



GUM MPF Investment Forum 2023

MPF investment and

The preparation for the implementation of

The eMPF Platform

20 September 2023

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Director (Engagement and Policy)
The eMPF Platform Company



Key Statistics

(As of Jun 2023)



4.7 Million Scheme Members
(including 238 000 self-employed persons)



~ 11 Million Accounts

~4.43 Million Contributions A/Cs
~6.45 Million Personal A/Cs



353 000 Employers



13 Trustees



13 Scheme Administration Systems



27 Schemes



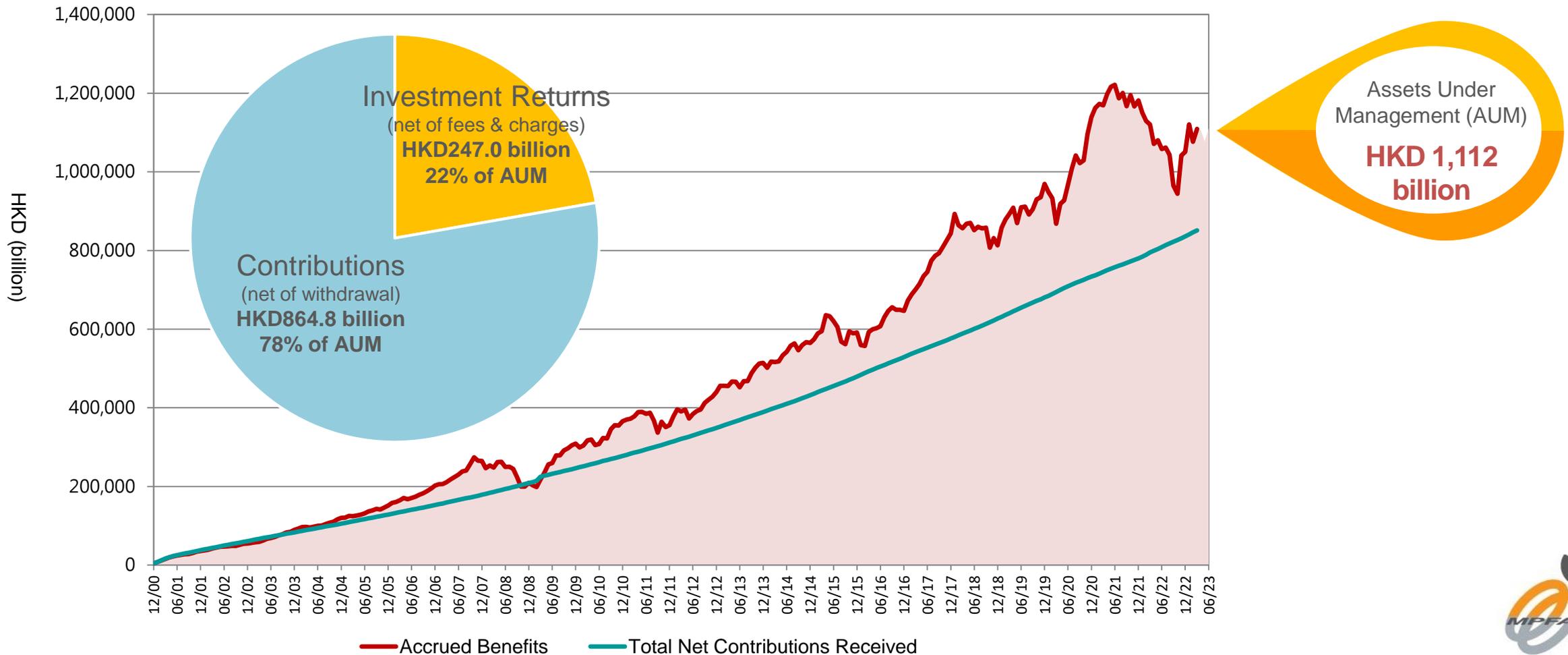
415 Funds



Accrued Benefits Total AUM VS Total Net Contributions

(Dec 2000 – Jun 2023)

