



International Financial Centre

In 2024, the HKMA made notable progress in strengthening Hong Kong's position as a globally competitive international financial centre.

Together with its Mainland and Hong Kong counterparts, the HKMA launched a range of initiatives to deepen and widen mutual access between the financial markets of Hong Kong and the Mainland. These included enhancements to the Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area; expansion of the scope of eligible collateral for the HKMA's RMB Liquidity Facility and Northbound Swap Connect; refinements to the Northbound Trading of Swap Connect; and enhancements to the Primary Liquidity Providers scheme. These initiatives underpinned Hong Kong's gateway position and reinforced the city's status as a global hub for offshore renminbi business.

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

Significant progress was made on all fronts of the HKMA's "Fintech 2025" strategy, notably in areas such as Central Bank Digital Currency and data infrastructure.

The number of registrations and turnover for the Faster Payment System continued to grow steadily, with 15.8 million registrations reached by the end of 2024 and the average daily number of Hong Kong dollar real-time transactions for the year rising to 1.65 million. 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 Mainland's Internet Banking Payment System to support cross-boundary payments.

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Overview

Throughout 2024, the HKMA maintained its efforts to strengthen Hong Kong's competitiveness as an international financial centre.

Various expansions and enhancements to the Mainland-Hong Kong Connect schemes were introduced, reinforcing the city's role as a bridge between the Mainland and international financial markets. During the year, enhancements to the Cross-boundary Wealth Management Connect (Cross-boundary WMC) scheme were introduced to facilitate cross-boundary retail investment in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). In February, the HKMA expanded the list of eligible collateral for the RMB Liquidity Facility to include onshore bonds issued by the Ministry of Finance of the People's Republic of China (CMOF) and policy banks on the Mainland. Relevant authorities in Hong Kong and the Mainland announced further support for offshore investors to use onshore bonds held under Bond Connect as margin collateral for Northbound Swap Connect transactions in July and implemented the measure in January 2025. Furthermore, Northbound Trading of Swap Connect was enhanced in the year, providing investors with more flexibility and efficiency in their hedging strategies and portfolio management.

Hong Kong's offshore renminbi businesses saw robust growth during 2024. The HKMA made enhancements to the Primary Liquidity Providers (PLP) scheme by increasing the number of PLPs and the size of the scheme. Towards the end of the year, the night-time cross-boundary service capability of Hong Kong's renminbi Real Time Gross Settlement System (RTGS) was enhanced to better support cross-border renminbi payment needs around the world.

Facilitative measures to aid businesses and Hong Kong residents under GBA financial co-operation were implemented, including the pilot cases for cross-boundary credit referencing initiative for corporates' cross-boundary financing activities and remittance arrangements for Hong Kong residents' property purchases in the GBA.

The HKMA continued its efforts to enhance the competitiveness of Hong Kong's broader financial platform. Specifically, to raise Hong Kong's appeal as a preferred fund management centre and family office hub, we worked closely with the Government and the financial industry to provide a more facilitative tax and regulatory environment. In addition, we continued to promote innovation in Hong Kong's bond market through a second tokenised bond issuance under Project Evergreen, the introduction of EvergreenHub, a one-stop digital bond knowledge repository, and a grant scheme for digital bond issuances. In October, we launched the Sustainable Finance Action Agenda, which set out concrete goals to further consolidate Hong Kong's position as a regional hub for green and sustainable finance.

Meanwhile, we continued our market outreach activities to promote Hong Kong's financial services to overseas and Mainland stakeholders. In November, we organised the Global Financial Leaders' Investment Summit for the third year. This three-day event brought together prominent financial leaders from around the world to share their unique perspectives under the theme of "Sailing through Changes". The Summit commenced with a keynote address by Mr He Lifeng, Vice Premier of the State Council, followed by a session with the three Mainland financial regulators and panel discussions featuring leaders in global finance. With over 350 participants from more than 120 international financial institutions, the Summit demonstrated the global financial sector's commitment to and confidence in Hong Kong.

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The HKMA also hosted a number of other conferences and meetings during the year, including:

- the HKMA-Dubai Financial Services Authority (DFSA) Joint Climate Finance Conference in September;
- the 15th Global Risk Forum co-hosted by the HKMA and the Global Association of Risk Professionals in October;
- the HKMA-Bank for International Settlements (BIS) International Financial Conference, also in October; and
- the Financial Stability Board (FSB) Plenary Meeting in December, which was the first such gathering held in Asia since 2016, bringing together over 50 leaders and senior officials from national financial authorities and 12 international standards-setting bodies.

During the year, the HKMA also proactively strengthened bilateral connections with other jurisdictions. In December, we held bilateral meetings with the Central Bank of the United Arab Emirates (CBUAE) and the Saudi Central Bank (SAMA) in Hong Kong to promote investment and financial market connectivity between the Middle East and Asia. A Memorandum of Understanding (MoU) was signed with the CBUAE to develop connectivity between our bond market infrastructures and facilitate cross-border debt securities issuance and investment activities in the two markets. Earlier, the HKMA visited Doha, Qatar, in October to enhance collaboration between the financial services sectors of the two jurisdictions.

Additionally, the HKMA hosted the seventh Hong Kong-Switzerland Financial Dialogue in December. The discussion covered topics on regional and domestic outlook and policy challenges, as well as latest developments and potential collaboration in the areas of sustainable finance, financial technology (fintech) and market connectivity.

In addition, the HKMA visited Thailand in January and Malaysia in May to meet with central banks, financial institutions and corporates to promote Hong Kong's position as an international financial centre and further strengthen bilateral financial linkages and collaboration. One focus area was the broader use of renminbi and local currencies for cross-border investment and trade settlements along with Hong Kong's value propositions.

Internationally, the HKMA has remained an active member of the central banking community and continued to play a leadership role in a number of regional and international committees. Currently, it co-chairs the Policy and Standards Group of the Basel Committee on Banking Supervision (Basel Committee), as well as the FSB Regional Consultative Group for Asia, and it co-chaired the Financial Innovation Network of the FSB (until July 2024). The HKMA also chairs the BIS Meeting of Governors from Major Emerging Market Economies (EMEs) and the FSB Crypto Framework peer review team. Between 2018 and 2024, the HKMA served consecutive terms as the chair of the Working Group on Financial Markets established under the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP)¹.

¹ The EMEAP is a co-operative organisation of central banks and monetary authorities in the East Asia and Pacific region.

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Both the Fintech Facilitation Office (FFO) and the banking departments of the HKMA continued to implement the “Fintech 2025” strategy² to promote wide adoption of fintech and strengthen Hong Kong’s position as a fintech hub in Asia. Key initiatives implemented during the year included:

- promoting further fintech adoption by banks in five focus areas, including Wealthtech, Insurtech, Greentech, artificial intelligence and distributed ledger technology (DLT);
- advancing work on Central Bank Digital Currencies (CBDCs) to understand their benefits and potential applications, including:
 - advancing the Multiple CBDC Bridge (mBridge) to improve cross-border payments;
 - furthering Hong Kong’s study of the prospects of issuing an e-HKD³, and
 - commencing the exploration of CBDC to support tokenisation market development in Hong Kong;
- facilitating lending to small and medium-sized enterprises (SMEs) through Commercial Data Interchange (CDI);
- strengthening cross-border collaboration in fintech; and
- expanding adoption of the Faster Payment System (FPS).

Adoption of the FPS continued to expand in 2024, with its number of registrations and turnover having grown steadily over the past six years. By the end of 2024, the number of registrations had reached 15.8 million, while the average daily number of transactions in 2024 rose 33% from the previous year. Key drivers for the continued rise in transaction volume included increased use of the FPS for settling Government bills, making merchant payments and topping up Stored Value Facility (SVF) e-wallets or bank accounts, in addition to steady growth in person-to-person and business payments.

To ensure the safety and efficiency of the local retail payment industry, the HKMA oversees six designated retail payment systems (RPSs) and supervises 15 licensed SVFs⁴ (four of which are SVFs issued by licensed banks) under the Payment Systems and Stored Value Facilities Ordinance (PSSVFO). During the year, we continued to work closely with the industry to step up controls and customer protection against rising fraud risks.

Following a two-month public consultation ending in February on legislative proposals to implement a regulatory regime for stablecoin issuers in Hong Kong, the Financial Services and the Treasury Bureau and the HKMA jointly published the conclusions in July. The Stablecoins Bill was subsequently introduced into the Legislative Council in December. To better understand the business models of stablecoin issuers and formulate a fit-for-purpose regulatory regime, we also launched a Stablecoin Issuer Sandbox and admitted three participants in July. At the same time, we continued our active participation in the work of international bodies on digital asset-related topics including stablecoins and tokenisation, with a view to ensuring alignment of the relevant regulatory frameworks with global standards and best practices.

² Unveiled in June 2021, the “Fintech 2025” strategy is aimed at encouraging the financial sector to adopt technology comprehensively by 2025, as well as promoting the provision of fair and efficient financial services for the benefit of Hong Kong citizens and the economy. The five focus areas of the strategy are: (1) all banks go fintech; (2) future-proofing Hong Kong for Central Bank Digital Currencies; (3) creating the next-generation data infrastructure; (4) expanding the fintech-savvy workforce; and (5) nurturing the ecosystem with funding and policies.

³ e-HKD refers to a CBDC for use by individuals and corporates in Hong Kong.

⁴ As at the end of 2024, there were 16 SVF licensees issuing SVFs. For details, please refer to *Register of SVF Licensees* on page 170.

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At a glance: The HKMA's initiatives in 2024 to strengthen Hong Kong's competitiveness as an international financial centre

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

- Enhanced Cross-boundary WMC and Northbound Swap Connect
- Expanded the scope of eligible collateral for the HKMA's RMB Liquidity Facility and Northbound Swap Connect to include renminbi bonds issued onshore by the CMOF and the policy banks on the Mainland
- Enhanced the PLP scheme
- Expanded the night-time cross-boundary service capability of Hong Kong's renminbi RTGS to better support cross-border renminbi payment needs around the world
- Supported dim sum bond issuances by the Shenzhen, Guangdong and Hainan governments in Hong Kong
- Collaborated on cross-boundary credit referencing to facilitate corporates' cross-boundary financing activities
- Implemented facilitative measures on the remittances for property purchases in the GBA
- Deepened exchanges between Mainland agencies and financial industry in Hong Kong to identify business opportunities

Strengthening connections with the world

- Hosted a series of international events: Global Financial Leaders' Investment Summit, FSB Plenary Meeting, and HKMA-BIS Joint Conference
- Stepped up market outreach to overseas and Mainland stakeholders to promote Hong Kong's financial services, and laid solid foundation for collaboration with the Middle East and Association of Southeast Asian Nations (ASEAN)
- Actively participated in international central banking and regulatory forums

Enhancing financial platform competitiveness

- Promoted bond market innovation through Project Evergreen by assisting the Government to issue the world's first multi-currency digital bond, launching EvergreenHub, a one-stop digital bond knowledge repository, and introducing a Digital Bond Grant Scheme
- Co-hosted seminar on Supporting Mainland Enterprises' Cross-border Financing in Hong Kong with the Department of Foreign Capital and Overseas Investment of the National Development and Reform Commission (NDRC)
- Consolidated Hong Kong's position as a regional green and sustainable finance hub with the launch of the HKMA's Sustainable Finance Action Agenda
- Worked on enhancements of tax concession regimes for family offices and the asset and wealth management industries
- Supported introduction of the new Capital Investment Entrant Scheme
- Continued raising Hong Kong's value proposition as a Corporate Treasury Centre (CTC) hub and financing hub for infrastructure investments
- Launched a study on changes in supply chains and explored ways to strengthen Hong Kong's competitiveness as an international financial centre
- Continued the development of Hong Kong's treasury and over-the-counter (OTC) derivatives markets

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

- Continued implementation of the HKMA's "Fintech 2025" strategy:
 - Launched a series of cross-sectoral initiatives, including the FiNETech series of events, the Fintech Connect matching platform and the Fintech Knowledge Hub
 - Established the Generative Artificial Intelligence (GenAI) Sandbox with Hong Kong Cyberport Management Company Limited (Cyberport)
 - Launched the Supervisory Incubator for DLT
 - Advanced Project mBridge to reach the Minimum Viable Product (MVP) stage
 - Commenced Phase 2 of the e-HKD Pilot Programme across three main themes and established an industry forum
 - Commenced Project Ensemble to support tokenisation market development in Hong Kong, established the Architecture Community, and launched the Ensemble Sandbox with six tokenisation use cases completed in the initial phase
 - Continued to expand the scope of the cross-boundary digital renminbi (e-CNY) pilot in Hong Kong, so as to facilitate the setting-up and use of e-CNY wallets by Hong Kong residents, as well as the topping-up of e-CNY wallets through the FPS
 - Announced the full operation of the connection arrangement between CDI and the Government's Consented Data Exchange Gateway (CDEG)
- Worked closely with the People's Bank of China (PBoC) to push forward a cross-boundary linkage between Hong Kong's FPS and Mainland's Internet Banking Payment System

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

- Continued to ensure the safe and efficient operation of the RTGS systems, Central Moneymarkets Unit (CMU) and Hong Kong Trade Repository (HKTR)
- Set up CMU OmniClear Limited (CMU Omniclear) to take over the operations and business development of the CMU

Ensuring the safety and soundness of the local retail payment industry

- Continued to promote the safety and efficiency of local retail payment players including the licensed SVFs and the designated RPSs
- Published the consultation conclusions on regulation for stablecoin issuers and introduced the Stablecoins Bill into the Legislative Council
- Launched the Stablecoin Issuer Sandbox

Nurturing future finance leaders and strengthening applied research capabilities

- Continued the leadership development and research efforts of the Hong Kong Academy of Finance (AoF)

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Review of 2024

Hong Kong as the dominant gateway to the Mainland and a global offshore renminbi business hub

Hong Kong continued to strengthen its position as the leading offshore renminbi business hub, underpinned by strong and continuously improving liquidity, product diversity and infrastructure offerings. Building on its growth momentum in the previous year, offshore renminbi businesses saw a broad-based expansion in 2024, particularly in offshore bank lending.

