**Regulation and limitation**

Accordingly to the law and regulations in Hong Kong, there is basically no restrictions on the advertising media a moneylending business use for marketing communications, which means it is free to use any advertising medium as long as the context of the advertising messages follow the key principle in *Money Lenders Ordinance*, that 1) The Money Lender name/ company should be clearly communicated, 2) Annual percentage rate should be clearly shown, and 3) Money Lender License number should be clearly shown.

Special attention is needed when doing direct marketing where the *Unsolicited Electronic Messages Ordinance* applied, the sender must provide clear and accurate sender information in the message, as well as to provide an unsubscribe facility and an unsubscribe facility statement. (you may refer to the appendix for details.)

Apart from the above, all sorts of marketing communications promotions or campaigns should strictly follow *Personal Data (Privacy) Ordinance* when involving any customers or applicants personal data.

**Marketing Mix:**

In general, the industry would employ through-the-line marketing media mix to communicate the loan messages to the mass audience, including both offline and online channels. As most of the loan players in Hong Kong start their loan businesses from offline branches and are evolving to online applications nowadays, the media budget is also shifting from offline to online gradually.

Since The Banks are well established, they have secured huge customer base for repeated-loans. It is most effective for them to reach out their existing customer base by direct mailing or direct calling with pre-approved credit line and promotions materials in branches. However, they operate and being regulated under the Hong Kong Monetary Authority with straighter risk control, the loan procedure rely heavily via offline channels for new customers, they allocate around 70-80% marketing budget spend focus on TVC, print advertisement and outdoor display to generate brand awareness and brand recall, 20-30% on online channels mainly the SEM and online display ad, in which Facebook, Yahoo and news portal sites take up the majority, followed by email direct marketing from external sources. In average, the Banks normally spend up toUS$25,000-US$38,000 monthly on SEM and around US$6,500 on Facebook.

For Financial Institutes (Money Lender) in Hong Kong, they are being regulated under Money Lender License with more flexibility on lending procedure, offline media is still essential for brand awareness and recall and they could spend 30-40% on online channels, up to US$65,000 monthly on SEM, and around US$10,000 on Facebook advertising.

A point to note that due to the limited free broadcast operator available in Hong Kong (currently Television Broadcasts Limited (TVB) is the only free broadcast operator), the media cost for TVC especially in prime time takes up a significant portion in the media mix.

Another important source to generate loan applications could be through third party agents for direct callings or loan listing comparison sites such as “MoneyHero” and “Hong Kong Loan” on a CPA (cost per conversions) deal.

**Acquisition costs**

The major loan players in Hong Kong, including banks and financial institutes disburse approximately 30,000 cases monthly. The disbursement rate of Bank is around 20-30%, and 30-40% for financial institutes. Among all loans, around 15-20% were short-term loan applications.

In digital advertising, the CPA deal is often agreed base on the action whether a user has landed to the website via the medium followed by an online application submission, a shorter form (with fewer inputs are needed and follow up calls are needed) could generate better performance than a full application form. Internally the cost will further break down into cost per approved application and cost per disbursement.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Chanel | Total leads/monthly (#) | Cost per lead ($) - P.Loan | Cost per lead ($) - Short-term Loan | Quality (approval rate) (%) |
| SEM | 500 | US$100-130 | US$130-150 | 40-45% |
| Facebook | 100 | US$55-65 | US$65-75 | 45-50% |
| Comparison sites | 20 | US$150-180 | US$150-180 | 30-35% |
| Direct sales (offline) | 600 | US$150-180 | US$150-180 | 50-55% |
| Online display ad | 10 | US$350 | US$400 | 10-20% |

\*Point to note that for online display advertisement, it serves as branding objectives more than conversions driven.

**Running Cost**

Ideally, a marketing team in financial sector consist of a product marketing specialist, marketing communications specialist and digital marketing specialist. For a start-up company, normally it is best to have one senior marketing specialist with digital knowledge plus one junior marketing specialist to manage and coordinate the marketing functions. According to a research conducted by Kelly Services, a talent recruit, management and consultancy company, the monthly salary for a digital marketing manager with 5+ years experience in banking and financial industry in Hong Kong could be at around US$6400 up, and a junior marketing specialist cost at around US$2500 monthly. They would be responsible for planning the marketing proposition and promotion strategy, and carry out daily coordination with other teams and exploring marketing vendors and business partnership. SEO, SEM, social media, and online display advertising planning, execution and monitoring can be outsourced to digital agency which normally charges per an agency commission percentage on top of the media spending, ranging from 10-15% depending on the spending and contract tenor.

Appendix

* **MONEY LENDERS ORDINANCE Chapter 163 Section 26: Restriction on money-lending advertisements**

(1) A money lender shall not for the purpose of his business as a money lender issue or publish or cause to be issued or published any advertisement, circular, business letter or other similar document which does not show the name of the money lender as specified in his licence in such manner as to be not less conspicuous than any other name.

(2) Where any advertisement, circular, business letter or other similar document issued or published by or on behalf of a money lender purports to indicate the terms of interest on which he is willing to make loans or any particular loan, such advertisement, circular, business letter or other document shall show the interest proposed to be charged-

(a) subject to section 24(1)( Any person (whether a money lender or not) who lends or offers to lend money at an effective rate of interest which exceeds 60 per cent per annum commits an offence.), as a rate per cent per annum; and

(b) in such manner as to be not less conspicuous than any other matter mentioned therein.

(3) A money lender or any other person shall not for the purpose of the money lender's business as a money lender issue or publish or cause to be issued or published any advertisement which does not clearly show the words "Money Lender's Licence No." immediately followed by the number of the licence of the money lender.

(4) For the purposes of subsection (1) and section 29(9), the name of the money lender as specified in his licence shall be deemed to include any change by law of the name of the money lender, irrespective of whether his licence specifies the new name.

* **Personal Data (Privacy) Ordinance at a glance**

Personal Data

The information which relates to a living person and can be used to identify that person. (2) It exists in a form in which access or processing is practicable.

* + Examples of personal data protected by the Ordinance include names, phone numbers, addresses, identity card numbers, photos, medical records and employment records.

Data User

* + A person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of the data. The Data User is liable as the principal for the wrongful act of its authorised data processor.
* **Unsolicited Electronic Messages Ordinance at a glance**

1. to provide clear and accurate sender information in the message;
2. to provide an unsubscribe facility and an unsubscribe facility statement in the message;
3. to honour unsubscribe requests within ten (10) working days after the request has been sent;
4. not to send commercial electronic messages to any telephone or fax number registered in the Do-not-call Registers starting from the tenth (10) working day of its registration, unless consent has been given by the registered user of the relevant telephone or fax number;
5. not to hide the calling line identification information when sending messages from telephone or fax numbers; and
6. not to send email messages with misleading subject headings.
7. In addition, the UEMO also prohibits:

* the use of unscrupulous techniques to expand the reach of commercial electronic messages; and
* fraud and other illicit activities related to the sending of multiple commercial electronic messages.