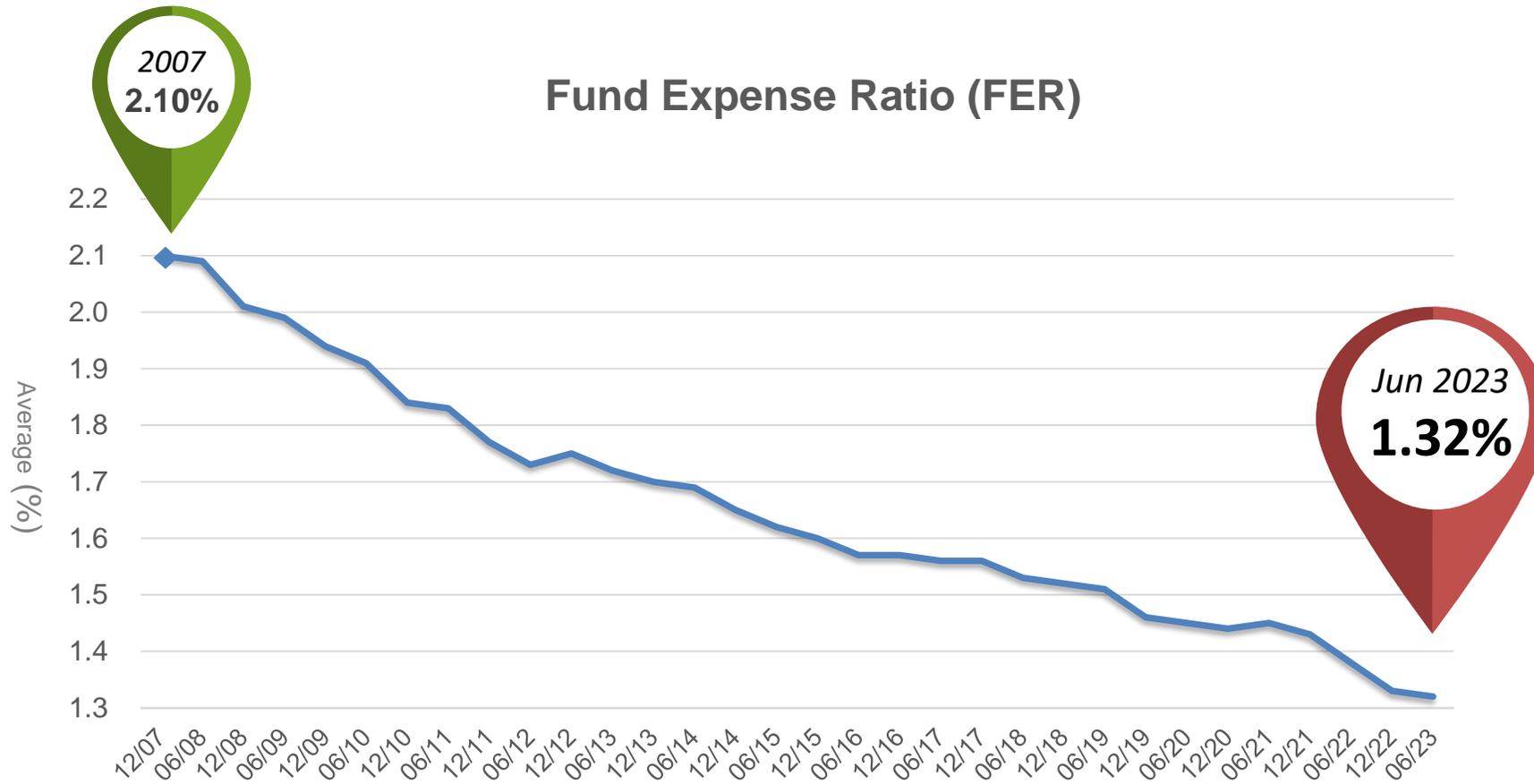
Accrued Benefits Total Assets Under Management (AUM) VS Total Net Contributions





Fund Expense Ratio

(As of 30 Jun 2023)



Average FER reduced by **37%**

- from introduction of FER in 2007 to end of Jun 2023





MPF Fund Performance

(As of 30 Jun 2023)