- **RMB1,075.3 billion**
RMB deposits, including outstanding certificates of deposit, **+3%**
- **RMB15.2 trillion**
RMB trade settlements handled by banks in Hong Kong, **+30%**
- **RMB724.0 billion**
RMB loans, **+64%**
- **RMB1,071.6 billion**
offshore RMB bond issuance⁵, **+37%**
- **Over 70%**
of world's offshore RMB Swift payments

Northbound Bond Connect continued to serve as a major channel for international investors to invest in the Mainland bond market using market infrastructures and financial services in Hong Kong. Daily turnover under Northbound Bond Connect averaged RMB 41.7 billion in 2024 (a 4% increase from 2023) and accounted for around 55% of overall trading turnover by foreign investors in the China Interbank Bond Market.

Meanwhile, the offshore renminbi bond market saw solid growth in 2024. Amongst the issuers, CMOF expanded its issuance in Hong Kong to RMB55 billion during the year. The Shenzhen Municipal People's Government and the People's Government of Hainan Province issued offshore renminbi local government bonds in Hong Kong for the fourth and third consecutive years respectively. In September, the People's Government of Guangdong Province issued its first offshore renminbi bond in Hong Kong, a welcome addition to the list of local government issuers. Together with CMOF bonds, these government issuances help provide the benchmark yield curves that can be referenced by the market.

To deepen financial co-operation between Hong Kong and the Mainland, the HKMA expanded the list of eligible collateral for the HKMA's RMB Liquidity Facility in February to include onshore bonds issued by the CMOF and policy banks on the Mainland, and held under Northbound Bond Connect. Relevant authorities in Hong Kong and the Mainland also announced further support for offshore investors to use onshore bonds held under Bond Connect as margin collateral for Northbound Swap Connect transactions in July and implemented the measure in January 2025. These measures can help vitalise offshore investors' onshore bond holdings and further enhance the attractiveness of onshore bonds.

⁵ The methodologies of the HKMA to compile renminbi bond data have been adjusted to cover a wider scope of renminbi bonds issued in Hong Kong.

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In October, the HKMA increased the number of PLPs from nine to 11 and increased the total renminbi repo facility dedicated to all PLPs from RMB18 billion to RMB20 billion. The expansion of the PLP Scheme enhanced offshore renminbi liquidity and was conducive to the continuing development of Hong Kong as the leading offshore renminbi business hub.

In the area of risk management, Northbound Trading of Swap Connect was enhanced in May, providing investors with more flexibility and efficiency in their hedging strategies and portfolio management, and facilitating greater alignment with international practices.

The Cross-boundary WMC has been operating smoothly since its launch in 2021. Up to the end of 2024, 25 eligible Hong Kong banks and 14 eligible Hong Kong licensed corporations had launched Cross-boundary WMC services with their Mainland partner financial institutions. Around 136,400 individual investors had participated in the scheme (including Guangdong, Hong Kong and Macao). In February, Cross-boundary WMC 2.0 was launched. The enhancement measures included refining the eligibility criteria of investors; expanding the scope of participating institutions to include securities firms; expanding the scope of eligible products; increasing the individual investor quota; and further enhancing the promotion and sales arrangements.

The HKMA continued to work on initiatives to support corporates' business operations and the livelihoods of residents in the GBA. To facilitate Hong Kong residents' purchase of properties in Mainland cities within the GBA, measures were announced in January to provide a secure and convenient channel to remit funds through the banking system to the Mainland. Following this, the HKMA continued to work with the banking industry and Mainland authorities to explore further facilitative measures under different scenarios in everyday life.

Facilitating communication between Mainland agencies and the financial industry in Hong Kong

The HKMA organised a variety of industry seminars and round-table discussions involving Mainland regulatory bodies and industry associations during 2024, designed to promote financial co-operation with the Mainland and deepen exchanges between the financial industry and Mainland policymakers and industry players. In December, the Chief Executive of the HKMA led a delegation of The Hong Kong Association of Banks on its annual visit to Mainland financial regulators in Beijing. We also arranged a series of seminars for senior representatives from the China Banking Association and received delegations of provincial government representatives, local regulators and academic groups during the year.

Enhancing financial platform competitiveness

Hong Kong's bond market development

Hong Kong as the leading international bond issuance hub

According to the International Capital Market Association, Hong Kong was, for the ninth time over the last decade, the largest arranging hub for international bond issuances in Asia in 2024. The volume of Asian international bond issuances arranged in Hong Kong amounted to US\$131.6 billion in 2024, representing around 30% of the market total. In addition, for the seventh consecutive year since 2018, Hong Kong continued to be the largest arranging hub for international green and sustainable issuances from the region, with total volume amassing US\$43.1 billion and capturing 45% of the market in 2024.

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Seminar on Supporting Mainland Enterprises' Cross-border Financing in Hong Kong

Over the years, Hong Kong has firmly established its role as the premier offshore financing platform for Mainland issuers thanks to its unique connectivity with the international and Mainland capital markets. In 2024, around three quarters of offshore bond issuances by Mainland entities were arranged in Hong Kong. To further leverage Hong Kong's capabilities and strengths as an international financial centre, the NDRC and the HKMA signed an MoU in 2023 with the aim of further supporting Mainland enterprises' cross-border financing in Hong Kong, and promoting the diversified development of the offshore bond market.

In September, as the first joint promotional event under the NDRC-HKMA MoU, the NDRC's Department of Foreign Capital and Overseas Investment and the HKMA co-organised a seminar in Hong Kong on *Supporting Mainland Enterprises' Cross-border Financing in Hong Kong*, with a view to enhancing understanding of the policies and requirements regarding offshore debt among market participants, and encouraging them to leverage Hong Kong's platform for cross-border financing. The seminar was well received by the industry, attracting some 200 participants from Mainland enterprises, industry associations, financial institutions and law firms.

The NDRC delegation, headed by Mr Zheng Chiping, Director-General of the NDRC's Department of Foreign Capital and Overseas Investment, gave a policy briefing on Mainland firms' borrowing of medium to long-term foreign debt, and also participated in the subsequent closed-door round-table discussion session in which the delegation had an in-depth exchange with industry representatives on Mainland's latest developments and policies in connection with the offshore debt market.



Mr Zheng Chiping (right), Director-General of the NDRC's Department of Foreign Capital and Overseas Investment, with Mr Eddie Yue (left), Chief Executive, at the policy briefing session



Mr Zheng Chiping (centre), Director-General of the NDRC's Department of Foreign Capital and Overseas Investment; Mr Zhu Wei (left), Director of the Foreign Debt Division of the NDRC's Department of Foreign Capital and Overseas Investment; and Mr Kenneth Hui (right), Executive Director (External), at the round-table discussion

Project Evergreen: promoting innovation in Hong Kong's bond market

The HKMA commenced Project Evergreen in 2021 to explore, demonstrate and advance the application of tokenisation technology in capital markets. We focused initially on the bond market, and assisted the Government in issuing two batches of tokenised green bonds in 2023 and 2024. These have set examples for private sector adoption, with various corporates having since issued digital bonds in Hong Kong, modelling the Government's two issuances. In October, to further scale up the digital securities market and accelerate adoption, we launched EvergreenHub, a one-stop digital bond knowledge repository. This was followed a month later by the launch of the Digital Bond Grant Scheme, offering subsidies to incentivise digital bond issuance in Hong Kong and cultivate the local digital asset ecosystem.

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Project Evergreen: From concept to application

2021
Nov

Project Genesis Proof-of-concept of tokenised bonds

- This concept tested the issuance of tokenised green bonds in Hong Kong, in collaboration with the BIS Innovation Hub Hong Kong Centre

2023
Feb

First tokenised issuance World's first tokenised government green bond

- Proved the compatibility of Hong Kong's legal and regulatory framework in supporting innovative forms of bond issuance
- Completed the full set of bond lifecycle events using DLT, from primary issuance to secondary trading settlement, coupon payment and maturity redemption
- Shortened the settlement cycle for primary issuance from the typical T+5 to T+1

2023
Aug

Report on Bond Tokenisation in Hong Kong Blueprint for issuing tokenised bonds in Hong Kong



- Detailed HKMA's experience in issuing the inaugural tokenised government green bond, and laid out the options and considerations of a tokenised issuance from technology, deal structuring and legal and regulatory perspectives
- Provided reference to the market as a blueprint for similar issuances

2024
Feb

Second tokenised issuance World's first multi-currency digital bond

- Matched the benchmark sizes of many conventional issuances with an aggregate issuance equivalent to around HK\$6 billion in four major currencies (Hong Kong dollar, renminbi, US dollar, and euro)
- Attracted subscription from a wide spectrum of global investors, ranging from asset managers, banks, insurance companies and private banks to non-financial institutions
- Streamlined the issuance process, adopted machine-readable language and integrated green bond disclosures with digital assets platform

2024
Oct

EvergreenHub One-stop digital bond knowledge repository



- Provides issuers, investors and other relevant market participants with a one-stop knowledge repository to reference the HKMA's experience in issuing tokenised bonds, as well as related materials on the technological, legal and operational aspects of digital bond transactions

2024
Nov

Digital Bond Grant Scheme Incentive for digital bond issuance in Hong Kong



- Offers a maximum grant of HK\$2.5 million for each eligible digital bond issuance, aimed at incentivising digital bond issuance in Hong Kong and cultivating the local digital asset ecosystem

WHY

Potentials of tokenisation in transforming the bond market

EvergreenHub

One-stop digital bond knowledge repository

Understanding the **WHY** and **HOW** of bond tokenisation

HOW

Key considerations and options in structuring digital bonds, and reference materials for digital bond issuers

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Issuance of Government Bonds

The HKMA, as a representative of the Government, arranges the issuance of bonds under the Government Bond Programme, the Government Sustainable Bond Programme (previously known as the Government Green Bond Programme (GGBP)) and the Infrastructure Bond Programme (IBP).

Government Bond Programme

The primary objective of the Government Bond Programme is to promote further sustainable development of the local bond market.

During the year, the HKMA arranged five tenders of institutional government bonds with a total nominal value of HK\$6.5 billion. As at the end of 2024, the total nominal amount of outstanding institutional bonds was HK\$81.5 billion. On the retail front, the total nominal amount of retail bonds outstanding was HK\$96.7 billion.

Government Sustainable Bond Programme

Previously known as the GGBP, this is an initiative of the Government to promote the development of green and sustainable finance in Hong Kong, especially the green and sustainable bond market. Since the GGBP's launch in 2018, green bonds worth around HK\$220 billion have been issued, comprising both institutional and retail bonds. During the year, the HKMA assisted the Government in issuing institutional green bonds equivalent in value to nearly HK\$25 billion. More details can be found in the *Enhancing the Green and Sustainable Finance Ecosystem* chapter of our *Sustainability Report 2024*. To cater for the GGBP's expansion to cover sustainable projects, it was renamed the Government Sustainable Bond Programme in 2024.

Infrastructure Bond Programme

The Government established the IBP in 2024 to enable better management of the cashflow needs of major infrastructure projects and facilitate their early completion for the good of the economy and people's livelihoods. During the year, the HKMA assisted the Government in issuing close

to HK\$90 billion worth of bonds under the IBP, including HK\$55 billion worth of Silver Bond, HK\$17.7 billion worth of retail infrastructure bond, and around HK\$17 billion worth of institutional infrastructure bonds denominated in Hong Kong dollar and renminbi.

