FINANCIAL INSIGHTS/RECOMMENDATIONS
INTO
THE FIRST FIVE-YEAR PLAN FOR ECONOMIC AND SOCIAL DEVELOPMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION(HKSAR) (2026-2030)

FOCUS ON

PART 2 OF ECONOMY, FINANCE, AND TRADE
&
PART 3 OF INNOVATION, TECHNOLOGY, AND INDUSTRY DEVELOPMENT

Proposed by

THE HONG KONG ASSOCIATION OF FINANCIAL ADVISORS LIMITED

Certified ESG Strategists SUSTAINABILITY

Society of Registered Financial Planners & Strategists
註冊財務策劃師及策略師協會

July 31 2026

Financial Strategic Recommendations

for

Strengthening Hong Kong's Financial Competitiveness

(2026 -2030)

Prepared By

Dr Chester Chu

President of HKAFA & HKICES & Vice President of SRFP&S

On behalf of

The Board of Directors of

The Hong Kong Association of Financial Advisors
www.hkafa.org

The Hong Kong Institute of Certified ESG Strategists
www.hkices.com

Society of Registered Financial Planners & Strategists

www.hkrfp.org

July 31 2026

Content

Chapter	Particulars	Page Number
1	Background	3
2	Executive Summary	5
3	The Challenges	8
4	The Highlight of the Utilisation of Comparative Data in the Analysis of Policy	10
5	Recommendations	12
5.1	The Global Financial Trading Exchange Hub	12
5.2	Five days of 24-hour Financial Services in a Financial Centre	12
5.3	Global Insurance Company registration place	13
5.4	The International Financial Centre Education Hub	14
5.5	Additions to the Recommendations	14
6	Conclusion	16
7	Reference	18

1. Background

After six years of turmoil and significant volatility, Hong Kong's economy remains fraught with uncertainty. The economy is on the brink of a political and economic transformation that will fundamentally alter the way we live, work, and interact with one another. In terms of scale, scope, and complexity, this transformation will be unlike anything Hong Kong has ever experienced. We do not yet know how it will unfold. However, one thing is clear: the response must be comprehensive and holistic, involving all stakeholders in the financial markets, as both local and global circumstances will be affected.

The urgency of building a sustainable revenue for Hong Kong.

Building a sustainable revenue model is highly urgent for Hong Kong to address a structural deficit, reduce its reliance on volatile real estate land sales, and cover the cost of healthcare and welfare for its population. The deficit before the issuance of Government Bonds amounts to HK$92,861 million. While the Government projected a HK$2.9 billion consolidated surplus for the 2025–26 fiscal year (ending March 31 2026) due to a rebounding stock market, economists note that this relies heavily on one-off fund transfers and large bond issuances. Excluding bond proceeds, the formal fiscal balance remains deeply negative. (Hong Kong's budget surplus masks a mounting structural deficit, 2026) We may consider reducing deficits by increasing our revenue sources before raising taxes or reducing expenditure.

We must face the VUCA situation and create jobs for the younger generation.

Over the last 10 years, Hong Kong has been facing VUCA situations. VUCA represents Volatility, Uncertainty, Complexity, and Ambiguity. (Project Management Institute, 2022) In the first section of 21 Lessons for the 21st Century (Harari, 2018), a book by the young Israeli historian Yuval Noah Harari, the first lesson in the 'Technological Challenges' section is entitled 'The Shattering of Illusions'. Here, he analyses how artificial intelligence (AI) is currently reducing the need for a large workforce, and how the widespread adoption of automation will disrupt and transform numerous industries. For example, drivers in the transport sector will be replaced by self-driving

vehicles; there will be massive job losses in the financial services, insurance, banking, and securities sectors; and humanity will face the threat of 'Overcapacity'.

