

Hong Kong adds four more virtual banking licences

With the addition of Ant Financial, Insight Fintech, Infinium and Ping An, eight banks in Hong Kong now have virtual banking licences.

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By **Carol Huang**

Hong Kong Monetary Authority (HKMA) issued four more virtual banking licences on Thursday, to four companies related to Chinese tech giants.

Ant Financial's Hong Kong subsidiary Ant SME Services received one licence, as did Insight Fintech HK, a joint venture between Xiaomi and investment company AMTD, and Infinium, a joint venture between Tencent, ICBC Bank, Hong Kong Exchange, Hillhouse Capital and entrepreneur Adrian Cheng. The final licence went to Ping An Insurance subsidiary Ping An OneConnect.

This is the third time that the Hong Kong authority has issued virtual banking licences. The Monetary Authority issued the [first batch of three](#) in March, and then added another one in April.

“The launch of virtual banks in Hong Kong, which is a key component of the Smart Banking Initiatives, will certainly facilitate financial innovation, enhanced customer experience and financial inclusion,” said Norman Chan, chief executive of the HKMA.

Virtual bank licences are crucial for Hong Kong to become a premier international financial centre. Compared to fast-developing mobile payments in mainland China, Hong Kong's mobile banking services are lacking in terms of speed and convenience. Virtual banking licences are a first step for Hong Kong to get back ahead, combining advanced technology and strictly regulated banking services.

Artificial intelligence, blockchain technology and now internet-of-things are the themes of the moment for business development. Ant Financial, Tencent, Xiaomi and Ping An have all had years of experience in analysing huge databases using these technologies in mainland China.

Consumers in Hong Kong have an open mind about trading personal data for efficiency, and [81% of them](#) are willing to share some information for rapid loan approval.

“With virtual banking licences in Hong Kong, the HKMA wants to offer and enable a newer customer experience as well as promote financial inclusion. But critically, the idea is to promote the use of next generation smarter technologies to deliver contextual experiences to customers,” said Stuart Houston, banking innovation advisor at Oracle.

Traditional banks could lose 60% of their retail profits to tech startups, according to a McKinsey [report](#) last year. Virtual banks are using technology to reduce costs and to allow them to focus more on innovation and how to create better user experiences.

But safety is always top of every virtual banks' list. "2018 was a year which saw some major data breaches around the world, and consumer data protection is of the utmost importance in the world of banking," said Houston. "Virtual banks have technologies at their disposal to protect their customer data, detect anomalies as well as to prevent financial crime proactively."

The four companies which received virtual banking licenses previously are Livi VB, SC Digital Solutions, ZhongAn Virtual Finance and WeLab.