Asset and wealth management

Hong Kong is Asia's largest private equity hub outside the Mainland, with around US\$229 billion in capital under management and around 650 private equity firms as at the end of 2024. The HKMA has continued to work with stakeholders to enhance Hong Kong's private equity platform. By the end of December, 1,057 Limited Partnership Funds⁶ had been established. We are currently working with other Government agencies to review the existing tax concession measures applicable to single family offices, funds and carried interest, and supporting the work of the Task Force on Promoting the Development of Asset and Wealth Management, which was established by the Government in 2024.

With its unique advantage as the dominant gateway to the Mainland and its unparalleled access to investment opportunities, Hong Kong is well positioned as a private wealth management hub for the region. The HKMA has been partnering with other Government agencies, financial regulators and the financial industry to create a conducive environment for private wealth managers and family offices to set up and operate in Hong Kong. In particular, the new Capital Investment Entrant Scheme was launched in March and has received positive responses.

Hong Kong as a hub for corporate treasury centres

Given its role as a gateway to the Mainland and its wide-ranging strengths as an international financial centre, Hong Kong provides corporates with unparalleled access to talent as well as financial and professional services. Since the introduction of the CTC tax regime in June 2016, the HKMA has been actively working with the industry to raise awareness of Hong Kong's value proposition as a CTC hub, attracting multinational and Mainland corporates to set up CTCs in Hong Kong.

⁶ The Limited Partnership Fund regime and the associated re-domiciliation mechanism were introduced in August 2020 and November 2021 respectively.

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Hong Kong as a financing hub for infrastructure investments

The HKMA Infrastructure Financing Facilitation Office (IFFO)⁷ continues to facilitate infrastructure investments by providing a knowledge-sharing platform for industry stakeholders such as multilateral financial agencies and development banks, project developers and operators, public sector entities and professional service firms. In June, IFFO co-hosted with Capacity-building Alliance of Sustainable Investment⁸ a training workshop in Hong Kong, featuring discussions on global sustainable finance markets, policy frameworks and innovative instruments. In September, during the ninth Belt and Road Summit in Hong Kong, IFFO also co-hosted a thematic breakout session on developing sustainable infrastructure projects.

Supply chain changes

In 2024, the HKMA established a working group comprising banks and corporates to conduct an in-depth study into changes in supply chains and propose policy recommendations, with a view to strengthening Hong Kong's competitiveness as an international financial centre and trading hub. Some areas being studied by the working group include emerging global trends such as digitalisation and greening of supply chains, as well as potential opportunities for Hong Kong's financial sector amidst supply chain changes.

Hong Kong's treasury markets

The HKMA participates actively in international and local discussions that support the ongoing enhancement of the professionalism and competitiveness of Hong Kong's treasury market, and works closely with the Treasury Markets Association (TMA) to this end.

During 2024, the HKMA participated in the Global Foreign Exchange Committee and collaborated with the TMA to contribute to the Three-Year Review of the FX Global

Code and promote industry adherence to the Code.

The HKMA adopted some of the recommendations proposed by the TMA CNH Yield Curve Working Group in planning and implementing the various Government bond issuance programmes. The HKMA also worked with the TMA in engaging local market participants to support development of the Hong Kong Dollar Overnight Index Average (HONIA)-linked market, including the continued issuance of HONIA-indexed floating rate notes under the Government's bond issuance programmes.

Over-the-counter derivatives market

The HKMA has worked closely with the Securities and Futures Commission (SFC) to develop detailed rules for implementing the OTC derivatives regulatory regime, and to monitor systemic risk and enhance transparency in the market. Various aspects of the regulatory regime have been introduced in phases. Following public consultations in 2024 on further enhancements to the regime, an updated list of financial service providers under the mandatory clearing regime was scheduled for implementation in January 2025, to be followed in September 2025 by updated international standards on OTC derivatives reporting under the mandatory reporting regime.

The HKMA participated in several international forums and in OTC derivatives working groups established under the FSB, contributing to relevant international initiatives and closely monitoring international regulatory developments.

Hong Kong's credit ratings

The HKMA has been maintaining close dialogue with international credit rating agencies to facilitate a balanced and objective assessment of Hong Kong's credit strength and discuss concerns about the rating outlook with these agencies. During the year, S&P Global Ratings and Fitch Ratings maintained Hong Kong's rating at AA+ and AA- respectively. Moody's rating on Hong Kong stands at Aa3.

⁷ A full list of IFFO partners is available on the HKMA website (<https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/hkma-infrastructure-financing-facilitation-office/iffo-partners/>).

⁸ Capacity-building Alliance of Sustainable Investment is an international co-operation platform initiated by the Beijing Green Finance Association aiming to promote sustainable finance capacity building in Emerging Markets and Developing Economies.

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Strengthening connections with the world

Throughout the year, the HKMA worked proactively with industry stakeholders to reach out to the broader financial community locally and overseas, helping to better inform decision makers about the resilience of Hong Kong's financial system and the growth opportunities that the city presents.

During 2024, the HKMA conducted more than 380 seminars and speaking engagements, and individual engagements reaching out to local and international audiences, including over 24,000 senior executives and professionals from central banks, institutional investors, pension funds, insurance companies, corporates and family offices.

Market outreach analysis

Engagements conducted



over
380

Including:

- Summit and dialogues
- Conferences and forums
- Round-tables and meetings
- Webinars

Audience reached



over
24,000

Channelled through:

- Financial institutions
- Industry associations
- Chambers of commerce
- International organisations

Sectors covered



16

Including:

- Banks
- Hedge funds and private equity funds
- Asset managers and asset owners
- Professional service providers and corporates

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Global Financial Leaders' Investment Summit

In November, the HKMA organised the Global Financial Leaders' Investment Summit for the third year. Over 350 participants were welcomed, including more than 100 group chairmen or CEOs from the world's top financial institutions.

The Summit commenced with a keynote speech by Mr He Lifeng, Vice Premier of the State Council, who shared his insights into latest developments in the Mainland economy and emphasised the Central Government's strong support for Hong Kong as an international financial centre. Later on, three Mainland financial regulators elaborated on the latest economic and financial policies and outlined measures to support Hong Kong in enhancing its position as an international financial hub. Under the theme "Sailing through Changes", panel discussions centred on how the global financial community could embrace and capture the opportunities arising from developments in the macroeconomic environment, geopolitics, technological innovation and climate change, while managing the attendant risks.

The HKMA plans to organise the Summit annually as a high-level flagship financial event in Asia, providing a platform for constructive dialogue on important issues for the global economy and financial markets, and showcasing Hong Kong's unique appeal as Asia's world city.



Mr He Lifeng, Vice Premier of the State Council of the People's Republic of China, delivers opening keynote speech at the Global Financial Leaders' Investment Summit



Mr Paul Chan, Financial Secretary of the Government of HKSAR, delivers keynote speech at the Global Financial Leaders' Investment Summit

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HKMA-BIS Joint Conference

In October, the HKMA and the BIS co-organised a conference for the financial regulatory community. Preceded by the 15th Global Risk Forum co-hosted by the HKMA and the Global Association of Risk Professionals in Hong Kong, the conference brought together over 100 representatives from international bodies, central banks, regulatory authorities, financial institutions, technology firms, consultancy firms and academia around the world to share their insights around the theme of “Opportunities and Challenges of Emerging Technologies in the Financial Ecosystem”.



Mr Eddie Yue, Chief Executive, welcomes delegates to the HKMA-BIS Joint Conference



Mr Yeow Seng Tan (left), Chair of the Operational Resilience Group, Basel Committee on Banking Supervision and Executive Director and Chief Cyber Security Officer, Technology and Cyber Risk Supervision Department of the Monetary Authority of Singapore, moderates a panel discussion titled “How the rise of technology will make or break the future of the financial industry”. With him (from second left) are co-panellists Mr Balbir Bakhshi, Chief Risk Officer of London Stock Exchange Group; Mr James Elwes, Chief Information Officer, Asia Pacific of HSBC; and Mr Til Schuermann, Global Head of Finance and Risk Practice of Oliver Wyman

FSB Plenary Meeting

The FSB Plenary Meeting took place in Hong Kong at the beginning of December, marking the first time such a meeting has been held in Asia since 2016. The Plenary meeting is one of FSB’s most important events, bringing together over 50 leaders and senior officials from national financial authorities and 12 international standard-setting bodies.

At the meeting, FSB members discussed the global financial stability outlook and issues relevant to emerging markets and developing economies. Other topics covered included climate-related financial risks, crypto-assets and global stablecoins, cross-border payments, and non-bank financial intermediation.

The event provided a crucial platform for international collaboration on financial sector policies, highlighting Hong Kong’s status as an international financial centre and an active member of the global regulatory community.

International Financial Centre

Hong Kong as a Fintech Hub in Asia

Fintech Adoption in the Banking Sector

As part of the “All banks go Fintech” initiative under its “Fintech 2025” strategy, the HKMA has launched a series of cross-sectoral initiatives, including the FINETech series of events, the Fintech Connect matching platform and the Fintech Knowledge Hub. Seminars, training sessions, research papers and use case videos were also organised to promote further adoption of Wealthtech, Insurtech, Greentech, artificial intelligence and DLT. The HKMA has also established the GenAI Sandbox in collaboration with Cyberport, as well as the Supervisory Incubator for DLT, to support banks’ responsible adoption of GenAI and DLT respectively. Both initiatives are aimed at providing a secure environment for banks to augment their risk management capabilities and develop related use cases.

See pages 106 to 108 of the *Banking Stability* chapter for more details.

Central Bank Digital Currency

Project mBridge

In collaboration with the Bank of Thailand, the Digital Currency Institute of the PBoC and the CBUAE, mBridge became the most advanced multi-CBDC platform to reach the MVP stage in June, supported by a comprehensive legal framework and a fit-for-purpose governance framework. The SAMA has confirmed to join as a full participant of the mBridge MVP platform.

To advance the platform from the MVP stage to full production, various aspects will continue to be enhanced. Participation from both sectors will also be further widened.



Panel session on mBridge at Hong Kong FinTech Week 2024

Project e-HKD+

To strengthen its research on CBDC, the HKMA has continued its studies on the prospect of issuing an e-HKD that can potentially be used by both individuals and corporates, examining the initiative from technical, legal and policy perspectives. Under the three-rail approach adopted for possible implementation of an e-HKD, the HKMA commenced Phase 2 of the e-HKD Pilot Programme in September to delve deeper into innovative use cases across three main themes⁹. As Project e-HKD expands its coverage to include also tokenised deposits, the project has been renamed Project e-HKD+.

The HKMA has also established an e-HKD Industry Forum to provide a collaborative platform for discussing common issues regarding the project.



Mr Howard Lee (right), Deputy Chief Executive; and Mr George Chou (left), Chief Fintech Officer, host a press conference for the commencement of Phase 2 of the e-HKD Pilot Programme

⁹ The three main themes are (1) settlement of tokenised assets; (2) programmability; and (3) offline payments.

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Project Ensemble

To support the development of the tokenisation market in Hong Kong, the HKMA commenced Project Ensemble in March, and established the Architecture Community in May to develop industry standards for supporting interoperability between CBDC, tokenised money and tokenised assets.

The Ensemble Sandbox was launched in August to explore and experiment with tokenisation use cases with the industry. The initial round of experimentation covers tokenisation of both traditional financial assets and real-world assets across four main themes¹⁰. The initial round of experiments on six tokenisation use cases was completed in collaboration with the SFC and Sandbox participants.

Internationally, the HKMA established partnerships to explore cross-border tokenisation use cases with the Banque de France, the Central Bank of Brazil and the Bank of Thailand.



Members of the Project Ensemble Architecture Community and representatives of participating organisations attend a launch ceremony for Project Ensemble Sandbox

e-CNY

The HKMA has also continued to work with the Digital Currency Institute of the PBoC to further expand the scope of the e-CNY pilot. As the first place to conduct a cross-boundary e-CNY pilot, Hong Kong has become the first location outside the Mainland to enable its residents to set up personal e-CNY wallets locally using their mobile phone numbers, without the need to open a Mainland bank account. Users can leverage the 24x7 operating hours and real-time transfer feature of the FPS to top up their e-CNY wallets through 17 retail banks (as of 31 December) in Hong Kong. The e-CNY can be used to make payments for both online and offline retail purchases in Mainland pilot areas, providing residents in Hong Kong with an additional safe, convenient and innovative means of cross-boundary payments.

Commercial Data Interchange

Meanwhile the HKMA continues to drive the digital economy forward with its consent-based financial data infrastructure, CDI, which enhances commercial data sharing and facilitates lending to SMEs. Since its official launch in 2022, CDI has facilitated more than 42,000 loan applications and reviews, with an estimated credit approval amount exceeding HK\$35.4 billion as at the end of December. With CDI now in its third year of operation, robust data partnerships have been established with the participation of 26 banks and 14 data providers.



An SME explains how CDI helps streamline the loan application process¹¹

¹⁰ The four main themes are (1) fixed income and investment funds; (2) liquidity management; (3) green and sustainable finance; and (4) trade and supply chain finance.

