



# Priorities for 2026 and Beyond

## Overview

The HKMA is committed to ensuring the stable and effective functioning of Hong Kong's financial system. We will closely monitor developments in the external environment, stay vigilant to emerging risks, and respond swiftly and decisively to any threats to the stability and integrity of Hong Kong's financial system. At the same time, we will continue to push forward with initiatives and innovations to reinforce Hong Kong's status as a leading international financial centre. In our role as manager of the Exchange Fund, we will maintain our prudent and flexible investment approach, pursue investment diversification, preserve a high degree of liquidity, and ensure appropriate defensive measures are in place.

## Stability and integrity of the financial system

### Staying vigilant against potential risks

Moving into 2026, geopolitical conflicts in the Middle East have led to a spike in energy prices, presenting upside risk to inflation and leading to uncertainty in the future path of the US policy rate should the conflicts persist. Despite these challenges, Hong Kong's financial system is well-positioned to withstand possible adverse shocks given its underlying resilience and the buffers that have been built up over the years.

We will continue to monitor risks and vulnerabilities in both the domestic and external environments closely, and deploy appropriate measures where necessary to maintain Hong Kong's monetary and financial stability. As part of this role, we will conduct research on key issues affecting the Hong Kong economy, assessing potential impacts and associated risks.

## Maintaining banking stability

The uncertain macroeconomic environment and advances in technology will continue to pose challenges to the banking sector, although they will also bring new opportunities. The HKMA will work to further enhance the resilience of banks through ongoing efforts to strengthen its regulatory frameworks and supervisory approaches. In prioritising our supervisory resources, we will take account of international standards and best practices while also addressing emerging risks arising from the latest market and technological developments, and provide timely guidance to the industry.

### A risk-based supervisory focus

#### Credit, liquidity and market risks

Amid a challenging credit risk landscape arising from uncertainties over the macroeconomic environment and the subdued performance of some local economic sectors, the HKMA will maintain a strong supervisory focus on asset quality in the banking sector. We will place a special focus on the adequacy of the credit risk management of authorized institutions (AIs), particularly their management of vulnerable accounts and problem loans, and their loan classification and provisioning. At the same time, we will continue to work closely with the banking sector to support the real economy, especially small and medium-sized enterprises (SMEs) and intellectual property financing, under the overarching principle of prudent risk management.

We will continue to adopt a proactive approach in our supervision of the market risk management of banks, as the interest rates of major economies and their macroeconomic outlooks remain highly uncertain. We will also maintain close scrutiny of the ability of banks to deal with severe liquidity shock scenarios given the elevated volatility of fund flows.

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### Operational and technology risk

The HKMA will continue to support banks as they progress through the “last mile” of their journey to become operationally resilient, with a focus on remediating vulnerabilities identified in the earlier phases of mapping and scenario testing. After May 2026, efforts will shift to sustaining and continuously uplifting banks’ operational resilience within “business as usual”.

Third-party and cyber risks will remain priority areas.

To support banks in better managing their growing networks of third-party service providers, we will develop guidance for implementing the Basel Committee on Banking Supervision (Basel Committee)’s new *Principles for the sound management of third-party risk* in Hong Kong.

We will develop the Cyber Resilience Testing Framework and conduct a pilot run, and explore deploying the Cyber Mapping Exercise as a risk management utility for both banks and regulators. We will also discharge the Monetary Authority’s duties under the Protection of Critical Infrastructures (Computer Systems) Ordinance. Given the growing risks posed by quantum computing, we will introduce a blueprint for enhancing the readiness of banks to transition to Post Quantum Cryptography.

### Combatting money laundering and terrorist financing

The HKMA will continue to take decisive action against fraud and scams, including promoting bank-to-bank information sharing to address vulnerabilities caused by information gaps between banks.

In support of the strategy for adopting artificial intelligence under “Fintech 2030”, we will deliver a programme aimed at accelerating the deployment of artificial intelligence and fraud-prevention technologies to enable monitoring systems to detect and disrupt suspicious activity earlier and faster. We will also collaborate closely with the industry in developing and deploying tools for payment data analysis to aid in the detection of money laundering and terrorist financing risks.

