900 data requests from close to [1,000](#) during the pilot phase, with estimated credit approvals exceeding HK\$8 billion at the end of September 2023.
 - In August 2023, the HKMA unveiled a new Fintech Promotion Roadmap, outlining the key initiatives that it will undertake over the next 12 months to give further impetus to Fintech adoption in the financial services industry. The new Roadmap focuses on the Fintech business areas of Wealthtech, Insurtech and Greentech as well as the technology types of Artificial Intelligence (AI) and Distributed Ledger Technology (DLT).
 - During the Hong Kong FinTech Week 2022, the Government issued a [policy statement](#) on the development of Virtual Assets (VA) in Hong Kong, recognising VA is here to stay and the potential of distributed ledger technologies (DLT) and Web 3.0 to become the future of finance and commerce. The Government, in conjunction with the financial regulators, are working towards providing a facilitating environment for promoting sustainable and responsible development of the VA sector in Hong Kong.
 - Over the past few years, the Government and the regulators have developed a comprehensive framework for the regulation of VA activities, under the “same activity, same risks, same regulation” principle. A new licensing regime for VA Service Providers took effect on 1 June 2023 to align requirements for VA Exchanges in terms of anti-money laundering, counter-terrorist financing (“AML/CTF”), and investor protection to those currently applicable to traditional financial institutions, hence offering licensed VA Exchanges the status and credibility to access a wider net of investors in the Hong Kong market.
 - The Government and the regulators are exploring the following pilot projects to test the technological benefits brought by Virtual Assets and their further applications in the financial markets. In February 2023, the Government successful issued the [world’s first government tokenized green bond](#) of HK\$800 million, showcasing Hong Kong’s strengths in combining bond market, green and sustainable finance as well as fintech. e-HKD, another key pilot project, has made headway as Project mBridge is now at the [Minimum Viable Product \(MVP\) development phase](#) and the HKMA aims to launch the MVP in 2024 to pave the way for a production-ready system.
 - InvestHK highlighted continued ambitions to develop transformative Web3 applications during the Hong Kong FinTech Week 2023, by sharing specific Web3 successes that showcase the benefits to the economy and the lives of Hong Kong people while also bringing global impact. One example is HashKey Group and Arkreen launching the Web3 Decentralised Physical Infrastructure Networks (DePIN) Hong Kong initiative globally at the 2023 Hong Kong Web3 Carnival in April.



DePIN is leading the charge, leveraging Web3's economic incentive model and smart contract collaboration mechanism. Arkreen, like all DePIN networks, is a decentralised energy data infrastructure that forms a closed-loop ecosystem encompassing both the supply and demand sides. On the supply side, Arkreen gathers data on individual environmentally friendly actions, measuring their impact as Proof of Physical Work (PoPW). This data undergoes validation, gets recorded on the blockchain, and establishes a trusted climate action footprint. The PoPW data serves as an endorsement for issuing green certificates and distributing token rewards to contributors for their genuine climate actions.

GBA as a Gateway for FinTech companies to Prosper

- The [GBA Wealth Management Connect Scheme](#) facilitates cross-boundary wealth management within the GBA, an open and economically vibrant region with a population of over 86 million. The GDP of the GBA exceeded [RMB13 trillion](#) in 2022. While promoting the organic growth of our local wealth management market, it will drive the development of the entire financial services value chain, encompassing product development, distribution, asset management and related professional and support services.
- The HKSAR government is also working with the regulatory authorities in the Mainland to explore enhancement measures for the [Cross-boundary Wealth Management Connect Scheme](#), such as increasing quotas gradually, expanding the scope of eligible investment products, inviting more participating organisations and improving the distribution arrangement. The People's Bank of China (PBOC), SFC and HKMA launched on 15 May 2023 the Northbound Trading of [Swap Connect](#), the new mutual access programme between Hong Kong and Mainland China's interbank interest rate swap markets. As the world's first derivatives mutual market access programme, it will help forge stronger connectivity between Hong Kong and Mainland's capital markets, further supporting their mutual development and strengthening Hong Kong's role as an international financial centre.
- In November 2023, the HKMA, the People's Bank of China (PBoC) and the Monetary Authority of Macao (AMCM) jointly announced that the three authorities had signed the "[Memorandum of Understanding on Deepening Fintech Innovation Supervisory Cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area](#)". The three authorities agreed to link up, in the form of a network, the PBoC's Fintech Innovation Regulatory Facility, the HKMA's Fintech Supervisory Sandbox and the AMCM's Regulatory Requirements for Innovative Fintech Trials.

Strong Funding Landscape

Hong Kong has a rich and diverse [funding landscape](#). This includes both government backed and private funding for smaller start-ups; private equity and venture funding for scale-ups, and one of the world's top IPO markets.

