

November 8, 2019

Highlights of the findings:

Hong Kong FinTech Growth Index

- ❖ Hong Kong FinTech Growth Index for 2019-20 grew by 52.9% compared with its base period (April 1, 2018 - March 31, 2019).

Index Series	Period	Index Value
Hong Kong FinTech Growth Index	2019-2020	152.9

Hong Kong FinTech Growth Sub-Indices 2019-2020			
Business Environment	Business Performance	Investment on R&D or product development	Demand on Talent
105.0	213.0	148.4	145.3

- ❖ The anticipated growth of business performance, indicated by FinTech customer adoption rate grew by 113% as compared with the 2018-19 financial year, representing an optimistic outlook of the business development by the companies.
- ❖ The business environment, measured by both internal and external factors on FinTech business operations and development, grew by a modest 5% in the same period. Although there is a positive effect of the internal factors by the companies in terms of funding and other capital allocations, it has been cancelled off by the relatively lower average rating on external factors such as investment environment, government policy and regulations.
- ❖ Investment on R&D or product development, measured by the anticipated percentage change between financial year of 2019-2020 and the base period, grew moderately by 48.4%, mainly in areas including AI, big data and machines/deep learning (mentioned by 55.3% of the responded companies), followed by Blockchain (42.3%) and Customer experience (39.5%).

- ❖ Demand on Talents, measured by the anticipated percentage change between the 2019-2020 financial year and the base period, grew moderately by 45.3%. On the required skills for new employees, programming skills (mentioned by 68.4% of the responded companies) are the most preferable skills for new hires, followed by Marketing expertise (47.4%) and Knowledge of machine/deep learning and AI (42.1%).

Hong Kong FinTech Buzz Index

- ❖ Hong Kong FinTech Buzz Index in 2019Q3 dropped by 0.19% to 104.5 compared with the last quarter, bought by the unfolding impact of US-China trade tension and unstable political environment in Hong Kong.

Hong Kong FinTech Buzz Index	2018Q1	99.0
	2018Q2	101.2
	2018Q3	101.7
	2018Q4	98.5
	2019Q1	103.8
	2019Q2	104.7
	2019Q3	104.5

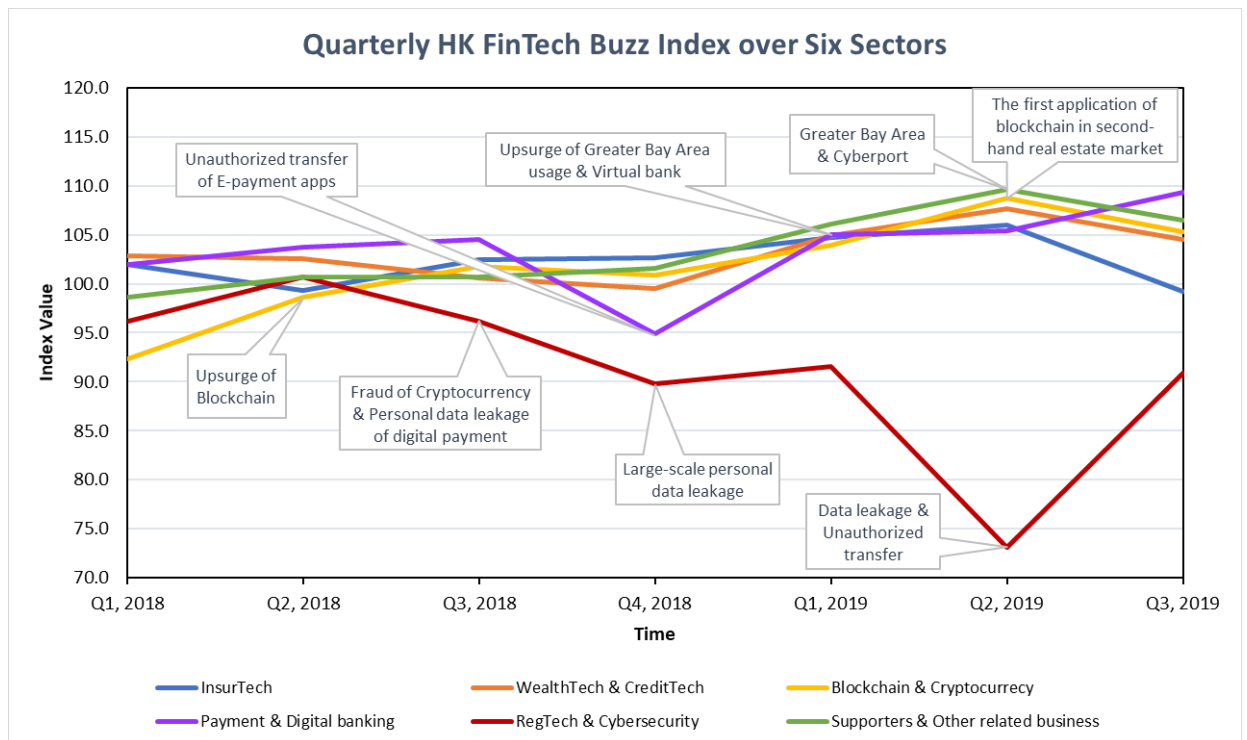
Hong Kong FinTech Buzz Index over Six Sectors

