

Home / HK Eye / OPINION

Opinion | Analysis of the Policy Address on Financial Measures

BY Gloria | 2024-10-18 12:06:31

SHARE A set of social media sharing icons including Facebook, Twitter, and others.

In the 2024 Policy Address, Chief Executive John Lee proposed a series of financial measures aimed at consolidating and promoting Hong Kong as an international financial center. These measures reflect the government's determination and policy direction, but we must not only consider their original intent but also analyze their potential impacts and shortcomings.

Challenges and Suggestions Regarding Stamp Duty on Stocks

Firstly, the absence of mention regarding the reduction of stamp duty on stocks in the Policy Address is undoubtedly a disappointment for many financial professionals and investors. In the current global economic climate, filled with uncertainties, Hong Kong faces fierce competition from other financial centers. The high cost of stamp duty has become a significant barrier to market liquidity. Elevated stamp duty not only increases transaction costs but also diminishes the market's attractiveness, posing challenges to the goal of attracting more companies to list in Hong Kong. We recommend that the government carefully consider a gradual stamp duty reduction plan, which could enhance market vitality, boost investor confidence, and ultimately promote the long-term development of Hong Kong's economy.

Opportunities in Establishing a Commodities Trading Ecosystem

The proposed establishment of a commodities trading ecosystem demonstrates Hong Kong's strategic vision in consolidating its status as an international shipping hub. Attracting shipowners and commodity traders to operate in Hong Kong can stimulate the development of related financial services, such as shipping services and futures hedging. However, the government needs to provide more attractive tax incentives and support policies to ensure these businesses can thrive in Hong Kong long-term. Additionally, infrastructure development and regulatory improvements should be strengthened to meet the demands of the commodities trading ecosystem.

Impact of Expanding the Scope of Tax Relief

Expanding the scope of tax relief, particularly to encompass transactions involving funds and single-family offices, is a commendable initiative. This move will further reinforce Hong Kong's status as an international asset management and wealth management center, attracting more international capital. However, to ensure these policies can be effectively implemented, the government must maintain ongoing dialogue with the financial industry to ensure the policies' effectiveness and relevance, and conduct regular assessments of their impact.

Potential and Risks of the FinTech Innovation Ecosystem

In the realm of fintech, the government's policies demonstrate forward-thinking, particularly in the exploration of central bank digital currencies (CBDC), virtual asset trading, and the tokenization of digital assets. These innovative initiatives are expected to drive the digital transformation of Hong Kong's financial market, positioning Hong Kong as a leader in global fintech competition. However, with the rapid development of fintech, the market

also faces increasing risks and uncertainties. The government must strengthen regulation to ensure market stability and security, and establish an appropriate legal framework to support the development of these technologies.

In conclusion, the financial policies outlined in the Policy Address provide a blueprint for Hong Kong's future development, laying a solid foundation for the long-term growth of its financial sector. However, in the face of globalization challenges and local competition, Hong Kong must strive for excellence in policy implementation. We urge the government to seriously consider the feasibility of reducing stamp duty and to work closely with the industry to formulate practical long-term development strategies. Our organization will continue to support the government in optimizing various initiatives in the financial market and looks forward to collaborating with the government and all stakeholders in the industry to promote the continuous development of Hong Kong as an international financial center.

By Mofiz Chan

The author is the Chairman of the Hong Kong Securities and Futures Professionals Association.

Photo: Orange News

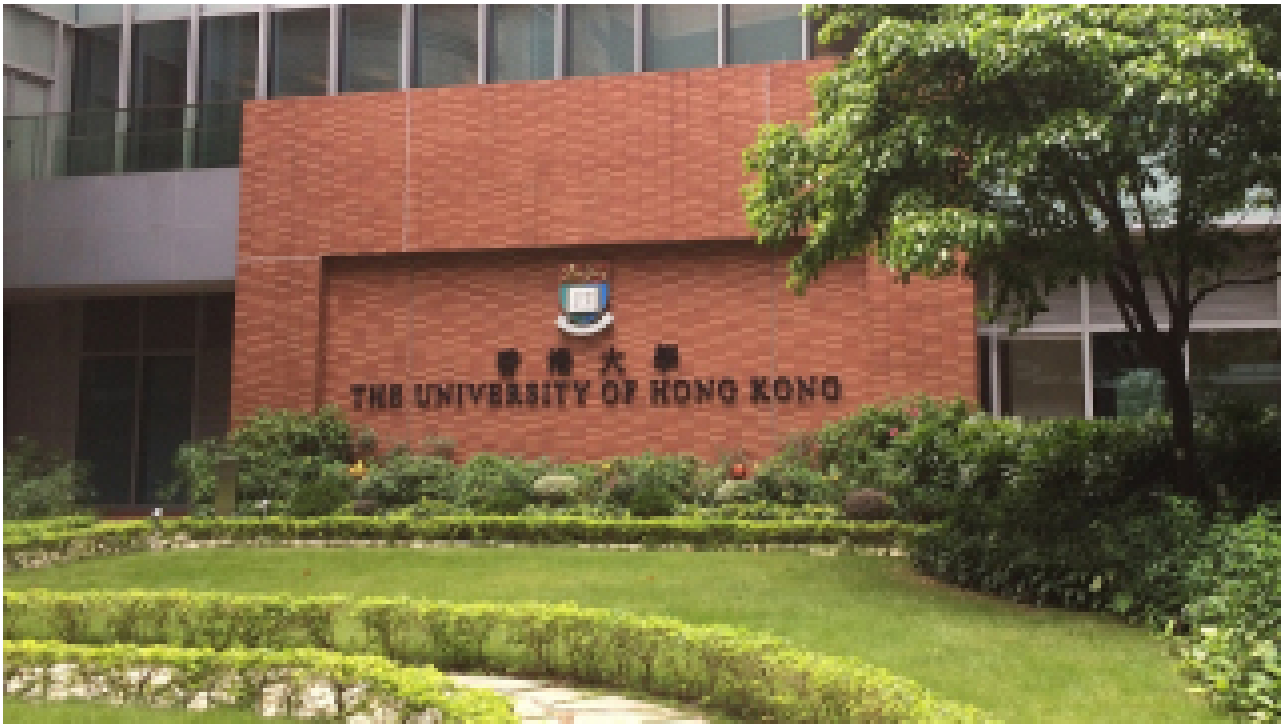
RELATED



Opinion | AI: Nobel Recognition and Hong Kong's Opportunities
2024-10-18



Opinion | Navigating the Future: John Lee's Vision for Hong Kong's Revitalization
2024-10-17



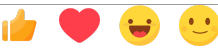
Opinion | Hong Kong's Path to Becoming an International Higher Education Hub
2024-10-15



Opinion | Strengthening Hong Kong's Position as a Global Hub with Enhanced Connectivity
2024-10-15



Opinion | Enhancing Support for Hong Kong Youth at High Suicide Risk
2024-10-15



CONTACT US

Our Email
Have a video or message for us? Send it to:
info@orangenews.hk

Advertising:
Tel: +852-3955 6455/ 3955 6459
Email: sales@cctechhk.com

Our Address
Rm.1-7, 10/F., CEO Tower, No.77, Wing Hong Street,
Cheung Sha Wan, Kowloon, Hong Kong