- **Government Funding** – As of 9 May 2023, the Hong Kong government provides [45 grants](#) for enterprises and organizations in different sectors. [The 2023-24 budget](#) also aligned with national development strategies and Hong Kong's position fostering I&T and FinTech enhancement in the city. The government has allocated HK\$50 million to expedite development of the Web3 ecosystem and set up a task force to advise on the sustainable development of the virtual asset



industry. HKSTPC will inject \$400 million into its [Corporate Venture Fund](#) and inject an additional \$110 million to launch the Co-acceleration Programme.

- In the 2022 Policy Address, the Chief Executive announced the establishment of the [Hong Kong Investment Corporation](#) to further optimise the use of financial reserves for promoting the development of the economy and industries of Hong Kong. The corporation manages a total of US\$ 7.94 billion in funding, which includes the Hong Kong Growth Portfolio, the Greater Bay Area Investment Fund and the Strategic Tech Fund set up under the Future Fund as well as the newly formed Co-Investment Fund.
- **Private Funding** – Hong Kong has the [2nd largest fund pool](#) in Asia Pacific, behind Mainland China. Hong Kong's private equity capital under management as of end-2022 amounted to [US\\$208.3 billion](#), ranking second in Asia. Hong Kong was also ranked the largest hedge fund hub in Asia as at [March 2022](#). According to Statista, total capital raised in the venture capital market is projected to reach [US\\$3 billion](#) in 2023.
- The Government has introduced the limited partnership fund (LPF) regime from August 2020 to attract private investment funds to set up and operate in Hong Kong in the form of limited partnerships. As at end-February 2023, [over 600 LPFs](#) were registered in Hong Kong. The Government has also introduced a re-domiciliation mechanism for foreign funds since November 2021 to attract foreign funds to re-locate their registration and operation to Hong Kong.
- **IPO** - Funds raised through initial public offerings (IPO) in Hong Kong amounted to nearly [HK\\$105 billion](#) in 2022, making Hong Kong the fourth largest IPO centre in the world.
- HKEX has added a [new 18C Specialist Technology chapter](#) to the Main Board Listing Rules on 31 March 2023, supporting a rich pipeline of specialist technology companies as they access capital to fund innovative ideas and growth.

Emerging FinTech Innovation

Virtual assets (VA) - In June 2022, the government gazetted the [Anti-Money Laundering and Counter-Terrorist Financing \(Amendment\) Bill 2022](#) in an effort to enhance Hong Kong's regulatory regime for combating money laundering and terrorist financing. Any person who seeks to carry on a business of operating a virtual asset exchange is required to apply for a license from the SFC. [The passage of the Bill by the Legislative Council has been made in December 2022](#). The licensing regime for VA service providers as well as other amendments on AML/CTF requirements, took effect on 1 June 2023.

- A [circular](#) by HKMA in April 2023 listed best practices of risk-based approach in banking services for corporate customers, mentioning in particular that authorized institutions should endeavour to support VASPs licensed and regulated by the SFC on their legitimate need for bank accounts in Hong Kong. As Hong Kong is stepping up efforts to cultivate a Web3-friendly environment, ZA bank has announced in [April 2023](#) to be the first virtual bank that provides essential banking services to Web3 enterprises.
- HKMA together with the Bank of Israel (BOI) and the Bank for International Settlements Innovation Hub (BISIH) Hong Kong Centre published a joint report, titled "[Project Sela – An](#)



[accessible and secure retail CBDC ecosystem](#)” in September 2023 with practical insights into the cybersecurity, technical and policy aspects of a retail CBDC implementation.

- HKMA announced during the Hong Kong FinTech Week 2023, Phase 2 of the e-HKD Pilot Programme, which the HKMA intends to commence next year. It will explore new use cases for an e-HKD and delve deeper into select pilots from Phase 1.

Regtech - In January 2022, HKMA issued the fifth issue of the [Regtech Adoption Practice Guide](#), providing implementation guidance to help banks apply RegTech solutions for cyber risk management. It offers advice on how banks can use these solutions to address the latest cyber risk emerging from container technology and remote working arrangements.

- In April 2022, HKMA launched the [Regtech Knowledge Hub](#) to encourage greater sharing of Regtech adoption experience and expertise within the Regtech ecosystem in Hong Kong. The Hub provides an online platform for the Regtech community, including banks and Regtech providers, to share success stories and implementation experience, while also acting as a central repository of the HKMA’s Regtech-related information, including past circulars, guidance papers, and research reports.
- **Faster Payments System** – Faster Payment System (FPS) was launched in October 2018. FPS operates on a round-the-clock basis and connects banks and stored value facility (SVF) operators on the same platform. [FPS registrations](#) exceeded 10 million in March 2022, and grew further to [12.81](#) million as of the end of August 2023. The use of the FPS has also continued to increase, registering an average annual rise of [71% and 41%](#) respectively in its daily Hong Kong dollar real-time transaction volume and value in the past five years. A new service called FPS x Thailand’s PromptPay QR Payment also launched in December 2023.
- **Sandboxes** – Hong Kong has three sandboxes for the banking, insurance and securities sectors to help promote the development of mainland FinTech companies in Hong Kong. As of end-October 2023, pilot trials of 317 FinTech initiatives had been allowed in the FSS. Separately, banks have collaborated with tech firms in 225 trial cases. Usage of the FSS [as of October 2023](#):

