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Opinion | The Role and Opportunities of Hong Kong in the Global Financial Market

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Hong Kong stands as a prominent international financial hub, distinguished by its strategic geographical position and robust economic framework, which collectively attract businesses and investors from across the globe. In recent years, despite encountering various challenges stemming from shifts in the global economic landscape, Hong Kong has showcased remarkable adaptability and innovative prowess.

In the face of an unpredictable global economic climate, it is crucial for Hong Kong to proactively navigate changes in policies and regulatory environments while invigorating market dynamics through technological advancements. This entails enhancing the utilization of fintech, fostering the growth of innovative enterprises, and refining relevant laws and regulations to cultivate a more conducive business environment. Additionally, it is essential for Hong Kong to strengthen collaborations with Mainland China and the international community, which encompasses not only economic interactions but also cultural and technological exchanges to facilitate capital inflows and bolster its competitive edge in the global financial arena.

Fueled by new urbanization trends and national development strategies, Hong Kong is presented with extensive opportunities for growth. Notably, under the "Belt and Road" initiative and the development of the Guangdong-Hong Kong-Macao Greater Bay Area, Hong Kong can capitalize on its strengths as a financial, trade, and logistics centre to underpin sustainable economic progress. Engaging in these national strategies will not only elevate Hong Kong's standing on the global stage but will also yield significant economic advantages and growth prospects.

In sectors such as securities, commodity futures, and asset management, Hong Kong can draw more international investors by implementing a range of policy improvements. These could include lowering transaction costs, broadening the spectrum of financial products, and enhancing market transparency and liquidity. Such initiatives will strengthen the market's appeal and reinforce Hong Kong's position as a premier global financial centre.

By executing these strategies, Hong Kong is poised to attain more vigorous economic growth in the future, securing a more prominent role within the global financial system. Amidst challenges, it is vital for Hong Kong to uphold an open and inclusive stance, embracing changes to ensure its sustained influence and competitiveness on the international stage. This approach will not only contribute to Hong Kong's prosperity but will also foster economic advancement across the Asia-Pacific region.

In light of the evolving challenges and opportunities within policy and compliance frameworks, Hong Kong's significance in national development strategies is increasingly recognized. The "14th Five-Year Plan" delineates critical objectives, such as high-quality development, technological independence, a dual-circulation economic model, and coordinated regional development. Within this framework, Hong Kong is anticipated to play a critical role in global offshore RMB operations, international asset management, and risk management functions.

To bolster competitiveness in the securities market, adjustments to the stock transfer tax are necessary. Although the current rate has been reduced to 0.1%, it remains higher than that of other leading stock markets. Further reductions or even the complete elimination of this tax are recommended to attract greater foreign capital into Hong Kong's stock market.

Moreover, expanding weekly stock options to encompass all blue-chip stocks would enhance circulation opportunities and draw more options investors, thereby invigorating market activity. It is also advisable to raise the limit price range for stock price tables to ± 48 , simplifying transactions and enhancing trading efficiency.

In striving to become Asia's premier commodity futures centre, Hong Kong should promote the diversification of the bulk commodity market and its derivative products, leveraging its advantages in the international financial marketplace to engage Mainland enterprises in risk management and pricing services.

With the evolution of fintech, the significance and potential of virtual assets in Hong Kong should not be overlooked. Establishing a unified regulatory framework, bolstering regulatory resources, increasing banks' comprehension of virtual assets, and facilitating the integration of virtual assets with traditional finance are essential steps. Additionally, raising public awareness about virtual assets can mitigate risks associated with misunderstandings.

In the realm of green finance, Hong Kong should capitalize on the opportunity to establish the "HKIC Green and Sustainable Matching Investment Fund" to support projects adhering to green finance criteria, encouraging businesses to meet TCFD requirements. These efforts will enhance market transparency and accountability, attracting more international capital to Hong Kong and fostering sustainable local economic development.

Regarding talent acquisition and investment immigration policies, while the low entry threshold of the talent recruitment scheme can swiftly attract individuals, it lacks the allure of high-investment immigration options. Hong Kong must strike a balance between these interests in future immigration policies to create a more enticing environment for talent acquisition.

In conclusion, as a leading international financial centre, Hong Kong must actively harness its distinctive geographical and economic advantages to tackle global economic challenges, showcasing adaptability and innovation. During the ongoing public consultation phase of the "Policy Address," it is imperative for Hong Kong to bolster technological innovation, broaden international cooperation, and continually refine market policies to maintain its competitiveness and influence in the global financial market.

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