¹¹ For more details, see the SME Stories on the CDI website (<https://cdi.hkma.gov.hk/sme-stories/>).

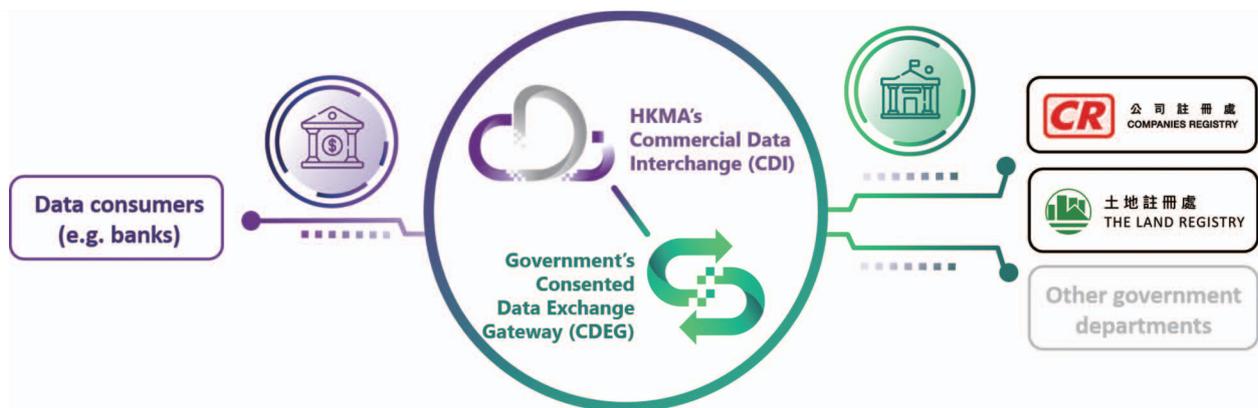
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During the year, the HKMA strengthened its efforts to address the banking industry's demand for government data through CDI. A key milestone was achieved in August with the announcement of the full operation of the connection arrangement between CDI and the Government's CDEG. Through the CDI-CDEG linkage, the Companies Registry is connected to CDI as its first government data source, and the connection arrangement is open to all CDI participating banks.

In a further move to facilitate consented data sharing between Government departments and financial institutions, the HKMA has been working to connect with the Land Registry via the CDI-CDEG linkage in phases from 2025, thereby enhancing mortgage and loan assessments for both individuals and corporates.



Mr Colin Pou (centre), the then Executive Director (Financial Infrastructure), stresses the importance of integrating data from both public and private sources into CDI at a panel session at Hong Kong FinTech Week 2024



Leveraging the CDI-CDEG linkage, CDI is set to welcome the Land Registry as its second government data source in a phased approach starting from 2025

To advance the data analytics functions of CDI, the HKMA commenced a proof-of-concept project on the Commercial Credit Reference Agency (CCRA) 2.0, featuring corporate credit scoring and benchmarking as well as credit modelling based on CDI data elements. Its aim is to streamline the SME lending journey by leveraging the analytics insights derived.

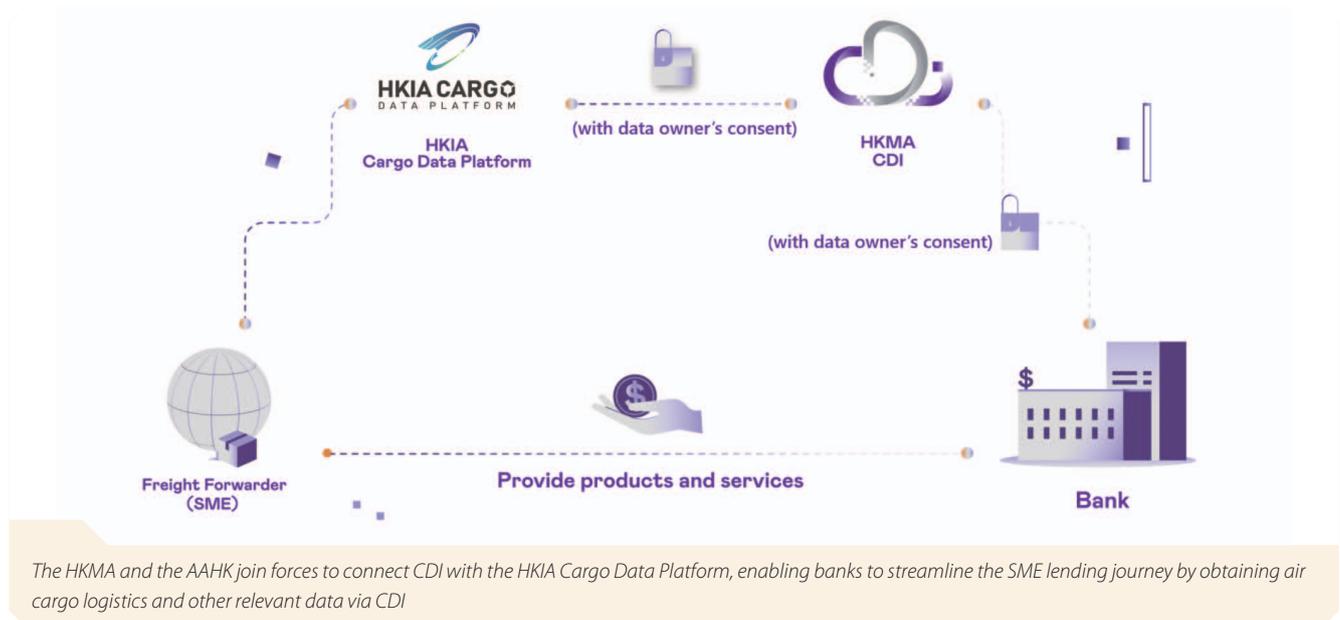


Representatives from banks explore the potential benefits of CCRA 2.0 at a seminar and feedback session

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To diversify CDI's data sources and foster cross-sectoral collaboration, the HKMA has also established a new partnership with the Airport Authority Hong Kong (AAHK) to incorporate consented air cargo logistics data from the Hong Kong International Airport (HKIA) Cargo Data Platform into CDI.

Separately, to enhance cross-boundary banking services for SMEs, the HKMA has been actively exploring pilot operations of cross-boundary credit referencing with Mainland credit reference platforms through CDI.



Talent development

To expand the fintech talent pool, the HKMA has continued to run the Fintech Career Accelerator Scheme (FCAS) in collaboration with its strategic partners to nurture young fintech talent to meet Hong Kong's growing demands. More than 70 students were recruited by the HKMA and over 20 institutions participated in 2024. Separately, the Industry Project Masters Network (IPMN) scheme, launched in 2022, aims to groom fintech talent by giving postgraduate students opportunities to work on real-life fintech projects and gain hands-on experience and skills. The second edition of IPMN was successfully concluded in 2024, with 120 students from six fintech postgraduate programmes and around 30 financial institutions having taken part in fintech industry projects.



Alumni of the FCAS at Hong Kong FinTech Week 2024

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Fintech Sandbox

The Fintech Supervisory Sandbox (FSS) continued to be extensively used by authorized institutions during the year. By the end of December 2024, a total of 360 pilot trials of fintech initiatives had been allowed in the FSS since its launch in 2016, compared with 323 at the end of 2023. The HKMA also received a total of 911 requests to access the FSS Chatroom, more than 59% of them made by technology firms. Since its introduction in 2017, the Chatroom has provided banks and tech firms with valuable supervisory feedback at the early stages of their fintech projects.

The HKMA rolled out the FSS 3.0 and 3.1 Pilot to offer funding support for fintech projects and assist in their commercialisation and wider adoption. FSS 3.0 facilitated the approval of three projects under the Innovation and Technology Commission’s Public Sector Trial Scheme. Following the successful completion of the first round of the FSS 3.1 Pilot funding scheme, the HKMA, in collaboration with Cyberport, launched the second round to provide a subsidy of up to HK\$500,000 per project to a maximum of 10 fintech projects.

Faster Payment System

The number of registrations has grown steadily since the launch of the FPS in 2018. As at 31 December, there were 15.8 million registrations for the FPS (Chart 1), representing a 16% increase from the previous year.

FPS adoption and FPS turnover have continued to grow alongside the increased use of electronic payments. Average daily turnover in Hong Kong dollar and renminbi reached 1.66 million real-time transactions (worth HK\$12.4 billion and RMB593 million) in 2024, 33% higher than in 2023 (see Chart 2 for average daily turnover of Hong Kong dollar).

The increased use of the FPS has also been spurred by a steady rise in its adoption and a gradual extension of its scope of usage, from primarily person-to-person payments to bill, retail and business payments.

Chart 2 Average daily turnover of Hong Kong dollar real-time payments

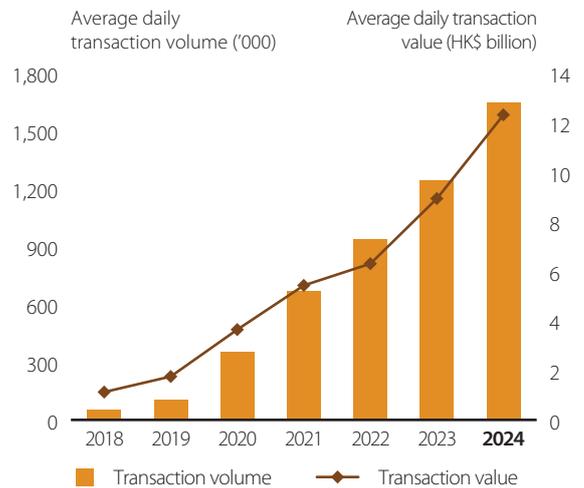
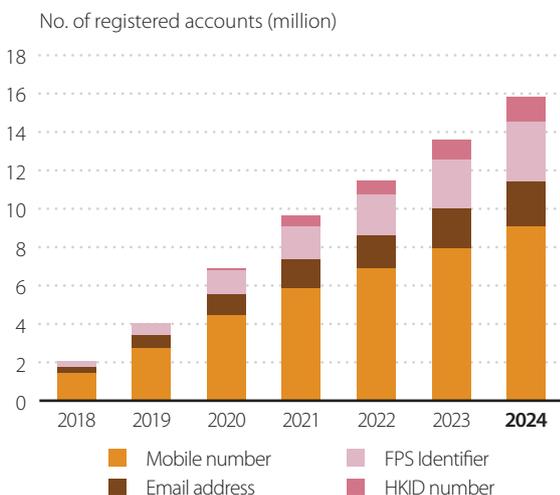


Chart 1 Registrations of FPS proxy identifiers



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The HKMA has been working closely with various Government departments and the banking industry to expand the acceptance of FPS payments. Users can easily scan the FPS QR codes displayed at counters, on bills and on web pages, or use the FPS Web-to-App or App-to-App payment function on mobile applications. More public services such as tunnels, libraries, museums, leisure facilities and Government car parks now accept the FPS for payments of fees and charges. Public usage of the FPS for making payments to the Government continued to expand in 2024. All Government departments now accept the FPS for payments of some of their services. The HKMA will continue to assist the Government in broadening the adoption of the FPS for other use cases.

In another positive development, an increasing number of merchants have embraced the FPS to support their business operations. In 2024, merchant payments surged to an average of 235,000 transactions per day, representing an increase of 26% over 2023. The FPS is commonly used to pay bills, make in-app direct debits, and complete App-to-App or Web-to-App and other online purchases. The increasing popularity of SVF e-wallets has also contributed to a rise in account top-up transactions made through the FPS. In 2024, the average daily number of top-up transactions rose by 57% compared to the 2023 figure.

The FPS x PromptPay link, jointly launched by the HKMA and the Bank of Thailand for cross-border QR payments between Hong Kong and Thailand, has been operating smoothly since its launch. This linkage with Thailand has established a strong foundation for us to explore the potential of similar collaborations with other jurisdictions. In August, the HKMA signed an MoU with the PBoC to establish a co-operative framework for linking the fast payment systems in the two places. The HKMA is working with the PBoC to push forward a linkage between Hong Kong's FPS and Mainland's Internet Banking Payment System to support cross-boundary payments.

During 2024, the HKMA continued to promote the use of the FPS in a number of other areas:

- Outreach activities were conducted with various industry associations and public bodies to promote the use of the FPS and better understand any difficulties with its adoption. Additionally, meetings were arranged with industry stakeholders, including the Government, banks and SVFs, to discuss possible initiatives to help small businesses embrace e-payment through the use of the FPS. To drive further adoption of the FPS by SMEs and merchants in their business operations, the HKMA has encouraged the banking industry to offer microbusinesses and SMEs simple, easy-to-use and affordable FPS payment solutions. This can help small merchants embrace the era of e-payment, which is also one of the HKMA's goals of promoting financial inclusion.
- To further raise public awareness and highlight the key features and benefits of the FPS, a new series of publicity materials was launched in November, including radio and TV Announcements in the Public Interest. The videos were produced in a lively and engaging manner to illustrate the integration of the FPS into residents' daily lives.



