

Unleashing Fintech Innovations: Virtual Banking and Trade Finance

Mr Rockson Hsu, CEO, ZA Bank, said that in March 2019 ZA Bank was the first bank to get a licence from the HKMA to operate a virtual bank. ZA Bank is a financial services platform, not just a bank, with an innovative, mobile-driven approach, and is leveraging its relationship with one of its parents, Mainland online insurer ZhongAn, to create synergies. The team is a hybrid with banking and tech knowledge, made up of 80 per cent Hong Kong staff, supported by Mainland staff in the fintech area.

Mr Hsu explained that ZA Bank will build a link between insurance and virtual banking, since both are financial services. ZA was the first online insurer on the Mainland, and ZA Bank is leveraging the parent company's know-how and combining non-banking financial people and those with traditional banking experience to develop the Hong Kong market, building a secure 24/7 banking platform, based on the concept that every client's mobile phone is a bank branch.

One-third of the company's staff have banking experience, and Mr Hsu said that key to establishing a solid virtual bank is a good understanding of the HKMA rules and requirements.

Ms Michelle Li, CEO, AMTD Digital, said AMTD Digital is part of the AMTD Group, a Hong Kong-grown financial conglomerate listed on the New York Stock Exchange. AMTD and its partner Xiaomi received a virtual banking licence from the HKMA to make banking in Hong Kong proactive and hassle-free and build a new brand that can connect with consumers. Xiaomi has between 300 and 400 million followers globally, and Ms Li said that people really love the brand and the product, and AMTD wants to build on that.

Asked about 5G and the Internet of Things (IoT), Ms Li explained that, with everything connected, AMTD would be able to accumulate a lot of data, allowing it to understand its customers' habits, and predict and respond to their needs.

She added that AMTD's strategic partnership with Xiaomi is based on Xiaomi's hardware and data, which allow AMTD to provide proactive service and leverage Xiaomi's 'friends' to provide greater connectivity between the GBA and Southeast Asia.

Mr Simon Loong, Founder and Group CEO, WeLab, said WeLab is a home-grown fintech company, founded in 2013 in Hong Kong. Having decided that the only way to compete with established traditional banks is by using data and technology, WeLab entered the China market in 2014 and Indonesia in 2018 and now serves 42 million users, providing seamless technology with AI, big data, banking and lending. WeLab combines the talent of Hong Kong in traditional financial services with the tech talent of

Shenzhen, entering the 1.3 billion Chinese market and exporting that experience to Southeast Asia.

Fintech initially started offering a single service to disrupt banks, but the banks fought back adopting technology and becoming more like fintech companies, and the strength of WeLab is its very strong customer base. The largest online bank in Hong Kong, WeLab has the tech talent and customer base, and is a well-respected brand, but it also needs trust and additional products and services, along with manageable margins.

Panel discussion

Mr Andy Chan, Co-founder and Chairman, Qupital Limited, said that Qupital is a digital lending platform for SMEs and a marketplace for trade finance assets, providing trade finance products and linking SMEs up with institutional investors. The company was established in 2016 and moved into the Shanghai market last year.

Mr Chan explained that Qupital focuses on SMEs, where liquidity is a main problem when they don't have collateral and need cash. Qupital looks at the data and can offer different products, such as invoice financing, based on data rather than collateral.

Mr Gianluca Pizzituti, Co-founder & Chief Executive Officer, Velotrade Management Limited, explained that Velotrade improves the efficiency and transparency of invoice financing for SMEs through an online invoice financing platform.

Banks are good at assessing the credibility of suppliers, he said, but the information is often out of date regarding invoices, etc. Banks don't like trade finance, so partnering with a fintech platform could be a win-win situation for all.

Mr Maverick Tam, Chief Risk Officer, Hong Kong Trade Finance Platform Company Limited (HKTPF), explained that the HKTPF was founded in 2018 and is a subsidiary of HSBC. Seven major banks formed its trade platform, and another five banks joined subsequently. The platform has improved the efficiency of trade finance operators and SME borrowers. About half of current trade receivables are not being financed, because banks are afraid of fraud and credit risk. HKTPF's focus is on connecting initiating banks with similar platforms around the world.

Mr Terence Yeung, Chief Fintech Officer, MoneySQ.com, and Head of Business, trustME, said that MoneySQ set up a blockchain ecosystem, called trustME, to help SMEs streamline their business operations and provide more flexible financing solutions, including online loans, accounts receivable and inventory financing. MoneySQ can also show SMEs how to use artificial intelligence and big data to improve their business.

What are the biggest advantages of fintech?

Mr Yeung said it is the combination of A, B, C, D (AI, blockchain, cloud and data) and that the key is creating a trustworthy platform, which blockchain does by allowing data to be shared and contracts to be signed, while still protecting data privacy.

Mr Tam believes that accuracy of information is the biggest advantage of fintech. When information is put on blockchain, it cannot be changed and this builds trust.

Mr Pizzituti said the biggest advantage is value. When a client uses Velotrade's platform, it is just like a bank platform, and can be used by traditional lenders for client convenience.

Mr Chan concluded that data analysis is the biggest benefit, and that using machines to analyse data along blockchains allows enormous data sets to be analysed.