

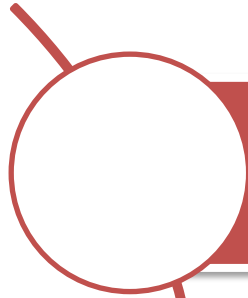


Future MPF Landscape for the Industry

Cheng Yan-chee
Acting Managing Director
Mandatory Provident Fund Schemes Authority
23 Nov 2021



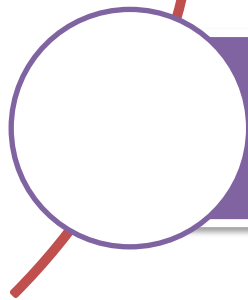
Outline for the presentation



Updates on the eMPF Platform project



Training programmes for trustees



Major current and new initiatives on the MPF investment front



Updates on the eMPF Platform project



A Snapshot of MPF System



405
Funds




12 Scheme
Administration
Platforms



10 Million
Accounts

~4.34 Million Contributions A/Cs
~6 Million Personal A/Cs



300 000
Employers



27
Schemes



4.5 Million Scheme
Members
(230 000 self-employed
persons)



13
Trustees



What is eMPF Platform?

A Public Utility

- ✓ A common, integrated electronic platform that connects 4.5 million scheme members (including 230 000 self-employed persons (SEPs)) & 300 000 employers
- ✓ Tangible benefits to stakeholders & MPF industry

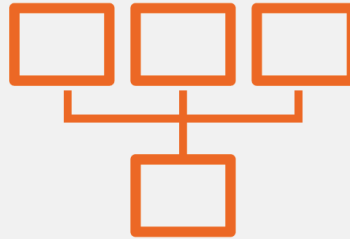


Objectives of eMPF Platform

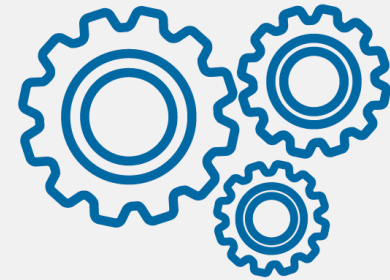
Standardize



Streamline



Automate



MPF scheme administration



Vision of eMPF Platform

Benefit employers, employees, SEPs, MPF industry and MPFA

Paperless and mobile/platform based MPF experience to 4.5 million members and 300,000 employers

Foster a barrier-free market & promote competition

↑ efficiency and ↓ cost will create room for ↓ MPF management fees

Implement initiatives e.g. Designated Savings Account, government's contribution for low income earners

Pave way for future MPF reforms e.g. full portability



Legislative amendments

The Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 was published in the Gazette on 29 Oct 2021

1

To provide legal basis for the designation of eMPF Platform and mandatory use by trustees

2

To delineate roles, responsibilities & powers of the MPFA, eMPF Platform Company, trustees, etc.

3

To reflect streamlined workflow, remove obsolete requirements and reduce regulatory burden

4

To ensure “straight pass-on” of cost savings to scheme members & reduction of overall topline fees going forward



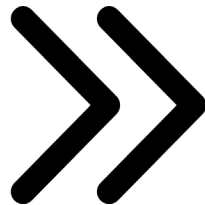
Legislative amendments (Cont'd)

5

To make miscellaneous and technical amendments

- Lower the out-of-pocket expense cap of Default Investment Strategy funds from 0.2% to 0.1% of net asset value per annum
- Enhance fees and returns disclosure in Annual Benefit Statement and Central Register