After completing their tertiary education, a significant proportion of young people encounter difficulties in securing employment. Confronted with a VUCA situation of limited job opportunities, the majority perceive themselves as powerless to take control. They harbour a vague sense of abandonment by the future and experience a growing sense of worthlessness. The phenomenon of 'disruptive innovation' (Christensen, 2017) has been identified as a significant source of concern for the working population. Disruptive innovation theory in financial markets explains how low-cost or accessible financial technologies, such as fintech apps, digital banks, and decentralised finance, initially target overlooked, low-end, or non-consuming customers. Over time, roles will inevitably overlap and processes will be streamlined. These simpler alternatives will improve and eventually displace traditional, established banking and financial institutions. A considerable proportion of the middle-class demographic is either unemployed or at risk of losing their employment, and they perceive an accelerating rate of job loss. This imbalance is becoming increasingly apparent. The prevailing anxiety experienced by the middle class and younger demographics is gradually evolving into anger, which, when articulated by politicians, is directed towards the Government, immigrants, importers, property developers, the affluent, and those with vested interests. There were approximately 36,200 NEET (Not in Education, Employment or Training) youths aged 15 to 24 in Hong Kong. This group accounted for about 6.3% of the city's total youth population. (Legislative Council Secretariat, 2026) Creating job opportunities for young people is of paramount importance.

2. Executive Summary

Hong Kong is at a critical juncture in its financial development. However, Hong Kong has laid a solid foundation in international finance, trade, maritime affairs, and aviation. Characterised by a mature institutional framework, free capital flow and the rule of law, Hong Kong's financial market has always served as an important platform for international capital allocation and risk management. As the 19th-century economist David Ricardo proposed in his theory of 'comparative advantage' (Rahman, 2023), we should focus solely on what we do better than other countries or regions—or indeed what they are unable to do—and should not concentrate on tasks where we lack an absolute advantage, such as manufacturing and heavy industry. Hopefully, all stakeholders will recognise and cherish Hong Kong's unique strengths, namely its diverse core values, and will stimulate creativity to formulate and implement the right competitive strategy.

As one of the participants in the financial industry, we focus on the following two significant problems:

- **The budget deficit of nearly 92 billion**
- **Joblessness and the unemployment rate**

The present paper offers four strategic recommendations to help consolidate Hong Kong's status as an international financial hub, create job opportunities, and secure sustainable revenue in the coming years. The recommendations are:

1. The Global Financial Trading Exchange Hub
2. Five Days of 24-hour Financial Services in a Financial Centre
3. Global Insurance Company Registration Place
4. The International **Financial Centre** Education Hub

These four recommendations are vital for strengthening Hong Kong's development as an international financial centre. They also align with the recommendations put forward for Hong Kong by Vice-Premier He Lifeng, also a member of the Political Bureau of the Communist Party of China Central Committee, on November 19 2024. (Xinhua, 2024)

First recommendation: *He hoped that Hong Kong would seize the historic opportunities brought by the country's reform and development, continue to deepen financial reform and innovation, expand financial opening-up and cooperation, actively align with the country's development strategies, continue to safeguard financial security, and continue to write a splendid chapter under "one country, two systems". (Xinhua, 2024)*

Building the **Global Financial Trading Exchange Hub** requires enterprising leadership to overcome all obstacles and establish a financial trading centre. This hub will involve taking the lead in pilot schemes, training professional financial talent and adopting a forward-looking mindset to shape the future. The specialised exchange will benefit related financial services, such as banking, family office, funds management and insurance. It is also important to generate employment opportunities for financial specialists, including accountants, lawyers, investment advisors, insurers and bankers. Promoting Hong Kong as a **Global Insurance Company Registration Place** is based on Hong Kong's advantages and core values. A Global Insurance Company Registration Place should be established to capitalise on Hong Kong's unique competitive advantages (IMD, 2026) and core values (Chu, Hong Kong Core Values, 2026) to carve out a share of the international insurance market.

Second recommendation: *He said that with the safeguard of "one country, two systems", the strong support from the country, and joint efforts from all sectors, Hong Kong's status as an international financial centre will be further consolidated, and Hong Kong will maintain long-term prosperity and stability. (Xinhua, 2024)*

Five Days of 24-hour Financial Services in a Financial Centre can facilitate capital movement, whilst a diversified trading platform can also cater to the needs of foreign investors, enabling them to switch between investment products and build investment portfolios. It can also create job opportunities and increase the utilisation rate of commercial properties in the Financial Centre.

Under the 'One Country, Two Systems' framework, the State is supporting Hong Kong in developing as an international financial centre, continuously advancing the financial sector, while enhancing the quality and standard of

development within the Guangdong–Hong Kong–Macao Greater Bay Area. The International Education Hub should be further developed into the **International Financial Centre Education Hub.** The enhancement is an additional aspect of the reform. Not only does it help educate young people in Hong Kong and mainland China, but it also helps young people overseas learn about advanced financial services and strategies.

