

Speech by Mr Christopher Hui, JP

Secretary for Financial Services and the Treasury

1. Ladies and gentlemen, it is my pleasure to address you all for the MPF Symposium 2022. This year the symposium's themes are "A better retirement outcome" and the "post-eMPF ecosystem". They are indeed very timely and topical for us to discuss. As we navigate around uncertainties in global markets, the financial services industry should remain vigilant and manage risks with a robust governance and management framework. This is especially true for the MPF System as we count on it to deliver the mission of providing better retirement outcome for our Hong Kong working population.
2. We are collectively working at full steam for the development of the eMPF Platform. This project echoes the global trend of using technology to improve and transform financial services, which is a key topic our financial services industry discussed recently at the Hong Kong Fintech Week event. We also see eMPF as a key strategic FinTech project, and we have high expectation for it to enhance technology to improve cost efficiency, administrative convenience, and customer experience and after all, pave the way for future reforms and evolution of the MPF ecosystem. You will hear more about this key priority from our distinguished speakers later today.
3. To scheme members, MPF investment performance is probably top of the agenda. When market conditions become so volatile and uncertain around the globe, there has been constant questions about the role of MPF in providing retirement protection and stable return. Before we discuss the issue, it is helpful to bear in mind that generally it takes over 40 years to develop a mature retirement protection system. The MPF System has been operating for almost 22 years, and is at the midway point in its journey to maturity. It is now an opportune time to look back and review performance, but it is just equally important to have patience for the system to further improve and mature.
4. We must not lose sight of the design and objective of the MPF as a long-term savings and investment scheme in the overall framework of retirement protection. Scheme members are strongly advised to allocate their investment portfolio according to their risk tolerance level and stage of life, and should not try to time the market.
5. Though many scheme members and some commentators are critical of MPF performance, this view on keeping up with long-term savings and investment amidst short-term market volatility is indeed shared by many.

6. Despite market fluctuations, the MPF System has demonstrated resilience over the past years. Over the past 21 years, the MPF recorded positive returns for 14 years, and those years with negative returns were often followed by a rebound.
7. No one has crystal ball to know what's next in the investment market, but the very design of the MPF System is to leverage the capability and potential of the privately-managed pension funds, with robust regulatory oversight and prudent investment on a long term. The past 21 years demonstrate the strength and resilience of the MPF System not only in the good times when the market blooms and yields good returns for our members, but also in the lows when scheme members can buy cheap and create value for the future.
8. Although no one can control or change the investment environment, enhancing the diversity of investment choice while balancing investment returns and risks can protect scheme members' interests.
9. The Government and the MPFA have introduced a number of measures in recent years that diversify MPF investment, including facilitating MPF investment in Mainland A-shares and bonds issued or unconditionally guaranteed by the Central People's Government, the People's Bank of China and the three Mainland policy banks.
10. The Government and MPFA are constantly reviewing the MPF investment regulation and tapping industry's view with scheme members' interest first. You will be pleased to know that the MPFA has introduced refinements to the approval framework for MPF funds, in order to promote diversity in fund choices to better meet the changing environment and investment appetite of scheme members at different stages of investment. More details about this new framework will be shared with you later today.
11. Last but not least, let me come back to the key topic of the eMPF Platform. The MPFA and eMPF Platform Company are working at full steam, with staunch support of the MPF sector, to build the eMPF Platform.
12. As one of the most significant reform initiatives of the MPF System since its inception, the eMPF Platform being a centralised common platform seeks to standardise, streamline and automate existing MPF scheme administration processes. Through enhancing the operational efficiency and cost effectiveness of the MPF System, the eMPF Platform will help reduce the administrative costs of MPF funds and pave the way for other important reform initiatives upon its full commissioning.

13. To scheme members, every penny saved as a result of digitalisation of the MPF ecosystem brought by the eMPF Platform will mean more for investment and positive return. The cumulative cost savings are estimated to be in a range of \$30 billion to \$40 billion over a 10-year period after the implementation of the eMPF Platform. Such huge benefit will enable the sustainable development of the MPF System.

14. To conclude, I wish to express my gratitude to the MPFA and our industry practitioners for organising and joining the symposium today. I am sure wisdom will be gathered to improve our MPF System for the retirement benefits of our Hong Kong population. Thank you.