

PREMIER SPONSOR ARTICLE SERIES

Digitalization is the future of MPF. Are you ready?



How do you manage your Mandatory Provident Fund (MPF)? From our observation, many MPF members are still receiving paper statements and using paper forms for enrolment, fund transfer, withdrawal, etc., even though most can be done at their fingertips via mobile apps and online portals. Moreover, some enterprises prefer using cheques for MPF contributions to e-payment. A change is imminent and it is time to go digital and become a smart user when it comes to managing your MPF.

Decentralized and paper-intensive legacy system

The MPF system was established 20 years ago when manual and paper-based processes were common, but it is no longer the case now. The current system operating under a decentralized landscape and relying on paper has made it not user-friendly for members to manage their MPF.

Currently, there are over 4 million MPF members with over 10 million accounts in 27 MPF schemes administered by 13 trustees, involving 12 scheme administration platforms. This generates about **100,000 paper transactions a day**, which means in one year, millions or even billions sheets of paper are used. At the same time decentralization - different interfaces and processes across different MPF providers – requires members to spend more time and effort to keep track of their MPF with different providers.

The next big thing - the eMPF platform

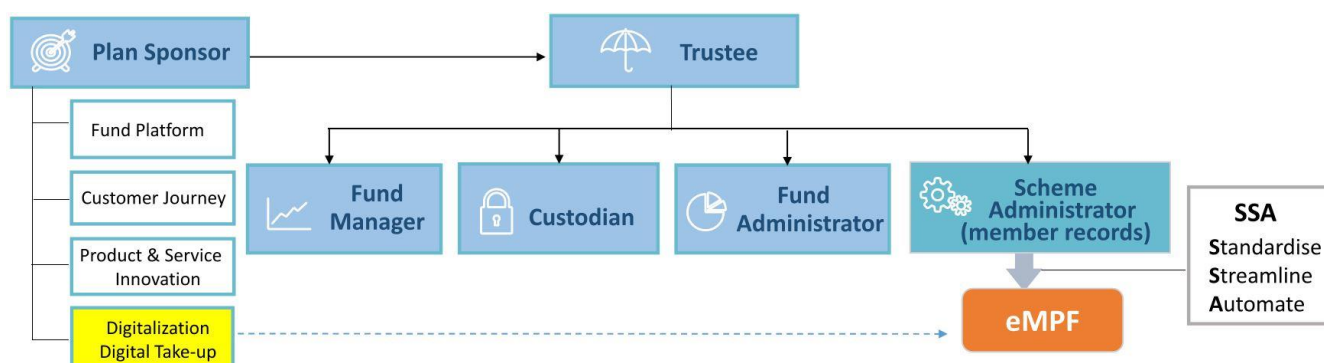
To tackle that, the Mandatory Provident Fund Schemes Authority (“MPFA”) and MPF providers have been exploring the application of information technology to help employers and members manage MPF more effectively and efficiently, given technological advancements and inventions. Amongst all, the **eMPF platform (“eMPF”)** is by far the **game changer** that will enhance and transform the MPF system and user experience. This is also the largest MPF reform since 2000.

The eMPF has made headlines in recent years and this is going to be the core of MPF management. Nevertheless, Hong Kong business and people have little knowledge about it. To put it simply, it is to **standardize, streamline and automate MPF scheme administrative processes**.

