

LCQ22: Reverse Mortgage Programme

Following is a question by the Hon Chan Chun-ying and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (May 14):

Question:

It has been reported that 426 reverse mortgage registrations were recorded in the whole of last year, but the number was still far below the level at times of rising property prices (e.g. 751 in 2017 and 621 in 2018). It is learnt that the Hong Kong Mortgage Corporation Limited (HKMC) has made a number of enhancements to the Reverse Mortgage Programme (the Programme), including raising the maximum amount of specified property value for payout calculation and introducing a new promotional offer of an enhanced fixed-rate mortgage plan in 2021. In this connection, will the Government inform this Council:

(1) of the respective numbers of applications for the (i) floating-rate and (ii) fixed-rate mortgage plans under the Programme in each of the past three years, together with a breakdown by payout period (i.e. 10 years, 15 years, 20 years and life); the number of applications for the enhanced fixed-rate mortgage plan under the aforesaid fixed-rate mortgage plan;

(2) whether it has analysed the specific reasons for the rebound in reverse mortgage registrations in the past two years; if so, of the details; if not, the reasons for that; and

(3) whether it has conducted a systematic assessment of the effectiveness of the previous measures to enhance and promote the Programme, so as to further enhance the Programme and introduce a new round of publicity and promotional measures, such as relaxing the age limit of mortgaged properties and the upper limit of the number of co-borrowers, thereby increasing the attractiveness of the Programme; if so, of the details; if not, the reasons for that?

Reply:

President,

One of the missions of the Hong Kong Mortgage Corporation Limited (HKMC) is to promote the development of the retirement planning market. To this end, the HKMC launched the brand of "HKMC Retire 3" in mid-2021 to promote the HKMC Annuity Plan, the Reverse Mortgage Programme (RMP) and the Policy Reverse Mortgage Programme. In consultation with the HKMC, the reply to the three parts of the question is as follows:

(1) The numbers of applications for the RMP in the past three years are as follows:

Payment term	Floating-rate mortgage plan	Fixed-rate mortgage plan	Total
January – April 2025			
10 years	17	37	54
15 years	13	33	46
20 years	5	34	39
Life	51	160	211
Total	86	264	350 (+11% year-on-year)
2024			
10 years	31	152	183
15 years	15	111	126
20 years	4	92	96
Life	86	526	612
Total	136	881	1 017 (+26% year-on-year)
2023			
10 years	8	143	151
15 years	4	104	108
20 years	3	74	77
Life	30	439	469
Total	45	760	805 (-16% year-on-year)
2022			
10 years	3	171	174
15 years	2	121	123
20 years	3	98	101
Life	7	559	566
Total	15	949	964 (+22% year-on-year)

The RMP offered the Enhanced Fixed-rate Mortgage Plan for members of the "AMIGOS By HKMC" loyalty programme from mid-July 2021 to the end of 2022. The monthly payout under the offer was higher than that under the floating-rate mortgage plan at that time by up to 30 per cent, while the monthly mortgage insurance premium was increased by 0.25 per cent per annum. The Enhanced Fixed-rate Mortgage Plan received 884 applications in total.

(2) As reverse mortgage is a loan arrangement by nature, its demand is affected by various factors, such as the personal needs of individual retired homeowners and the condition of the residential property and financial

markets (including interest rate fluctuation), etc. The HKMC has been keeping under review the condition of applications for the RMP. Through years of ongoing efforts in promotion and education, the public has become more receptive to the RMP and the other two products, and has a better understanding of the benefits of the products in respect of retirement financial planning. The number of applications for the RMP has also increased steadily. The HKMC will continue with its public education and promotion to further enhance the public's understanding of the RMP.

(3) The HKMC and its relevant subsidiaries review the details of the RMP from time to time in light of changes in the market in accordance with the principle of prudent risk management.

Currently, if the age of the property involved in an application for the RMP exceeds 50 years, such application will be considered on a case-by-case basis, and the applicant may be required to submit a building inspection report. There have been approved applications under the RMP involving properties that exceed 50 years of age. In addition, the RMP allows a joint application by up to three borrowers. Nevertheless, the vast majority of applications involved one or two borrowers, and cases with three borrowers accounted for less than 1 per cent.

The HKMC and its relevant subsidiaries will continue carrying out public education and promotion, including through promotional videos, seminars, exhibitions, collaborations with various organisations and a loyalty programme, to explain the concepts of longevity risk and retirement financial planning, so as to help the elderly make sound financial arrangements.