

**Business Facilitation Advisory Committee
Wholesale and Retail Task Force**

eMPF Platform

Purpose

This paper aims to brief members of the Wholesale and Retail Task Force on the eMPF Platform.

eMPF Platform

2. The Mandatory Provident Fund (MPF) System came into operation in December 2000. The administration of MPF schemes operates under a decentralised landscape. Currently, there are 24 MPF schemes administered by 12 MPF trustees, involving 12 scheme administration platforms with different standards. The multiple business models, data standards, process designs and administration system infrastructure, plus the need to process large volumes of paper transactions manually, making it difficult to achieve standardisation and economies of scale. To tackle the above problems, the MPFA was tasked by the Government in 2018 to design, build, operate and own the eMPF Platform, with an aim to reshape the administrative ecosystem of the MPF System through innovative solutions. The eMPF Platform Company Limited, a wholly-owned subsidiary of MPFA was incorporated on 5 March 2021 for building and operating the eMPF Platform.

3. The eMPF Platform, as a common, integrated electronic platform, centralises the administrative tasks currently dispersed across various trustees' platforms by providing one-stop services, and facilitates the standardisation, streamlining and automation of MPF scheme administration processes. Scheme members can view their MPF portfolios at a glance anytime and anywhere via online and mobile applications, and manage their accounts across different schemes by performing a wide range of functions such as account opening, contribution, fund switching, account consolidation, etc., on a real-time, secure and paperless basis, leading to a more effective

management of MPF accounts. For employers and self-employed persons, they can handle their MPF contributions through electronic means, thereby reducing paper work, human errors, and inadvertent delay or default contributions and the resulting default contribution surcharge.

4. The eMPF Platform will bring tremendous benefits to various stakeholders of the MPF System, including over 360 000 employees, 4.75 million scheme members, and the industry. These benefits include enhancing user experience, driving greater efficiency, flexibility and reliability of the operation of MPF schemes, as well as driving fee reduction and paving way for further reforms in the future.

5. The Platform operates on a non-profit basis. The average administration fee of MPF funds is expected to reduce by 36% in the first two years. A cumulative cost savings of \$30 billion to \$40 billion is expected over a 10-year period, which is equivalent to a 41% to 55% reduction in administration fee. The “straight pass-on” requirement of the MPF legislation stipulated that administration fee of MPF schemes charged by the trustees must not exceed the Platform fees they pay to the eMPF Platform Company, so the cost savings will be “passed straight on”, leading to a corresponding reduction by the trustees in their overall fees and charges, which will benefit MPF scheme members directly. Meanwhile, eMPF Platform can lower the entry barriers for MPF service providers, attracting more businesses and funds to participate, thereby promoting the development and enhancing competitiveness of the MPF industry, increasing the momentum of growth in the local retirement financial market, and creating more business opportunities.

6. The eMPF Platform officially commenced operation in June 2024, marking the start of the MPF digital era. MPF schemes will be joining the eMPF one by one in ascending order in accordance with the size of MPF assets under management by the trustees. As of 31 October 2024, five MPF trustees have joined the eMPF Platform, and it is anticipated that all MPF schemes will have completed onboarding the Platform by the end of 2025.

7. According to the Organisation for Economic Cooperation and Development (OECD), most digital platforms of private pension systems are of the nature of a dashboard. Users can only view the information

transmitted from the systems of different pension operators, and functions like account management and transactions are not available. The eMPF Platform, by contrast, is a centralised digital platform of private pension system with the most comprehensive administrative functions globally.

8. For more details, please visit www.empf.org.hk.

Advice Sought

9. Members are invited to note the information of this paper and offer comments, if any.

Mandatory Provident Fund Schemes Authority
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