A new series of publicity materials is launched to raise public awareness of the FPS and highlight its key features

International Financial Centre

- Promotion campaigns were launched with a series of videos, animations and social media posts to promote new FPS-related services, such as the FPS x PromptPay linkage and the expansion of the cross-boundary e-CNY pilot.



- Joint efforts continued with the industry to promote giving electronic lai sees (e-lai sees) through FPS to go green. Banks and SVFs developed innovative user interfaces to facilitate the giving of e-lai sees and offered incentives to encourage their customers to do so.

Open Application Programming Interface

Since the launch of the Open Application Programming Interface (Open API) Framework for the Hong Kong Banking Sector in 2018, the number of registered third-party service providers (TSPs) using banks' Open API had been growing steadily. As at December, more than 1,600 registrations from these TSPs for using Open API had been recorded, representing a year-on-year growth of about 9%. Over 66 million banking product applications, account enquiries and payment transactions were completed via Open API in the same month, representing a 46-fold increase compared to the same period in 2023.

Interbank Account Data Sharing

The HKMA commenced the Interbank Account Data Sharing (IADS) Pilot Programme in January with the aim of allowing customers to share their bank account data with other banks securely and efficiently, subject to customer consent. As at December, 13 banks had launched IADS products, with other banks planning to follow gradually. We also launched the IADS Developer Platform in collaboration with the Hong Kong Science and Technology Parks Corporation. This is a one-stop platform that provides testing account data and simulated application programming interfaces, facilitating the banking industry and technology firms to jointly develop data-driven products and services.



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Shenzhen-Hong Kong cross-boundary data validation platform

The HKMA and the Shenzhen authorities announced the pilot launch of the Shenzhen-Hong Kong cross-boundary data validation platform in May. This platform utilises blockchain technology and data coding for document verification without involving any cross-boundary transfer or storage of the original documents. It provides a credible means for validating the authenticity of documents presented by data owners. During the first phase of its implementation, pilot trials were conducted with cross-boundary use cases in the financial sector, covering the validation of credit referencing reports as well as account opening documents for corporate customers.

Outreach and collaboration

Since its establishment in March 2016, the FFO has liaised with fintech market players to facilitate the exchange of ideas among stakeholders. During the year, the FFO organised nine events, including panel discussions at Hong Kong FinTech Week 2024. Together, these events attracted over 37,000 attendees from over 100 economies. FFO representatives also spoke at 40 fintech-related events and held over 1,200 meetings with other regulatory authorities, industry organisations, financial institutions, technology firms and start-ups, as well as handling over 140 enquiries from market participants.

The HKMA made further efforts throughout 2024 to strengthen cross-border fintech collaboration, including attending summits and conferences hosted by other jurisdictions.



Mr Paul Chan (fourth from right), Financial Secretary of the Government of HKSAR; Mr Christopher Hui (fourth from left), Secretary for Financial Services and the Treasury; Ms Salina Yan (third from left), Permanent Secretary for Financial Services and the Treasury (Financial Services); Mr Eddie Yue (third from right), Chief Executive, with other guests at Hong Kong FinTech Week 2024



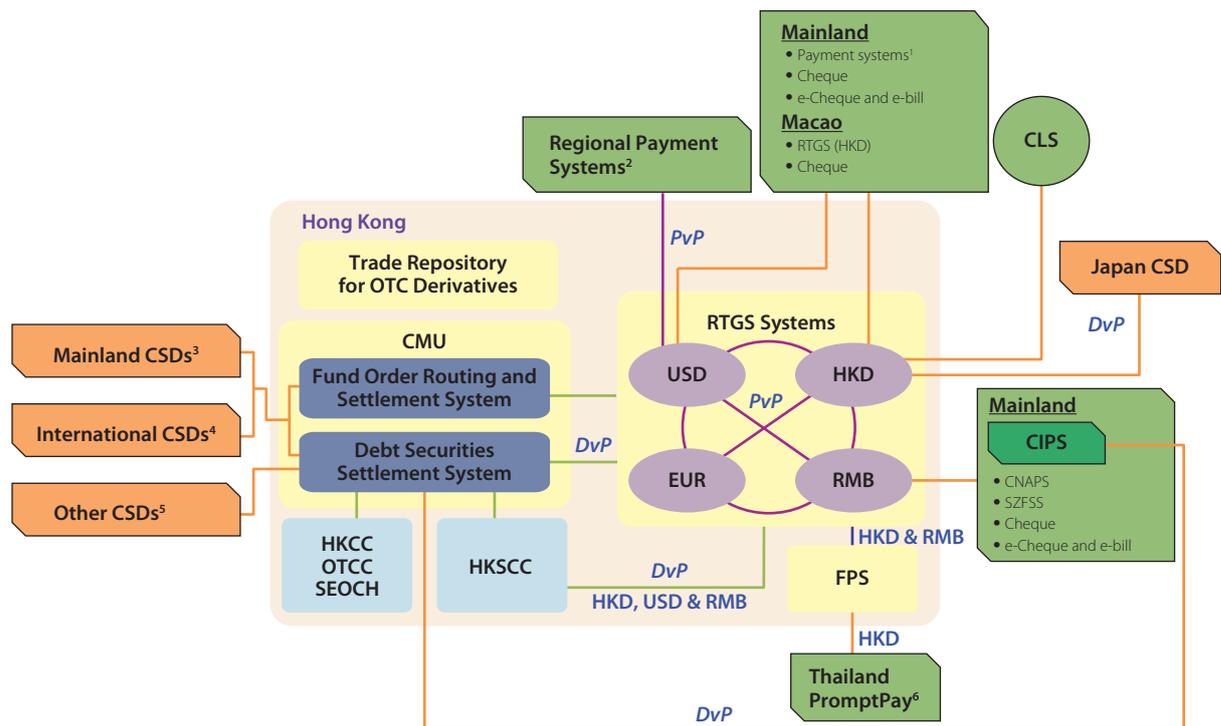
Mr Eddie Yue, Chief Executive, delivers keynote address at Hong Kong FinTech Week 2024

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Hong Kong's financial infrastructure

The HKMA's multi-currency, multi-dimensional payment and settlement platform, with its extensive system linkages between Hong Kong and other areas, continued to operate smoothly and efficiently during the year, helping Hong Kong to maintain its role as a regional hub for the payment and settlement of funds and securities (Chart 3).

Chart 3 Hong Kong's multi-currency financial infrastructure



Note 1: CDFPCS, RTGS links with Shenzhen and Guangdong
 Note 2: PvP links with Malaysia, Thailand and Indonesia
 Note 3: Cross-boundary links with CCDC and SHCH (Bond Connect) and CSDC (Mutual Recognition of Funds)
 Note 4: Cross-border links with Clearstream and Euroclear
 Note 5: Cross-border links with Austraclear, KSD and TDCC
 Note 6: "FPS x PromptPay" link between Hong Kong and Thailand for cross-border QR payment

- CCDC – China Central Depository & Clearing Co., Ltd.
- CDFPCS – China's Domestic Foreign Currency Payment System
- CIPS – Cross-Border Interbank Payment System
- CLS – Continuous Linked Settlement
- CMU – Central Money Markets Unit
- CNAPS – China National Advanced Payment System
- CSDC – China Securities Depository and Clearing Corporation Limited
- FPS – Faster Payment System
- HKCC – HKFE Clearing Corp Ltd
- HKSCC – HK Securities Clearing Co Ltd
- Japan CSD (BOJ-NET) – Bank of Japan Financial Network System for Japanese Government Bond Services
- KSD – Korean Securities Depository
- OTCC – OTC Clearing Hong Kong Limited
- RTGS – Real Time Gross Settlement
- SEOCH – SEHK Options Clearing House Ltd
- SHCH – Shanghai Clearing House
- SZFSS – Shenzhen Financial Settlement System
- TDCC – Taiwan Depository and Clearing Corporation

DvP – Delivery-versus-payment
 PvP – Payment-versus-payment

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Hong Kong dollar RTGS system

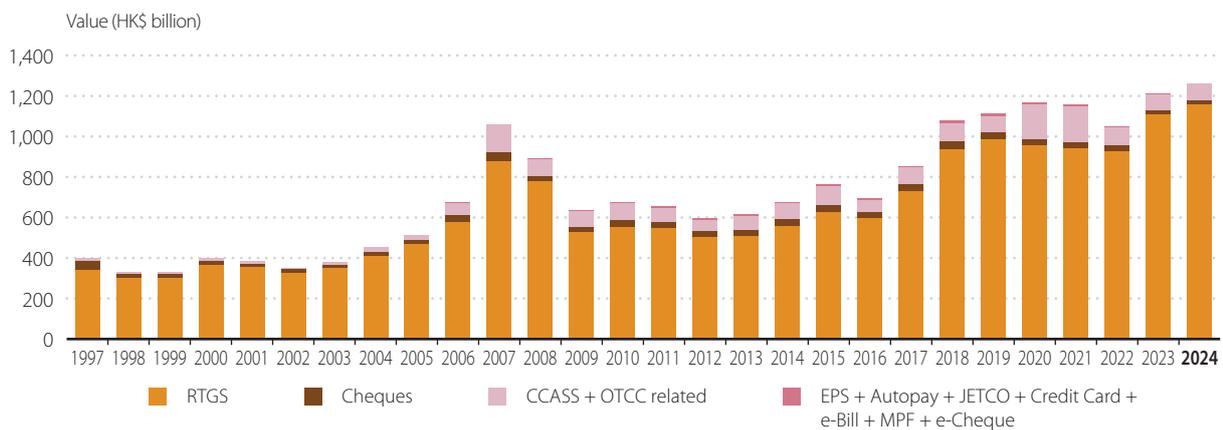
The Hong Kong dollar Clearing House Automated Transfer System (CHATS), which operates on an RTGS basis, is responsible for clearing Hong Kong dollar interbank payments. It continued to run smoothly and efficiently in 2024, with daily average turnover reaching a record high transaction value of HK\$1,156.1 billion (33,491 items), compared with HK\$1,106.1 billion (30,436 items) in 2023.

In addition to settling large-value payments, CHATS handles daily bulk clearings and settlement of stock market transactions, Mandatory Provident Fund schemes' switching transactions, credit card transactions, cheques, small-value bulk electronic payment items (EPS, auto-credit and auto-debit transactions) and automated teller machine transfers (Chart 4). Launched in late 2023, Hong Kong Exchanges and Clearing Limited (HKEX)'s Fast Interface for New Issuance enables the settlement of initial public offering allotment money across banks via RTGS payments, replacing the previous settlement of subscription and refund of over-subscription money via bulk settlement runs.

In September, the HKEX implemented the Severe Weather Trading initiative for the first time under the support of the Government and in collaboration with the HKMA and the SFC. This initiative allows the city's securities and derivatives markets to remain open during severe weather conditions, including the hoisting of typhoon signal No.8 or above, to provide trading, clearing and settlement services to local, Mainland and international investors. CHATS has also been enhanced to support this reform, which is a key step in strengthening Hong Kong's competitiveness as an international financial centre.

The FPS serves as an extension of the Hong Kong dollar CHATS, enabling the public to make instant retail fund transfers and payments across different banks and SVFs on a round-the-clock basis. It has been operating smoothly since its inception in September 2018, and had a daily average real-time payment transaction value of HK\$12.4 billion (1,652,911 items) in 2024.

Chart 4 Hong Kong dollar RTGS system average daily turnover



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RTGS systems for other currencies in Hong Kong

The renminbi, US dollar and euro RTGS systems all operated smoothly during 2024. The cut-off time for the renminbi RTGS system has been extended in phases since June 2012 from 6:30 p.m. to 5:00 a.m. the next day (Hong Kong time), providing a total of 20.5 hours for same-day value payments. This extension gives financial institutions around the world a much longer operating window to settle offshore and

cross-boundary renminbi payments through Hong Kong’s infrastructure. The average daily value of Mainland-Hong Kong cross-boundary renminbi payments amounted to around RMB927 billion in 2024, accounting for 30% of total turnover.

The average daily turnover and other details of the RTGS systems for other currencies are set out in Charts 5–7 and Table 1.

