

LCQ21: Regulation of third-party payment platforms

Following is a question by the Hon Ho Kai-ming and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (June 20):

Question:

Electronic payment services have become popular in recent years, bringing considerable convenience in consumption to members of the public. However, as some third-party payment platforms fail to properly verify payers' identities when processing online transactions (for instance, payers are only required to input credit card/debit card numbers and security codes, as well as cardholders' names), unauthorised transactions are prone to occur. In this connection, will the Government inform this Council:

(1) of the number of complaints involving third-party payment platforms received by the authorities in the past three years, with a breakdown by type of complaints;

(2) of the measures taken by the authorities in the past three years to step up the regulation of the operation of third-party payment platforms (including collection of users' personal data and charging of handling fees or other fees);

(3) whether the authorities will consider making it a mandatory requirement for third-party payment platforms to adopt, when processing online transactions, two-factor authentication for verifying payers' identities, such as by requiring payers to input a one-time password either sent via short message service or generated by security tokens, in addition to credit card/debit card numbers and cardholders' names; and

(4) whether it has plans to promote the acceptance of payment for all government bills and payment notices through third-party payment platforms; if so, of the details and timetable?

Reply:

President,

The Payment Systems and Stored Value Facilities Ordinance (PSSVF0) (Cap 584) prescribing the licensing and regulatory regime of stored value facilities (SVFs) came into operation in 2015. The Hong Kong Monetary Authority (HKMA) considers licence applications and supervises SVF licensees to ensure their safe and sound operation and to foster the development of a secure, efficient, and diversified electronic payment industry.

My reply to the various parts of the question is as follows:

(1) Since the granting of the first batch of SVF licences in August 2016 under the PSSVF0, the HKMA has received around 140 SVF-related complaints. Two cases were related to unauthorised transactions and the remaining were related to SVF licensees' service qualities, commercial arrangements, etc.

(2) The HKMA has issued regulatory guidelines requiring SVF licensees to implement relevant control measures in their operations. The HKMA also monitors and reviews licensees' implementation of the guidelines through ongoing supervisory work. On personal data and privacy protection, the HKMA's guidelines require SVF licensees to put in place robust information security measures and to comply with the Personal Data (Privacy) Ordinance (PDPO) (Cap 486) as well as relevant guidelines issued by the Office of the Privacy Commissioner for Personal Data (PCPD) to ensure that their users' personal data are properly handled and safeguarded. The HKMA also maintains regular liaison with the PCPD and has reminded SVF licensees to contact the PCPD on issues relating to the implementation of the PDPO and relevant guidelines. On fees and charges, SVF licensees are required to set out and explain clearly the applicable fees and charges relating to the use of their services and products, and ensure that such details are effectively communicated and made available to users.

(3) The HKMA's guidelines require SVF licensees to implement adequate payment security controls to ensure the authenticity and traceability of transactions and to institute mechanism for preventing and detecting unauthorised transactions that may arise from fraud. Where needed, SVF licensees should implement additional controls to detect unauthorised transactions, such as introducing two-factor authentication to verify users' identity and issuing transaction notifications to users. The HKMA also requires banks to implement appropriate measures to confirm the authenticity of credit card transactions and protect customers' interest.

SVF licensees are required to implement appropriate payment security measures having regard to individual circumstances. However, the adoption of two-factor authentication or other payment security technology (e.g. biometric authentication) depends on various factors, such as the risk of the relevant SVF, the security level of the authentication technology, the convenience of the payment method, transaction patterns of users, etc. As the design of relevant security measures needs to be balanced against the nature of an SVF's operation, it may not be appropriate for the HKMA to require all SVF licensees to adopt the same measures. Some SVF licensees have already adopted two-factor authentication in processing payment transactions. With regard to online credit card transactions, some banks verify the identity of their customers by using two-factor authentication such as SMS one-time password, whereas some other banks send SMS notifications to their customers after the transactions. In general, if a cardholder did not act fraudulently or with gross negligence, he or she will not be held liable for unauthorised transactions.

(4) The Government currently accepts a wide range of electronic payment

means, including Internet banking, phone banking, PPS, autopay, automated teller machine, etc., for the public's convenience. We note that the e-wallets offered by some SVF operators provide bill payment service as well. Users can scan the barcodes on their bills (such as phone bills and Towngas bills) and make payments through the e-wallets on their mobile phones. To facilitate the development of the SVF market, the Financial Services and the Treasury Bureau is exploring with relevant Government departments on a pilot scheme under which members of the public can settle government bills in the same manner.

CHP reminds public on precautions against heat stroke during very hot weather

The Centre for Health Protection (CHP) of the Department of Health (DH) today (June 20) reminded members of the public, particularly those undertaking outdoor activities, to take heed of necessary measures against heat stroke and sunburn in very hot weather.

"The public should carry and drink plenty of water to prevent dehydration while engaging in outdoor activities," a spokesman for the CHP said.

"Those engaged in strenuous outdoor activities should avoid beverages containing caffeine, such as coffee and tea, as well as alcohol, as they speed up water loss through the urinary system," the spokesman explained.

