



Priorities for 2025 and Beyond

The global outlook for 2025 remains unclear, with considerable uncertainty surrounding the US economic and trade policies alongside upside risks to US inflation, leading to concerns about the future path of the US policy rate. Meanwhile, economic stimulus measures announced and being rolled out in Mainland China have led to improved sentiment both in the Mainland and in Hong Kong, while inbound tourism should improve further on the back of various tourism-related supportive measures by the Government. Hong Kong's financial system remains well-positioned to withstand adverse shocks given its sound resilience and ample buffers built up over the years.

The HKMA will continue to play its part in promoting the stability and integrity of Hong Kong's financial system and infrastructure. We will remain vigilant regarding the uncertain macroeconomic environment, seeking to promptly identify emerging risks and respond to them in an agile manner. Meanwhile, we will actively seek opportunities and create policy headroom to further enhance Hong Kong's status as an international financial centre. In managing the Exchange Fund, we will continue to invest with prudence and flexibility, implement appropriate defensive measures, and maintain a high degree of liquidity. We will also continue to diversify our investments to strive for higher long-term returns, ensuring that the Exchange Fund remains effective in achieving its purpose of maintaining monetary and financial stability of Hong Kong.

Priorities for 2025 and Beyond

Stability and integrity of the financial system

Global uncertainties are expected to persist in 2025, driven largely by new and uncharted policy directions under the new US administration and the resulting geoeconomic fragmentation. With the responsibility of promoting the stability and integrity of Hong Kong's financial system, the HKMA will remain vigilant against potential risks, ensuring that it stays at the forefront of latest developments and is ready to act in support of the Hong Kong economy when necessary.

Staying vigilant against potential risks

Looking ahead to 2025, uncertainties surrounding the macroeconomic environment may create volatility in global financial markets. Nevertheless, Hong Kong's financial system is well-positioned to withstand adverse shocks, given its resilience and the buffers built up over the years. The HKMA also has the capability, resources and commitment to safeguard Hong Kong's monetary and financial stability.

The HKMA will continue to closely monitor risks and vulnerabilities in the domestic and external environments, and deploy appropriate measures where necessary to maintain Hong Kong's monetary and financial stability. We will also carry out research into issues affecting the Hong Kong economy and assess the potential risks associated with these issues.

Maintaining banking stability

The uncertainty surrounding the macroeconomic environment is likely to present challenges to the banking sector. At the same time, ongoing digitalisation advances and the adoption of innovative technology, such as generative artificial intelligence (GenAI), while bringing many benefits, are also introducing new operational and technological risks to banks. Against this backdrop, the HKMA will strive to further enhance banks' ability to withstand various shocks by providing policy and practical guidance, as well as undertaking ongoing supervisory engagement with individual banks and the sector as a whole. In parallel, we will continue to strengthen and adapt our banking regulatory frameworks and supervisory approaches, taking into account technological developments, changes in customer expectations, and international standards and best practices.

A risk-based supervisory focus

Credit, liquidity and market risks

Amid pressures on the credit landscape, the HKMA will continue to focus on monitoring the asset quality of authorized institutions (AIs) and assessing the effectiveness of their credit risk management practices, particularly with respect to loan classification and provisioning as well as problem loans management. Meanwhile, we will maintain close communication with the banking and commercial sectors and encourage AIs to continue supporting the real economy under the overarching principle of prudent risk management.

The HKMA will continue to take a proactive approach to supervising the market risk management of AIs, amid heightened volatilities in global financial markets stemming from the uncertain interest rate outlook in major advanced economies and elevated geopolitical tensions. In light of the uncertain macroeconomic environment, as well as the growing digitalisation of banking services, we will also review how AIs manage liquidity risk with a view to enhancing their capabilities in handling abrupt fund flows.

Operational and technology risk

The HKMA will continue its work in enhancing the overall operational resilience of the banking sector by reviewing banks' progress in identifying and remediating vulnerabilities in delivering their critical operations as part of the implementation of their operational resilience frameworks.

Given the growing dependence of the banking industry on third-party service providers, the HKMA will further strengthen banks' management of third-party risks by developing new guidance for implementing the international standards set out by the Basel Committee on Banking Supervision (Basel Committee).