Technology involved	Number of pilot trials
Biometric authentication	9
Soft tokens	7
Chatbots	3
Distributed ledger technologies	8
Application programming interface (API) services	18
RegTech	161
Mobile application enhancements	26
Others	85
Total	317



Diversity of FinTech Companies

A unique feature of Hong Kong is its highly diverse range of FinTech companies operating in sectors including virtual banking, insurance technology, asset management, robo-advisory, blockchain, digital trading, payments, and cybersecurity.

- The FinTech companies in 2023 are from a broad range of sectors including WealthTech; Blockchain application / software; payments and remittance; digital asset & cryptocurrency; FinTech enterprise solutions; InsurTech; FinTech private investment; compliance & RegTech and others.
- Digital Investment is expected to be the largest segment with a AUM of US\$375.80m in 2023, while the Digital Assets market is expected to show a revenue growth of 37.0% in 2024, according to [Statista](#).
- FinTech companies benefit from being in close proximity to the world's largest financial institutions across banking, insurance, asset management and payments. Over 70 of the largest 100 banks in the world have a presence in Hong Kong and over 29 multinational banks have their [regional headquarters](#) in the city.
- **Virtual Banking** - Since 2019, the HK Monetary Authority (HKMA) has issued [8](#) virtual banking licenses.
- **Insurance** - Since 2018, the HK Insurance Authority (HKIA) has issued virtual insurance to [4](#) insurtech companies.

One of The Richest FinTech Ecosystems in Asia

Hong Kong has one of Asia's richest ecosystem of public and private organisations to accelerate, invest and support FinTech companies. Some of the [key organisations](#) supporting FinTech companies include:

- [Cyberport](#) is a business park and ecosystem for digital companies, housing over [400](#) FinTech companies. Cyberport also has a private equity fund to invest in FinTech start-ups.
- [The Hong Kong Science and Technology Park Corporation \(HKSTP\)](#), the city's largest R&D base with over [1,500](#) I&T companies and [13,000](#) R&D practitioners, providing research and development infrastructure across the city. The [Shenzhen branch](#) is opened in September 2023 to support local and global I&T enterprises to capture Mainland market opportunities and attract talents, enterprises and investment to the GBA and beyond, which targets to house around 150 enterprises.
- **Innovation Labs** – Many world-renowned innovation laboratories have settled in Hong Kong, including [Standard Chartered's eXcellerator](#), [DBS Startup Xchange](#), [Intact Lab Hong Kong](#), [HSBC's ASTRI Research and Development Innovation Lab](#), [HKEX Innovation Lab](#), [Bank for International Settlements \(BIS\)](#); [IBM Innovation Center](#), [Deloitte's Asia-pacific Blockchain Lab](#), [PwC's Emerging Technology Lab](#), 'Nordic Innovation House', [MIT Hong Kong Innovation Node](#), and the [Tuspark](#) owned by Tsinghua University-backed Tus-Holdings.

- **Accelerators** - Many financial institutions have set up accelerators to promote cooperation among regulators, customers, business partners and technology companies. This includes [Accenture's FinTech Innovation Lab](#), [Helix](#), [Loopnest Blockchain Acceleration Programme](#), [Betatron](#), and [Hype Asia](#). Other notable accelerators include the 'DBS Accelerator' operated by DBS and venture capital Nest.

About InvestHK

- [InvestHK](#) is the department of the Hong Kong Special Administrative Region Government responsible for attracting foreign direct investment. It has set up a dedicated FinTech team to attract the world's top innovative FinTech enterprises, start-up entrepreneurs, investors and other stakeholders to set up their businesses in Hong Kong or scale their business via Hong Kong into Mainland China, Asia and beyond.
- **Hong Kong FinTech Week** celebrates global hub's scale-up opportunities for the FinTech industry in Hong Kong and across the Guangdong-Hong Kong-Macao Greater Bay Area. Hong Kong FinTech Week 2023 was held from 30 Oct to 5 Nov. The entire week attracted a record high of over 35 000 attendees and over 5.5 million views online from over 100 economies, featured over 800 distinguished speakers and over 700 exhibitors, as well as attracting more than 30 Mainland and international delegations. Please visit www.FinTechweek.hk to receive further updates.
- [Global Fast Track](#) helps global fintech businesses be viable, visible and scalable via Hong Kong to Asia and beyond by connecting them to corporates, investors and service providers. Its [Global Scaleup Competition](#) – to select the most promising Fintech, AI and Web3 companies through semi-final pitching across 12 different cities globally and 1 virtually. The final was held at the Hong Kong Fintech Week.

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