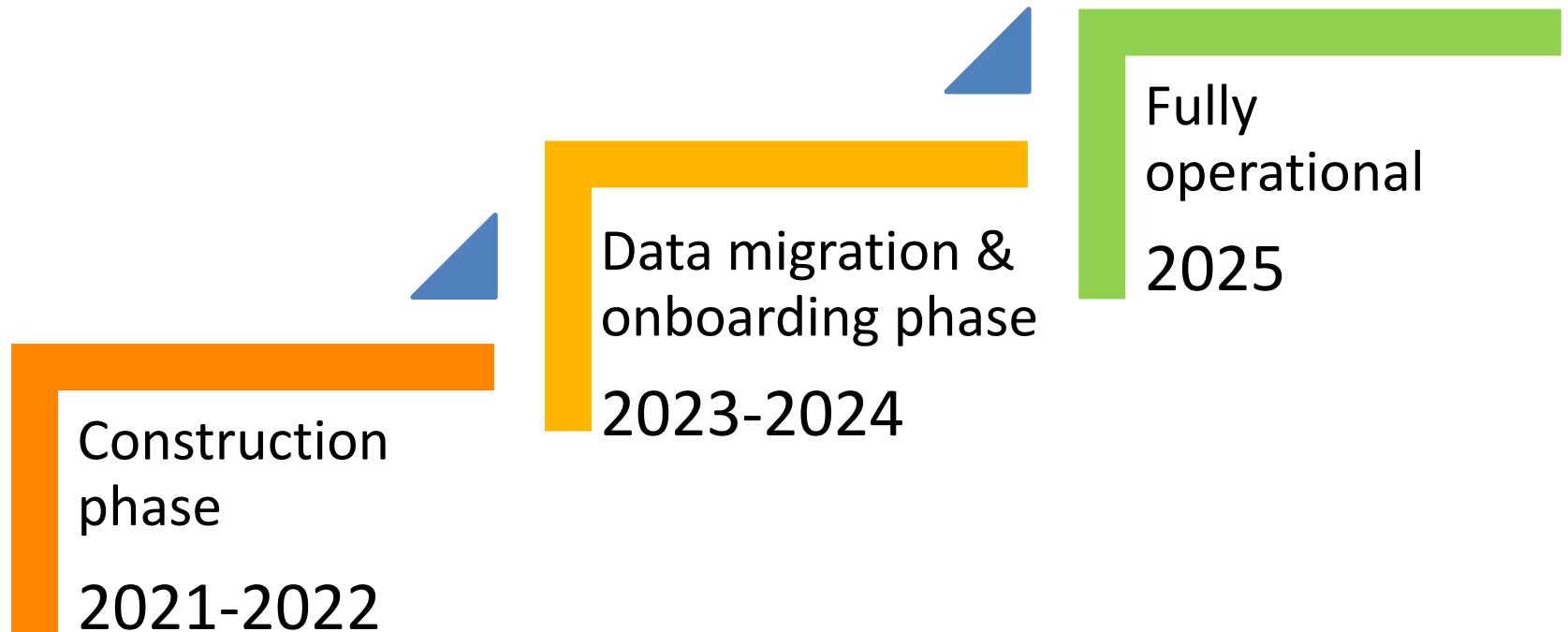
**Way
Forward**



To prepare for the subsidiary legislation to designate eMPF Platform, specify dates for onboarding by trustees and “straight pass-on” requirement



Timeline and latest progress





Onboarding process of trustees

Phased migration

Start from 2023



Full onboarding

Complete in 2025

Timetable will be formulated in 2022 to allow sufficient time to plan for the necessary data migration and onboarding arrangement

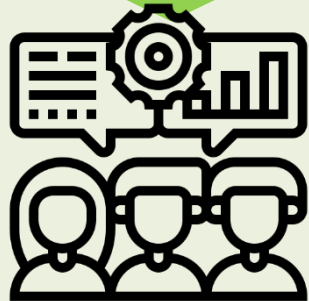


Engagement, Publicity & Education

Large-scale stakeholder engagement, publicity and education programmes will be launched to gauge views, solicit buy-in and promote use of the eMPF Platform

