



註冊財務策劃師協會
Society of Registered Financial Planners

Hong Kong Undergraduate Financial Planners of the Year Award **Final round topic 2022**

According to a recent report released by Z/Yen Partners and the China Development Institute, Singapore has overtaken Hong Kong to become Asia's top financial centre and ranked third in the world. The cause for Hong Kong to lose its crown is primarily due to its struggle to keep up with China's zero-COVID policy while the rest of the world has chosen to live with the virus. Such divergence in public health policy has led to a serious plight of human capital and businesses, especially in the financial services sector, thus benefiting its long-time competitor Singapore.

To defend Hong Kong's position as a leading financial centre in the region, Financial Secretary Paul Chan cited that Hong Kong still enjoys greater depth and breadth of its financial services industry, including a vibrant stock market, a multifaceted bond and debt market, an active foreign exchange market, numerous asset and private wealth managers and family offices, as well as a strong linkage with the mainland. The Global Financial Leaders' Investment Summit ("Investment Summit") held by the government in November should bring investors' attention to the core competence of Hong Kong in satisfying the increasingly sophisticated demands from investors.

One of the key building blocks of a financial centre is the ability to attract high-net-worth individuals ("HNWI") to place their money with financial institutions there. The Financial Services Development Council published a research report in September 2022 titled "Cementing Hong Kong's Role as a Premier Private Wealth Management ("PWM") Hub" (see Appendix). In the report, the government expresses optimism in building Hong Kong as a PWM hub. For instance, Hong Kong attracted US\$87.1 billion of fund inflows in 2021 despite a challenging market environment.

You are required to provide an analysis on the following:

1. Assuming you were one of the participants in the Investment Summit, how would you advise the government in regaining confidence from investors around the world and promoting Hong Kong as a PWM hub.
2. As a university student aiming to pursue a career in the PWM industry, how do you prepare yourself to seize opportunities in the industry?
3. How would fin-tech and other digital solutions play a critical role in servicing HNWI from a product development and customer service perspective?

[Note: Please support your arguments with data, statistics, demographic projections, and research materials from reliable sources. Make your own assumptions when necessary.]

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FSDC releases report
“Cementing Hong Kong’s Role as a
Premier Private Wealth Management Hub”

Hong Kong, 7 September 2022 – The Financial Services Development Council (FSDC) today released a research report titled “Cementing Hong Kong’s Role as a Premier Private Wealth Management Hub” with an aim of further developing the private wealth management (PWM) industry in Hong Kong.

Against the backdrop of the well-established digitalisation trend in the industry, this FSDC report details the latest PWM developments and identifies relevant areas, particularly from a regulatory perspective, that are playing a crucial role in bolstering the PWM industry.

“Despite the global economic headwinds and in the face of the COVID-19 pandemic, Hong Kong’s PWM industry has shown great resilience over the past years. In particular, Hong Kong is expected to takeover Switzerland to become the world’s largest cross-border wealth management centre by assets under management (AUM) in 2023,¹ and the total AUM held by PWM business continued to account for approximately one-third of that of the whole asset and wealth management business in Hong Kong.²” said Laurence Li SC, Chairman of the FSDC. “In order to continue such momentum and to capture future opportunities, our proposed enhancement to existing regimes can inject further impetus and will reaffirm Hong Kong’s proposition as an international financial centre.”

The report proposes recommendations revolving around five key areas, namely, know-your-customer (KYC) practices, professional investor (PI) regime, suitability framework, tax treatments, and education and talent development.

¹ <https://web-assets.bcg.com/d4/47/64895c544486a7411b06ba4099f2/bcg-global-wealth-2021-jun-2021.pdf>

² https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/AWMAS-2021_final_e.pdf



Corresponding recommendations include (i) aligning the KYC regimes dealing with anti-money laundering, suitability, and PI across the financial services industry; (ii) introducing a sophisticated PI classification and a higher asset based PI test in which suitability obligations could be exempted; (iii) reviewing the current suitability framework and suitability obligations; (iv) introducing tax treatments for the PWM industry in conducive to a more competitive investment environment; and (v) leveraging the collective efforts by the industry and universities in grooming and readying talents.

The full version of the report can be downloaded from the FSDC website: www.fsd.org.hk.

About the FSDC

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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