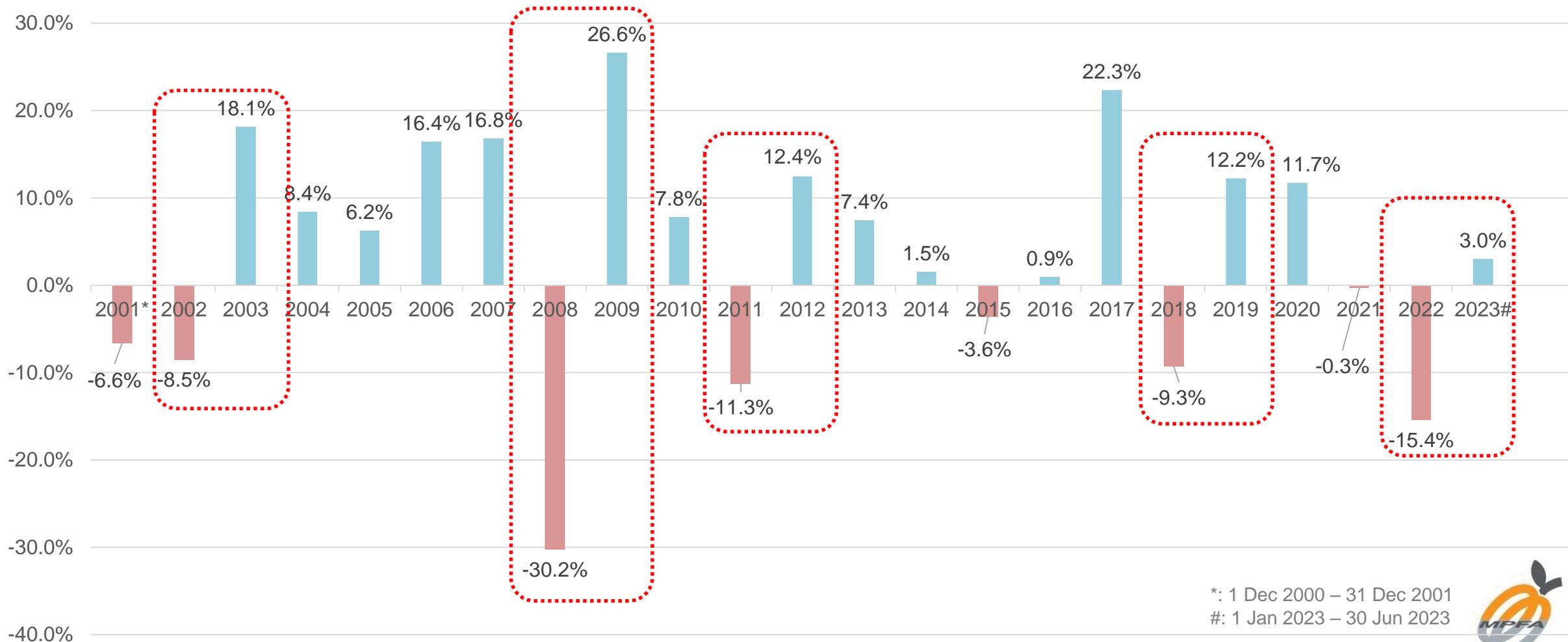
Fund Type	Past 1 year	Since inception on 1.12.2000	
		Annualised Return	Cumulative Return
Equity Fund	-2.9%	3.8%	134.7%
Mixed Assets Fund	2.6%	3.7%	125.2%
MPF Conservative Fund	1.9%	0.7%	17.9%
Guaranteed Fund	-0.4%	0.9%	21.9%
Bond Fund	-1.5%	1.8%	50.6%
Money Market Fund	-0.5%	0.5%	13%
Annualized Net Internal Rate of Return of the MPF System		2.5%	
Annualized Composite Consumer Price Index (% Change in 1.12.2000 – 30.06.2023) :		1.8%	





Investment Performance of the MPF System

(As of 30 Jun 2023)



*: 1 Dec 2000 – 31 Dec 2001

#: 1 Jan 2023 – 30 Jun 2023





強積金 MPF

預設投資 DIS



Default Investment Strategy (DIS)

Fee caps: **0.95%**

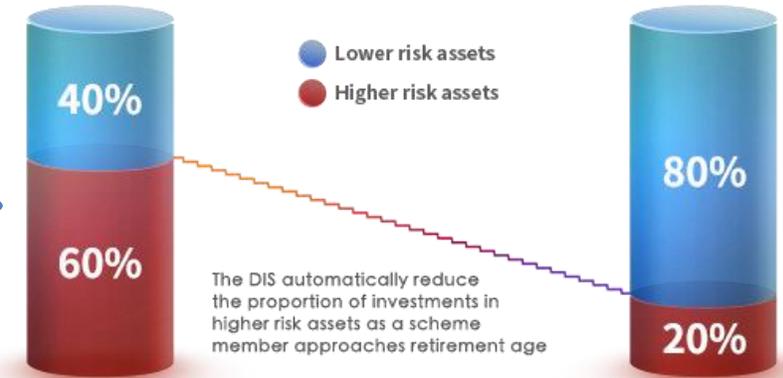
- Management fees \leq **0.75%**
- Recurrent out-of-pocket expenses \leq **0.2%***

The **CAF** and **A65F**, the two mixed assets funds used by DIS, adopt a **diversified investment approach** by investing in different asset classes in global markets.

