

Hong Kong Monetary Authority
“STEPS” Spin-off Video

Episode 3

- SUPER: Why is the Linked Exchange Rate System Important to Hong Kong?
- SUPER: Tiffany Tang
Director
Exchange Fund Investment Office
- SUPER: Linked Exchange Rate System
Maintaining the monetary and financial stability of Hong Kong
- Tiffany: The Linked Exchange Rate System is the cornerstone of
Hong Kong’s monetary and financial stability
This highly transparent system
has helped Hong Kong weather
many episodes of financial crises for over 30 years
and is suitable for a highly externally oriented economy like Hong Kong
- Tiffany: The Exchange Fund is the strong backing of the Linked Exchange Rate System
with over US\$400 billion foreign reserve assets
- SUPER: Exchange Fund
Firm commitment to honour Convertibility Undertakings
Maintaining banking system stability
- Tiffany: Apart from fulfilling the commitment of the Convertibility Undertakings
the Exchange Fund has also helped maintain stability
of the banking system during the financial crises in the past
- SUPER: Exchange Fund
Provided full deposit guarantee for all bank deposits during
the 2008 global financial crisis
- Tiffany: For example, in the 08 global financial crisis
the Exchange Fund provided full deposit guarantee
for all deposits held with authorised institutions
to reinforce public confidence in Hong Kong’s banking system
- Tiffany: The HKMA has been managing the investments of the Exchange Fund
under the principle of “Capital Preservation First, Long-Term Growth Next”
Asset classes have been being diversified incrementally in recent years
to better manage risks and enhance medium-to-long-term returns
- SUPER: Hong Kong Monetary Authority Logo