

**Deloitte.**

**INED Invitation**

**Peter Koo (AiA-IT)**

# What is Blockchain?



Source: [What is blockchain?](#) (World Economic Forum on youtube.com, January 2016)

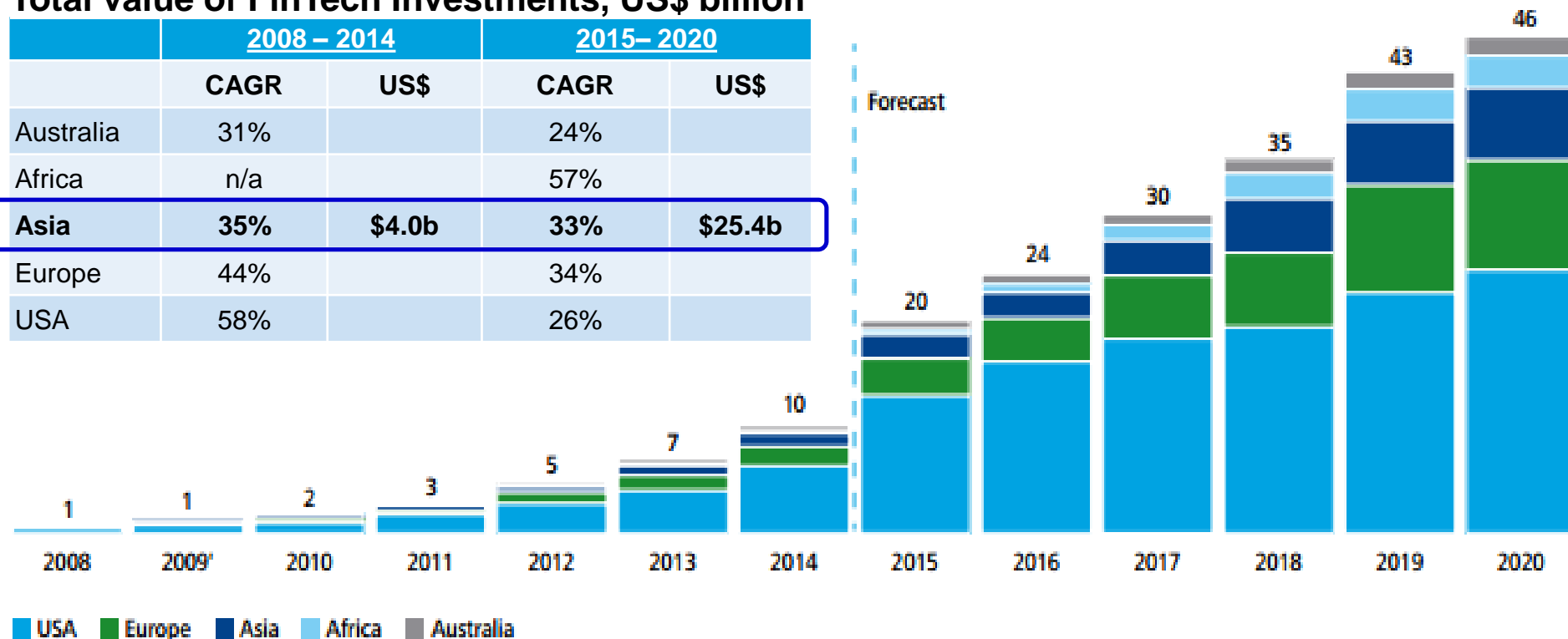
# Asia's FinTech Investment Increases over 30%

Most of the investment takes place in China

From Deloitte's Report "2016 Financial Services M&A Predictions"

Total value of FinTech Investments, US\$ billion

	2008 – 2014		2015 – 2020	
	CAGR	US\$	CAGR	US\$
Australia	31%		24%	
Africa	n/a		57%	
<b>Asia</b>	<b>35%</b>	<b>\$4.0b</b>	<b>33%</b>	<b>\$25.4b</b>
Europe	44%		34%	
USA	58%		26%	



Source:

[Five Banking Innovations from Five Continents: USA, Europe, Asia, Africa, Australia, Market Research, February 2015](#)

[2016 Financial Services M&A Predictions. Rising to the challenge, Deloitte, 2015](#)

# Deloitte's Top Technology Trends in 2017/18

-  IT unbounded
-  Dark analytics
-  Machine intelligence
-  Mixed reality
-  Inevitable architecture
-  Everything-as-a-service
-  Blockchain: Trust economy
-  Exponentials watch list

# Deloitte's Blockchain Survey

What are the challenges for blockchain?