Fee caps

Automatic de-risking

Diversified investment approach



The Core Accumulation Fund (CAF)

The Age 65 Plus Fund (A65F)



強積金 MPF

預設投資 DIS



*As stipulated in the Mandatory Provident Fund Schemes (Amendment) Bill 2021 passed by the Legislative Council in October 2021, the out-of-pocket expenses cap for DIS funds will be lowered from 0.2% to 0.1% after the migration of MPF trustees and schemes to the eMPF Platform.



Performance of Default Investment Strategy (DIS)

(As of 30 Jun 2023)

- About **3 million (27.2%)** accounts invest all or part in DIS funds
- NAV: over **HKD 94 billion**

Fund Type	Past 1 year	Since inception on 1.4.2017	
		Annualised Return	Cumulative Return
Core Accumulation Fund (CAF)	8%	5.1%	36.4%
Age 65 Plus Fund (A65F)	0.5%	1.5%	9.6%





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Greater Efficiency & Accuracy



Lower MPF Fees



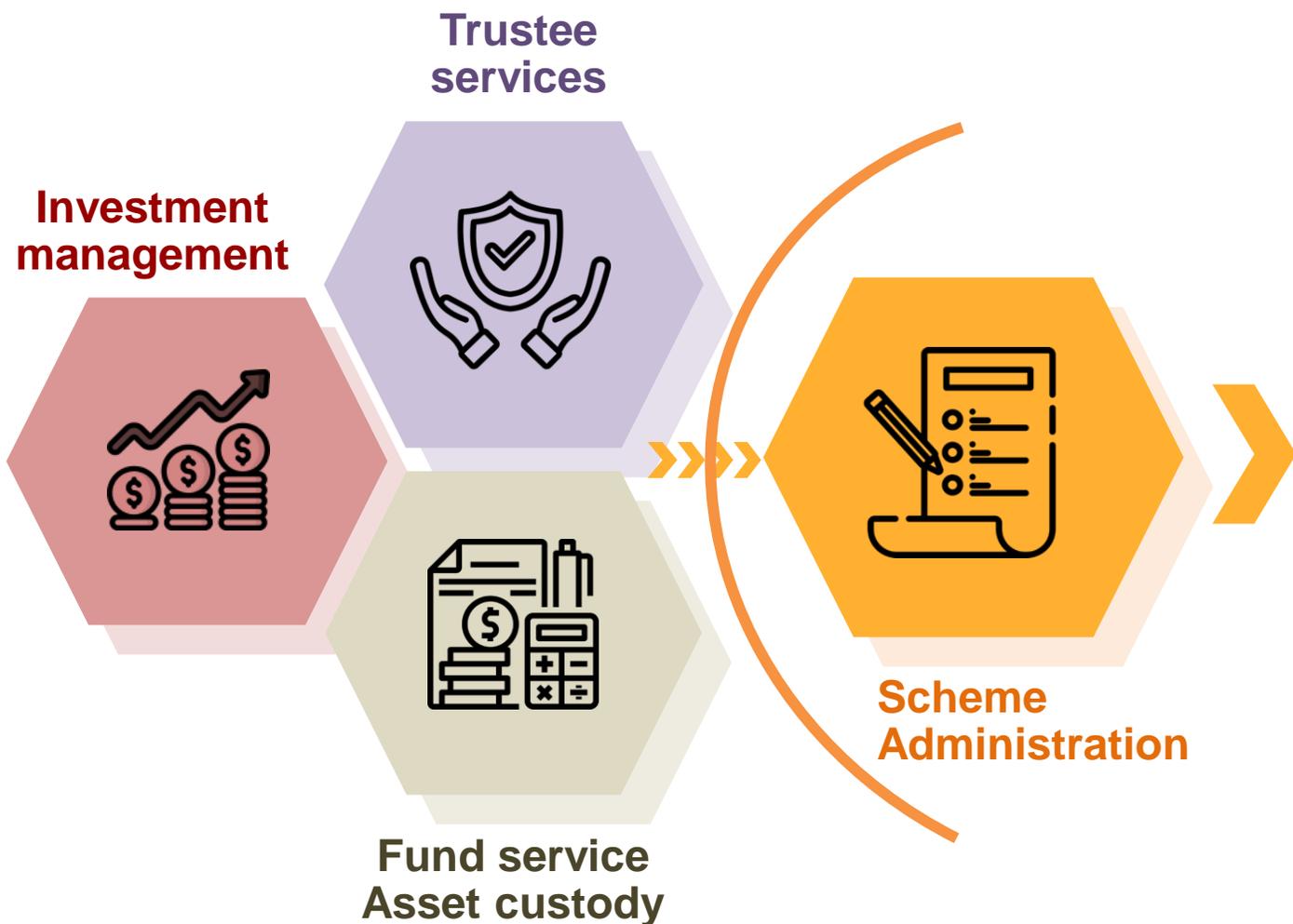
Better User Experience



Greener Earth



Reshaping the MPF Ecosystem



eMPF
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Not-for-profit public utility

