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BLOG POSTS

I wrote a series of blog posts for FinEX Asia, a Hong Kong-based fintech company, about different issues of interest to professional investors. The goal of the posts was to establish FinEx Asia as a thought leader in the fintech space.

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BLOG POST

600 words

Key Takeaways From Hong Kong Fintech Week

The second annual Hong Kong Fintech Week brought together some of the sharpest minds and most forward thinkers in finance and technology. The event ran from October 23rd through October 27th. The program had three organizing sponsors. NexChange was the program partner for the 23rd and the 24th, Hong Kong Monetary Authority (HKMA) was the program partner for October 25th, and FINNOVASIA was the program partner for October 26th and October 27th.

While the keynote speakers and different panels and roundtables touched on hundreds of different topics, everywhere you went the same three themes kept appearing:

- Blockchain
- Cybersecurity
- China Fintech

While regulators, entrepreneurs, and financiers all had widely divergent views of how each of these issues should play out in the marketplace, virtually everyone agreed that the future of fintech in Asia is linked to these three issues.

How the Future of Blockchain and Fintech are Linked

While cryptocurrencies like Bitcoin and Ethereum continue to rise in value, the greatest contribution of cryptocurrencies to fintech will not be ICOs. It will be blockchain.

Blockchain offers fintech firms two things they need most: security and transparency. To many speakers and attendees it is clear that the future of fintech is linked with the future of blockchain. There is already a strong argument that any fintech firm not using blockchain is putting their customer data at risk and is at a competitive disadvantage.



While regulators in many countries are deeply skeptical about cryptocurrencies, many of these same regulators want to do more to encourage all types of financial firms to use blockchain. The virtually unalterable audit trail created by the blockchain ledger system makes it much harder to pull off financial crimes such as money laundering and embezzlement and much easier for investigators to trace.

Cybersecurity and Data Breach Best Practices

While any discussion of blockchain always involves cybersecurity issues, many of the panelists at Hong Kong Fintech Week were concerned about cybersecurity issues independent of the technology.

The increasing rate of financial hacks and the increasing level of sophistication in cyber attacks has regulators, investors, and entrepreneurs worried. One of the big questions in the industry is what are the best practices when a company has detected a data breach. There is no international standard, and individual countries vary widely on what is legally required when financial companies realize their customer data may be compromised.

Many pointed to the breach of the American credit bureau Equifax as a textbook case of doing everything wrong when it came to reporting the data breach.

There was no agreement on what the best practices for a company should be in the case of a data breach. The only agreement was that companies not using blockchain and other cutting edge security technologies would all eventually be compromised.

Future of China Fintech

The third most common theme at Hong Kong Fintech Week was the state of Fintech in China. China's peer-to-peer lending market by many measures is the most robust in the world. Panelists wondered what steps regulators may take as the sector is estimated to continue its rapid growth.



Some regulators are concerned that in an economic slowdown large defaults in the peer-to-peer lending markets could further harm the overall economy. However, most investors and fintech firms believe that the small and diverse nature of most peer-to-peer loans meant that large-scale defaults were highly unlikely, even in an economic slowdown.

While there are some serious issues facing fintech companies, most of the attendees of Hong Kong Fintech Week left more optimistic than ever about the future of the sector and the positive impacts it is having not just in Asia, but all over the world.

