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**HSBC'S DIGITAL FOR BUSINESS MARKET STUDY 2018:
MOBILE BANKING GAINS GROUND***Understanding of Digital Increases Among Hong Kong Companies*

More Hong Kong companies than ever are using mobile devices to manage their businesses, with close to 70% preferring mobile to internet banking, a new report from HSBC Commercial Banking reveals.

The *Digital for Business Market Study 2018*, a leading survey about digitisation among Hong Kong companies, found that 43% of the respondents in the city use their mobile devices to support business operations. Those under 40 years old are at the forefront of digital adoption, with 51% using mobile devices for business.

Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said: "In the digital era, Hong Kong companies are expanding their supply chains to conduct business all over the world. Smartphones and tablets enable them to manage their business anytime and anywhere. In turn, this encourages the use of mobile banking. As technology makes banking simpler, we expect more Hong Kong companies will use mobile devices for more of their transactions."

Among the different mobile banking activities, checking account balances and checking remittances are the most common. 63% of the respondents also said they believe the use of biometric authentication is more secure than passwords.

"Digital and innovation is a vital growth engine for Hong Kong," added Mr Chiu. "It's encouraging to see Hong Kong companies embracing the digital economy, but it is important to transform digital knowledge into real business plans: this is critical to success in today's market environment. HSBC looks forward to working with its customers to help them capture these opportunities."

According to the survey, 74% of the respondents acknowledged that technology can bring significant advantages, up from 69% in 2016. The percentage of respondents saying data collection is the aspect of business that will benefit most from applying digital technology has jumped from 7% in 2016 to 42% in 2018, implying companies are paying more and more attention to the use of data.

However, only 28% of the respondents said their companies have digital plans in place, a mere 2% increase over 2016. Lack of knowledge, weak innovation culture and risk avoidance in adopting in business-related technology are cited as the most common barriers.

For example, respondents admitted that they have a high awareness of information technology buzzwords, but do not necessarily understand the technologies in question. “Big data” (56%), “Open Application Programming Interface” (Open API, 54%) and “internet of things” (49%) were picked as the top three helpful technologies to businesses. Yet, about 60% said they are not familiar with the utilisation of these technologies.

In terms of industry, the level of technology adoption in the retail sector has increased from 23% in 2016 to 38% in 2018, outpacing services (30%) and trading (22%). This explains the rapid expansion of e-commerce or m-commerce.

HSBC’s commitment to enabling customers’ businesses in the digital era is reflected by the ongoing enhancements in its digital capabilities as well as its support for the Digital for Business Market Study, the annual Innovation Summit and Business Innovation Academy. For further information, please visit www.business.hsbc.com.hk/digitalforbizmarketstudy2018.

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|  | Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said: “Digital and innovation is a vital growth engine for Hong Kong. It’s encouraging to see Hong Kong companies embracing the digital economy.” |

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Note to editors:**About Innovation Market Study 2018**

This Market Study comprises of quantitative and qualitative parts. Compiled by Kantar TNS, senior executives from over 300 Hong Kong companies were interviewed in March and April 2018. Some of them were invited to share their views in the form of focus groups and in-depth discussions. These companies came from different industries including retailing, trading, and services. Their scale ranges from small-medium size to large corporates.

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Kantar TNS

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