On cyber resilience, the HKMA will assess systemic cyber risks through the cross-sectoral Cyber Mapping exercise together with other domestic financial authorities as recommended by the International Monetary Fund. Additionally, we will drive banks to enhance their ability to recover critical operations in the face of severe cyber incidents by reviewing their implementation of secure tertiary data backup arrangements and introducing a cyber resilience testing framework.

Priorities for 2025 and Beyond

While we are seeing the benefits from the banking industry's wider adoption of advanced technologies such as GenAI, we will remain vigilant to emerging risks and provide guidance relating to the use of these technologies as appropriate.

We will also strengthen banks' capabilities in combatting digital fraud and countering evolving fraud tactics through agile and pre-emptive collaboration with the industry and relevant stakeholders.

Combatting money laundering and terrorist financing

In 2025, the HKMA will introduce system reforms, innovations and other initiatives to enhance the overall resilience of Hong Kong's anti-money laundering and counter-financing of terrorism ecosystem, reduce threats from illicit fund flows, and keep pace with the latest international standards and best practices.

As part of collaborative efforts across the Government to deepen understanding of potential weak spots created by technological advances, we will help develop the third comprehensive assessment of money laundering and terrorist financing risk in Hong Kong, and use the insights gained from it to develop effective, proportionate guidance to support the implementation of the new regulatory regime for stablecoin issuers.

We will continue our efforts to champion and promote the responsible use of technology, including artificial intelligence, where it can deliver public value. This will include strengthening the monitoring of suspicious activity to enable banks to identify and interdict more fraud and mule accounts, thereby further increasing the amount of high quality, actionable intelligence shared with law-enforcement bodies.

To strengthen our efforts to combat fraud and other financial crimes, we will propose the legislative changes needed to create essential gateways and safeguards relating to bank-to-bank information sharing on personal accounts. To improve the speed and volume in detecting illicit flows, we will commence work on an analytics platform for payments data.

Wealth management and Mandatory Provident Fund-related businesses

In 2025, the HKMA will carry out both on-site examinations and off-site surveillance of the conduct of AIs in relation to securities, investment products, trust, insurance and Mandatory Provident Fund (MPF)-related businesses. We will specifically focus on high-yield complex products, digital assets (DA) and related investment products, Cross-boundary Wealth Management Connect (Cross-boundary WMC) business, digital distribution and advisory platforms, long term insurance products, and premium financing activities, while taking into account the latest market developments and evolving international standards.

The HKMA will also communicate closely with fellow regulators and the banking industry to provide guidance on regulatory standards in relation to the sale of securities, investment, insurance, and MPF products as appropriate. In particular, to support the sustainable and responsible development of the DA sector, we will continue to work with the Government and fellow regulators to ensure that the regulatory regime in place for the DA sector is robust, comprehensive, and well-balanced.

In addition, the HKMA will facilitate and monitor the industry's implementation of enhancements to the Cross-boundary WMC, and continue to engage with the industry and relevant regulatory authorities in efforts to further enhance the scheme and other cross-boundary banking initiatives.

We will also consolidate and clarify existing guidance on wealth management and MPF-related businesses, as appropriate, in order to further improve the accessibility of the HKMA's regulatory requirements and facilitate compliance by the industry.

Priorities for 2025 and Beyond

Policy development

Implementation of Basel standards in Hong Kong

The Basel III Final Reform Package came into effect in Hong Kong on 1 January 2025. The HKMA will provide AIs with ongoing guidance and clarification on common interpretative issues relating to the Final Reform Package to ensure its consistent adoption within the industry.

In December 2022, the Basel Committee introduced a new standard for the prudential treatment of banks' cryptoasset exposures. This was followed by targeted amendments in July 2024 to provide further clarity on the criteria for stablecoins to receive preferential regulatory treatment. Concurrently, the Basel Committee also published a document entitled *Disclosure of cryptoasset exposures*, which set out updated disclosure requirements for cryptoasset exposures. To implement these standards in Hong Kong, the HKMA will work on potential legislative amendments to various sets of rules, including the Banking (Capital) Rules, the Banking (Disclosure) Rules, the Banking (Exposure Limits) Rules (BELR), and the Banking (Liquidity) Rules. The HKMA will also propose certain refinements to the BELR based on implementation experience and industry feedback. A statutory consultation on the amendments will be conducted in the first half of 2025, with the aim of implementing the new standards by 1 January 2026, in accordance with the Basel timeline. The HKMA will prepare the relevant banking returns and supporting guidance to facilitate banks' implementation of the new standards.