In parallel, we will carry out thematic reviews to enhance the identification of money laundering and terrorist financing risks in rapidly evolving areas such as digital assets and payment service providers. We will ensure our anti-money laundering and counter-financing of terrorism (AML/CFT) supervision of HKMA-licensed stablecoin issuers is risk-based and relevant to the rapidly evolving threat landscape. At the same time, we will continue to participate actively in international anti-money laundering forums to ensure our guidance and supervision align with global AML/CFT standards and best practices and have a strong positive impact.

### Wealth management and Mandatory Provident Fund-related businesses

The HKMA will carry out both on-site examinations and off-site surveillance of the conduct of AIs in relation to their securities, investment products, trust and depositary services, and insurance and Mandatory Provident Fund (MPF)-related businesses, taking into account the latest market developments and evolving international standards. We will focus on high-yield and complex products, digital assets and related investment products, private credit-related investment products, underwriting and book-building activities of bonds, long-term insurance products, and premium financing activities. We will also focus on the adequacy of the controls and monitoring measures used by AIs to prevent unlicensed staff from conducting regulated activities in relation to insurance referrals, as well as their processes and controls for monitoring MPF referral activities.

Following the implementation of the regulatory regime for stablecoin issuers in 2025, we will work with the Securities and Futures Commission (SFC) to provide guidance in relation to the intermediary and custodial activities of AIs involving stablecoins issued by HKMA-licensed stablecoin issuers. We will also continue to work with the Government and the SFC on developing statutory regimes for regulating virtual asset dealing and custodian service providers.

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To enhance protection for prospective insurance policyholders, we will set out regulatory requirements on the remuneration structures of AIs for the sale of participating policies with regular payment terms, comparable to those issued by the Insurance Authority for authorized insurers and licensed insurance intermediaries.

### Policy development

The HKMA will further strengthen and refine its banking supervisory and regulatory frameworks and policies, taking into account international standards and best practices.

#### Implementation of Basel standards in Hong Kong

In December 2025, the Basel Committee published a consultative document on *Machine-readable Pillar 3 disclosure*. Intended to take effect from January 2029, the proposed standard aims to enhance accessibility of banks' quantitative regulatory disclosure data by requiring specified machine-readable formats. The HKMA will engage with the industry in 2026 to develop policy proposals for implementing the standard locally.

#### Basel Core Principles for Effective Banking Supervision

The HKMA will undertake a self-assessment of compliance with the revised Basel Core Principles for Effective Banking Supervision ("BCP")<sup>1</sup> as part of the International Monetary Fund's Financial Sector Assessment Program for Hong Kong, scheduled to commence in 2026.

#### Basel Committee Regulatory Consistency Assessment Programme

The Basel Committee conducts the Regulatory Consistency Assessment Programme (RCAP) to monitor, assess and evaluate its members' implementation of the Basel standards. The RCAP assessment of Hong Kong, covering the Basel III revisions to risk-weighted assets, will be conducted in 2026.

#### Other supervisory policies and risk management guidelines

The HKMA plans to update a number of Supervisory Policy Manual modules regarding the capital framework, credit risk management, stress testing, and reporting requirements relating to external auditors of AIs, to ensure alignment with the latest international standards, supervisory practices and industry developments.

#### Banking legislative amendments

The HKMA will work on introducing the Banking Legislation (Miscellaneous Amendments) Bill 2026 into the Legislative Council (LegCo). Implementation of the bill is expected to help ensure that Hong Kong's banking regulatory framework continues to be robust and effective, remaining in close alignment with those of other major financial centres. Among the proposed legislative amendments is the modernisation of the Monetary Authority's enforcement powers under the Banking Ordinance.

#### Accounting standards

The International Accounting Standards Board issued the *Exposure Draft on Risk Mitigation Accounting* in December 2025. Together with other relevant authorities, the HKMA will consider the implications of the proposed Risk Mitigation Accounting model for the existing prudential requirements.