3. **The Challenges**

Hong Kong began accumulating capital through re-export trade in 1952, shifted to manufacturing in 1978, and, 47 years later, successfully developed its financial services sector into the present-day Global Financial Centre. Hong Kong's past success, which has earned it a stellar reputation and international recognition, is primarily attributable to the Government and the public. Through their concerted efforts, nine diverse core values have been established, and an effective overall value proposition has been formulated for consideration by foreigners. The nine diverse core values are:

i. Policy of positive non-intervention
ii. The offshore Renminbi centre
iii. Respect for the rule of law and a high degree of autonomy
iv. Integrity, fairness, impartiality and transparency
v. Low tax rates
vi. Financial liberalisation, free convertibility of foreign exchange, and unrestricted movement of capital
vii. Democracy and freedom, including freedom of speech, respect for human rights, and protection of private property
viii. The commitment to the HKSAR remains unchanged for 50 years.
ix. The hub for financial transactions

(Chu, 2026)

It is widely acknowledged that Hong Kong's financial system is distinguished by its openness, legal integrity, and efficiency. However, in the contemporary global context, characterised by intensified competition, rapid technological transformation, and the advancement of regional integration initiatives within the Greater Bay Area framework, there exists a need for novel strategies.

The following challenges have been identified as being of particular significance:

- The fears of the development of automation will create joblessness and unemployment. Young people generally agreed that, "When you grow up, you might not have a job! (Harari, 2018) (朱維鵬會長, 2020)

- Facing the potential and unforeseen financial and political crises, we must strengthen our risk-bearing capacity and resilience.
- Regional competition: The emergence of prominent metropolitan centres, such as Singapore and Switzerland, has attracted considerable scholarly interest.
- The present study examines technological transformation. The introduction of fintech, digital assets, and environmental, social, and governance (ESG) standards is predicted to become the new standard.
- Evidence of talent shortages in Hong Kong has been observed. There is a lack of expertise in emerging financial disciplines.

Maintaining the strategic balance is of paramount importance. Navigating autonomy within the 'One Country, Two Systems' framework while aligning with national priorities is a complex undertaking.

4. The Highlight of the Utilisation of Comparative Data in the Analysis of Policy

4.1 A Tax Regime Comparison

Jurisdiction	Corporate Tax Rate	SME Effective Rate	System Features
Hong Kong	● 8.25% (first HK$2M profits), ● 16.5% thereafter	~8.25%	● territorial basis, ● offshore profits exempt; ● no VAT, ● no capital gains tax, ● no dividend tax
Singapore	17% standard	~5.86% (partial exemption on first S$200K)	● Territorial basis, ● Worldwide system with exemptions, ● GST at 9%; ● extensive tax treaties

Policy significance: Hong Kong offers a less complex territorial tax regime that appeals to cross-border investors, while Singapore favours SMEs but imposes higher compliance costs.

4.2 Capital Raising Capacity Exchange

Exchange	IPO Fundraising (2025)	Global Ranking	Follow-on Offerings
HKEX	HK$285.8 billion from 119 new listings	#1 globally	● US$66 billion follow-on offerings, ● +136% YoY
NYSE/Nasdaq	~US$45–50 billion combined	#2–3 globally	Larger absolute scale but fewer IPOs
Shanghai/ Shenzhen	~US$40 billion	#4 globally	Primarily domestic listings

Policy significance: Hong Kong Exchanges and Clearing (HKEX) continues to dominate as the foremost IPO venue, thereby underscoring Hong Kong's preeminence in capital raising.

4.3 Financial Talent Development Focus Area

Focus Area	Hong Kong Initiatives	Statistics/Trends
ESG & Sustainable Finance	Enhanced Competency Framework updates; ESG modules in banking training	ESG expertise identified as a critical skill gap for 2026–2030
Fintech & AI	HKMA "Future Banking Bridging Programme"; AI literacy programs	24% of firms are widely deploying AI in 2026, triple that of 2025
Global Talent Attraction	HKIB/HKIMR talent strategies; cross-border recruitment	Industry surveys highlight the need to attract overseas talent.

Policy significance: Hong Kong is proactively reskilling its workforce in ESG and AI, while concurrently seeking international talent to ensure its continued competitiveness.