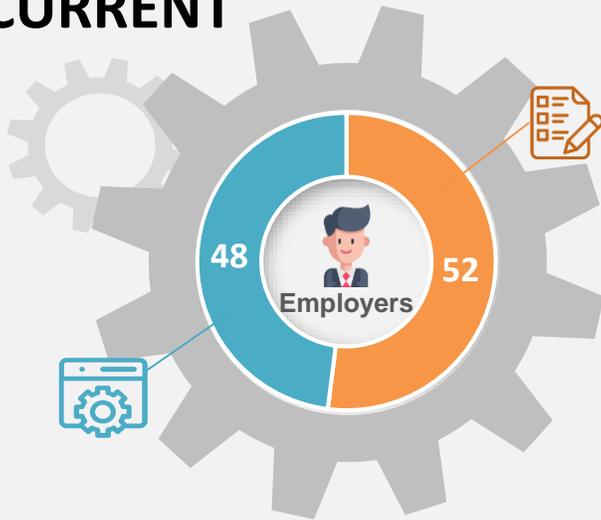
Standardize, streamline, automate

One-stop common electronic platform



Current and Future MPF Scheme Administration

CURRENT



13 Trustees



Scheme Admin System 1



Scheme Admin System 2

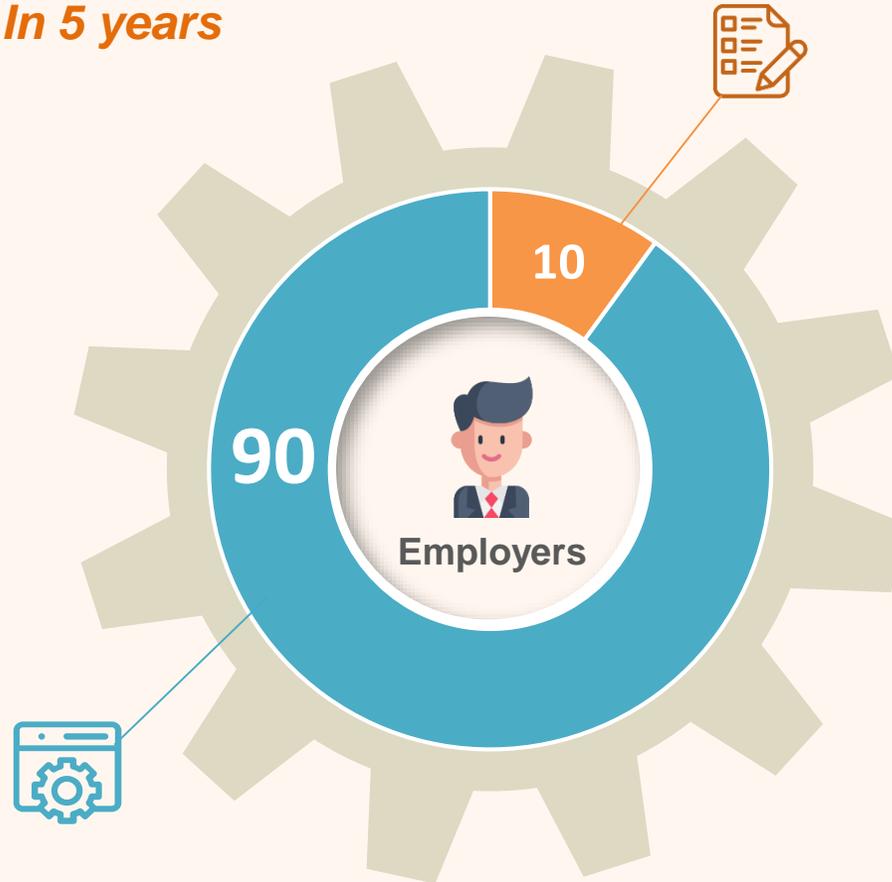


Scheme Admin System 3

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FUTURE

In 5 years



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ONE CENTRALIZED
PLATFORM



A 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



Generates notices, documents and reports

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



General administration and compliance

- Handle enquiries and 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

Full-fledged functionalities for scheme members and employers

Positive Impacts of eMPF Platform on Account / Investment Management

Lower fees

- Operational efficiency saves costs and creates room for fee reduction
- Reduction administration fees by 30% in the first two years
- Cost savings ~HKD 30-40 billion in 10 years
- **“Straight pass-on”** of cost savings

Faster

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

Convenient & Simpler

- Standardized single log-on,
- **one-stop** access to all accounts including re-engagement with dormant accounts
- Checking of account information and fund details **anytime, anywhere**

Enhance member protection

- **Improve accuracy** and avoid inadvertent default contributions from employers
- Able to **check the status** of payment of contributions anytime anywhere and to take appropriate action if necessary