Standards need to be formalized



Whether all regulators are ready to embrace blockchain



Whether blockchain is commonly used worldwide



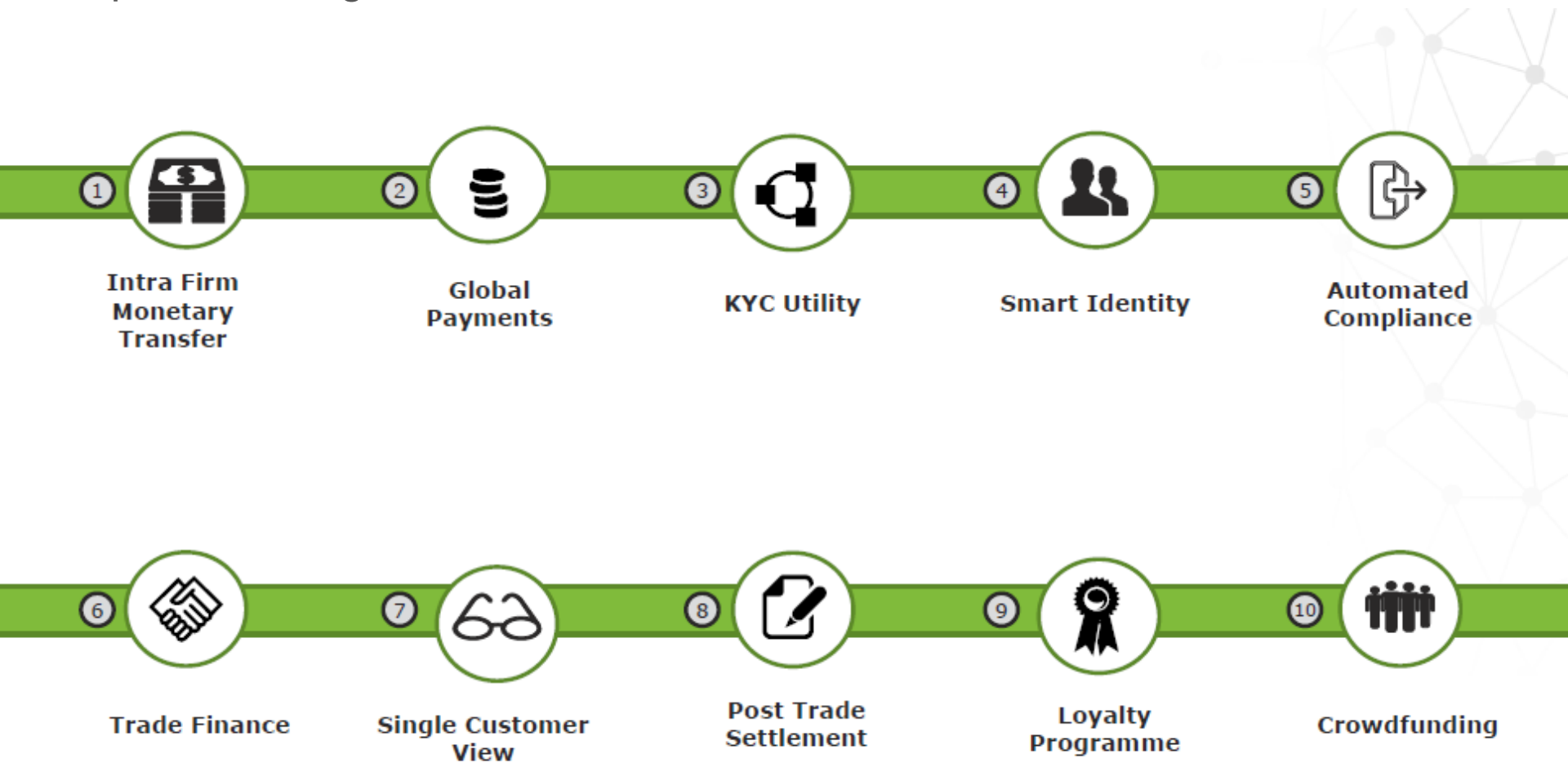
It is not proven in production environment



