

Highlights of 2001



Economic and Banking Environment

Hong Kong's real GDP grows by only 0.1% in 2001, reflecting weak domestic and external demand.

The banking sector remains strong and resilient, despite the profitability of banks is squeezed as a result of weak loan demand and intensified competition.



Monetary Stability

Despite a volatile external environment, the Hong Kong dollar remains stable within a narrow range of 7.7972 – 7.8000.

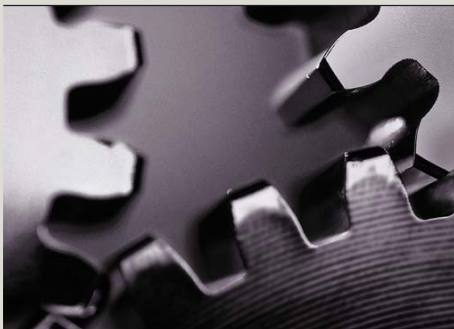


Banking Stability

The final phase of interest rate deregulation takes place in July.

A revised *Code of Banking Practice* is issued in November.

Progress is made towards establishing a commercial credit reference agency and a deposit insurance scheme.



Market Infrastructure

Hong Kong's new US dollar clearing system sees a steady increase in business volume during its first full year of operation in 2001.

The comprehensive review of retail payment systems in Hong Kong is completed in October.



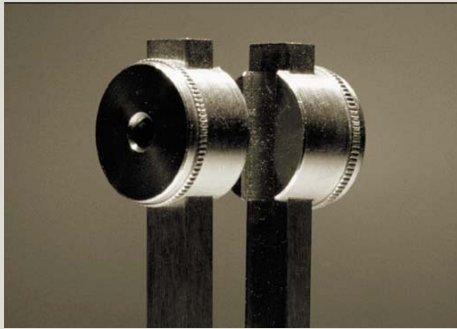
International Financial Centre

The HKMA continues to play an active role in pressing for reforms to the international financial architecture and in promoting Hong Kong as an international financial centre.



Reserves Management

The HKMA achieves a positive investment return for the Exchange Fund in 2001, despite a difficult investment environment. Hong Kong's foreign currency reserve assets stand at US\$111.2 billion at the end of 2001, the fourth largest in the world.



The HKMA in the Community

The HKMA holds its second summer exhibition in July and August, attracting over 80,000 visitors.



Professional and Support Services

A number of reforms are implemented to strengthen support services with the aim of making them more cost-effective and efficient.