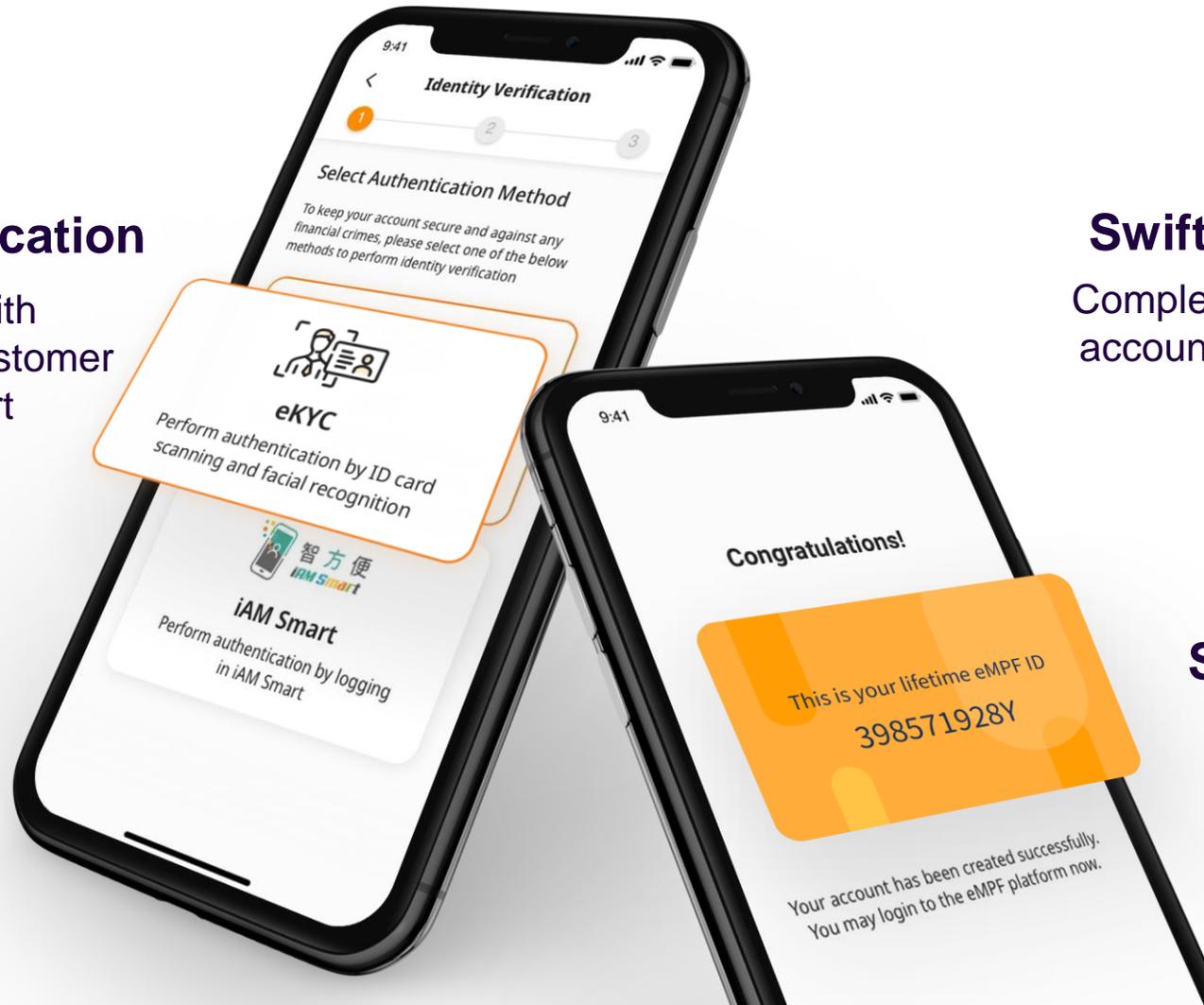


Swift and Instant eMPF Registration



Instant Identity Verification

Secure verification with Electronic-Know Your Customer (eKYC) or iAM Smart



Swift Registration

Complete registration and account set up in 3 steps



Standardised eMPF ID

Single account number to be used for a lifetime

Benefits

Scheme Members

- One-stop handling of all accounts
- Operate anytime, anywhere
- Real-time viewing of all accounts
- **Create room for fee reduction**



Employers & Self-employed Persons

- One-stop for enrolment and contributions
- Operate anytime, anywhere
- Reduce paper work and human errors



Trustees

- Standardize, streamline and automate scheme administration
- Reduce administrative burden and associated compliance burden and costs



MPFA

- Improve efficiency and reliability of the MPF System
- Facilitate supervision of trustees and protection of member interests
- Pave way for future reform initiatives



Future MPF Ecosystem



MPF System as a whole

- Transform the operating model of the industry
- Future long-term reform initiatives are made possible to enhance the Ecosystem



MPF Industry

- Foster MPF digitalization the digitalization of MPF industry & reduce administrative burden
- Eliminate paper processes, lower costs
- Better utilize resources to investment management
- Focus on wealth management and retirement planning services



User

- Enhance user experience for both employers and scheme members
- A brand new fully automated, paperless MPF journey which facilitate efficient MPF management
- All to enjoy value-for-money services





Timeline





Timeline

Construction

Software development of the Platform has been largely completed in June 2023, and the tests will be completed within 2023

