

PREMIER SPONSOR ARTICLE SERIES

Are you ready?

Digital revolution transforms our ways to manage pension savings



Technology today has become an increasingly important part of our lives and work. Working from home is a new norm for professionals around the globe after the pandemic unfolded. Companies and industries are looking for digital transformation which allows them to find easier means to engage with customers, increase the workplace productivity and improve working procedures.

The digital revolution is disrupting the relationship between financial institutions and their clients as new features brought by technology continuously to enhance customer experience. It is estimated that the total number of digital banking users will surpass 3.6 billion by 2021, up 54% from 2.4 billion in 2020, according to a new study from Juniper Research¹.

Every financial institution including banks, insurance companies, asset management houses and even government financial authorities are also embracing digital transformation. In Hong Kong, the Mandatory Provident Fund Schemes Authority (MPFA) is starting to build an electronic centralized administrative platform (the eMPF) with the aim of full utilization in 2025.

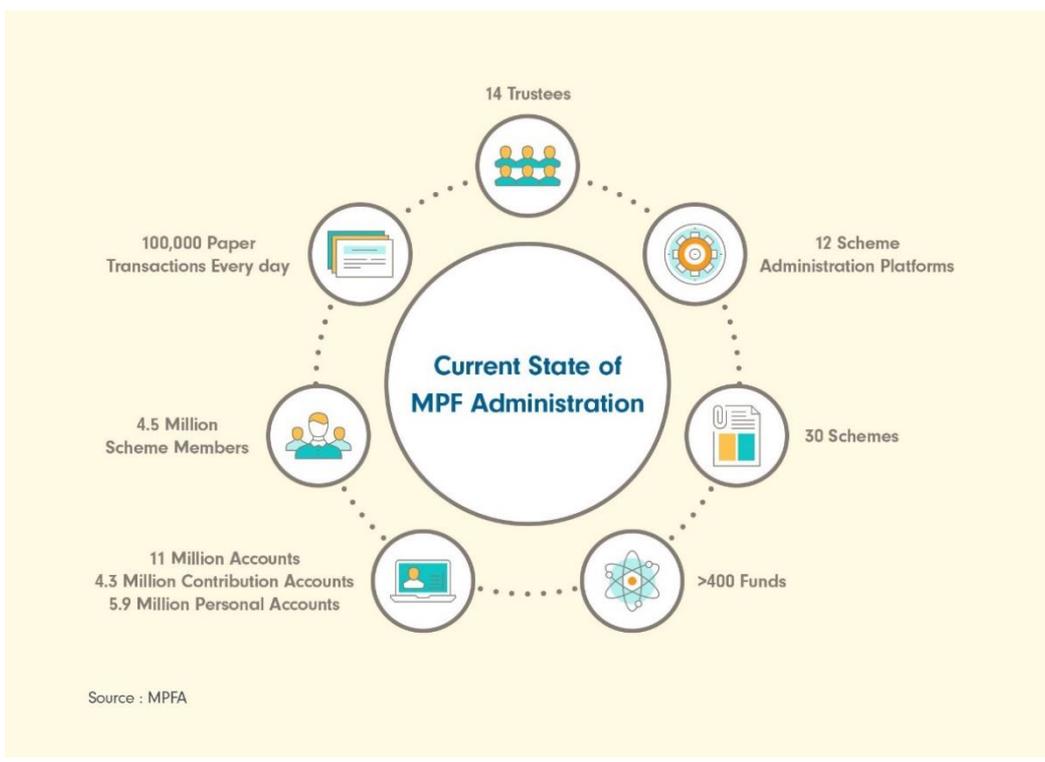
eMPF streamlines operational efficiency and save cost

Nowadays, the entire MPF scheme covers more than 400 constituent funds, serves over 4.5 million members and 11 million accounts. Unfortunately, the administration procedures are still old-fashioned and not so environment-friendly. There are up to 10,000 paper transactions per day, and many transactions are not automated and involves a significant amount of manual processes.

