OECD-ADBI-IRDAI Roundtable on Insurance and Retirement Savings in Asia

eMPF: An Innovative Fintech Initiative

Engaging Individuals in Managing their Retirement Savings

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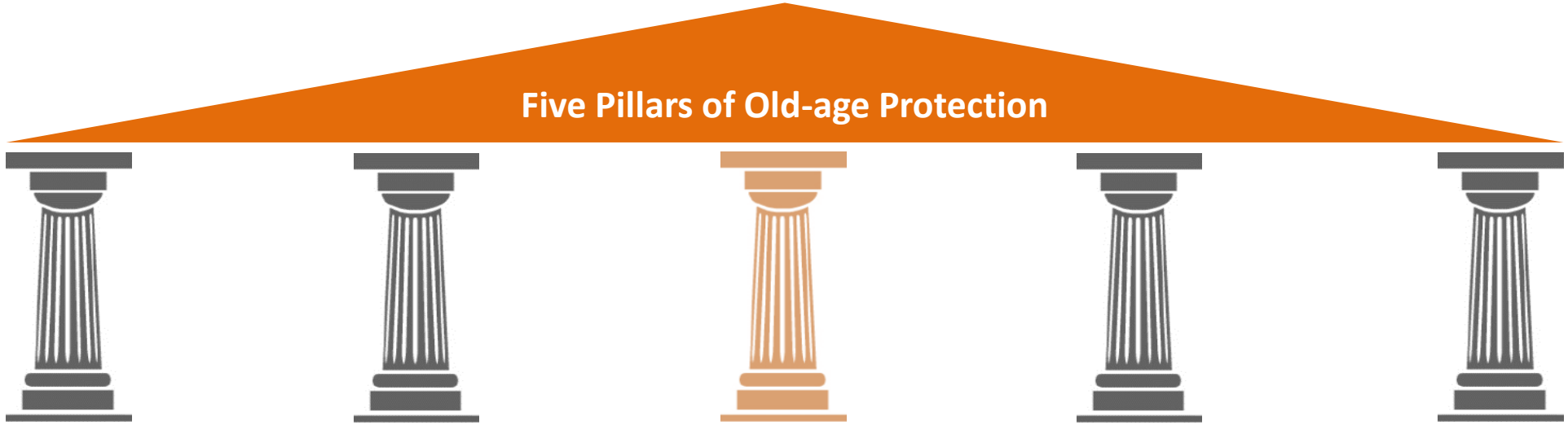
Role of the MPF System in Retirement Protection

World Bank's Framework



Pillar 0
Non-contributory, publicly financed and managed system

Pillar 1
Mandatory, contributory and publicly managed system

Pillar 2
Mandatory, privately managed, fully funded contribution system

Pillar 3
Voluntary savings

MPF Voluntary Contributions

Pillar 4
Informal support, other formal social programmes and other individual assets

The MPF System
(Established on 1 December 2000)

Features of the MPF System

Mandatory

Except for exempted persons

Privately managed under trust

Defined Contribution

Fully funded, financially sustainable

Employment based

Employer chooses scheme*
Employee chooses his/her own investment portfolio (funds)

Decentralized administration

* Under the Employer Choice Arrangement, scheme members can, once a year, opt to transfer the accrued benefits derived from the employee mandatory contributions in their contribution accounts to a scheme of their own choice

Key Statistics of the MPF System

Net Asset Value

HKD 1 109 billion

(roughly USD 141 billion)
USD1 = HKD7.85

347 000 Employers

4 694 000 Scheme Members

(11 million MPF Accounts)