Other supervisory policies and risk management guidelines

To stay abreast of the latest international standards, supervisory practices and developments in the industry, the HKMA plans to update certain Supervisory Policy Manual (SPM) modules. These include CA-G-5 on "*Supervisory Review Process*", CA-B-2 on "*Systemically Important Banks*", IC-5 on "*Stress-testing*", IR-1 on "*Interest Rate Risk in the Banking Book*", and IC-3 on "*Reporting Requirements Relating to Authorized*

Institutions' External Auditors under the Banking Ordinance".

The SPM module CR-G-13 on "*Counterparty Credit Risk Management*" will be revised to reflect the sound practices introduced by the "Guidelines for counterparty credit risk management" issued by the Basel Committee in December 2024.

Basel Core Principles for Effective Banking Supervision

The Basel Committee published the revised *Core Principles for Effective Banking Supervision* (BCP)¹ in April 2024. The revised BCP reflects supervisory and regulatory developments since the last revision in 2012, as well as the impact of recent structural trends on banks and banking systems. In 2025, the HKMA will conduct a detailed self-assessment to ensure that its regulatory and supervisory frameworks comply with the revised BCP.

Accounting standards

The International Accounting Standards Board plans to issue an Exposure Draft on Dynamic Risk Management (DRM) in 2025. The HKMA will collaborate with other relevant authorities to consider the implications of the proposed DRM accounting model on existing prudential requirements.

Enforcement

During 2024, the HKMA carried out a consultation with the banking industry on proposals to expand the investigation and enforcement powers of the Monetary Authority, ensuring the availability of necessary powers to effectively perform the functions under the Banking Ordinance. Having taken into account feedback received from the consultation, the HKMA will refine its proposals and develop the necessary legislative amendments for further consultation with various stakeholders.

¹ The BCP is the de facto minimum standard for sound prudential regulation and supervision of banks and banking systems.

Priorities for 2025 and Beyond

Resolution

The HKMA is continuing its multi-year programme to build an operational resolution regime for Als. For 2025, we will prioritise the following areas (Table 1).

Table 1 Forward priorities on resolution in 2025

Resolution policy and standards



- Consult and finalise the Code of Practice chapters on the HKMA's approach to valuations in resolution, as well as the ex-ante capabilities and arrangements that an AI should put in place to support timely and robust resolution valuations
- Advance the development of policy standards for resolution restructuring

International and cross-border co-operation



- Contribute to international resolution policy developments and their effective implementation, particularly the 12 initiatives on resolution reform planned for 2025 by the Financial Stability Board, through its Resolution Steering Group and sub-groups
- Chair the Study Group on Resolution of the Executives' Meeting of East Asia-Pacific Central Banks, and organise regional meetings and workshops on resolution regimes and crisis readiness

Resolution planning



- Lead regional resolution planning and co-ordinate with other authorities through 14 Crisis Management Groups and Crisis Management Colleges to enhance the resolvability of global systemically important banks and the cross-border crisis preparedness of authorities
- Advance resolution planning for domestic systemically important banks and other relevant Als to enhance their resilience and resolvability, including fostering their build-up and maintenance of loss-absorbing capacity resources, and requiring them to develop systems and arrangements to support their liquidity, continuity of operations, and access to financial market infrastructures during resolution
- Publish a report on the HKMA's implementation of resolution standards and relevant Als' efforts to address resolvability barriers

Resolution execution capability



- Advance the development of the HKMA's approach to bail-in mechanics with the aim of publishing the relevant guidelines in due course
- Strengthen the HKMA's preparedness for executing resolution transfer transactions, including establishing bridge institutions and operating them with appropriate governance arrangements
- Enhance the crisis management framework and the coordination among authorities through the development of a cross-sectoral playbook and walkthrough

Priorities for 2025 and Beyond

Banking sector development

The HKMA will continue its efforts to promote sound business conduct among banks and foster the healthy growth of the banking sector, thereby enhancing public confidence in the sector and Hong Kong's overall competitiveness as an international financial centre.

Building a safe and inclusive banking sector

Code of Banking Practice

The HKMA will continue to monitor Als' implementation of the provisions of the Code of Banking Practice, as well as their overall compliance with the Code.