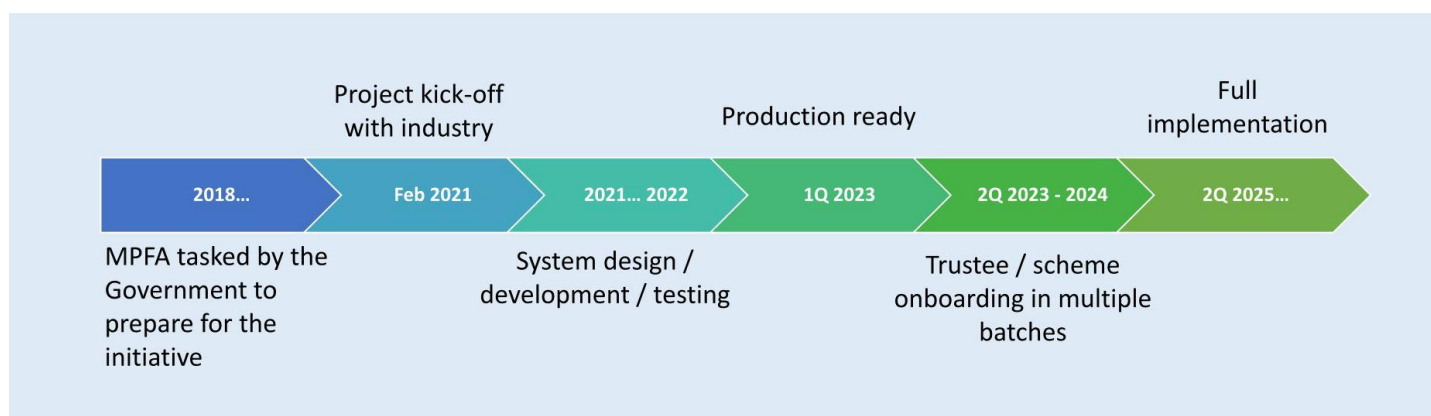
What does that mean exactly? The eMPF will serve as a one-stop electronic platform for MPF members to manage their MPF accounts across different MPF schemes anytime, anywhere through online and mobile applications. Therefore, members can conveniently perform a wide range of functions, such as accessing account details, switching funds, consolidating accounts and changing schemes, in real time and in a green way. It will also be a major financial infrastructure in Hong Kong to ensure a **healthy and sustainable development** of the MPF system, thus protecting the interests of members.



One of the aims of the eMPF is to achieve a **90% take-up rate in 5 years** after its implementation, so it's about **going digital for all – MPF members, employers, trustees and the MPFA**, but it will only handle the scheme administration work of the MPF system. The roles of plan sponsor, trustee, fund manager, custodian, and fund administrator shall remain unchanged.



The development of the eMPF is underway and the MPFA aims to complete the construction of the platform by April 2023 at the earliest and make it fully operational in 2025.



Planning for the digital future

To plan for a smooth transition to the eMPF over the next few years, **all stakeholders have their roles to play**. MPF providers and employers, who are in regular contact with members, should begin digitalizing the MPF journey for members.

- **Examine current practice:** Examine MPF-related processes, explore and develop internal workflows to use electronic means (e-enrolment, e-payment, etc.) as much as possible.
- **Go green now:** Promote the use of electronic means as much as possible and offer incentives to help members get used to a paperless environment.
- **Effective communication:** Provide relevant information and organize seminars / webinars for employers and members regarding the progress and implications of the eMPF to prepare them for the future operating model.
- **Sound database:** Begin looking into members' dataset and make sure data are accurate, complete and usable.

Technology has been rapidly changing our world in which we live, work and invest, so there is no doubt that the time for digitalization has come. To plan for retirement in the future, the eMPF is set to become indispensable for all of us.

About HKRSA

The Hong Kong Retirement Schemes Association (HKRSA) was established in 1996 to promote the interests and best practices of retirement schemes in Hong Kong including provident and pooled retirement funds. The HKRSA is a not-for-profit, non-political association, which represents retirement schemes and their members, providing a forum for discussion of issues of current and topical interest.

About BCT Group

BCT Group ("BCT"), comprises BCT Financial Limited ("BCTF") and Bank Consortium Trust Company Limited ("BCTC"), is a leading provider of MPF/ORSO products and best-in-class asset servicing for investment funds and pensions. With corporate governance, sustainability (including ESG), and sense of purpose as the foundation, BCT is committed to creating value for all stakeholders. As of end of June 2021, our assets under administration exceeded HK\$222 billion, serving over 1.2 million member accounts.

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