13 Trustees

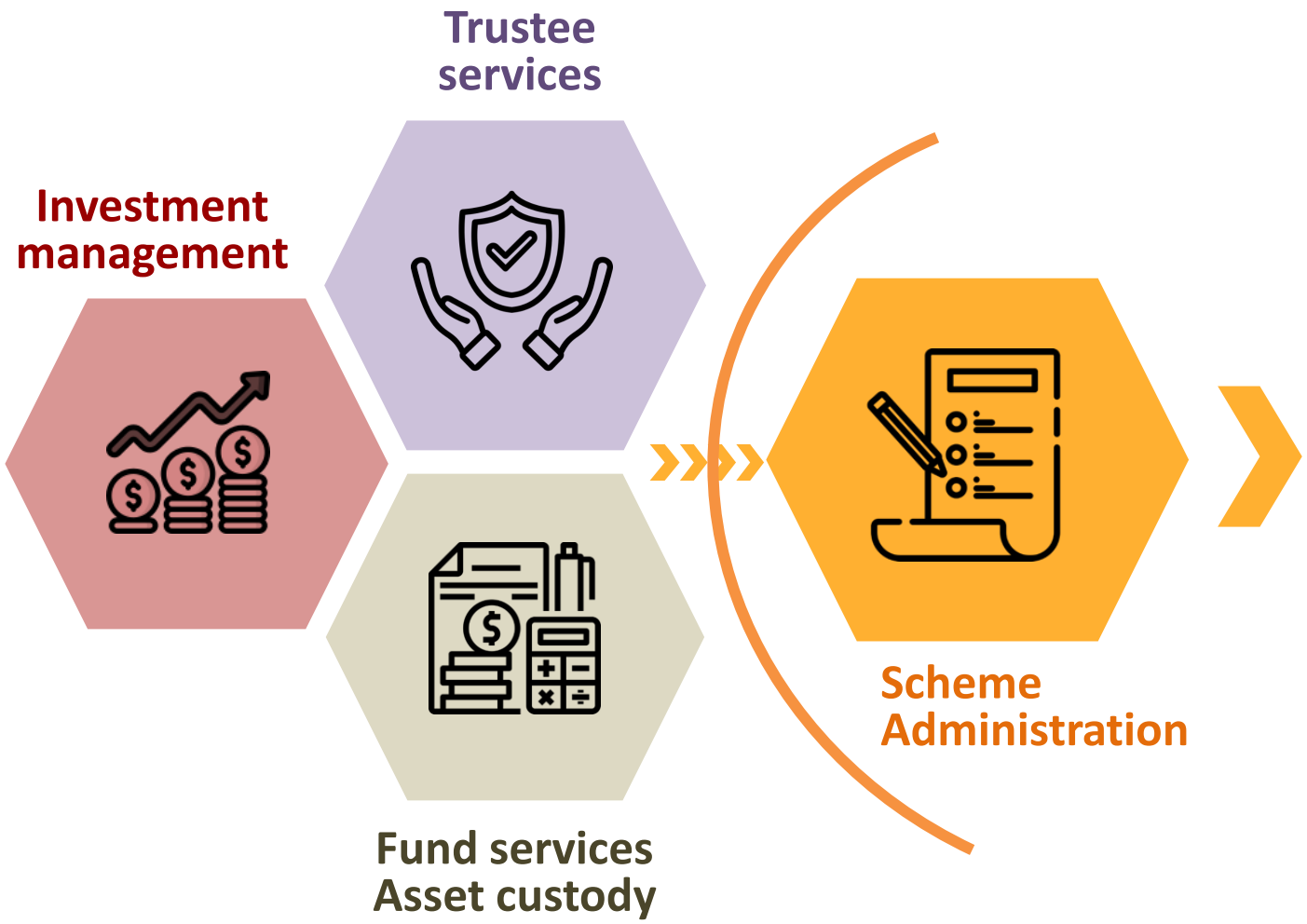
27 Schemes

414 Funds

13 Scheme administration systems

As at March 2023

Key Elements of MPF Services

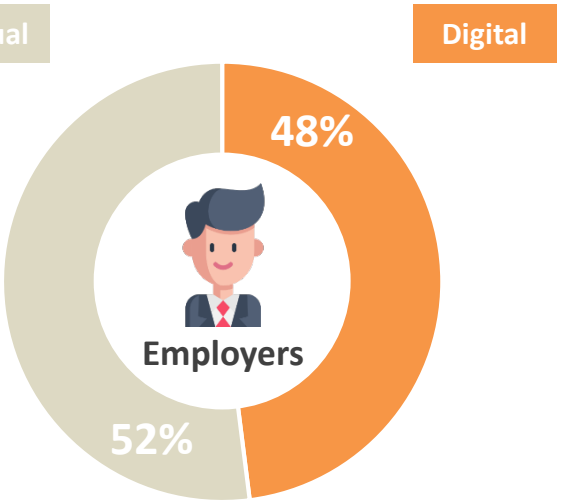


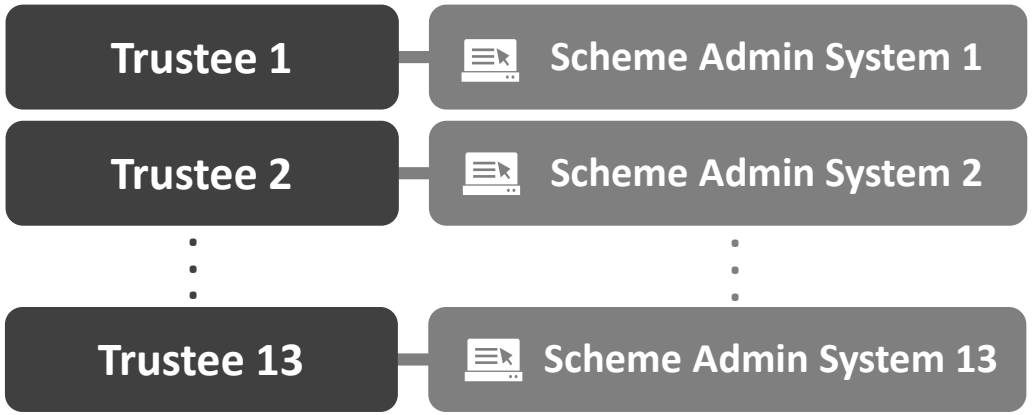
eMPF 積金易

- Not-for-profit public utility
- Standardize, Streamline, Automate
- One-stop common electronic platform

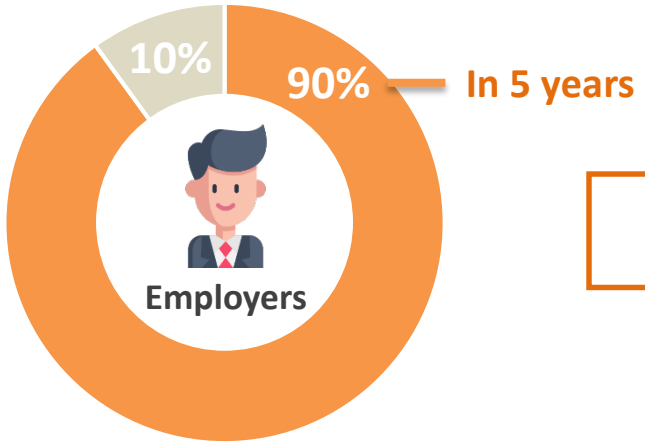
Current and Future MPF Scheme Administration

Current





Future



eMPF 積金易

One Centralized Platform

eMPF Platform
Comprehensive Administration Platform

Account activation and enrolment

- Register on eMPF Platform
- Enrol MPF scheme

Handle contributions and process payment

- Mandatory contributions
- Voluntary contributions
- Recover default contributions

Manage MPF accounts

- Fund switching
- Scheme transfer

Benefit withdrawal

- Withdraw benefits
- Long Service Payment (LSP) / Severance Payment (SP) offset by employers

Full-fledged functionalities for employers and scheme members

Generates notices, documents and reports

- Issue notices and documents
- Data maintenance and information management system

General administration and compliance

- Enquiries & complaints
- Report to MPFA
- Continuous interface with eMPF Platform
- Fee payment for use of eMPF Platform