Chart 5 Renminbi RTGS system average daily turnover

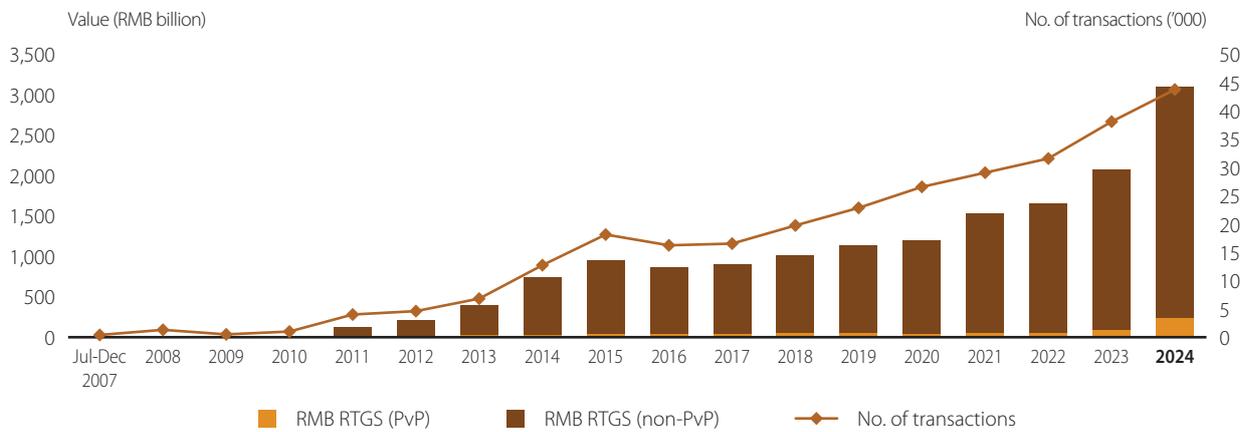
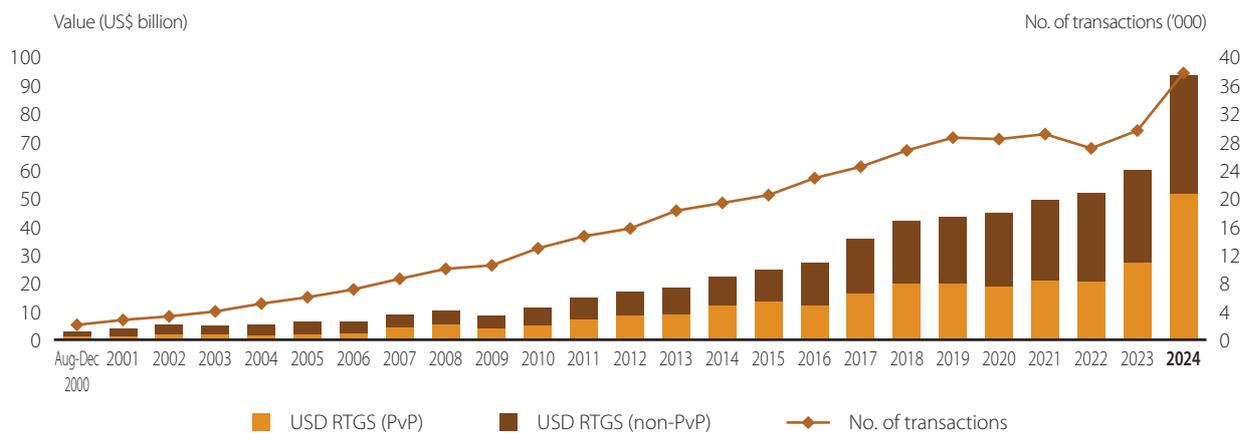


Chart 6 US dollar RTGS system average daily turnover



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Chart 7 Euro RTGS system average daily turnover

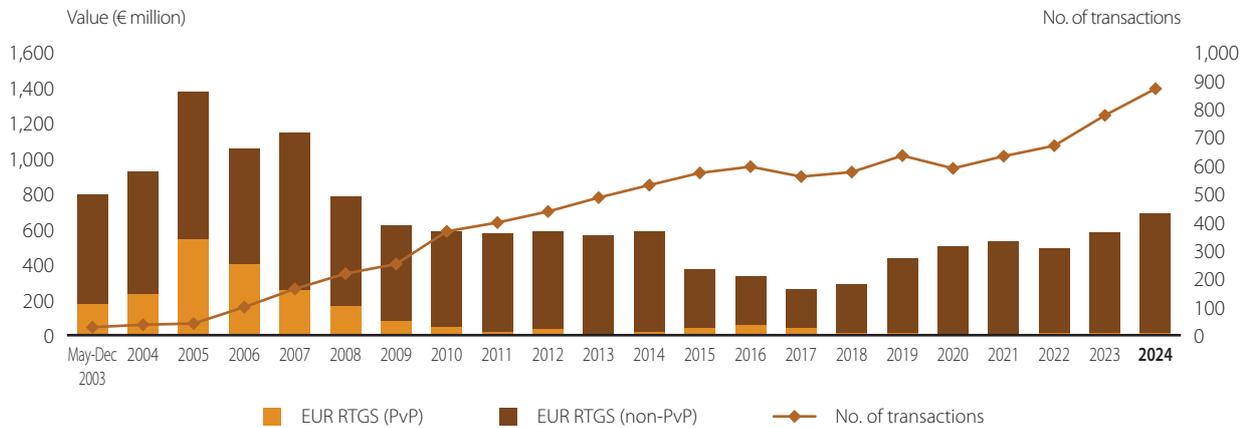


Table 1 RTGS systems for other currencies

| RTGS system | Launch date | Settlement institution or Clearing Bank | Number of participants at end 2024 | Average daily turnover in 2024 | Average daily transactions in 2024 |
|-----------------------|-------------|---|------------------------------------|---------------------------------|------------------------------------|
| Renminbi RTGS system | June 2007 | Bank of China (Hong Kong) Limited | Direct: 206 | RMB3,097.5 billion ^a | 43,659 |
| US dollar RTGS system | August 2000 | The Hongkong and Shanghai Banking Corporation Limited | Direct: 115 Indirect: 88 | US\$93.1 billion ^a | 37,613 |
| Euro RTGS system | April 2003 | Standard Chartered Bank (Hong Kong) Limited | Direct: 39 Indirect: 18 | €686 million | 869 |

a. Average daily turnover represented a record high in 2024.

Like the Hong Kong dollar FPS, the renminbi FPS (an extension of renminbi CHATS) has been operating smoothly since its inception in September 2018. It had a daily average real-time payment transaction value of RMB593 million (3,101 items) in 2024.

Payment-versus-payment

Payment-versus-payment (PvP) is a settlement mechanism for foreign exchange transactions that ensures payments involving two currencies are settled simultaneously. PvP greatly improves settlement efficiency and eliminates the settlement risk arising from time lags in settlements and time zone differences, known as Herstatt risk.

In Hong Kong, six cross-currency PvP links have been established connecting the Hong Kong dollar, renminbi, US dollar, and euro RTGS systems. The US dollar RTGS system has also established three cross-border PvP links, namely with

Malaysia's ringgit RTGS system in 2006, Indonesia's rupiah RTGS system in 2010, and Thailand's baht RTGS system in 2014.

To encourage further adoption of PvP, the PvP settlement mechanism was enhanced in February 2023 to enable US dollar-renminbi foreign exchange transactions to be settled on a multilateral netting basis (PvPNet) as scheduled on CHATS, in addition to the current gross mode. PvPNet provides CHATS members with a means to net their funding obligations for these kinds of PvP transactions, thus enabling them to more easily manage their liquidity and foreign exchange settlement risk.

In 2024, the transaction values of Hong Kong dollar, renminbi, US dollar and euro-related PvP transactions (including PvPNet) amounted to approximately HK\$21,850 billion, RMB52,132 billion, US\$11,827 billion, and €2,697 million respectively.

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Payment links with the Mainland

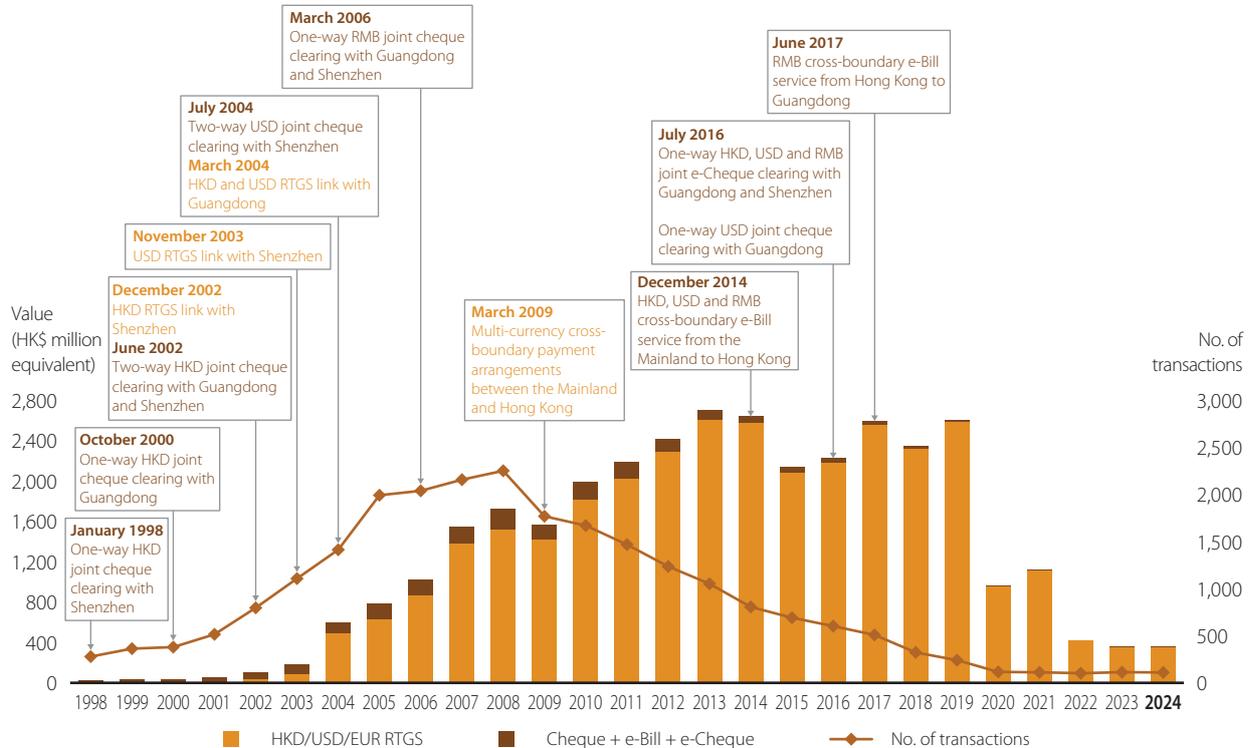
The HKMA works closely with Mainland authorities to provide efficient cross-boundary payment links. In 2024, the average daily turnover of various system links, including RTGS cross-boundary links with Mainland’s Domestic Foreign Currency Payment Systems, recorded a total value equivalent to around HK\$0.4 billion (Chart 8). The Hong Kong dollar and US dollar RTGS system links with Shenzhen and Guangdong handled more than 6,400 transactions, with a total value equivalent to HK\$54.4 billion.

The joint cheque-clearing facilities provide clearing service for cheques drawn on banks in Hong Kong and presented in Shenzhen and Guangdong. In 2024, these facilities processed about 9,100 Hong Kong dollar, renminbi and US dollar cheques, with a total value equivalent to around HK\$0.6 billion.

Payment links with Macao

A one-way joint clearing facility between Hong Kong and Macao was launched in 2007 for Hong Kong dollar cheques, and in 2008 for US dollar cheques. In 2024, Hong Kong dollar cheques and US dollar cheques amounting to about HK\$7 billion and about US\$47 million respectively were cleared. To foster financial co-operation between Hong Kong and Macao and facilitate Hong Kong dollar payment flow, a service called the “Hong Kong Dollar RTGS linkage between Hong Kong and Macao”, which links the Hong Kong dollar CHATS in Hong Kong and the Hong Kong dollar RTGS system in Macao, was launched in October 2022.

Chart 8 Average daily turnover in cross-boundary arrangements with the Mainland



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Debt securities settlement system

From its initial role of providing services in support of the issuance, clearing and settlement of Exchange Fund Bills and Notes and Hong Kong Government bonds, the CMU has evolved to provide multi-currency settlement, clearing and custodian services to debt securities that are denominated in Hong Kong dollars or other currencies.

Robust growth in assets under custody and new debt issuance through the CMU were observed in 2024, continuing the strong performance in 2023. The CMU processed an average daily value of HK\$34.7 billion in 245 secondary market transactions (Chart 9). By the end of the year, the outstanding amount of Exchange Fund Bills and Notes, Government bonds and debt securities issued by the public and private sectors stood at HK\$1,306.8 billion, HK\$404.0 billion, and HK\$1,752.3 billion equivalent respectively (Chart 10), while the total outstanding amount of debt securities lodged with the CMU reached the equivalent of around HK\$3.4 trillion.

During the year, the CMOF, the PBoC, Mainland municipal governments and corporates also issued renminbi-denominated bonds/bills in Hong Kong through the CMU platform. A total 14 rounds of bonds/bills issuance were conducted for CMOF/PBoC in 2024 with an aggregated issue size of RMB330 billion, compared with RMB210 billion in 2023.

