

Highlights of 2024



Economic and Financial Environment

The Hong Kong economy registers moderate growth in 2024, driven primarily by the rebound in goods exports amid improved external demand and the global tech cycle recovery. The labour market stays solid, while inflation remains mild as external price pressures ease further. The local stock market experiences a significant turnaround, while the property market remains generally soft as persistently high interest rates continue to weigh on market sentiment. For 2025, the economy is expected to face a challenging external environment due to escalating trade tensions. Nevertheless, Mainland's proactive economic stimulus measures, together with the multifaceted support provided to local enterprises, are expected to reinforce business confidence. Hong Kong will also continue to strengthen international exchanges and deepen regional ties and co-operation.

The banking sector in Hong Kong remains resilient, supported by robust capital and liquidity positions. Asset quality continues to be manageable.



Monetary Stability

Notwithstanding the uncertainties surrounding the future path of US monetary policy, global growth prospects, and geopolitical tensions, the Hong Kong dollar foreign exchange and money markets continue to trade in a smooth and orderly manner. The Hong Kong dollar exchange rate softens in the first four months of 2024 and then strengthens for the rest of the year. Serving as the cornerstone of Hong Kong's monetary and financial stability, the Linked Exchange Rate System has continued to demonstrate its robustness and resilience in the face of various external shocks.



Banking Stability

The HKMA responds promptly to support local small and medium-sized enterprises and upholds banking stability through risk-based supervision and contingency planning. We enhance the banking sector's operational and cyber resilience by providing supervisory guidance and supporting the industry in combating emerging risks. To encourage fintech adoption, we have launched a series of cross-sectoral initiatives, including a Generative Artificial Intelligence Sandbox.

To enhance consumer protection in the banking industry, the HKMA launches the Anti-Scam Consumer Protection Charter 2.0, introduces Money Safe, and implements a cooling-off period for banks' unsecured consumer credit products. Additionally, we provide guidance to banks on the use of generative artificial intelligence in customer-facing applications and work closely with the industry on an alternative Payment Arrangements for Property Transactions in the secondary market. The HKMA also provides guidance on digital asset-related activities, implements enhancements to the Cross-boundary Wealth Management Connect Pilot Scheme, and relaxes several restrictions on digital banks. The migration of consumer credit reference services to Credit Data Smart is completed.

The HKMA plays a pivotal role in Hong Kong's anti-money laundering and counter-financing of terrorism regime. By enhancing intelligence exchange and collaboration in our public-private partnership platform, suspicious transaction reporting has increased significantly, leading to more effective confiscation of criminal proceeds. Consultation on legislative changes for bank-to-bank information sharing has received broad support and will further enhance the detection and prevention of financial crime. We also provide guidance to banks on the use of artificial intelligence for suspicious activity monitoring, as well as measures to prevent and disrupt authorized payment scams, including enhancements to the pre-transaction alert mechanism.

The HKMA makes good progress in implementing international supervisory standards locally, including those on capital adequacy and disclosure. Additionally, various aspects of the Deposit Protection Scheme are enhanced to strengthen depositor protection.

The HKMA also advances its efforts to ensure a credible resolution regime by implementing resolution standards that require banks to update their financial contracts with counterparties to mitigate the risk of disorderly early termination during resolution. Additionally, the HKMA makes notable progress in devising preferred resolution strategies for banks, addressing resolvability barriers, and enhancing resolution execution capabilities.

Highlights of 2024



International Financial Centre

Together with its Mainland and Hong Kong counterparts, the HKMA launches a range of initiatives to deepen and widen mutual access between the financial markets of Hong Kong and the Mainland. These include enhancements to the Cross-boundary Wealth Management Connect Scheme; expansion of the scope of eligible collateral for the HKMA's RMB Liquidity Facility and the Northbound Swap Connect transactions; and refinements to the Northbound Swap Connect. These initiatives underpin Hong Kong's gateway position and reinforce the city's status as a global hub for offshore renminbi business.

The HKMA also makes headway in reinforcing the competitiveness of Hong Kong's financial platform in areas such as bond issuance, asset and wealth management, green and sustainable finance, and corporate treasury centres. To promote Hong Kong's financial services, the HKMA steps up its market outreach activities to overseas and Mainland stakeholders, ensuring they are well informed about the opportunities in Hong Kong's financial market and its resilience. The successful conclusion of the third Global Financial Leaders' Investment Summit and various other events have burnished Hong Kong's image as a leading international financial centre and created positive ripple effects. Additionally, as an active member of many international and regional central banking and regulatory forums, the HKMA continues to contribute to global efforts to maintain financial stability and promote financial market developments.

The HKMA's "Fintech 2025" strategy has made significant progress across various areas, including Central Bank Digital Currency and data infrastructure. Meanwhile, the HKMA is working closely with the People's Bank of China to push forward a linkage between Hong Kong's Faster Payment System and the Mainland's Internet Banking Payment System to support cross-boundary payments.