Monitoring developments in innovative banking services and popular banking products

To strengthen consumer protection, the HKMA will monitor developments in innovative banking services and popular banking products and provide guidance to the banking industry as appropriate. It will also continue to promote a deeper understanding among consumers of banking products and services, along with their associated risks, by engaging with stakeholders, such as the Consumer Council, and exploring collaboration opportunities with other sectors, including academia and non-governmental organisations.

Protecting bank customers against the rising threat of fraud and scams

To better protect bank customers against the rising threat of fraud and scams, the HKMA will continue its consumer education efforts, reminding the public to stay vigilant and promoting various self-protection tools provided by banks, including the newly introduced Money Safe. We will also step up our own surveillance of fraud and scams within the HKMA's regulatory remit. For instance, regarding scams specifically related to crypto firms — such as the illegal use of bank names and unlicensed deposit-taking activities by crypto firms — we will intensify our monitoring and strengthen public education to raise public awareness and understanding of these scams. We will also collaborate with fellow regulators and major technology firms to combat online financial scams.

Additionally, to enhance support for customers and Als in resolving claims related to losses incurred from scams, the HKMA will continue discussions with the banking industry to explore a more aligned and consistent approach for handling these claims.

Payment Arrangements for Property Transactions

The HKMA will proceed with the implementation of the Payment Arrangements for Property Transactions (PAPT) proposal in respect of sale and purchase transactions in the secondary market, promote wider adoption of the PAPT for mortgage refinancing transactions, and explore necessary enhancements based on the experience gained. We will also bring together various stakeholders to combat property fraud through enhanced control measures and consumer education as appropriate.

Priorities for 2025 and Beyond

Deposit Protection Scheme

Following the smooth implementation of enhancement measures for the Deposit Protection Scheme (DPS), the Hong Kong Deposit Protection Board will continue to strengthen its promotional efforts to raise public awareness of the enhanced DPS. In particular, it will conduct social media campaigns and educational outreach activities to engage key target groups, such as young people and the elderly. Ongoing efforts will also be made to ensure the payout readiness of the DPS. A payout rehearsal will be held in 2025 to ensure that the network of service providers can effectively manage payout operations.

Mandatory Reference Checking Scheme

The HKMA will undertake a review of the Mandatory Reference Checking (MRC) Scheme in collaboration with relevant industry associations with a view to expanding it in the next phase to cover a wider scope of staff. We will also work with fellow regulators to explore extending the MRC Scheme to cover staff in other financial sectors, in a move to address the “rolling bad apples”² phenomenon in the wider financial services industry.

Cross-boundary credit referencing

The HKMA will continue to work closely with the relevant Mainland authorities, banking industry and credit reference agencies to press ahead with the cross-boundary credit referencing pilots, and explore potential expansion of the pilots to include a broader scope of use cases and data coverage.

Bank culture

As part of its ongoing initiative to promote a sound culture in the banking sector, the HKMA will continue to exchange views with the leadership of AIs regarding the effectiveness of their culture enhancement efforts and provide supervisory feedback. We will also maintain dialogue with regulators outside Hong Kong on the development of bank culture.

Participation in global financial consumer protection efforts

Internationally, the HKMA will continue to actively participate in global financial consumer protection efforts, with a focus on promoting responsible lending and addressing the surge in scams and frauds resulting from the increasing use of digitalised banking channels. In January 2025, the HKMA was appointed Chair of the FinCoNet³ Standing Committee 2, where it will lead the workstream on oversight and supervision of debt collection, debt advice and debt management firms.

Financial inclusion

The HKMA will continue to engage with the banking industry, the business community, and other relevant stakeholders to promote financial inclusion in Hong Kong, taking into account market developments and new opportunities arising in the digital age. We will also collaborate with the banking industry to develop guidance on banking services for elderly customers.

² “Rolling bad apples” refers to the situation where individuals who have engaged in misconduct at one institution can obtain employment elsewhere without disclosing their prior misconduct to the new employer.

³ FinCoNet refers to International Financial Consumer Protection Organisation.

Priorities for 2025 and Beyond

Future-proofing the banking sector

Technology adoption by banks

In light of the many benefits that innovative technology may offer to banks when risks are properly managed, the HKMA will continue to operate and enhance its GenAI Sandbox and Supervisory Incubator for Distributed Ledger Technology (DLT) to foster the responsible adoption of GenAI and DLT by banks, enabling them to keep pace with the rapid evolution of technology.

We will also step up our collaboration with relevant authorities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and leverage the Fintech Connect matching platform to cultivate cross-boundary fintech innovation in the region.