Chart 9 CMU average daily turnover

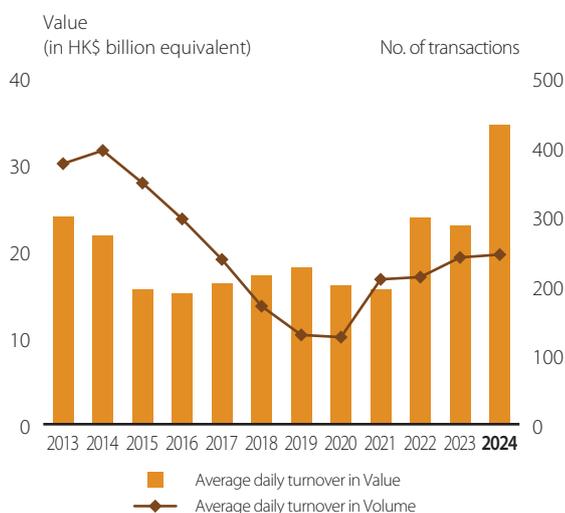
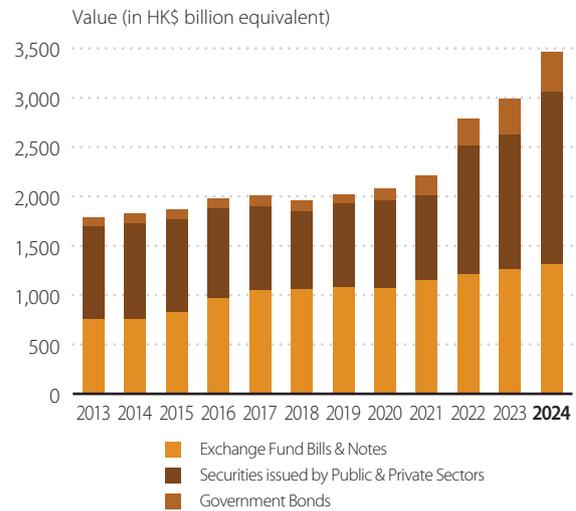


Chart 10 Outstanding amount of CMU issues



Over the years, the CMU's linkages with international and regional central securities depositories (CSDs) have enabled investors outside Hong Kong to hold and settle securities lodged with the CMU, while local investors can hold and settle securities held with CSDs outside Hong Kong. In September, the HKMA and the Monetary Authority of Macao jointly announced the establishment of a direct linkage between the CMU and the CSD operated by Macao Central Securities Depository and Clearing Limited to facilitate mutual bond market access. In October, the CMU and SIX¹² signed an MoU for co-operation in securities depository and settlement.

¹² SIX provides and operates stable and efficient infrastructure for the Swiss and Spanish financial centres.

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To help Hong Kong capitalise on the further opening up of the Mainland debt market and support new business initiatives, the HKMA is making enhancements on the system front by implementing a phased introduction of the CMU New Platform. The first phase, launched in July 2023, has been operating in an orderly manner and has laid a sound infrastructural foundation for subsequent phases of development. The second phase is currently under way, with the objective of upgrading the capabilities of the CMU system and enhancing its functionality for higher settlement and operational efficiency. Apart from this new platform development, CMU system enhancements for alignment with international standards and cyber security have been progressing well during the year, such as the migration of money messages to ISO20022 standard.

In October, CMU OmniClear was set up as a wholly owned subsidiary of the Exchange Fund to take over the operations and business development of the CMU with effect from 1 January 2025. More efforts were made during the year to raise CMU's profile and recognition among the financial community through various marketing and outreach activities, including participation in international conferences and organisations, and the publication of CMU newsletters and online videos. The CMU was also an exhibitor at the Sibos¹³ event and became a member of the International Securities Services Association.



Senior representatives of the HKMA and CMU OmniClear conduct a meeting with senior management from SIX to foster a closer working relationship for the prosperity of financial markets in both jurisdictions



The CMU delegation at Sibos 2024 in Beijing, organised by Swift



Members of the CMU delegation interact with industry participants and regional/international CSDs at the Sibos event

Over-the-counter derivatives trade repository

By the end of 2024, the HKTR system had recorded 4,732,372 outstanding transactions, compared with 5,017,584 in 2023. The HKMA participated in a number of international discussions and working groups on reporting standards for trade repositories, keeping itself abreast of developments and helping ensure the HKTR continues to meet international standards and best practices.

¹³

Sibos is the annual conference, exhibition and networking event organised by Swift for the financial industry.

International Financial Centre

Hong Kong's retail payment industry

The HKMA promotes the safety and efficiency of the retail payment industry by implementing the regulatory regime for SVFs and RPSs in accordance with the PSSVFO. Under the PSSVFO, the HKMA is empowered to license SVF issuers, designate important RPSs, and discharge supervisory and enforcement functions.

Stored value facilities (including e-wallets and prepaid cards)

The HKMA regulates the SVF licensees (Table 2) under a risk-based approach, drawing on the supervisory experience it has accumulated since the inception of the SVF licensing regime as well as relevant market developments.

In 2024, the HKMA continued to provide supervisory guidance to the industry on key issues such as the rollout of new functions and services. Alongside this, the HKMA proactively worked with different market participants to raise awareness of issues related to the usage and regulation of SVFs. Over the year, 13 licensing enquiries were received by the HKMA.

The HKMA also provided necessary supervisory guidance to the SVF industry. This included guidance to help SVF licensees improve the efficiency and effectiveness of their control systems in the areas of corporate governance, float protection, payment security, and anti-money laundering and counter-financing of terrorism controls.

To address the risk of fraud, the HKMA provided guidance to SVF licensees on enhanced controls in relation to malware, implementation of the Suspicious Account Alert Model, and mandatory participation in the SMS Sender Registration Scheme. An SVF Industry Working Group meeting was organised to raise the industry's awareness of fraud cases and facilitate sharing of industry trends among SVF licensees.

Table 2

Register of SVF licensees

(in alphabetical order) (as at 31 December 2024)

SVF Licensees

33 Financial Services Limited
 Alipay Financial Services (HK) Limited
 Autotoll Limited
 ePaylinks Technology Co., Limited
 HKT Payment Limited
 Octopus Cards Limited
 PayPal Hong Kong Limited
 RD Wallet Technologies Limited
 TNG (Asia) Limited*
 UniCard Solution Limited
 WeChat Pay Hong Kong Limited
 Yintran Group Holdings Limited

* The licence of TNG (Asia) Limited as an SVF licensee was revoked by the Monetary Authority in accordance with the PSSVFO on and from 9 January 2025.

Licensed Banks *(currently issuing or facilitating the issue of, or with no objection from the HKMA for issuing or facilitating the issue of, SVFs)^a*

Bank of China (Hong Kong) Limited
 Bank of Communications (Hong Kong) Limited
 Dah Sing Bank, Limited
 Hongkong and Shanghai Banking Corporation Limited
 (The)

a. Pursuant to Section 8G of the PSSVFO (with reference to Section 2 of the PSSVFO and also Section 2(1) of the Banking Ordinance), a licensed bank is regarded as being granted a licence.

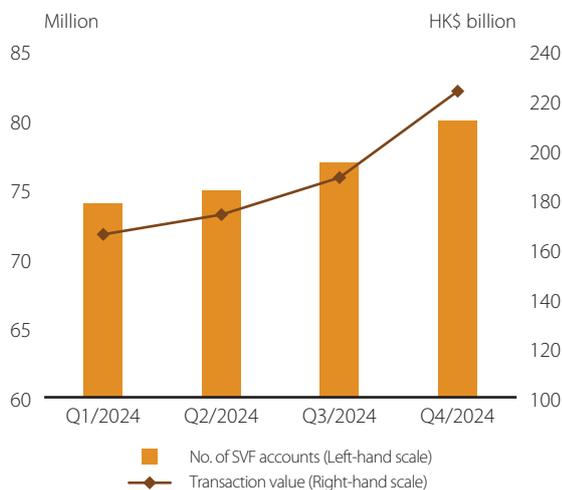
International Financial Centre

As major e-wallet and retail payment operators in Hong Kong have begun providing cross-border retail payment services to users in response to emerging cross-border payment needs, merchants are increasingly accepting SVF in both the Mainland and Hong Kong. The HKMA will continue to work with SVF licensees to ensure that efficient, secure and convenient cross-border payment solutions are being made available to users.

In support of the Government’s 2023 Consumption Voucher Scheme that was completed in the first half of 2024, the HKMA facilitated co-ordination between the relevant Government agencies and the SVF licensees appointed for the scheme.

The number of SVF accounts stood at 79.78 million as at the end of 2024, or around 10.6 accounts per resident. In the fourth quarter, 2.2 billion transactions totalling HK\$223.6 billion were recorded (Chart 11).

Chart 11 Growth trend of the SVF industry in 2024



Retail payment systems

In accordance with the PSSVFO, six RPSs, which process payment transactions involving participants in Hong Kong, have been designated by the Monetary Authority on the grounds that the proper functioning of these systems is of significant public interest (Table 3). The HKMA adopts a risk-based approach in its oversight of the designated RPSs, which are required under the PSSVFO to operate in a safe and efficient manner.

Table 3

System operators of designated RPSs

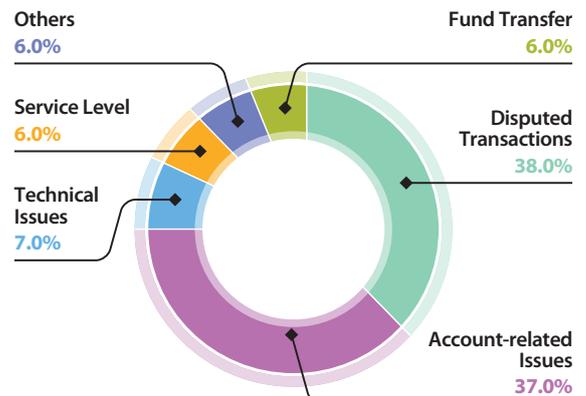
(in alphabetical order)(as at 31 December 2024)

- American Express
- EPS Company (Hong Kong) Limited (EPSCO)
- Joint Electronic Teller Services Limited (JETCO)
- Mastercard
- UnionPay International
- Visa

Complaints and enquiries on stored value facilities and retail payment systems

The HKMA received a total of 1,090 complaints and enquiries regarding SVF licensees and RPS operators in 2024. Cases involving disputed transactions and account-related issues continued to be the most common type of the 304 SVF complaints received during the year (Chart 12). SVF licensees and RPS operators are required to review their capacity and efficiency for responding to public complaints on a regular basis, with the HKMA monitoring their handling of such complaints to ensure they are being processed in a fair and timely manner. The HKMA also reviewed all the complaints and enquiries it received, following up with relevant SVF licensees and RPS operators when potential supervisory issues were identified.

Chart 12 SVF complaints received in 2024



International Financial Centre

Performance Pledge

In fulfilling its regulatory functions, the HKMA pledges to be responsive to the public, media, and other authorities. In late 2023, the RPOD enhanced its operating system to enable automatic issuance of an acknowledgment email for complaints or enquiries submitted online or by email. The RPOD will continue to adhere to its performance pledge of issuing a preliminary response to complaints or enquiries within seven working days upon case validation. In 2024, our performance pledges on the response time to complaints and enquiries were met (Table 4).

Table 4

Performance pledge of the HKMA in handling complaints and enquiries related to SVF/RPS in 2024

| Item | Performance Pledge | Achievement Rate |
|--|--------------------|------------------|
| Preliminary response to complaints or enquiries in relation to SVF/RPS | Seven working days | 100% |

Regulation of stablecoin issuers and crypto-asset-related work

Following a two-month public consultation ending in February on legislative proposals for implementing a regulatory regime for stablecoin issuers in Hong Kong, the Financial Services and the Treasury Bureau and the HKMA jointly published the conclusions of the relevant consultation in July. A vast majority of respondents supported the proposals. The Stablecoins Bill, which will provide a robust regulatory environment for sustainable and responsible development of the stablecoin ecosystem in Hong Kong, was subsequently introduced into the Legislative Council in December.

To better understand the business models of stablecoin issuers and formulate a fit-for-purpose regulatory regime, the HKMA launched a Stablecoin Issuer Sandbox. This sandbox allows institutions planning to issue fiat-referenced stablecoins in Hong Kong to conduct testing on their operational plans in a risk-controlled environment and facilitates two-way communications on the proposed regulatory requirements. Three participants were admitted to the sandbox in July and successfully conducted testing in a risk-controlled environment under the HKMA's oversight. Outside of the sandbox, the HKMA maintains regular contact with institutions planning to issue fiat-referenced stablecoins in Hong Kong.