Reserves Management

Global financial markets performed broadly well in 2024. Major economies recorded stable growth and major central banks progressively lowered their policy rates amid a gradual easing of inflation. The Exchange Fund records an investment income of HK\$218.8 billion, representing an investment return of 5.2%.

The HKMA continues its efforts in asset diversification and responsible investing. Meanwhile, the Long-Term Growth Portfolio records an annualised internal rate of return of 11.2% since its inception in 2009.



Corporate Functions

The HKMA maintains active communication with the community and the market through various channels to promote public understanding of its policies and operations.

Internally, the HKMA strives to cultivate an agile and professional workforce, maintain rigorous financial discipline, and upgrade its digital capabilities to adapt to the changing environment and ensure the effective implementation of its policies and initiatives.

Highlights of 2024

Key Figures for 2024



Monetary Stability

HKD exchange rate

7.764 per USD

Backing Ratio

109.6 %

Base Rate

4.75 %

Monetary Base

HK\$ 1,957.5 billion

Aggregate Balance
(before Discount Window)

HK\$ 44.8 billion



Banking Stability

Total assets

HK\$ 28.5 trillion

Capital adequacy ratio

21.8 %

Loan growth[#]

-2.8 %

Liquidity
coverage ratio
(Q4 2024)

178.4 %

Liquidity
maintenance ratio
(Q4 2024)

67.0 %

Licenses

150
licensed banks

15
restricted licence banks

11
deposit-taking
companies

41
approved
money brokers

Classified loan ratio
(all Als)

1.96 %

Loan-to-deposit ratio

57.0 %

Supervisory activities[#]

174
off-site reviews

119
on-site examinations

654
thematic reviews¹

New residential mortgage loans

Average
loan-to-value
ratio[#]

60 %

Average
debt servicing
ratio[#]

40 %

G-SIBs for which the HKMA is a member
of the Crisis Management Group or
Crisis Management College

14

G-SIBs hosted
in Hong Kong

All 29 G-SIBs

Loss-absorbing
capacity of
D-SIBs
(Dec 2024)

26.9 %
of RWA

Notes:

Unless specified, figures are at the end of 2024.

[#] Figures for the year of 2024 as a whole.

Sources: Swift, Bank for International Settlements and HKMA

Als: Authorized institutions
CDs: Certificates of Deposit
CMU: Central Moneymarkets Unit
CPI: Consumer Price Index
D-SIBs: Domestic systemically important banks
EF: Exchange Fund

FPS: Faster Payment System
G-SIBs: Global systemically important banks
HKD: Hong Kong dollar
LTGP: Long-Term Growth Portfolio
RMB: Renminbi
RTGS: Real Time Gross Settlement

RWA: Risk-weighted amount
SVF: Stored value facility
Swift: Society for Worldwide Interbank Financial
Telecommunication
USD: US dollar

¹ Including (i) a survey and authorized institutions (Als)' self-assessment exercises to take stock of the implementation progress and identify enhancement areas in relation to Als' development of operational resilience frameworks, along with extensive outreach at both the bilateral and industry levels on framework development and practices; (ii) supervisory activities which focused on evaluations of Als' strategies and practices related to the granting of credit and the ongoing risk management of selected portfolios, such as commercial real estate and small and medium-sized enterprise lending; and (iii) consultative sessions with Als to review their implementation of the HKMA's Supervisory Policy Manual module GS-1 on "Climate Risk Management".

Highlights of 2024



International Financial Centre

RMB deposits (including outstanding CDs)

largest offshore
RMB liquidity poolRMB **1,075.3**
billionOffshore RMB
bond issuance[#]RMB **1,071.6**
billion (+37%)

Outstanding RMB loans

RMB **724.0**
billion (+64%)Hong Kong's share of
offshore RMB Swift payments globally[#]

in the world

> **70** %RMB RTGS average daily
turnover[#]RMB **3.1**
trillion (+50%)Average daily turnover
under Northbound
Bond Connect[#]RMB **41.7**
billionAsian international bond issuance[#]

largest arranging hub

US\$ **131.6**
billion equivalentHKD RTGS average daily
turnover[#]HK\$ **1,156.1**
billionAvailability of four
RTGS systems and CMU[#]**100** %Asian international green and sustainable bond issuance[#]

largest arranging hub

US\$ **43.1**
billion equivalent

FPS registrations

15.8
million (+16%)Average daily real-time
HKD transactions of FPS[#]**1.65**
million (+33%)Established limited
partnership funds**1,057**

SVF accounts

79.78
million (+12%)Value of SVF transactions[#]HK\$ **752.3**
billion (+18%)

Reserves Management

EF investment income[#]HK\$ **218.8**
billionEF investment return[#]**5.2** %EF compounded annual
investment return (since 1994)**4.5** %(>2% increase in HK composite
CPI over the same period)

EF assets

HK\$ **4,081.0**
billion

Market value of LTGP investments

HK\$ **541.2**
billionLTGP annualised internal rate
of return
(since 2009)**11.2** %