Building on the momentum achieved through our fintech promotional work, we will conduct a comprehensive review of the evolution of banks' fintech adoption and their future fintech strategies. This review will determine whether there is a need for us to further elevate the sophistication and maturity of fintech adoption by banks in Hong Kong and if so, it will also inform the design of a new strategic blueprint.

Supervisory transformation

In response to the increasingly dynamic supervisory environment and the growing demand for more agile supervisory responses, the HKMA will embark on a strategic transformation programme for its core supervisory functions. This will involve undertaking a comprehensive assessment and revamping of the HKMA's regulatory and supervisory functions, which encompass prudential supervision, conduct supervision, policy development, anti-money laundering efforts and enforcement. The primary goal of this revamp programme is to enhance our supervisory capacity by effectively utilising the existing talent pool to address emerging supervisory needs. Additionally, revamping these supervisory functions will serve to maximise the value of our existing supervisory technology capabilities, thereby ensuring that our core functions remain adaptable and resilient in the evolving supervisory landscape.

Supervisory technology

Regarding supervisory technology (Suptech), the HKMA is in the process of implementing a data-driven and technology-empowered supervision framework that leverages novel technologies, such as GenAI, to enhance its supervisory capabilities. This framework will comprise a suite of intelligent tools, notably a GenAI-powered supervisory examination automation platform, which will support the rapid identification of risks and enable more agile supervisory responses.

In addition, we will explore opportunities to further enhance risk data reporting by banks with the aim of facilitating the use of Suptech for more in-depth supervisory analyses. Furthermore, we will continue to upgrade our foundational Suptech systems and implement advanced analytics solutions to improve our supervisory effectiveness and enhance our forward-looking capabilities.

Capacity building in the banking sector

The HKMA recognises the importance of the banking sector having a clear roadmap for manpower planning. To this end, we are currently leading a collaborative study with the Hong Kong Institute of Bankers on potential talent gaps over the next five years (i.e. from 2026 to 2030). This joint study is a sequel to the paper titled *Capacity Building for Future Banking, 2021–2025* published in June 2020.

This follow-up study aims to identify skill requirements, assess talent gaps within the banking sector in a forward-looking manner, and provide recommendations for the upskilling and reskilling initiatives needed to address the industry's evolving talent needs. The findings are expected to be published in 2025.

The Enhanced Competency Framework (ECF) for Banking Practitioners, which provides systematic training and industry-recognised qualifications, has played a key role in enhancing the competency level of our banking practitioners. The ECF comprises 10 modules covering different professional workstreams. The HKMA will keep under review possible areas for enhancement. This will ensure that the ECF continues to be effective in developing talent for the banking industry and enhancing the professional competence of existing practitioners.

Priorities for 2025 and Beyond

Building on the positive response to previous seminars, the HKMA will continue to organise the Regulator's Dialogues in the upcoming year. These sessions will provide bank directors and practitioners with updates on current banking issues and the latest regulatory developments.

In addition to enhancing the professional competence of existing practitioners, the HKMA will continue to collaborate with key stakeholders in the coming year to strengthen efforts in attracting and nurturing young talent. These will include various initiatives aimed at providing young talent with real-life work experience, practical banking knowledge, and networking opportunities to better equip them for future careers in the banking industry.

Oversight of financial market infrastructures

The HKMA is committed to promoting the safety and efficiency of the financial market infrastructures (FMIs) under its oversight in accordance with the Payment Systems and Stored Value Facilities Ordinance (PSSVFO), the Principles for Financial Market Infrastructures (PFMI)⁴, and the various guidance documents issued by the Committee on Payments and Market Infrastructures of the Bank for International Settlements (CPMI).

In the coming year, the HKMA will continue to actively participate in the international working groups relating to cross-border payments and monitor the implementation of new and innovative FMI-related initiatives. Additionally, we will actively participate in the work of international standard setting bodies, including the CPMI-IOSCO⁵ PFMI implementation monitoring and assessment exercise, review our oversight requirements to incorporate the latest international practices, and remain poised to respond to emerging market and technological developments.

Hong Kong's competitiveness as an international financial centre

Building on Hong Kong's strong foundation and the abundant opportunities the city presents, the HKMA will strive to reinforce its status as a leading international financial centre in the years to come.