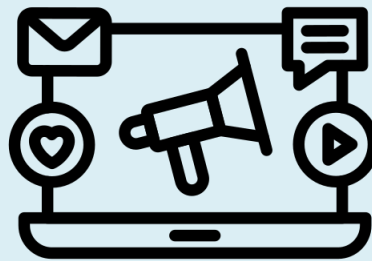
1

Stakeholder
engagement



2

Media publicity
and promotion
of digital uptake



3

Public education
programmes





Reform of the MPF System after the implementation of the eMPF Platform

**Abolition of Offsetting Arrangement
of Severance Payment (SP) /
Long Service Payment (LSP)**

**Government contributions for
low income earners**



Training programmes for trustees

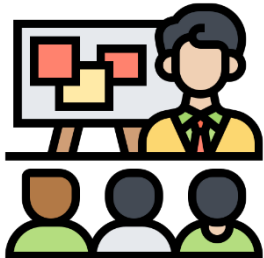


Matching Grant Scheme for Skills Upgrading

► Training programmes for frontline staff of the MPF industry



- Covering MPF-related matters and the post-pandemic new normal of the financial industry (e.g. adoption of innovation technology in financial sector, risk and challenges of digital ages)



- From Aug 2021 to Apr 2022
- 15 classes for each training module
- Over 4,000 participants in total



Cybersecurity training

► Training on cybersecurity management



- Webinar on 30 Sep 2021



- Speakers from Cyber Security and Technology Crime Bureau of Hong Kong Police Force and Hong Kong Monetary Authority gave presentation relating to the topics on technology crime and cybersecurity management respectively.



- Over 120 participants including directors, CEOs and senior executives of MPF trustees



Major current and new initiatives
on the MPF investment front -
Retirement Solutions



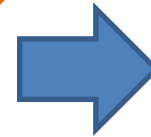
Retirement Solutions under MPF System

Contribution Phase

- Increased market volatility
- Prolonged low interest rate environment
- Members look for more stable returns

Withdrawal Phase

- More members entering the retirement phase
- Earn regular stream of income while managing longevity, inflation and investment risks



- Encourage MPF industry to develop retirement solutions to meet the needs of MPF scheme members in both the contribution and withdrawal phases



Retirement Solutions under MPF System

Set up working group
with industry
representative in 2019

Issued Principles for
Developing Retirement
Solutions in April 2020

Solution providers to
develop and offer
relevant products to
MPF scheme members



Major current and new initiatives
on the MPF investment front -

Sustainable Investing for MPF Funds



MPFA: Driving for Sustainable Investing for MPF Funds

2018 Nov

2021 Nov

Working with MPF Trustees

2018 Nov

Issued circular to MPF trustees to encourage ESG integration

2020 Jul

Issued survey to MPF trustees to understand their current practices

2021 Mar

Formed Industry Working Group with trustees to discuss integration and disclosure approach

2021

To Issue guiding principles for adopting sustainable investing

2021 Aug -2022 Mar

Invited industry experts to hold 8 briefing sessions to enhance trustees' knowledge

2019 Oct

Aligned with supervisory guidelines issued by IOPS on ESG integration & disclosure

2020 May

MPFA joined Green and Sustainable Finance Cross-Agency Steering Group, a forum for examining policy and regulatory issues in green and sustainable finance in Hong Kong

Aligning with Local & Global Regulatory Developments



Principles for Adopting Sustainable Investing in Investment and Risk Management Processes of MPF Funds

Guiding Principles

Strategy

Formulate an ESG integration strategy at the MPF scheme level

Governance

Set a governance framework to monitor management of ESG risks by investment managers

Risk Management

Ensure consideration of ESG factors in investment and risk management processes of MPF funds

Disclosure

Disclose ESG integration strategies and report implementation progress regularly





Way Forward

Supporting
and
Monitoring
MPF Trustees'
Adoption
Journey



MPF trustees to formulate adoption work plan



MPFA to hold capacity building activities for MPF trustees



Partner with MPF trustees to promote public awareness



Thank you