

FSDC releases report

“Realising the Potential of Blockchain in Advancing Hong Kong’s Financial Services Industry”

Hong Kong, March 18, 2024 – The Financial Services Development Council (FSDC) today released a research report titled “Realising the Potential of Blockchain in Advancing Hong Kong’s Financial Services Industry”.

The global shift towards a digital economy is accelerating, and technology has emerged as a key driver of innovation across a multitude of industries. The financial services industry, in particular, has felt the profound impact of this digital revolution. Among the various technological applications, blockchain – with the benefits of streamlined processes, near-instant settlement, and reduced settlement risk – has taken centre stage. The technology presents innovative approaches that can potentially transform traditional financial systems by increasing efficiency and lowering transaction costs. Looking ahead, the market anticipates a surge in investment in blockchain solutions, with the global fintech blockchain market projected to grow from USD 1.4 billion in 2022 to over USD 43 billion by 2030, highlighting its transformative potential.¹

Amidst this dynamic landscape, the Hong Kong SAR Government has also articulated a clear policy vision to foster the growth of the city's digital economy with robust policy initiatives, as highlighted in the recent Budget Speech. These efforts can enhance the city’s competitive edge as an international innovation and technology hub.

“Hong Kong has consistently advanced its innovation, technology, and digital economies over the years. Drawing strength from the 14th Five-Year Plan, coupled with the unique advantage of the “One Country, Two Systems” principle, the city is gradually establishing its position as an international hub for innovation and technology,” said Laurence Li SC, Chairman of the FSDC. “As Hong Kong aspires to lead by example in global innovative and technological endeavours, fostering a conducive environment and investing in talent development are key to ensuring long-term growth and success in this rapidly evolving field. By seizing opportunities presented by technological advancement, particularly through

¹ Global Industry Analysts (February 2024). *FinTech Blockchain – Global Strategic Business Report*. <https://www.researchandmarkets.com/reports/5302634/fintech-blockchain-global-strategic-business>



advocating public-private partnerships and nurturing a collaborative culture, the city can reinforce its capacity to thrive as a hub of technological innovation.”

Building on the market insights, the paper sets out key recommendations aimed at fostering an environment conducive to enhance blockchain adoption. These policy recommendations include (i) conducting industry consultations on the development of a digitalisation strategy and roadmap; (ii) integrating development and regulatory oversight of blockchain applications under the established dedicated Task Force; (iii) fostering digitalisation adoption, including the use of blockchain technology, in the delivery of government services and initiatives; (iv) raising public awareness and the global profile of Hong Kong’s blockchain ecosystem through targeted marketing and collaborative efforts; and, (v) establishing Hong Kong as a regional centre of excellence for training, thought leadership and technological literacy in blockchain and emerging technologies through conferences, targeted education, and integration of local and global expertise.

The full version of the report can be downloaded from the FSDC website: www.fsdc.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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