Deepening connectivity between the financial markets of Hong Kong and the Mainland, enhancing Hong Kong's role as an offshore renminbi business hub, and strengthening connections within GBA

The HKMA will continue to explore opportunities to enhance and expand the various Mainland-Hong Kong Connect schemes to further strengthen connectivity with the Mainland financial market, and provide a wider array of risk management and liquidity management tools. Specifically, these efforts include exploring the expansion of the scope of Southbound Bond Connect investors to include non-bank financial institutions, such as securities firms and insurance companies, promoting the wider use of onshore bonds as collateral in offshore markets, and supporting the further opening up of the onshore repo market. Such initiatives will broaden access to Mainland onshore markets for offshore investors, notably Bond Connect investors, and address their growing need for liquidity and risk management as they increase their investments in renminbi assets.

The HKMA will also work closely with Mainland authorities to explore further enhancements and expansion of the Cross-boundary WMC to meet the growing wealth management needs of individual investors and capture future opportunities arising from Mainland's economic development and financial market integration between Hong Kong and the Mainland.

⁴ In April 2012, the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions published the PFMI, which constitute the international standards for the oversight of FMIs, including systemically important payment systems, central securities depositories, securities settlement systems, central counterparties and trade repositories.

⁵ CPMI-IOSCO refers to the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions.

Priorities for 2025 and Beyond

Moreover, the HKMA will continue to collaborate with Mainland authorities and the financial industry to further develop Hong Kong's offshore renminbi market, with a particular focus on deepening market liquidity, expanding the range of renminbi products, enhancing financial infrastructure and stepping up our outreach efforts. We will also enhance financial co-operation in the GBA to provide greater convenience to corporates and individuals, facilitate cross-boundary capital flows, and create more business opportunities for the banking industry in Hong Kong.

Enhancing financial platform competitiveness

Promoting innovation in bond markets

Whilst the adoption of tokenisation in the bond market is still at an early stage, the technology holds the potential to generate efficiency gains, reduce costs, enhance liquidity, and broaden investor participation. We will continue to promote the wider adoption of tokenisation in capital markets by providing funding support under our Digital Bond Grant Scheme, building capacity and sharing knowledge via our EvergreenHub knowledge repository, and assisting with further Government digital bond issuances to reinforce the demonstrative effect to the market and enhance market liquidity and scalability. Additionally, we will explore new innovations in areas such as interoperability, secondary market activity, and collateral mobility, while studying the current legal and regulatory environment to identify potential areas of enhancement to support further development of the digital bond market.

Strengthening Hong Kong's competitiveness as an international asset and wealth management hub

The HKMA will continue to proactively engage with the asset and wealth management industry to attract more capital, talent, and investment activities to Hong Kong. At the same time, we will collaborate with the Government and the industry to strengthen further Hong Kong's competitiveness as an international asset and wealth management hub, by enhancing the preferential tax regimes for funds, single family offices, and carried interest.

Embracing supply chain-related opportunities

Based on the policy recommendations of the Working Group on Supply Chain, the HKMA will collaborate with relevant stakeholders on initiatives to position Hong Kong to seize opportunities as an international financial centre and trading hub amid supply chain reconfiguration.

Enhancing Hong Kong's treasury markets

The HKMA works closely with the Treasury Markets Association and engages market participants to keep enhancing the professionalism and competitiveness of Hong Kong's treasury market, particularly in relation to financial benchmarks, promotion of the Foreign Exchange Global Code, and opportunities to further develop Hong Kong's treasury market.

Reinforcing Hong Kong's position as a fintech hub in Asia

Hong Kong as a fintech hub in Asia

Building on the achievements realised to date under the "Fintech 2025" strategy, the HKMA will continue to unlock the full potential and benefits of fintech, harnessing its power to drive sustainable growth within the financial industry. We will focus on strengthening efforts related to Central Bank Digital Currencies, further developing the next-generation data infrastructure to facilitate more efficient financial intermediation, and deepening the fintech talent pool.

Faster Payment System

Riding on the rapid public adoption of the Faster Payment System (FPS) over the past six years, the HKMA will continue to explore additional potential use cases for the FPS in collaboration with the industry and various Government departments, with a view to further promoting e-payments in Hong Kong.

e-CNY

The HKMA will continue to support the Digital Currency Institute of the People's Bank of China in advancing the digital renminbi (e-CNY) pilot for cross-boundary payments in Hong Kong. These include efforts to promote merchant acceptance of e-CNY, organise public education and promotional activities, explore upgrades to higher tiers for the e-CNY, and identify additional corporate use cases.