5. Recommendations

(Chester, 2025)

5.1 The Global Financial Trading Exchange Hub

This concept aims to enhance the competitiveness of capital markets worldwide through global integration. Deepen collaborative development through more relevant exchanges grounded in Hong Kong's 9 core values. For example, in the coming years, Hong Kong should either establish or build up oil & gas, bond, metal, mercantile, commodities, and diamond exchanges. The advantages compared with competitive countries, include the following::

- An attractive low-tax environment
- High-quality agency services safeguarding private property
- A 50-year commitment to the Special Administrative Region
- Diverse core values of Hong Kong

Establishing relevant trading exchanges would not only meet investors' diverse needs, but also help investors diversify their investments and switch between investment products, thereby reducing risk and enhancing efficiency. It would also help international institutions retain capital invested in Hong Kong.

Of course, we must address the money laundering problem before welcoming strategic countries and partners in support of the target exchange build-up. Political factors and considerations regarding those entitled to benefits must not be overlooked.

5.2 Five days of 24-hour Financial Services in a Financial Centre

To enhance liquidity and efficiency, it is recommended that a five-day 24-hour financial services operation model be adopted. A 24-hour, three-shift working pattern would create job opportunities in the financial market and improve consumer attitudes. The night-time economy generates substantial economic and social value by making the most of the commercial centre's assets. It generates massive revenue and employment,

boosts tourism, and fosters civic cohesion by providing diverse cultural and recreational spaces that support community well-being.

The following activities are able to promote the night-time economy:

- Offer international financial services around the clock, with a five-day, 24-hour, three-shift system that never stops.
- Increase training for financial professionals and promote bilingualism and multilingualism.
- Create employment opportunities in the financial sector and related industries.
- Maximise capital and transaction efficiency, whilst initiating 24-hour operations for intelligent office buildings in the Financial Centre.
- Foster collaboration among supporting services in the Financial Centre to enhance service quality continuously.

5.3 Global Insurance Company Registration Place

Hong Kong is an international financial centre with extensive international experience and diverse core values. The established the Insurance Claims and Arbitration Centre would expedite the development of Hong Kong into a global centre for insurance claims and arbitration. This strategy take advantage of the Hong Kong's low tax rates and common law, as well as the transfer of the policy beneficiary's sustainable ownership. We believe that the chances of success are extremely high, particularly given that Hong Kong possesses the following advantages:

- A low tax rate environment, characterised by exemption from various taxes, including inheritance tax, dividend tax, interest tax, and capital gains tax.
- It is vital that the beneficiary is protected in perpetuity under the provisions of company law.
- Potential for claims and arbitration on an international level.
- 50 years of unchanged status as a HKSAR.
- Support from the land of one's origin.
- The rule of law and recognition of the common law system are both important.

- A talent pool, a reservoir of abilities.
- The necessary infrastructure for custodianship and monitoring.

5.4 The International Financial Centre Education Hub

Hong Kong's initiative is focusing on developing a talent ecosystem of the highest international calibre. Specialised professional knowledge-based services provided by highly trained individuals or financial firms. The initiative involves building institutes with knowledge of Environmental, Social and Governance (ESG) and Diversity, Equity and Inclusion (DEI), Family Office, Artificial Intelligence, Risk Management, Compliance, and Strategy. Particular emphasis is placed on the experience related to the establishment of exchanges and regulators in Hong Kong. By leveraging its world-class, English-medium universities, the city can build a resilient new pillar for economic growth, especially in the financial sector. (HSBC, 2025)

5.5 Additions to the recommendations

Hong Kong welcome foreigners from around the world and establish new specialised trading exchange markets.

Regulatory innovation should be encouraged to facilitate the establishment of flexible frameworks for 24-hour trading services, the night-time economy and cross-border financial products.

The establishment of joint training programmes with universities and industry bodies, with a particular focus on ESG, financial services, commodity products and fintech, is recommended to implement a talent strategy.

In the context of international cooperation, there is a need to expand bilateral agreements on insurance arbitration and capital market access.

The principles of the rule of law and transparency are of paramount importance in ensuring that Hong Kong maintains its reputation for fairness and integrity. To enhance compliance standards, it is essential to implement rigorous measures to ensure that the highest ethical standards are maintained.

Promotion and Positioning

It is of the utmost importance to promote Hong Kong's core values on the global stage as a "Trusted Gateway" for the International Finance Centre. This promotion is grounded in Hong Kong's diverse values, which are essential to its standing as a leading global financial hub in sustainability.

