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## **Executive Summary of The Digital Economy Development Committee Report**

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The Digital Economy Development Committee (DEDC), chaired by the Financial Secretary, was established in 2022 to advise on strategies and measures to advance the development of digital economy in Hong Kong. The DEDC set up four sub-groups focusing on cross-boundary data collaboration, digital infrastructure, digital transformation, and talent development. Through conducting research studies and surveys, engagements with experts and industry stakeholders, as well as site visits, the DEDC gathered insights and deliberated on various aspects of digital economy. Based on the analysis of current developments and future trends, the DEDC presented its sub-groups' research and findings as well as recommendations to the Government in February 2024 and concluded its 18-month work.

1.2 The DEDC puts up a total of 12 core recommendations under five major pillars, with an indicative action timeline.

### **A. Strengthening the overall digital policy of Hong Kong**

#### **1. Enhance governance for better policy formulation and implementation (in 2 years)**

The DEDC recommends the Government to appoint a dedicated Government setup to take a holistic approach on enhancing various governance issues for effective policy formulation and implementation to push forward the development of digital economy.

#### **2. Review existing regime to strengthen data governance and enhance security and protection (between 3-5 years)**

The DEDC recommends reviewing relevant legislation and guidelines in enhancing data governance, establishing clearer guidelines for data collection and processing, and enhancing enforcement against unauthorised access and misuse, whilst allowing room to accommodate the technology development.

### 3. Governance of new / emerging technology (between 3-5 years)

The DEDC recommends a governance framework to identify and mitigate risks such as data security, digital inequality, personal data protection and challenges in accountability, fairness, and ethics so as to keep in view and minimise the risks amidst the evolving technology landscape.

## B. Strengthening digital infrastructure for a robust digital economy

### 4. Consolidate existing infrastructural support to enhance connectivity, scalability and convenience for the expanding digital economy (between 3-5 years)

The DEDC recommends the Government provide and strengthen scalable digital infrastructure to support the necessary development of a digital economy. Priority should be accorded to the following:

- ❖ **5G network:** to promote shared use of 5G infrastructure among operators and consider incentives for comprehensive 5G indoor coverage; to assess the feasibility of installing 5G infrastructure in government venues periodically; to actively plan for improving mobile coverage in country parks and remote areas; and to streamline the process of approval for radio base station applications.
- ❖ **High-performance computing (HPC) centres / data centres:** to make early announcement of the potential location and scale of the data center sites; to establish and promulgate standards for data centres; and to specify development direction for building HPC data centres or other infrastructure that aligns with Hong Kong's future development.
- ❖ **Electronic payment:** to further promote the adoption of Faster Payment System (FPS) in the business-to-consumers market; to appeal to electronic payment service providers for offering competitive packages with lower transaction and administration costs to small-and-medium enterprises (SMEs); to explore the feasibility of developing an official mobile payment portal by leveraging FPS and “iAM Smart”; and to collaborate with local banks in promoting wider and more cost-effective adoption of digital payment solutions, including digital currency.

- ❖ **Corporate identity (Corp ID):** to establish a unified digital identity for businesses, enabling them to conduct transactions with consumers, business partners, and the Government.
- ❖ **Official geocode system:** to consider developing a unique two-dimensional geocode system and assign coordinates to building addresses based on the existing GeoAddress logic, so as to facilitate digital-based economic activities.

## C. Promoting data as the key driver of digital economy

### 5. Make available more data to facilitate data flow within Hong Kong (in 2 years)

The DEDC recommends the Government to take measures to promote data availability and openness; to publish comprehensive and organised data catalogues of government; to encourage and incentivise the private and public sectors to open up more data and promote the benefits of open data; and to establish clear guidelines and framework for data sharing; and to extend the coverage of the Commercial Data Interchange and the Consented Data Exchange Gateway to other sectors.

### 6. Facilitate cross-boundary data flow (between 3-5 years)

The DEDC recommends the Government to undertake initiatives to support the facilitation of data exchange and co-operation with the Mainland, as well as other trading partners worldwide; to extend the prevailing mechanism of cross-boundary data flow in the Greater Bay Area (GBA) to data exchange and cooperation with other provinces of the Mainland and other regions around the world; to develop and implement a robust data governance framework that addresses legal, ethical, and technical aspects of data management; and to explore opportunities to collaborate with other economies on data exchange and interoperability.

