

[For Immediate Release]

Hong Kong's Private Wealth Management Industry Proposes "Five Development Strategies for 2035"

Policies aimed at building a global wealth management centre

Hong Kong, 6 March 2023 – The Hong Kong Private Wealth Management Association ("PWMA") and Tsinghua University PBC School of Finance Global Family Business Research Center jointly published the "**Hong Kong 2035: A Global Wealth Management Centre**" report (the "Report"), which provides an in-depth analysis of financial policy, regulation, market, talent, technology, and the Guangdong-Hong Kong-Macao Greater Bay Area. The Report proposes **five strategic directions** to strengthen Hong Kong's core competitiveness and seize the enormous opportunities in wealth management in Mainland China and globally.

Guided by China's Vision 2035 Plan, the Report also sets out the **Hong Kong Wealth Management 2035 Long-Range Objectives**, with the aim of achieving solid results in five areas: **mutual access with the Mainland, asset platform building, bi-directional cross-border practise, industry expertise cultivation** and **digital capability enhancement**.

Amy Lo, Chairman of PWMA's Executive Committee, said, "Over the past few years, competition among wealth management centres at home and abroad has become increasingly intense. Hong Kong must keep up with the times and proactively respond to market changes to strengthen our international financial centre status. We should continue to improve our role as a 'super-connector', connecting Mainland China with the rest of the world. We should also continue to innovate in the top-level policy design and international branding of the wealth management industry to further enhance Hong Kong's core competitiveness."

Dr. Gao Hao, Director, Global Family Business Research Center, Tsinghua University PBC School of Finance, commented, "Wealth management is a key focus of financial industry development around the world. Although Hong Kong is benefiting from the rapid growth in demand for wealth management in the Mainland, the Report argues that Hong Kong must take the initiative in policy design and supporting measures and be more proactive to seize the opportunities of the times, constructing itself into a more competitive global wealth management hub in the face of increasing competition from international markets."

The "**Hong Kong 2035: A Global Wealth Management Centre**" report suggests that Hong Kong should strive to build "**Five Centres**" to achieve the industry's "**2035 Long-Range Objectives**":

1. **Build a "wealth centre" as a hub for full/ freer flow of wealth from Mainland China and abroad.**

In 2021, the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area was officially launched, creating new room of development for the wealth management industry in Hong Kong. The Report recommends considering the promotion of a RMB150 billion "Tiered Connection" at an opportune time between 2023 and 2025, and on the basis of safe and compliant operation, to promote "total connect" at an opportune time in 2025, with the hope of increasing the amount of the bidirectional quota to RMB1.5 trillion each by 2035.

Moreover, the financial management departments and regulators of Hong Kong and Mainland China should use the Greater Bay Area as a starting point for cross-border practise and opening up a regulatory sandbox which can be gradually optimised.

2. **Build an “asset centre” to create an irreplaceable global RMB asset hub.** Considering that international investors have a strong demand for high-quality RMB assets and wish to tap into the Mainland capital market, Hong Kong should continue to build an RMB “offshore ecosystem”, provide more RMB-denominated investment channels and financial instruments, promote the development of RMB products in the offshore market, and maximise Hong Kong’s function as a “domestic - offshore” RMB market.
3. **Build a technology centre to be at the forefront of fintech and digital transformation.** Private banking and wealth management institutions in Hong Kong should build their digital service capabilities on all fronts so as to improve service capabilities, customer experience and work efficiency; by strengthening bidirectional empowerment, resource sharing with external fintech companies, and strategic mergers and acquisitions to expand digital capabilities.
4. **Build a “talent centre” to serve as a hub for high-level talent from home and abroad.** Hong Kong should build a wealth management talent pool by actively promoting cooperation between relevant departments of the HKSAR Government and industry organisations to establish a Hong Kong Institute of Wealth Management; and introducing a more friendly and convenient residency policy to encourage Mainland wealth management graduates to seek local employment.
5. **Build a “risk management centre” to serve as a hub for risk management.** Under the general trend of national financial liberalisation, Hong Kong should continue strengthening its communication and cooperation with the Mainland’s financial regulators; build different information exchange mechanisms to combat cross-border illegal financial activities, and execute better risk management for the mutual access mechanism while reinforcing the closed-loop management of funds.

Peter Stein, CEO and Managing Director of the Private Wealth Management Association, said, "Hong Kong has an excellent and solid foundation in the financial services industry. However, in order to maintain long-term competitiveness, the city must plan for the long term from a macro perspective. PWMA will continue to work closely with all stakeholders to lead efforts in positioning Hong Kong as a leading private wealth management hub. "

The full version of the Report can be downloaded from the following link:

<https://www.pwma.org.hk/en/files/hong-kong-2035-a-global-wealth-management-centre-english/>

- End -

About the Private Wealth Management Association

The Private Wealth Management Association is a Hong Kong-based voluntary association incorporated as a company limited by guarantee; it is separate from the Hong Kong Association of Banks. The main objectives of PWMA are: to better position Hong Kong as the private wealth management hub in the region by promoting and encouraging the growth and development of the PWM industry in Hong Kong and to help maintain Hong Kong's status and competitiveness as a major financial centre; to provide a forum for members to discuss and exchange views on trends and challenges faced by the PWM industry and how to strategically position for these trends and challenges; to promote proper conduct, integrity and high standards of professional competence on the part of PWM practitioners; to provide industry representation and consultation in Hong Kong on PWM-related matters; and to serve as a channel for the private wealth management industry to maintain ongoing dialogue with governments, regulators, trade bodies and non-governmental organisations.

The PWMA currently has 42 Full Corporate Members and eight Associate Members with a 12-member Executive Committee serving as the Association's governing body. For more information about PWMA membership, please visit our website at: <http://www.pwma.org.hk>

About Tsinghua University PBCSF Global Family Business Research Center

Established on 29 March 2012, the PBC School of Finance is the 17th school of Tsinghua University, built on the basis of the graduate department of the People's Bank of China established in 1981, in cooperation with the People's Bank of China and Tsinghua University. With the mission of "cultivating financial leaders, leading financial practice, contributing to national rejuvenation and promoting world harmony", the School follows the most advanced international higher education model for financial disciplines and business schools to build a leading domestic and international platform for financial higher education and financial academic policy research.

Tsinghua University PBCSF Global Family Business Research Center has established the mission of "studying the development rules of global private enterprises, cultivating inter-generational leaders of Chinese private enterprises, empowering the development of the wealth management industry, and helping the country's economic foundation to grow forever", and has published more than 200 papers and cases in academic and financial journals at home and abroad, 16 academic literatures and translations, collected a number of Harvard case studies. It provides high-quality think-tank research for the Central Finance Office, Ministry of Finance, Ministry of Education, Ministry of Civil Affairs, China Banking Regulatory Commission, All-China Federation of Industry and Commerce, Hong Kong Financial Development Council and China Banking Association, and cooperates internationally with renowned institutions such as the World Economic Forum, Bill & Melinda Gates Foundation, and is committed to becoming a renowned think-tank with international influence in the field of private enterprises and wealth management.

Media Enquiry

Strategic Financial Relations Limited (On behalf of PWMA)

Ingrid Cheng (t) +852 2864 4836 (e) ingrid.cheng@sprg.com.hk

Yoko Li (t) +852 2864 4813 (e) yoko.li@sprg.com.hk

Tsinghua University PBCSF Global Family Business Research Center

Vicky Xu (e) gfbf@pbcsf.tsinghua.edu.cn