2021-2023

Onboarding

Migration of the MPF accounts to the Platform will commence in Q2 2024

2024-2025

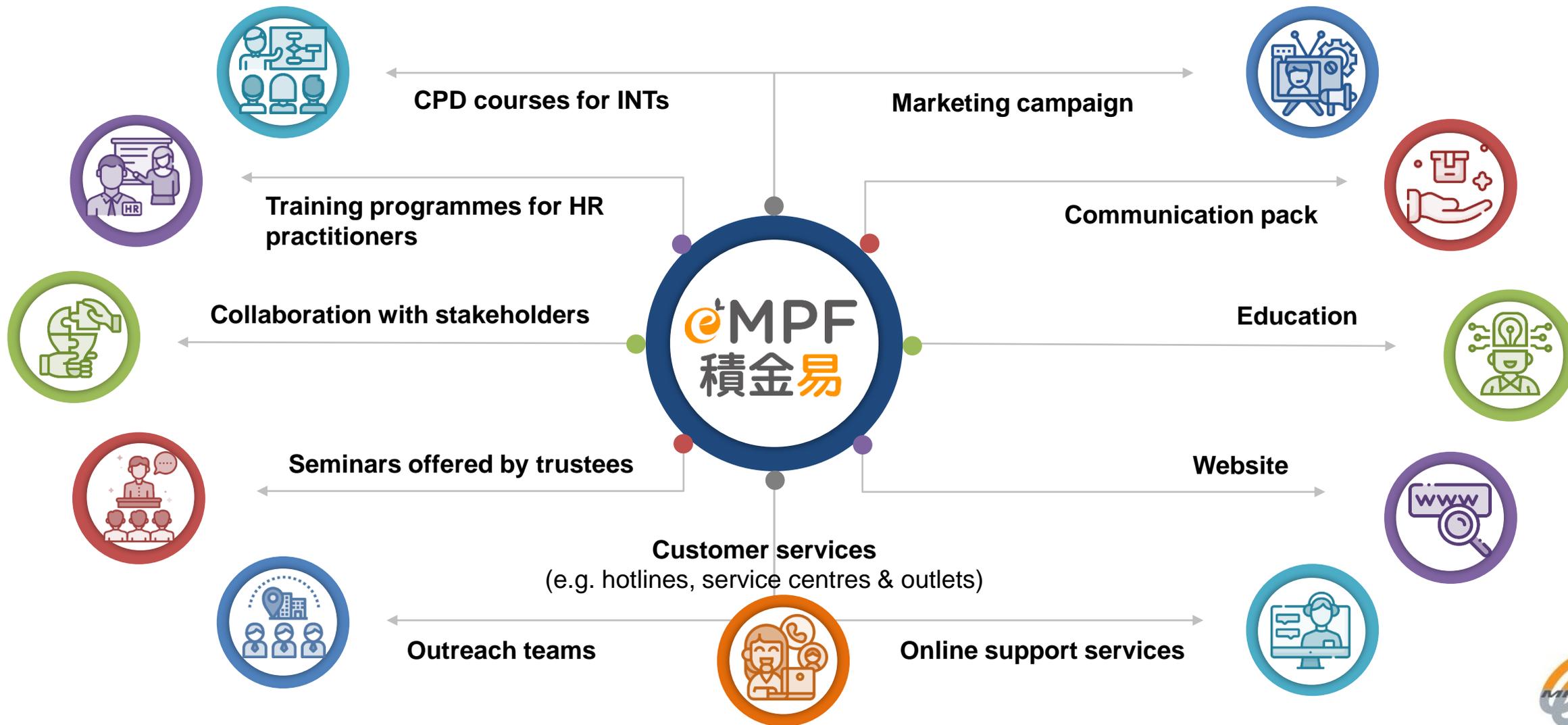
Full Operation

All MPF accounts will be migrated to the Platform within 2025 and the Platform will then be fully operational

2025



A wide range of support to all users

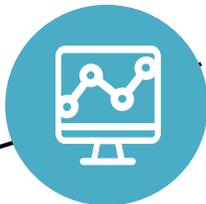


Preparation