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

## Priorities for 2026 and Beyond

### Resolution

As part of its ongoing efforts to develop and enhance a credible and operational resolution regime, the HKMA will prioritise the following areas (Table 1) in 2026.

**Table 1** Priorities for resolution in 2026

#### Resolution policy



- Publish Code of Practice chapters on the approach to valuation in resolution and the capabilities required of AIs
- Advance development of policy standards on resolution restructuring

#### Resolution execution



- Develop and issue an approach to bail-in mechanics
- Enhance the governance and operational frameworks related to contingency planning and co-ordination, recapitalisation processes, liquidity arrangements and valuation procedures in resolution, and bridge institutions

#### Resolution planning



- Lead regional resolution planning for a global systemically important bank (G-SIB)
- Enhance the resilience and resolvability of domestic systemically important banks and other relevant AIs by driving their build-up and maintenance of adequate loss-absorbing capacity, their development of systems and arrangements to support liquidity needs and continuity in resolution, and promoting testing to enhance their crisis management capabilities and preparedness
- Formulate preferred resolution strategies for more AIs
- Publish an implementation report on AIs' operational continuity and continuity of access to financial market infrastructures in resolution

#### International and cross-border co-operation



- Strengthen global resolution regimes by participating in the Financial Stability Board's Resolution Steering Group and its sub-groups
- Chair the Study Group on Resolution of the Executives' Meeting of East Asia-Pacific Central Banks, and organise regional meetings and workshops on crisis readiness
- Co-ordinate cross-border resolution planning of 14 G-SIBs with other authorities through the Crisis Management Groups and Crisis Management Colleges

## Priorities for 2026 and Beyond

### Enhancing consumer protection and bank culture and promoting financial inclusion

The HKMA will step up its efforts to promote sound business conduct among banks and enhance customer protection, further strengthening public confidence in Hong Kong's banking sector. It also remains committed to fostering an inclusive banking sector accessible to all.

#### Enhancing consumer protection

The HKMA will continue to monitor developments in innovative banking services, such as those utilising artificial intelligence, and popular banking products, such as personal credit products, and provide guidance to the banking industry as appropriate.

In response to the rise in fraud and scams in recent years, we will continue our anti-scam consumer education efforts, targeting both the general public and vulnerable groups to better protect bank customers. We will work with the industry to promote wider adoption of consumer self-protection tools, including Money Safe. At the same time, we will collaborate with academia on studies drawing on cognitive and behavioural science to enhance the effectiveness of anti-scam campaigns targeting the elderly and students.

In parallel, we will step up surveillance of fraud and scams, including the illegal use of bank names and unlicensed deposit-taking activities by crypto firms. We will also work with banks to enhance their customer identity authentication capabilities, and pursue discussions with the industry to develop guidance on handling customer losses incurred from scams.

Our other key consumer protection priorities for 2026 include:

- advancing the implementation of the Payment Arrangements for Property Transactions (PAPT) for sale and purchase transactions in the secondary market, while encouraging wider adoption of PAPT for mortgage refinancing transactions to improve the efficiency and security of property transactions;
- expanding participation by money lenders in the Credit Data Smart platform to enhance the comprehensiveness of consumer credit data, alongside strengthening the governance and operational resilience of the commercial credit reference agency;
- increasing market adoption of the Cross-boundary Credit Referencing initiative, while enhancing its operations to improve efficiency and effectiveness; and
- issuing new guiding principles on the responsible and ethical use of alternative data in banking operations to balance consumer protection with the need for innovation.

#### Enhancing bank culture

As part of its ongoing initiative to promote a sound culture in the banking sector, the HKMA will continue to engage with leaders of AIs on the effectiveness of their culture enhancement efforts and provide supervisory feedback as needed.

We will monitor the implementation by AIs of Phase 2 of the Mandatory Reference Checking Scheme and explore further expansion of the Scheme with fellow regulators to cover staff in other financial sectors, in order to address the "rolling bad apples"<sup>2</sup> phenomenon in the wider financial services industry.

2 "Rolling bad apples" refers to situations in which individuals who have engaged in misconduct at one institution can still obtain employment elsewhere without disclosing their earlier misconduct to the new employer.