Communication channels and connectivity

- Online Platforms (Web Portal + Mobile App)
- Service centres

How eMPF Platform Improves User Experience

One-stop Shop Facilitates Member Engagement

Simpler

- Standardized single log-on
- User-friendly front-end portal
- Easy management of accounts, including re-engagement with dormant accounts

Convenient

- One-stop handling of all MPF investments
- Access to all accounts
- Operate anytime, anywhere

Economical (lower fee)

- Operational efficiency saves costs and creates room for fee reduction
- “Straight pass-on” of cost savings and corresponding fee reduction

Enhance member protection

- Reduction of inadvertent default contributions from employers
- Expedite the recovery of default contributions
- Able to check the status of payment of contributions anytime anywhere and to take appropriate action if necessary

Faster

- Shorter processing time due to automation and streamlined process
- Speedier transaction
- Instant notification

Current Project Timeline

Construction

2021-2023

Onboarding

2024 -2025

Full Operation

2025

Front-end Portal (1)

eMPF Registration Swift and Instant

Instant Identity Verification

Secure verification
e.g. using iAMSmart

Swift Registration

Complete registration and account set up in 3 steps

Video Tutorial

Provides easy to understand instructions

Standardized eMPF ID

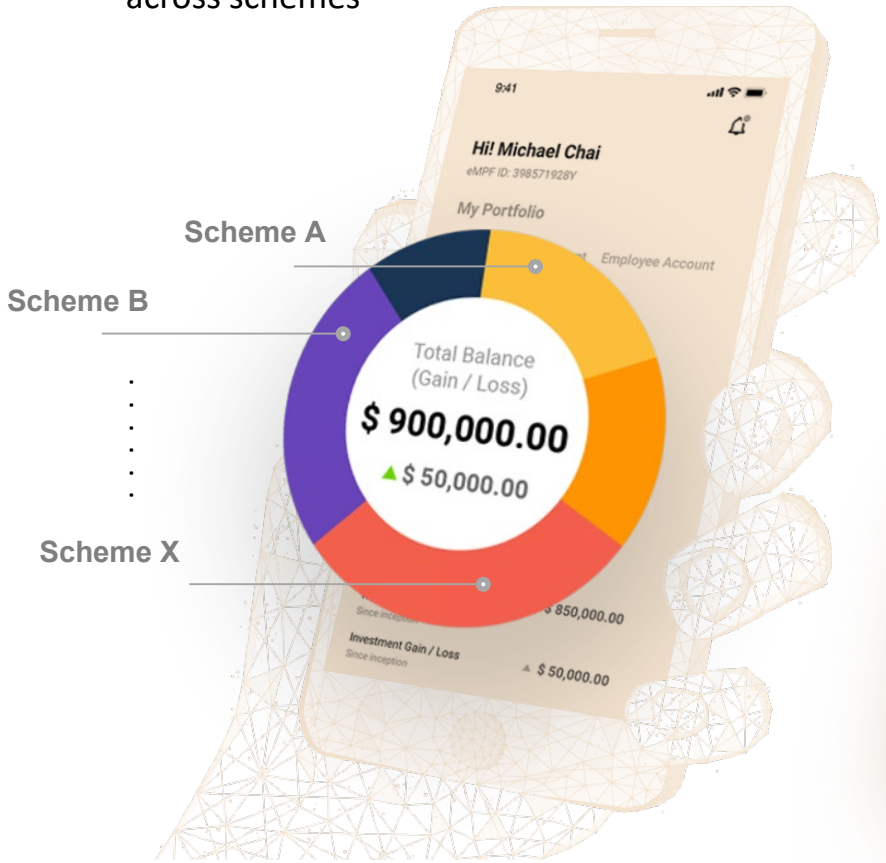
Single lifetime account number for an individual

Front-end Portal (2)

