

Hong Kong's open era begins: your Open API Survival Guide

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On 18 July, 2018, the Hong Kong Monetary Authority (the "**HKMA**") published its Open Application Programming Interface ("**API**") Framework for the Hong Kong retail banking sector (the "**Open API Framework**"). The much-anticipated Open API Framework is one of the key planks in the HKMA's "New Era of Smart Banking" initiative launched in September 2017.

Why Open API?

The HKMA's vision for the Open API Framework is a more competitive, innovative and technologically advanced retail banking environment for Hong Kong, to be achieved through financial institutions opening up their data through new digital interfaces, including those intermediated by fintechs and other third party service providers ("**TSPs**") who are not licensed under the banking regulatory regime. The increased flow of bank product and customer data is expected to encourage greater flexibility for consumers to make informed choices amongst competing products and ultimately encourage innovation in the design and delivery of financial services in Hong Kong.

The Open API Framework is a bold move for the retail banking environment in Hong Kong. There are synergies and important touch points with the reboot of the HKMA's virtual banking licensing regime, the expected launch of the faster payments system in the autumn of this year and the introduction of the stored value facility ("**SVF**") licensing regime in 2016, which introduced a separate authorization regime for non-bank payment accounts to Hong Kong.

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