Priorities for 2025 and Beyond

Ensuring the reliability and efficiency of Hong Kong's critical financial infrastructure

The HKMA will continue to ensure the smooth and reliable operation of Hong Kong's various financial infrastructures while strengthening their overall resilience and ensuring compliance with international standards.

Ensuring the safety and soundness of the local retail payment industry

In its role of supervising stored value facility licensees and overseeing designated retail payment systems under the PSSVFO, the HKMA will continue to refine its risk-based approach in line with relevant international and local developments to promote a safe and efficient retail payment industry.

Stablecoins and other crypto-assets

With the introduction of the Stablecoins Bill into the Legislative Council in December 2024, the HKMA will focus on implementing the licensing regime for stablecoin issuers in the coming year. This will involve issuing licensing and supervisory guidelines to help applicants understand the licensing process and ensure compliance with the regulatory requirements.

In parallel, recognising the significant potentials of digital assets when risks are effectively mitigated, we will actively promote the responsible and sustainable development of the digital asset sector in Hong Kong. We will also actively contribute to international discussions on digital finance to ensure its development aligns with global standards and best practices.

Nurturing future finance leaders and strengthening applied research capabilities

The Hong Kong Academy of Finance (AoF)⁶ will continue to strengthen its work across three key areas: knowledge exchange and overseas collaborations, thought leadership in macro and industry trends, and the development of future leaders. The AoF's Leadership Development Programme, including its flagship Financial Leaders Programme, will be further enhanced to cultivate leadership talent and broaden the macro and cross-disciplinary perspectives of members and industry participants.

The Hong Kong Institute for Monetary and Financial Research (HKIMR), a subsidiary of the AoF that serves as its research arm, will continue to conduct studies on topics relevant to Hong Kong's financial services industry and regulators. These studies typically focus on areas such as monetary policy, banking, and financial market developments that are strategically important to Hong Kong and Asia. Apart from undertaking research activities, the AoF will continue to make concerted efforts to engage in knowledge exchange with a diverse range of stakeholders, including industry associations, local and international researchers, and research institutions, to enhance the AoF/HKIMR brand and broaden its outreach.

⁶ The AoF was set up with the full collaboration of the HKMA, the SFC, the Insurance Authority and the Mandatory Provident Fund Schemes Authority. It brings together personnel from academia, the industry, professional associations and the regulatory community, with the aim of developing financial leadership and promoting research collaboration.

Priorities for 2025 and Beyond

Strengthening connections with the world

Stepping up market outreach efforts

Building on the visits of HKMA delegations in 2024 to Qatar, Thailand and Malaysia, as well as bilateral meetings in Hong Kong with the Central Bank of the United Arab Emirates and the Saudi Central Bank, the HKMA plans to step up its engagement with various Middle Eastern and Association of Southeast Asian Nations economies in 2025. The aim is to deepen collaborations with the central banks and financial industry participants in the two regions, and to promote co-operation in areas such as financial infrastructure, fintech development and market connectivity. We will also continue our other outreach activities to promote Hong Kong's financial services platform and keep overseas and Mainland stakeholders informed of the emerging opportunities in Hong Kong's financial market.

Actively participating in international central banking and regulatory forums

The HKMA will maintain its active participation in international and regional forums to promote global financial stability.

We will continue to play an active role in priority work areas of the Financial Stability Board (FSB). One example is to lead a thematic peer review on the FSB regulatory framework for crypto-asset activities. We will also actively contribute to other financial stability topics, such as non-bank financial intermediation, financial innovation, cross-border payments, cyber and operational resilience, and climate-related financial risks.

Sustainability efforts

Following the launch of the Sustainable Finance Action Agenda⁷ in October 2024, the HKMA is stepping up its efforts to implement the eight goals set out in the Action Agenda in collaboration with both the private and public sectors at local, regional and global levels, in moves that will further consolidate Hong Kong's position as a sustainable finance hub in the region. Additionally, we will continue our policy work to strengthen the climate resilience of the banking sector and support banks in their transition to net zero.

Further details of our sustainability work can be found in our *Sustainability Report 2024*.

⁷ The Sustainable Finance Action Agenda is available on the HKMA website (<https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20241021e4a1.pdf>).