One-stop Full-fledged MPF Account Management

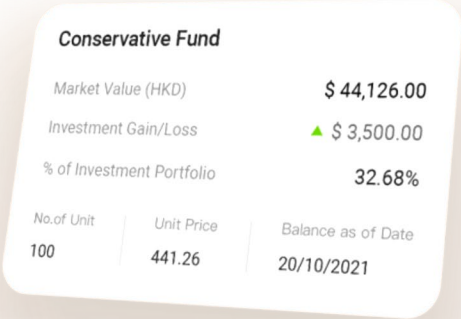
Centralized Management

View and manage MPF accounts across schemes



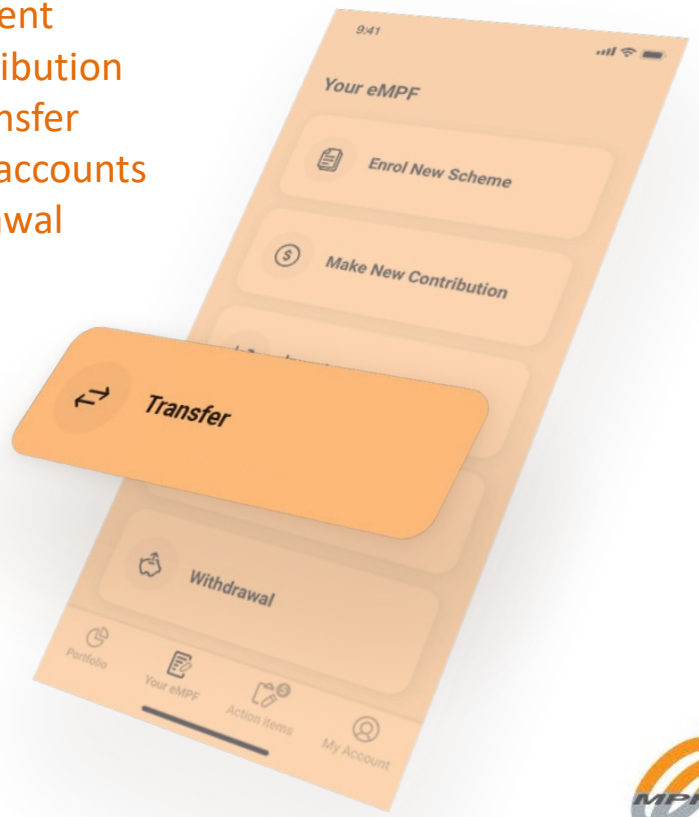
Comprehensible

Check account information and fund details



Simple and Convenient

Enrolment
Make contribution
Fund transfer
Consolidate accounts
Withdrawal



Early Engagement with Stakeholders During Construction

(Aim: Enhance Design and Functionalities)

Diverse Groups of Stakeholders consulted:

- Labour Unions
- Employer Associations
- Self-employed Persons
- Human Resources Practitioners
- MPF Industry Practitioners
- Legislative Council Members
- Other Financial Regulators

104 Sessions Conducted (Dec 2021 - Jul 2022)

>1,500 Comments Collected

Collected views on:

- Overall impression of the eMPF Platform
- Design of the front-end portal
- Overall operation of the eMPF Platform

- Perfect eMPF Platform design
- Ensure it is user-friendly
- Meets the needs of different stakeholders

