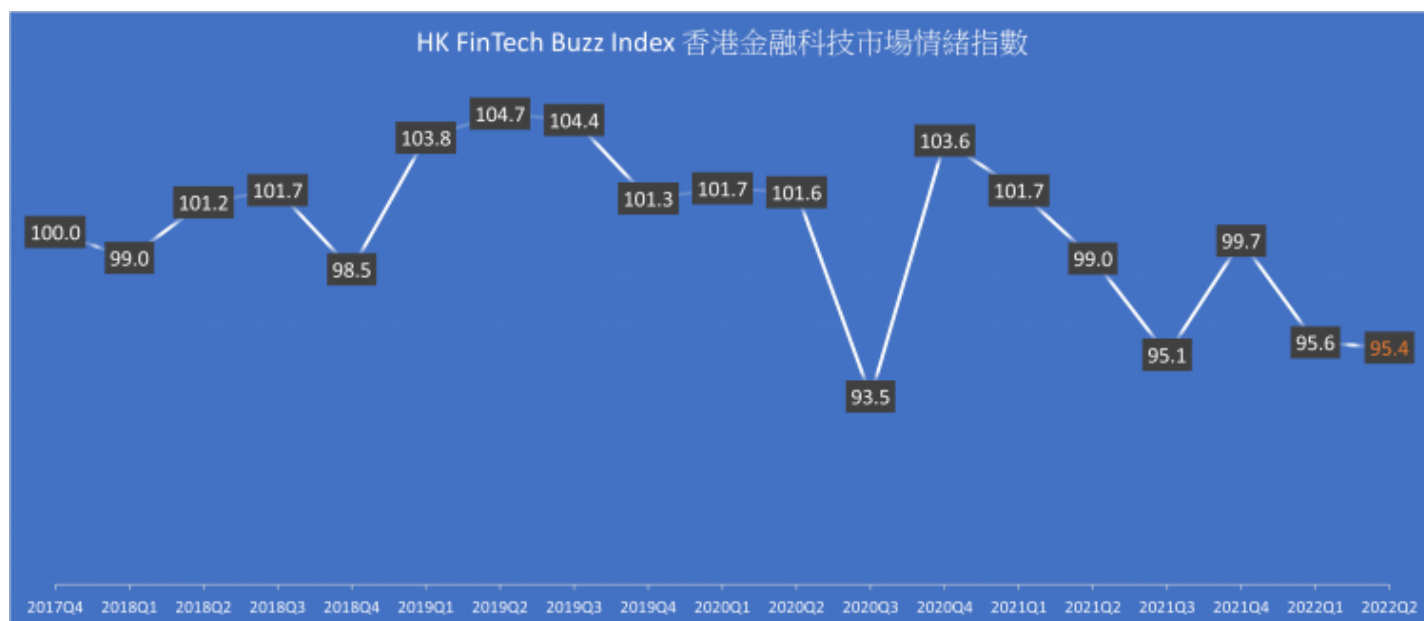# Hong Kong FinTech Buzz Index falls in 2022Q1 and remains largely constant in 2022Q2

18 Aug 2022



The HKU FinTech Index Series Project published the 2022Q1 and 2022Q2 Hong Kong FinTech Buzz Index (FBI) to gauge local FinTech companies' outlook and the general sentiment on the sector as reported by the local press.

**Hong Kong FinTech Buzz Index – 2022Q1 & 2022Q2**

Having analysed 913 news articles posted between January and March 2022, the Hong Kong FBI for the first quarter (Q1) of 2022 is 95.6, showing a drop of 4.1 index points (or 4.1%) from 99.7 in the fourth quarter in 2021 (2021 Q4).

On the other hand, 1,097 news articles posted between April and June 2022 were analysed and the Hong Kong FBI for the second quarter (Q2) of 2022 is 95.4, which indicates a slight drop of 0.2 index points (or 0.2%) from the previous quarter.

Table 1. Result of FBI

| Period | InsurTech | WealthTech & CreditTech | Blockchain & Cryptocurrency | Payment & Digital Banking | RegTech & Cybersecurity | Supporters & Others |
|--------|-----------|-------------------------|-----------------------------|---------------------------|-------------------------|---------------------|
| Q1, 2019 | 104.8 | 104.9 | 104.0 | 105.0 | 91.5 | 106.1 |
| Q2, 2019 | 106.0 | 107.7 | 108.7 | 105.4 | 73.2 | 109.6 |
| Q3, 2019 | 99.2 | 104.6 | 105.3 | 109.3 | 90.9 | 106.5 |
| Q4, 2019 | 98.9 | 100.8 | 103.7 | 106.4 | 79.9 | 104.1 |
| Q1, 2020 | 101.5 | 101.1 | 102.6 | 104.0 | 94.1 | 101.9 |
| Q2, 2020 | 104.2 | 103.1 | 99.1 | 102.9 | 98.6 | 100.6 |
| Q3, 2020 | 100.8 | 107.4 | 67.9 | 102.7 | 80.7 | 105.4 |
| Q4, | 101.4 | 108.9 | 100.1 | 103.5 | 98.9 | 106.9 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2020 | | | | | | |
| Q1, 2021 | 106.0 | 106.2 | 91.1 | 103.3 | 111.6 | 108.7 |
| Q2, 2021 | 100.9 | 98.3 | 89.1 | 100.6 | 99.5 | 105.1 |
| Q3, 2021 | 100.2 | 100.4 | 78.9 | 95.7 | 91.1 | 106.8 |
| Q4, 2021 | 104.9 | 107.4 | 85.1 | 98.0 | 92.8 | 109.0 |
| Q1, 2022 | 96.5 | 100.6 | 82.2 | 99.0 | 90.8 | 99.8 |
| Q2, 2022 | 97.9 | 105.0 | 78.5 | 98.4 | 85.1 | 101.5 |