"The obese, the sick, including those with heart disease or high blood pressure, the old and the young are more vulnerable to heat-related illnesses. They should pay special attention," the spokesman added.

The public should adopt the following precautions:

- Wear loose and light-coloured clothing to reduce heat absorption and facilitate sweat evaporation and heat dissipation;
- Avoid vigorous exercise and prolonged activities like hiking or trekking as heat, sweating and exhaustion place additional demands on the physique;
- Perform outdoor activities in the morning or late afternoon;
- For indoor activities, open all windows, use a fan or use air-conditioning to maintain good ventilation; and
- Reschedule work to cooler times of the day.

If working in a hot environment is inevitable, introduce shade in the

workplace where practicable, and start work slowly and pick up the pace gradually. Get into a cool area for rest at regular intervals to allow the body to recuperate.

The public should also note the latest and the forecast Ultraviolet (UV) Index released by the Hong Kong Observatory (HKO). When the UV Index remains high (6 or above):

- Minimise direct exposure of the skin and the eyes to sunlight;
- Wear loose long-sleeved clothing made of close-woven fabrics;
- Wear a wide brim hat or use an umbrella;
- Seek a shaded area or put on UV-blocking sunglasses;
- Apply a broad-spectrum sunscreen lotion with a sun protection factor (SPF) of 15 or above. Apply liberally and reapply after swimming or sweating; and
- While using DEET-containing insect repellents for personal protection against mosquito-borne diseases, apply sunscreen first, then insect repellent.

If symptoms develop, such as dizziness, headache, nausea, shortness of breath or confusion, rest and seek help immediately, and seek medical advice as soon as possible.

The public may get more information from the DH's Health Education Hotline (2833 0111), [heat stroke](#) page and [UV radiation](#) page; the HKO's Dial-a-Weather (1878 200), latest [weather and forecast](#), [UV Index](#) and weather information for [hiking and mountaineering](#); and [press releases](#) of the Labour Department on precautions against heat stroke for outdoor workers and their employers when the Very Hot Weather Warning is in force.

[Assess the risk of heat stroke to employees](#)

Attention duty announcers, radio and TV stations:

Please broadcast the following special announcement immediately, and repeat it at frequent intervals when the Very Hot Weather Warning is in force:

The Labour Department reminds employers that as the Very Hot Weather Warning is in force, they should assess the risk of heat stroke to their employees and adopt effective preventive measures such as providing cool drinking water, setting up temporary sunshade and providing mechanical aids to reduce physical exertion of employees. Employees should drink water regularly and be mindful of their physical condition. If early heat stroke

symptoms such as headache and thirst appear, they should inform their supervisors and seek medical help immediately.

Very Hot Weather Warning issued

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

The Hong Kong Observatory has issued the Very Hot Weather Warning.

To prevent heat stroke, avoid prolonged activities outdoors.

If engaged in outdoor work or activities, wear a wide-brimmed hat and light-coloured, loose-fitting clothes. Stay in shaded areas as much as possible.

Drink plenty of water, and avoid beverages containing caffeine or alcohol.

If you feel sick, consult a doctor right away.

Free tickets for outreach performance of Central and Western District Oral History Theatre Project to be distributed from tomorrow (with photos)

The outreach performance "A Tale of Two Circles" and a sharing session (in Cantonese) of the Community Oral History Theatre Project – Central and Western District will be held at 3pm on July 21 (Saturday) at JC Cube in Tai Kwun. Free tickets with free seating will be distributed from tomorrow (June 21) on a first-come, first-served basis.

The Central and Western districts are two important locations on Hong Kong Island, combining the best of East and West. Old Central, characterised by its European influence, was the heart of politics and economic affairs, while old Western district, primarily settled by Chinese people, was a trade

port for food products.

More than 20 elderly participants will take part in the show to re-enact their own precious stories. Some of them worked diligently in Central to earn a living; some strived to support their children's schooling, hoping they would become professionals in Central; and some were trained to become craftsmen and set up small businesses in the Western district.

The performance has Ko Tin-lung as the artistic director and Issac Siu as the scriptwriter, director and drama tutor. Free tickets will be distributed from tomorrow (a maximum of two tickets per person) at the following locations:

- * Nga Yin Association Neighbourhood Elderly Centre, the Neighbourhood Advice-Action Council (1/F, Lung Cheung Garden, 26 Praya, Kennedy Town); and
- * Enquiry Counter, Hong Kong City Hall Low Block (5 Edinburgh Place, Central).

The Community Oral History Theatre Project – Central and Western District co-organised by the Leisure and Cultural Services Department (LCSD), Chung Ying Theatre Company and the Neighbourhood Advice-Action Council was launched in 2017. Through a series of workshops, the project has gathered the personal experiences and valuable recollections of the elderly from Central and Western District. Scripts have been written with the oral information collected, providing an opportunity for the elderly to tell their stories onstage.

Tai Kwun is located at 10 Hollywood Road, Central. For programme enquiries, please call 2591 1300 (LCSD), 8106 8336 (Chung Ying Theatre Company) or 2819 8727 (Neighbourhood Advice-Action Council), or visit www.lcsd.gov.hk/CE/CulturalService/ab/en/OH_central_western_phase4.php.