## Priorities for 2026 and Beyond

### Promoting financial inclusion

The HKMA will continue to promote financial inclusion in Hong Kong, taking into account market developments and new opportunities arising in the digital age. We will conduct a survey on cash-based banking services in Hong Kong to assess the current landscape and inform future policy responses.

With respect to bank account opening and maintenance, we will collaborate with the banking industry to introduce a new framework for facilitating the relevant processes for individuals assessed as presenting higher risks. We will also continue our efforts to address issues relating to account opening and maintenance as well as bank financing for SMEs whilst providing dedicated hotlines for enquiries and feedback.

### Future-proofing the banking sector

#### Technology adoption and responsible innovation by banks

To support banks in exploring more advanced use cases of artificial intelligence and distributed ledger technology (DLT), such as cross-sectoral and cross-boundary artificial intelligence innovations, as well as smart contract-powered tokenisation services, the HKMA will further enhance its Generative Artificial Intelligence (GenAI) Sandbox and Supervisory Incubator for DLT.

We will also launch a renewed series of promotional initiatives to further advance fintech adoption across the banking sector. These include rolling out Fintech Connect 2.0, organising additional events under the FiNETech series, and publishing practice guides and research papers focused on fintech-specific risk management and compliance issues.

In parallel, we will collaborate with relevant authorities to enhance the Shenzhen-Hong Kong cross-boundary data validation platform by expanding its data sources and types, geographical coverage, and improving customer experience and interface.

### Supervisory transformation

To enhance supervisory efficiency and deepen insights, the HKMA will accelerate technology adoption across its end-to-end supervisory processes, spanning prudential supervision, conduct supervision, policy development, anti-money laundering and enforcement.

We will further advance our Data-driven and Technology-empowered Supervision framework by strengthening risk-data capabilities for both supervisors and banks. Specifically, the phased roll-out of the Granular Data Reporting 3.0 roadmap will require banks to submit granular data instead of traditional template-based surveys and returns, thereby enabling more in-depth supervisory insights.

In addition, we will explore the adoption of agentic artificial intelligence workflows to transform our supervisory reviews and examinations.

### Capacity building in the banking sector

The HKMA will work with the banking sector on implementing the action plan recommended by the study *Capacity Building for Future Banking 2026–2030*, having regard to the identified talent demands. This will include conducting a review of the Enhanced Competency Framework.

### Oversight of financial market infrastructure

The HKMA will continue to promote the safety and efficiency of the financial market infrastructures under its oversight in accordance with the Payment Systems and Stored Value Facilities Ordinance, the Principles of Financial Market Infrastructures, and the various guidance issued by the Committee on Payments and Market Infrastructures of the Bank for International Settlements.

## Priorities for 2026 and Beyond

### Hong Kong's competitiveness as an international financial centre

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

### Strengthening Hong Kong's role as a connector between the Chinese Mainland and the rest of the world and as the leading offshore renminbi hub

The HKMA will continue to explore opportunities to enhance and expand the various Mainland-Hong Kong Connect schemes and improve related ancillary services in order to further strengthen Hong Kong's connectivity with the Mainland financial market. These efforts will include promoting the wider use of onshore bonds as collateral in offshore markets, and enriching the range of risk and liquidity management tools available to investors.

The HKMA will also work closely with the banking industry to promote broader adoption of the renminbi in the region, particularly in cross-border trade and direct investment activities by both corporate and individual clients.

Key initiatives will include:

- studying potential measures to further improve the availability of renminbi liquidity for banks;
- promoting the development of more renminbi products and ancillary services to address market needs in investment, liquidity management and risk management;
- strengthening financial infrastructure and exploring measures to facilitate foreign exchange quotations and transactions between the renminbi and other regional currencies; and
- expanding outreach efforts to deepen global awareness of the advantages and opportunities offered by the use of renminbi in trading and investment activities.

Meanwhile, we will also deepen financial co-operation in the Guangdong-Hong Kong-Macao Greater Bay Area to facilitate cross-boundary financial services and capital flows, and create more business opportunities for Hong Kong's banking industry.