<i>Sectors</i>	InsurTech	WealthTech & CreditTech	Blockchain & Cryptocurrency	E-payment & Digital banking	RegTech & Cybersecurity	Other Related Business
<i>2018Q1</i>	102.0	102.8	92.3	102.0	96.2	98.7
<i>2018Q2</i>	99.3	102.6	98.6	103.8	100.7	100.7
<i>2018Q3</i>	102.5	100.6	101.7	104.5	96.2	100.7
<i>2018Q4</i>	102.7	99.5	100.9	94.9	89.8	101.6
<i>2019Q1</i>	104.8	104.9	104.0	105.0	91.5	106.1
<i>2019Q2</i>	106.0	107.7	108.7	105.4	73.2	109.6
<i>2019Q3</i>	99.2	104.6	105.3	109.3	90.9	106.5

- ❖ In general, the RegTech & Cybersecurity sector has a lower index value as compared with other sectors, owing to negative news on cybersecurity which drew extensive media attention and coverages. Negative news reports such as data leakage of payment apps accounted for the drop in 2018Q4 and 2019Q2. It

represents the weaker link in the industry, which policy makers and business investors should pay attention to in future FinTech development.

- ❖ The E-payment & Digital Banking sector attracts more positive sentiment, owing to positive news on virtual banking licensing and new fast payment methods launched.



Hong Kong FinTech Growth Index

Universe	FinTech related companies in Hong Kong
Selection Criteria	<p><u>Eligibility Criteria</u></p> <ul style="list-style-type: none"> • Founded history of at least 1 year • Actively involved in at least one of the major FinTech categories[#] <p><u>Partnered Companies Selection</u></p> <ul style="list-style-type: none"> • Recommended and shortlisted by the HKU FinTech Index Advisory Board
Number of partnered companies	49
Base Date	April 1, 2018 to March 31, 2019
Base Value	100
Launch Date	November 8, 2019
Review Frequency	Yearly
Weighting Methodology	<ul style="list-style-type: none"> • Equal weighting on four main areas: Business Environment, Business Performance, Investment on R&D or product development and Demand on Talents.

[#] FinTech Categories includes: InsurTech, WealthTech & CreditTech, Blockchain & Cryptocurrency, E-payment & digital banking, RegTech & Crybersecurity and Other related business such as AI and Big Data.

Note: Please refer to the index methodology for calculation details

Hong Kong FinTech Buzz Index

Universe	Chinese news articles related to FinTech industries in Hong Kong
Base Period	January 1, 2016 – December 31, 2017
Base Value	100
Data Source	WiseNews
Launch Date	November 8, 2019
Review Frequency	Quarterly

Note: Please refer to the index methodology for compilation details