Go digital from now



Attend trainings



Upgrade HR/payroll system

Take note of MPFA's announcements

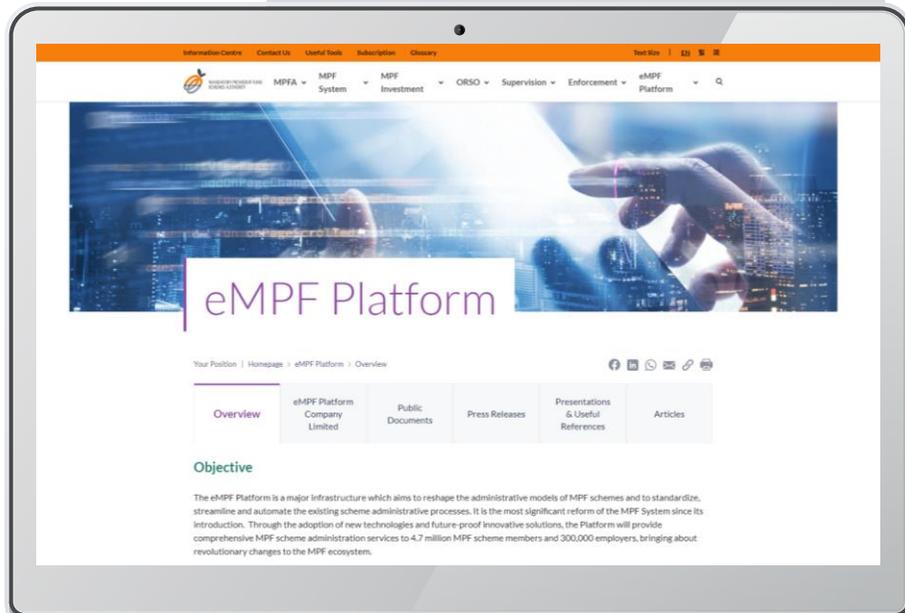


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Preparation

www.mpfa.org.hk/empf



Request for **Technical Specifications** for
HR System & Payroll Software Solution
to Integrate with the eMPF Platform



Q&A