**2022Q1 sectorial indices**

With respect to 2022Q1, a drop was recorded in all six sectorial indices except the Payment & Digital Banking sectorial index. Among the six of them, the sectorial index of Supporters & Others experienced the largest drop, which could be attributed to stringent COVID-19 restrictions that have hampered the development of tourism and the local economy. The risks introduced by online insurance and non-fungible tokens (NFT) contributed to the fall in the sectorial indices of InsurTech and RegTech & Cybersecurity. Data breaches in banks and P2P payment applications led to the drop in sectorial index of WealthTech & CreditTech. The sectorial index of Blockchain & Cryptocurrency has also dropped, as NFT assets and projects have become common targets of hacking attempts. On the other hand, the sectorial index of Payment & Digital Banking has slightly risen, as the pandemic promoted the digital transformation of the banking sector and the use of digital wallets in people's daily lives.

**2022Q2 sectorial indices**

In 2022Q2, a drop was recorded in three out of the six sectorial indices, and a rise was seen in the remaining three sectorial indices. The decrease in both the sectorial indices of Blockchain & Cryptocurrency as well as RegTech & Cybersecurity could be attributed to the demand for regulation of online crowdfunding activities and increased activity of cryptocurrency scams. Virtual bank accounts were commonly involved in money laundering and fraud cases, which led to the drop in the sectorial index of Payment & Digital Banking.

On the contrary, the sectorial index of WealthTech & CreditTech experienced the largest increase, since the opening of New Cross-boundary Wealth Management Centre by Hang Seng Bank and GBA Business Trade Connect launched by HSBC created an optimistic outlook for the sector. The development of Big Data services and the expansion of Commercial Data Interchange by the Hong Kong Monetary Authority additionally contributed to the rise in the sectorial indices of InsurTech and Supporters & Others.

**About the HKU FinTech Index Series Project**

The HKU FinTech Index Series Project introduces the Hong Kong FinTech Growth Index (FGI) and the Hong Kong FinTech Buzz Index (FBI) to gauge local FinTech companies' outlook on the industry and the general sentiment on the sector as reported by the local press. It is the first in the region to provide index indicators on the development of the sector, with an aim to provide information in a timely manner to track the growth and development of the financial technology industry in Hong Kong.

FGI is a yearly index with four sub-indices on Business Environment, Business Performance, Investment in R&D and Demand for Talent. It is a forecast of the Hong Kong FinTech sector's market situation in the coming year and an assessment of the situation in the current year. The FBI is a quarterly index representing a quantified sentiment of the local

FinTech-related news articles in Chinese in the past three months. The index has a base value of 100 points, which represents the sentiment of nearly 10K FinTech related news articles in major local news media outlets in 2016 and 2017. The FBI is further broken down into six sectors: Insurance Technology (InsurTech), Wealth Management and Credit Technology (WealthTech & CreditTech), Blockchain & Cryptocurrency, E-Payment & Digital Banking, Regulatory Technology (RegTech) & Cybersecurity and other related businesses including AI and big data.

The project is led by Prof. S.M. Yiu, Professor, Department of Computer Science, HKU, and Prof. Philip Yu, Honorary Professor, Department of Computer Science, HKU; Head & Professor, Department of Mathematics and Information Technology, EdUHK, and funded by The University of Hong Kong - Standard Chartered Hong Kong 150th Anniversary Community Foundation FinTech Academy.

To provide professional insight, the Advisory Board is established, comprising professionals from the University of Hong Kong and the local FinTech industry, including representatives from FinTech Association of Hong Kong, InvestHK, Cyberport, Hong Kong Science and Technology Parks Corporation, and The Bank of East Asia, Limited. The members provide expert advice on the FinTech companies to be included in the master list for the annual survey to return to the FinTech Growth Index. They also advise the Project on index methodology.

For further information on the HKU FinTech Index Series Project, please visit the project's website at [www.fintechindex.hku.hk](www.fintechindex.hku.hk).

**About The University of Hong Kong - Standard Chartered Hong Kong 150th Anniversary Community Foundation FinTech Academy**

The University of Hong Kong - Standard Chartered Hong Kong 150th Anniversary Community Foundation FinTech Academy ("the HKU-SCF FinTech Academy") was established in April 2020 with a mission to make a sustainable impact in FinTech by grooming world-class talents and leading innovative research to further strengthen Hong Kong's position as an international financial centre.

Through a commitment of HK$60 million from the Standard Chartered Hong Kong 150th Anniversary Community Foundation, the HKU-SCF FinTech Academy is steered by the Faculty of Engineering, with support from the Faculty of Law as well as the Faculty of Business & Economics of The University of Hong Kong.

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