Collaboration is required to make it a success

# Applications of Blockchain

## Top 10 Banking Use Cases



Source: Blockchain SME Visit Presentation, Deloitte, November 2016

## Press releases

# Deloitte, HKMA and leading trade finance banks in Hong Kong have developed a Distributed Ledger Technology proof of concept for Trade Finance



Published: 30 March 2017

Deloitte has been working with the Hong Kong Monetary Authority and the leading trade finance banks in Hong Kong to develop a Distributed Ledger Technology (“DLT”) proof of concept for Trade Finance. Industry participants include: Bank of China (Hong Kong) Limited, Hang Seng Bank Limited, the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) and Standard Chartered Bank (Hong Kong) Limited.

The project, focusing on Trade Finance has resulted in the development of a proof of concept leveraging DLT to connect banks, buyers and sellers, and logistics companies. The proof of concept has demonstrated the application of DLT in digitizing paper-intensive processes through smart contracts, reducing the risk of fraudulent trade and

- **Deloitte** has been working with the Hong Kong Monetary Authority (“**HKMA**”) and the leading trade finance banks in Hong Kong to develop a **Distributed Ledger Technology** (“DLT”) proof of concept for Trade Finance.
- Industry participants include: Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited, Hang Seng Bank Limited, the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) and Standard Chartered Bank (Hong Kong) Limited.

# Proposed and enacted regulations/guidance

Proposed Date	Location	Regulations
Nov 2016	PRC	<p>Proposed new Cybersecurity Law</p> <ul style="list-style-type: none"> <li>• Become effective from June 2017</li> <li>• Enhanced personal data protection requirement for Network operators</li> <li>• Chinese citizens' personal information and "important data" gathered and produced by "key information infrastructure operators" ("KIIOs") during operations in China must be <b>kept within the borders</b> of the PRC, unless a Government-approved security assessment is conducted or other PRC laws permit the overseas transfer</li> <li>• Providers of "network products and services" must also comply with prescribed security measures, standards and reporting requirements</li> <li>• Critical network equipment and <b>specialised cybersecurity products must obtain government certification</b> or meet safety inspection requirements.</li> <li>• <b>At least once a year, KIIOs shall conduct an inspection and assessment of their networks security and risks</b> that might exists either personally, or through retaining a network security services establishment.</li> </ul>
Dec 2016	HK	<p>Cybersecurity Fortification Initiative</p> <ul style="list-style-type: none"> <li>• Cyber Resilience Assessment Framework (C-RAF) <ul style="list-style-type: none"> <li>• Inherent Risk Assessment</li> <li>• Maturity Assessment</li> <li>• Intelligence-led Cyber Attack Simulation Testing (iCAST)</li> </ul> </li> <li>• Professional Development Program</li> <li>• Cyber Intelligence Sharing Platform</li> </ul>
TBC	HK	<p>Fintech regulatory requirements (TBC)</p> <ul style="list-style-type: none"> <li>• It is believed that regulatory bodies such as HKMA are developing new guideline</li> <li>• Can take existing guidelines as reference first, such as <ul style="list-style-type: none"> <li>• Supervisory Policy Manual "Risk Assessment of E-Banking" ("TM-E-1")</li> <li>• Additional Guidance for TM-E-1;</li> <li>• Supervisory Policy Manual "General Risk Management Controls" ("IC-1");</li> <li>• Supervisory Policy Manual "General Principles for Technology Risk Management" ("TM-G-1");</li> <li>• Supervisory Policy Manual "Business Continuity Planning" ("TM-G-2");</li> <li>• Circular of "Incident Response and Management Procedures" ("IRMP Circular");</li> <li>• Circular of "Customer data Protection" ("CDP Circular"); and</li> <li>• Circular of "Disruptions of Critical Banking Services" ("DCBS Circular") etc.</li> </ul> </li> </ul>



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