



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C

27 September 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Research Paper on Generative Artificial Intelligence in the Financial Services Sector

I am writing to inform you of the publication of a [Research Paper on Generative Artificial Intelligence \(GenA.I.\) in the Financial Services Sector](#). This paper explores the transformative potential of GenA.I. and its implications for the financial industry, particularly in terms of operational efficiency, risk management, and customer engagement.

Under the auspices of the “All banks go Fintech” initiative of its “Fintech 2025” strategy, the Hong Kong Monetary Authority (HKMA) has been working closely with other financial regulators to promote cross-sectoral adoption of Fintech, with artificial intelligence being a key area of focus. This paper provides insights into the current state of GenA.I. adoption within the financial sector, highlighting key applications and challenges identified through interviews with financial institutions and technology solution providers. It also outlines the critical risk management considerations associated with GenA.I., including data privacy, cybersecurity, information inaccuracy and algorithmic bias, and offers recommendations for governance structures and deployment approaches to support responsible innovations.

We encourage all Authorized Institutions to review this paper and consider how GenA.I. can be thoroughly tested, such as through the new GenA.I. Sandbox¹, and responsibly integrated into Authorized Institutions’ operations, service offerings and risk management systems. Should you have any questions about the paper, please contact us at All-banks-go-fintech@hkma.gov.hk.

Yours faithfully,

Carmen Chu
Executive Director (Banking Supervision)

Encl

¹ HKMA Circular, “[Generative Artificial Intelligence Sandbox](#)” issued on 20 September 2024