HONG KONG MONETARY AUTHORITY
香港金融管理局

Licensing of Stored Value Facilities (SVF)

MEDIA BRIEFING

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Second batch of SVF licences

SVF licensee		Current scope of licensee's operations			
		Online payment	POS / Mobile payment	P2P transfer	Physical card
1.	• PayPal Hong Kong Limited	✓	✓	✓	
2.	• Autotoll Limited	✓	✓		✓

Prepaid card （ride on existing payment card networks e.g. MasterCard, UnionPay, etc）	
3.	• Optal Asia Limited
4.	• 33 Financial Services Limited
5.	• UniCard Solution Limited
6.	• ePaylinks Technology Co., Limited
7.	• Transforex (Hong Kong) Investment Consulting Co., Limited
8.	• K & R International Limited

Scope of the Ordinance

Type of SVF	Arrangement under the Ordinance
▶ **Single-purpose SVF**	• Outside the scope of the Ordinance
▶ **Multi-purpose SVF**	• Normal multi-purpose SVF: need to apply for a licence from the HKMA in accordance with the Ordinance
	• Licensed banks: regarded as being granted SVF licenses under the Ordinance
	• SVF exempt under the Ordinance or granted exemption by Monetary Authority (MA)

Licensed banks issuing SVF

- Licensed banks are regarded as being granted SVF licences under the Ordinance
  - Existing licensed banks：regarded as SVF licensees on 13 November 2016
  - Institution granted a banking licence in the future：regarded as being granted an SVF licence at the same time
  - SVF business of licensed banks are subject to same supervision
- Currently, there are two licensed banks issuing SVF (prepaid cards)
  - Bank of Communications Co., Ltd. Hong Kong Branch
  - Dah Sing Bank, Limited

Outright exemption

- SVF exempt under Schedule 8 to the Ordinance:
  - SVF (not being sold) for cash reward or bonus point schemes
  - SVF for purchasing digital contents on online store platforms (e.g. games, songs, movies, etc.)
  - SVF used within premises of the issuer, aggregated float not exceeding $1,000,000
- No application is needed
- The issuers are responsible for ensuring compliance with exemption criteria

Exemption granted by the MA

- Risks posed by the SVF to the user or the payment or financial system of Hong Kong are **immaterial**
- Exemptions will be granted to the following to facilitate orderly exit and return of stored value to users:

Issuer	SVF
BOC Credit Card (International) Ltd	• BOC VISA Prepaid Card, BOC CUP HKD Prepaid Card, BOC CUP CNY Prepaid Card
Travelex Card Services Ltd	• Cash Passport MasterCard cards (issued in Hong Kong)
Sun Hung Kai Real Estate Agency Ltd	• SHKP Mall Cash Coupon

- Limited float amount, and parent companies of the issuers are financially sound
- Exemption conditions: adequate float protections and measures to ensure orderly redemptions

Common misunderstandings

Misunderstanding	Facts
• **Positive list?**	• Payment related business – Allowed • Other business – Conducted by fellow group companies to avoid affecting the payment services
• **Security deposit?**	• Requirement on security deposit – No • Minimum capital requirement – To ensure quality and continuity of operations
• **Standardisation of payment technology?**	• Diverse payment technologies/platforms generally exist in others markets • Facilitate innovations by allowing SVF to develop different technologies • Motivate business developments to attract users

Supervisory focuses in 2017

Scope of supervision

- Float protection
- Payment security
- Use and protection of personal data

Supervisory policy

- Balance between risks and convenience
- Encourage market development and competition so long as risks are under control

What SVF users should know

- The Ordinance are fully effective on 13 November 2016
- SVF users should take note of the following：
  - Understand functionalities and terms and conditions of the SVF and make your choice according to your own needs
  - Safe keep your computers, mobile phones and physical SVF
  - Store only an appropriate amount in the SVF and check transaction records regularly
  - Visit the HKMA website for details of SVF licensees, SVF users smart tips, and public education information

Public education advertisement

YouTube： "HKMA Tips"

Q&A