## D. Expediting digital transformation

### 7. Promote business drivers and enablers and facilitate capacity building (between 3-5 years)

The DEDC recommends the Government to promulgate the plans and timeline about digitalisation of business-related public services; to provide incentives or disincentives to SMEs to expedite their adoption of electronic options, including electronic payment; to create a one-stop portal to facilitate SMEs' access to information and support related to digital transformation, as well as digital skills training programmes; to develop a self-assessment tool for SMEs' to assess their digital maturity; and to consider a periodic territory-wide SME Digital Maturity Benchmarking exercise in the longer run.

#### **8. Support and assistance (between 3-5 years)**

The DEDC recommends the Government to consider the retail and food & beverages sectors as the target beneficiaries of Cyberport's Digital Transformation Support Pilot Programme (DTSP) and provide financial support to encourage SMEs to adopt subscription-based Enterprise Resource Planning and similar cloud-based business application packages; and to explore an environmental, social, and governance (ESG) data submission platform for standard reporting and adopt a green taxonomy to enhance ESG reporting.

### **E. Developing a sustainable talent strategy**

#### **9. Devise a holistic manpower strategy where attracting, retaining and cultivating digital talent are integral parts of it (between 3-5 years)**

The DEDC recommends the Government to establish clear roles and responsibilities among the government bureaux / departments in respect of digital talent development; to conduct analysis and review of digital skills taxonomy periodically; to speed up the review of the 20% non-local student enrolment ceiling for relevant University Grants Committee-funded taught programmes; to review the various digital-related programmes offered by different government-funded institutions to clearly define the division of labour and map out the course offerings to align with the Hong Kong Qualifications Framework; to encourage training institutions to collaborate with industry and enterprises in designing training programmes, providing internship and offering industry-specific certifications; to develop more short, in-service training programmes in Cantonese; and to expand the scope of the Employees Retraining Board to enable more adults to access training and support in developing digital skills.

#### **10. Enhance digital literacy and competency of the community (between 3-5 years)**

The DEDC recommends the Government to enhance the digital literacy and competency of the community; to integrate digital literacy into the curriculum of schools and universities and provide teachers with the necessary resources and training; to review funding support for adults to take digital courses; and to explore the arrangement for cross-boundary qualification recognition and localisation of national training and examination to facilitate more Hong Kong people to obtain the relevant qualifications.

#### **11. Facilitate non-local talent to work for Hong Kong (between 3-5 years)**

The DEDC recommends the Government provide more proactive job matching support for non-local talent and facilitate networking opportunities to connect non-local talent with potential employers in Hong Kong; to expand the scope of designated activities under the “exit endorsement for talent” to facilitate the entry of middle-skilled digital talent for short-stays; to review the research and development (R&D) funding requirements of tertiary and R&D institutions to facilitate the engagement of non-local-based talent; to build a platform to pool together digital talent within the GBA for knowledge exchange, networking, collaboration and sharing of best practices, and support talents from GBA to work in Hong Kong; and to encourage universities and tertiary institutions in Hong Kong to collaborate with their GBA campuses or other institutions in the area to develop programmes that fit Hong Kong’s needs under a Digital Economy Technology Education Framework.

#### **12. Attract and engender exemplary enterprises (in 2 years)**

The DEDC recommends the Government take multi-pronged measures to attract and engender exemplary tech enterprises; and to set “cultivate local talent development” as one of the key performance indicators or assessment criteria for the Government’s efforts in innovation & technology support.

1.3 The digital economy is constantly evolving and highlights the need for the Government to stay updated and implement the recommendations in a steadfast manner. The DEDC acknowledges that the Government has already acted on some preliminary suggestions of the DEDC pending compilation of this report, and notes

that the success of the development of digital economy needs timely actions, flexibility, and refinement in response to the dynamic nature of the digital economy. The DEDC sincerely hopes that the Government incorporate the recommendations into its policies, resource planning and action agenda, while keeping stakeholders and the public informed of progress.

**Digital Economy Development Committee**  
**February 2024**