

Finastra global survey shows appetite for open finance in Hong Kong against backdrop of constrained investment

- **Global financial centers share Hong Kong's views on importance of open finance**
- **87% in Hong Kong say the current economic situation has constrained technology and digital banking investments, but 60% expect full investments to resume by H2 2023**

Hong Kong – December 7, 2022 – Global research from **Finastra** reveals a strong appetite for open finance in Hong Kong, with 94% of respondents regarding it as either a 'must have' or 'important' (slightly up from 92% in 2021). Over a third (35%) consider open finance a 'must have' – a sentiment which is echoed globally with close to half (48%), suggesting that the financial services sector is actively investigating products and services that would benefit from an ecosystem model.

It's not hard to see why, as 82% of professionals in Hong Kong agree that open finance is giving consumers access to a greater range of financial services. Additionally, 85% agree that open finance has the potential to bring about fairer and more equal financial services, whilst three quarters (76%) agree that open finance is already having a positive impact on the industry and making the industry more collaborative.

The '**Financial Services: State of the Nation Survey 2022**' survey also found that Hong Kong financial institutions are being cautious with their technology investments, with 87% in Hong Kong saying spending has been at least somewhat constrained by the current economic situation. Whilst the majority (60%) think their full investments will resume by the second half of 2023, this is below the global average of 74%. Only 6% in Hong Kong do not think their full investments will ever return, although this is higher than all other markets, where only 1-2% share this opinion.

The research was conducted amongst 758 professionals at financial institutions and banks from August to September 2022 across Hong Kong, Singapore, France, Germany, the UAE, the UK and the US. It explores the Open Banking and finance landscape, the technology and initiatives set to make an impact in financial services over the next year, and the growing importance of ESG.

Other insights include:

- **Banking as a Service (BaaS) and embedded finance have become an industry norm, but investment has slowed in Hong Kong** – More than three quarters (77%) in Hong Kong agree that BaaS and embedded finance are already expected/demanded by customers. In 2021, Finastra's research found that Hong Kong was leading other markets in the deployment or improvement of BaaS (42%) and embedded finance (43%), but this has slowed in 2022 with just a third (33%) saying they have improved or deployed BaaS in the past 12 months and a quarter (27%) for embedded finance.
- **Cloud adoption is lower in Hong Kong than other financial centers** – Hong Kong appears to be lagging behind other markets in terms of cloud adoption, showing the lowest proportion of professionals saying they have all or most of their software stack on cloud-based solutions (41%),

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vs global average of 51%) and the highest percentage with all or most of their software hosted on-premise (22%, vs global average of 16%). That said, more professionals (39%) than in any other market (31% global average) said their organization had invested in cloud adoption in the last 12 months.

- **Support for ESG is widespread** – Almost 8 in 10 organizations (79%) agree that it's important for the financial services and banking sector to support environmental, social and governance initiatives. Linked to this, 81% of respondents recognize that green lending presents an opportunity for growth and revenue generation.

“Finastra has always championed open finance as the key to unlocking the potential of people, businesses and communities everywhere,” said Simon Paris, Chief Executive Officer at Finastra. “Over the years that we have conducted this survey, we have seen open finance grow from an emerging idea to a clear priority for institutions across the world, enabling, as it does, business model shifts such as embedded banking, as well as financial inclusion and equality.”

Access the full report and findings [here](#).

Survey Methodology

- 758 professionals (at managerial level) at financial institutions and banks across France, Germany, Hong Kong, Singapore, the UAE, the UK and the US, were surveyed. These financial institutions represent a gross total of just over USD\$28 billion in turnover over the last 12 months, employ approximately 1.9m staff and have approximately 147 million client/customer/member relationships.
- As a result of rounding up percentage results, the answers to some questions might not always add up exactly to 100%. Respondents were also able to select more than one answer for some questions.
- Comparative analysis was made from results of similar surveys run by Finastra in March 2021 and January 2020 which were also conducted online amongst financial institutions and banks across the same markets.
- Research was conducted by Savanta via an online panel (end of August to early September 2022).

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About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking

relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, [visit **finastra.com**](https://www.finastra.com).