Meanwhile the HKMA has actively engaged in international discussions and co-ordination efforts on topics related to digital assets. In particular, it has contributed to the discussion and drafting work of the FSB in assessing and addressing financial stability risks and vulnerabilities associated with crypto-assets, including stablecoins, as well as tokenisation. The relevant reports were submitted to the G20 and published. The HKMA will also lead the FSB's review of the implementation status of the FSB Global Regulatory Framework for Crypto-asset Activities at the jurisdictional level in 2025.

International Financial Centre

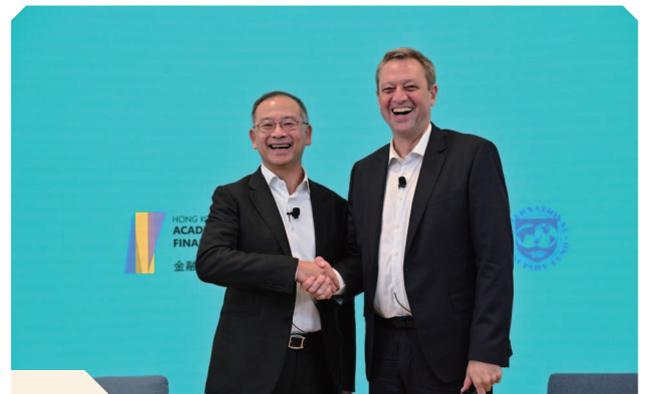
Hong Kong Academy of Finance

The AoF was set up in June 2019 to serve as a centre of excellence for the development of financial leadership, and as a repository of knowledge for monetary and financial research, including applied research. The AoF's leadership development and research efforts are focused on key contemporary developments in the financial sector.

During the year, a diverse range of activities was conducted under the AoF's Leadership Development Programme. Four sessions of the Distinguished Speakers Series featuring world-renowned speakers were held (Table 5). These discussions covered global economic and geopolitical developments and financial market issues, as well as the speakers' leadership journeys. The AoF co-organised a number of events with other international, overseas and local organisations on various topics.



(From left) Mr Eddie Yue, Chief Executive of HKMA and Chairman of AoF; Dr Andreas Dombret, Global Senior Advisor of Oliver Wyman; and Mr Arthur Yuen, Deputy Chief Executive of HKMA and Deputy Chairman of AoF, at the Distinguished Speakers Series in February



Mr Eddie Yue (left), Chief Executive of HKMA and Chairman of AoF, with Mr Tobias Adrian (right), Financial Counsellor and Director of the Monetary and Capital Markets Department of the International Monetary Fund, at the AoF-HKIMR-IMF Seminar in March



Ms Jenny Johnson (left), President and Chief Executive Officer of Franklin Templeton, with Mr Howard Lee (right), Deputy Chief Executive of HKMA, at the Distinguished Speakers Series in March



The "Conversations with Global Investors" seminar of the Global Financial Leaders' Investment Summit

International Financial Centre

Table 5 Distinguished Speakers Series in 2024

| | | |
|--------|---------------------------------------|---|
| 2 Feb | Dr Andreas Dombret | Global Senior Advisor, Oliver Wyman and former member of the Executive Board of Deutsche Bundesbank |
| 5 Mar | Ms Jenny Johnson | President and Chief Executive Officer, Franklin Templeton |
| 16 May | Mr Zhang Lei | Founder and Chairman, Hillhouse |
| 4 Dec | Mr Ayman Al-Sayari | Governor, Saudi Central Bank |
| | Mr Agustín Carstens | General Manager, Bank for International Settlements |
| | Mr Klaas Knot | President, De Nederlandsche Bank |
| | Mr François Villeroy de Galhau | Governor, Banque de France |

The key objectives of the Financial Leaders Programme are to inspire Hong Kong's future financial leaders, equip them with a leadership mindset and the ability to look at issues from a macro perspective, and expand their networks. The 2024 cohort comprised 21 senior executives from a broad spectrum of the industry. Their nine-month programme included a five-day field trip to Bangkok and Jakarta in September as part of the AoF's outreach to the ASEAN region.



Cohort members in a field trip to Bangkok and Jakarta

The AoF continues to recruit members to strengthen the pipeline of future leaders. Members of the AoF are senior executives from financial institutions, regulators, professional firms and academia in the field of finance. During the year, the AoF launched the Regulators' Series to strengthen knowledge-sharing and networking among the financial regulators in Hong Kong, as well as a "luncheon seminar" series at which prominent speakers were invited to discuss topical issues of importance with Members in a more relaxed setting.

Many of the AoF's events were made available online. This not only attracted a much larger audience from within and outside Hong Kong, but also improved the recognition of the AoF and enhanced the reputation of Hong Kong as an international financial centre. The AoF continued to publicise its activities digitally through its YouTube channel, website, quarterly newsletters and social media channels, further establishing itself as a reputable platform for knowledge exchange and insights into economic and financial issues, particularly those related to Hong Kong and the Mainland.

International Financial Centre

On the research front, the Hong Kong Institute for Monetary and Financial Research (HKIMR), the research arm of the AoF, published two applied research reports on decentralised finance and the metaverse. The research findings were disseminated by the HKIMR through a wide range of initiatives. These included the launch of new promotional videos, a series of local events organised in collaboration with key industry associations that brought together around 1,000 market practitioners from various financial sectors, presentations at seminars in Japan and the ASEAN region, and a webinar aimed at the ASEAN+3¹⁴ Finance Think-tank Network community. Additionally, the activities were promoted on social media channels, resulting in a notable

increase in report downloads. Through these initiatives, the HKIMR played its role in fostering dialogue among industry participants and enhancing awareness of the latest market and regulatory trends in the digital asset space.

During the year, the HKIMR also published three applied research papers covering environmental, social and governance; market microstructure; and financial innovation. Local and international market participants, regulators and academics extensively made reference to these research outputs through various channels, reflecting the financial community's favourable response.



Mr Enoch Fung (left), Chief Executive Officer of AoF, with Mr Giorgio Valente (right), Head of HKIMR, share key findings of two applied research reports in June

¹⁴ ASEAN+3 comprises the 10 ASEAN member countries (Brunei, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam), together with China, Japan and South Korea.

International Financial Centre

International and regional co-operation

Participation in the international financial community

The HKMA participates actively in central banking and regulatory forums in 2024 to contribute to global financial stability.

The HKMA is a member of the FSB Plenary, the FSB Steering Committee, the FSB Standing Committee on Assessment of Vulnerabilities and the FSB Standing Committee on Supervisory and Regulatory Cooperation. Under the FSB, the HKMA actively contributes to work on non-bank financial intermediation, crypto-assets and financial innovation, and cross-border payments, among other topics. The FSB Steering Committee, to which the HKMA was admitted as a member in April 2024, provides guidance to Standing Committees to carry forward the directions of the FSB. In addition, the HKMA has co-chaired the FSB Regional Consultative Group for Asia for a two-year term since July 2023, with the aim of promoting interaction between FSB members and non-members in the region on policy initiatives, and facilitating exchange of views on financial stability issues.

In other areas, the HKMA co-chaired the Financial Innovation Network under the FSB Standing Committee on Assessment of Vulnerabilities, which monitors and assesses financial innovations from a financial stability perspective, until July 2024. The HKMA is also leading a peer review team to assess progress and challenges to the implementation of the FSB Global Regulatory Framework for Crypto-asset Activities at jurisdictional level from November.

As a member of the FSB Cross-border Payments Coordination Group and the Task Force on Cross-border Payments set up by the Committee on Payments and Market Infrastructures under the BIS, the HKMA has contributed to the development of priority actions and to a G20 roadmap that addresses the challenges of existing arrangements for cross-border payments.

The HKMA is a member of the BIS, which provides central banks with a forum for dialogue and broad international co-operation. The HKMA participates in BIS bi-monthly meetings and various BIS committees, including the Asian Consultative Council, the Markets Committee, the Committee on the Global Financial System, the Basel Committee and the Committee on Payments and Market Infrastructures. Since September 2023, the HKMA has been chairing the Meeting of Governors from Major EMEs. This meeting is convened three times a year to discuss issues of importance to EMEs, including macroeconomic and financial developments and risks, structural changes in the global economy, policy considerations of central banks, and other topical matters.

The BIS opened its Representative Office for Asia and the Pacific, its first overseas office, in Hong Kong in 1998 to serve as a regional centre for the activities of the BIS in Asia. The HKMA maintains a close working relationship with this office to promote international standards and best practices among the central banking community in Asia.

In 2019, the BIS Innovation Hub established one of its first Innovation Hub Centres in Hong Kong. The Centre collaborates closely with the HKMA, with its current project focus areas being CBDCs, open finance and green finance.

Separately, the HKMA has since 2021 been co-chairing the Policy and Standards Group, which leads the Basel Committee's work on the development and implementation of common prudential standards. For details of the HKMA's participation in the Basel Committee, see the *Banking Stability* chapter on page 109.

Regional co-operation

The HKMA is committed to regional co-operation to promote financial stability in Asia and harness the region's collective voice in international financial affairs. From 2018 to 2024, it served as the chair of the EMEAP Working Group on Financial Markets, which is responsible for making policy recommendations on central bank services and developments in the foreign exchange, money and bond markets. Under the HKMA's chairmanship, the Working Group introduced new enhancements to the Asian Bond Fund initiative to further increase its accessibility for investors and grow the fund's assets.

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In 2024, the HKMA continued to chair the EMEAP Study Group on Resolution, which supports knowledge sharing among authorities in the region in relation to resolution. It also continued to lead the Monetary and Financial Stability Committee's half-yearly Macro-Monitoring Report, which enables the central banking community to assess the region's risks and vulnerabilities and understand the policy implications.

On the regional front, as part of its ongoing efforts to strengthen Hong Kong's connections with other Asian economies and support their development, the HKMA visited Thailand in January and Malaysia in May for discussions with central banks on further strengthening bilateral financial linkages and collaboration, notably the cross-border usage of local currencies, financial digitisation, and green and sustainable finance.

The HKMA also co-organised a Financial Leadership Training Programme with the ASEAN+3 Macroeconomic Research Office and the Asian Development Bank Institute for senior representatives from central banks, ministries of finance and related government agencies of the ASEAN+3 economies.

Supporting the Global Financial Safety Net

The pandemic and macroeconomic environment have together highlighted the importance of the Global Financial Safety Net (GFSN) in safeguarding financial stability. As a member of the global financial community, Hong Kong has maintained its commitment to strengthening the GFSN through its participation in the IMF New Arrangements to Borrow (NAB)¹⁵, ASEAN+3, and the Chiang Mai Initiative Multilateralisation (CMIM)¹⁶.

Collaboration with the Middle East

The HKMA continued to work with key financial stakeholders in the Middle East to further solidify long-term financial co-operation and connectivity between Hong Kong and the Middle Eastern countries.

Following visits to the UAE and the Kingdom of Saudi Arabia in 2023, the HKMA hosted bilateral meetings with the CBUAE and the SAMA in Hong Kong in December. The meetings featured in-depth discussions covering several major areas including financial infrastructure development, financial market connectivity, supervisory technology adoption, global investment outlook and opportunities, and experience in economic research. An MoU was signed with the CBUAE to establish connectivity between Hong Kong and the UAE of the debt capital markets and related financial market infrastructures, with a view to facilitating cross-border debt securities issuance and investment activities.

The HKMA also visited Doha, Qatar in October to enhance collaboration between the financial services sectors of the two jurisdictions. The HKMA and the Qatar Central Bank held a bilateral meeting to discuss a range of collaborative initiatives aimed at strengthening co-operation on financial infrastructure, as well as exchanging experience on capital market connectivity, sustainable finance, bond market development, digital assets and talent development.

The HKMA will continue to deepen its collaboration with these central banks and strengthen its ties with key financial stakeholders in the region, with the aim of promoting investment and financial market connectivity between the Middle East and Asia.

In September, the HKMA and the DFSA co-hosted the inaugural Joint Climate Finance Conference in Hong Kong. The HKMA and the DFSA signed an MoU to further deepen their strategic partnership on sustainable finance and will conduct joint research in this area.

¹⁵ The NAB is a stand-by loan facility set up in 1998 to provide supplementary resources to the IMF for lending purposes. Under the NAB, Hong Kong is prepared to extend loans to the IMF when additional resources are needed to deal with exceptional situations that pose a threat to the stability of international financial systems.

¹⁶ Effective March 2010, the CMIM became a regional financing mechanism that provides short-term US dollar support to member economies facing liquidity shortages. It has 27 participating parties, including the ministries of finance and central banks of the 13 ASEAN+3 countries plus the HKMA. The total access fund stands at US\$240 billion. Further enhancements have been made to optimise the operation of the CMIM. In March 2021, the CMIM agreement was amended to increase the IMF de-linked portion from 30% to 40% of each member's maximum arrangement amount, and to institutionalise the use of local currencies, in addition to the US dollar, for CMIM financing on a voluntary and demand-driven basis.