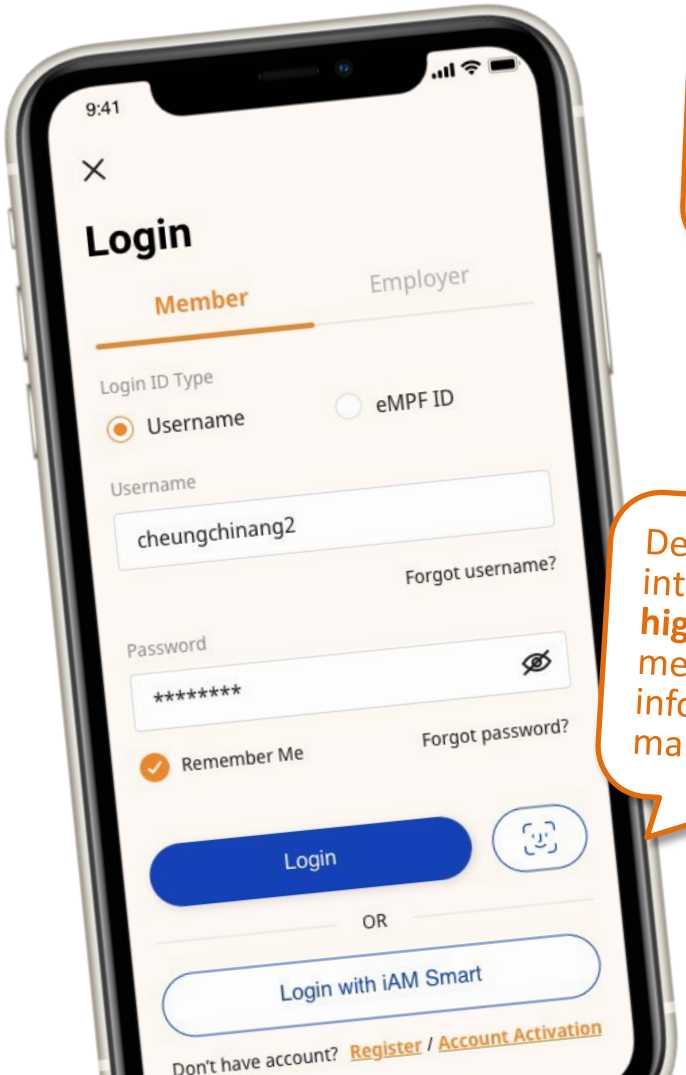
190 Stakeholder Groups

3,300+ Participants

730K+ Members of Stakeholders' Groups

Early Engagement with Stakeholders During Construction

(Comments Collected from Stakeholders)

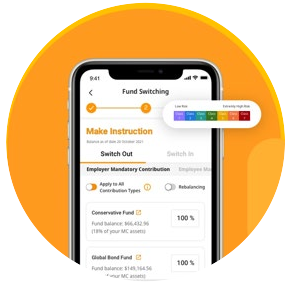


Inform and educate members on fund options and risk level in a clear and intuitive way

Minimise steps and incorporate step-by-step instructions to make registration fast and easy

Design of user interface should **highlight critical** messages and information for making decisions

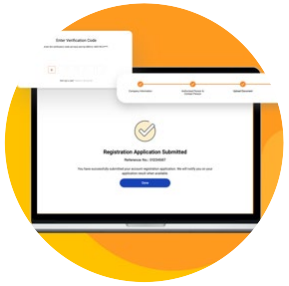
Prototype demo of different functionalities



Fund Switching

Consolidation of Personal Accounts

Employee Enrolment



Account Registration and Activation

Making Contributions

Promotional Campaigns

Ride on eMPF to achieve better communication on pensions and effective engagement of individuals with their retirement savings

Awareness Campaign

- To create awareness of eMPF Platform
- To foster public support of the eMPF Platform

TV and Radio Announcements in Public Interests, print & online ads, media placements, press briefings, etc.

Platform Uptake / Education Campaign

- To educate the public on using the Platform to manage their MPF
- To achieve high digital take-up rate

TV commercials, online ads, out of home ads, online educational and training material, collaborations with stakeholders of different sectors, etc.

Key Challenges

Complexity

- More than just an IT project
- A change management process

Schedule

- Tight timeline
- Manage industry players i.e. trustees

High Standard of IT Security and Data Protection

- Reference international best practices
- Follow government's policies and measures in storage and handling of confidential information
- Take advice from Office of the Government Chief Information Officer
- Independent risk assessment and security audit

Current User Behaviour

- Only 48% employers are digital users
- 65% of transactions are paper-based
- Most scheme members don't actively manage their MPF accounts via electronic means

High Degree of User Diversity

- A large number of users involved
- Diverse cohorts in the MPF System
- Diverse degree of digital literacy and experience

Publicity and Communication

- Onboarding of MPF trustees and schemes in sequence increases complexity
- Need to reach out to entire workforce and all employers

Thank You