The eMPF platform will facilitate both employees and employers to manage their MPF assets in a simpler and smoother way. A digitalization rate of 90% in 5 years is targeted, by replacing the current heavily paper-based operations to digital means. It will transform the existing manual administration process into a truly paperless experience for employers and employees.

MPFA expects the paperless feature of eMPF platform will help reduce all administration costs and management fees which ultimately benefit both MPF members and employers. The newly appointed MPFA Chairman, Ayesha MacPherson Lau estimated the platform will reduce MPF administration costs by about 30%, saving around HK\$30 to 40 billion from 2023 to 2032².

Employees can give direct instructions to manage MPF anytime, anywhere via online website or mobile app, like viewing the MPF account details, switching investment funds and withdrawing MPF accrued benefits. Employers, on the other hand, can enroll MPF members, process contribution and check the transaction through a single digitalised platform.



Building wealth management solutions through technology

Similar to MPFA, the asset management industry sees the urge to change. The survey launched by KPMG and Hong Kong Investment Fund Association reveals nearly 60% of the asset management firms will increase their technology investment in the next 10 years, and more than half of them plan to increase their investment of technology by 10%³.

They discovered it is not only the younger generation, but older or mature customers who are also moving towards online investment platforms. More than 30% of Hongkongers use online financial tools to help their financial planning, Fidelity's [Financial Wellness Survey](#)⁴ reveals. Therefore, many financial institutions would focus on enhancing digital customer experience, providing wealth management digital solutions and data analytics.

Some financial service providers in Hong Kong have developed electronic platform so that member can review their MPF accounts balance anytime and adjust their investment allocation with ease. Their own MPF onboarding online platforms tailor-made for their clients or employers which help manage their employees' MPF enrolment, keep track of employees' MPF enrolment status in real time, and submit the employees' digital enrolment forms to scheme trustee through the online portal.

Indeed, mobile tools and online widgets are becoming more popular in the market and help the public to plan ahead for retirement, check their financial wellness and achieve financial goals. Some of the widgets can check the individual's financial readiness by answering a series of questions. The tools can calculate a personalised financial wellness score and analyze the budgeting, debts, savings and financial protection of the individual based on their responses and offer some improvement tips. It helps users to design and create the financial goals according to their needs.

Other tools can forecast one's future wealth based on the built-up financial profile. Thus, users can also set up their financial goals at different stages of life according to the asset estimation by the tools. Future retirement income can also be forecasted which enables people to construct their retirement income strategy. Retirement education, market insights and professional analysis will also be provided to help them prepare well for their retirement journey.

To sum up, digital transformation disrupts our way to manage assets and wealth. In the foreseeable future online platforms or tools will be the key channel to take care of our finances. People should make good use of them to help plan for their personal finances in different life stages.



Endnote:

¹ Source: "Digital Banking: Banking-as-a-service, open banking & digital transformation 2020-2024", 2020, Juniper Research

² Source: 【MPF】積金局主席：積金易助減費 打工仔10年有望省逾300億 Hong Kong Economic Times, 2021

³ Source: [Vision 2025](#), HK Investment Funds Association and KPMG, 2020

⁴ **About Fidelity's Financial Wellness Survey** The survey population consisted of respondents with the following qualifying conditions: individuals aged 20-75 years old; working full-time or part-time or have spouse working full-time or part-time; expecting to retire someday; the main financial decision maker or equal joint main financial decision maker in the household; a minimum household income of: United Kingdom: £10,000 annually; Germany: €20,000 annually; China: RMB 5,000 monthly; Hong Kong: HK\$15,000 monthly; Japan: ¥3,000,000 annually; Canada: CA\$30,000 annually. The research and analysis were completed for the United Kingdom, Germany, China, Hong Kong, Japan, and Canada. Data collection was completed in partnership with Ipsos, a global market and opinion research specialist, who collected and collated data for each region between March 2020 and May 2020.

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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.

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