6. Conclusion

Hong Kong enters the 2026–2030 planning period amid profound transformation in the global financial landscape. To safeguard long-term competitiveness and ensure sustained economic resilience, the Hong Kong Special Administrative Region must adopt a coordinated, forward-looking strategy that leverages its institutional advantages while responding effectively to emerging challenges. The financial insights and recommendations set out in this document provide a strategic foundation for such an approach.

The building of a Global Financial Trading Exchange Hub, the implementation of Five Days of 24-hour Financial Services in a Financial Centre, the positioning of Hong Kong as a Global Insurance Company Registration Place and the establishment of an International Financial Centre Education Hub form an integrated policy framework designed to enhance market efficiency, broaden economic capacity and reinforce Hong Kong's role as a premier international financial centre. These initiatives align with national development priorities, supporting Hong Kong's ongoing contribution to the country's financial opening and reform efforts.

By deepening regulatory innovation, strengthening cross-border cooperation and expanding the city's professional talent pool, Hong Kong will be in a more favourable position to respond to the demands of technological advancement, demographic change and intensifying regional competition. The SAR's institutional strengths — including its simple tax regime, free flow of capital, internationally recognised regulatory standards, and the unique advantages conferred by 'One Country, Two Systems' — provide a solid foundation for implementing these strategic measures.

Hong Kong positions itself as an international education hub with top-ranked universities, diverse pathways, and strong research capabilities, attracting global talent and students. Its institutions emphasise whole-person development, innovation, and collaboration with Mainland China, offering extensive exchange programs, international curricula, and support for non-local students. The system fosters cultural integration, high academic

standards, and promising career prospects. (Education Bureau, 2023)We recommend that HKSAR give priority to training financial market talent.

2026 to 2030 will be critical for consolidating Hong Kong's financial leadership and ensuring sustainable economic development. Through close collaboration among the Government, industry, academia, and the wider community, Hong Kong can effectively address structural fiscal pressures, enhance youth employment prospects, and reinforce its status as a trusted and indispensable global financial hub. The Government is committed to fostering a stable, transparent and internationally competitive financial environment that will support the long-term prosperity of the HKSAR.

END

Thank you from all of us!

7. Reference

Chester, C. (2025, 2 12). Financial Insights of the Financial Market Development in Hong Kong. *Hybrid Winbinar and Annual Dinner*. Hong Kong: HKAFA & HKICES.

Christensen, C. (2017). *How will you measure your life?* USA: Harvard Business Review Press.

Chu, D. C. (2026). *Hong Kong Core Values.* Hong Kong: HKAFA & HKICES.

Education Bureau. (2023, November). *Hong Kong's Education at a Glance.* Hong Kong: HKSAR.

Harari, Y. N. (2018). *21 Lessons for the 21st Century.* New York: Random House Publishing Group.

Hong Kong Monetary Authority. (2024, November 19). Opening Keynote - He Lifeng. Hong Kong.

HSBC. (2025). *HSBC Premier 2025 Global Education Survey Study.* Hong Kong: HSBC.

IMD. (2026). *World Competitiveness Centre.* IMD.

Jeff, P. (2026, February 27). Hong Kong's budget surplus masks mounting structural deficit. *Asia Times*.

Legislative Council Secretariat. (2026, May). Youth employment in Hong Kong. *Statistical Highlights*, First. Retrieved from Statistical Highlights.

Project Management Institute. (2022, December). *VUCA – Volatility, Uncertainty, Complexity, and Ambiguity*. Retrieved from Project Management Institute: https://www.pmi.org/disciplined-agile/vuca-volatility-uncertainty-complexity-and-ambiguity

Rahman, A. (2023). *David Ricardo's Principle of Comparative Cost Advantage Inspires International Trade.* Germany: ebook SSRN.

Xinhua. (2024, November 19). *Chinese vice premier urges Hong Kong to deepen financial reform*. Retrieved from English.Gov.CN: https://english.www.gov.cn/news/202411/19/content_WS673c7508c6d0868f4e8ed33c.html

朱維鵬會長. (2020, 3-4). 21 世紀的「破窗效應」理論與「路西法效應」對香港社會運動的影響和修補建議. *紫荊論壇*, pp. 91-98.