### Enhancing the competitiveness of Hong Kong's financial ecosystem

#### Implementing the Roadmap for the Development of Fixed Income and Currency Markets

To strategically position Hong Kong as a global fixed income and currency hub, the HKMA will work with the SFC to implement the relevant initiatives of the Roadmap across the four pillars of primary market issuance, secondary market liquidity, offshore renminbi business and next-generation infrastructure. Additionally, we will continue to promote innovation in the bond market by assisting the Government in issuing tokenised bonds regularly, and by reviewing the current legal framework for tokenised bonds to identify areas for potential enhancement. We will also explore secondary market use cases of digital bonds.

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

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

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### Embracing supply chain-related opportunities

The HKMA will strengthen collaboration with relevant stakeholders to further cement Hong Kong's status as a leading international hub for trade and finance. In particular, we will contribute to the Government's initiative to submit a legislative proposal on the digitalisation of trade documents to the LegCo in 2026.

The HKMA will support the Government in enhancing the tax concessionary measures applicable to corporate treasury centres (CTCs), while collaborating with industry stakeholders to further promote Hong Kong's strengths as a CTC hub.

### Deepening Hong Kong's connections with the rest of the world

Building on past exchanges, the HKMA plans to step up its engagement with various Middle Eastern and Association of Southeast Asian Nations economies in 2026. The aim is to deepen collaboration with the central banks and financial industry participants in the two regions and to promote co-operation in areas such as financial infrastructure, fintech development and market connectivity. We will also continue with other outreach activities promoting Hong Kong's financial services platform, and keep overseas and Mainland stakeholders informed of emerging opportunities in Hong Kong's financial market.

The HKMA will maintain its active participation in international and regional forums, to contribute to global financial stability and promote the region's collective voice in international financial affairs. We will continue to play leadership roles in international meetings and groups. We will also contribute to priority work areas of the Financial Stability Board, such as non-bank financial intermediation, financial innovation and cross-border payments.

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

#### Fintech 2030

Building on the solid foundation laid by "Fintech 2025", the HKMA will advance initiatives under the four strategic pillars of "Fintech 2030", namely data and payment, artificial intelligence, resilience and tokenisation, to make Hong Kong future-ready and reinforce the city's position at the forefront of global digital finance.

#### Empowering business and trade through data infrastructure development

Leveraging the next-generation Commercial Data Interchange data infrastructure, the HKMA will continue to explore data sharing opportunities with both public and private data sources and advance trade finance digitalisation through Project Cargo<sup>6</sup>, with the aim of further supporting trade financing for SMEs.

#### Enhancing the Faster Payment System

The HKMA will further explore new use cases for the Faster Payment System (FPS) in collaboration with the industry and various Government departments, and will seek to enhance FPS connectivity with other systems and service providers to facilitate cross-border payments.

#### Developing shared, scalable artificial intelligence infrastructure

The HKMA aims to harness artificial intelligence for the public good, promoting its responsible adoption to drive financial innovation in the banking sector. We will collaborate with banks, technology firms and other industry stakeholders to explore the development of shared, scalable artificial intelligence infrastructure tailored to the sector's unique needs. These efforts seek to reduce barriers to the adoption of artificial intelligence by banks and optimise the use of computing resources.

## Priorities for 2026 and Beyond

### Fostering further innovation in the tokenisation ecosystem

The launch of Ensemble<sup>TX</sup>, the pilot phase of Project Ensemble, marks a significant advance in supporting real-value transactions involving digital assets and tokenised deposits. To create a strong foundation for further innovation, Ensemble<sup>TX</sup> will operate throughout 2026, with its pilot environment being progressively enhanced to, for example, support settlements in tokenised central bank money on a 24/7 basis.

### Stablecoins and other digital assets

With the Stablecoins Ordinance having come into effect on 1 August 2025, the HKMA will focus on implementing the licensing regime for stablecoin issuers. This will involve the processing of stablecoin issuer licence applications, supervision of licensed stablecoin issuers, and surveillance of the stablecoin market in Hong Kong. Given the cross-border nature of stablecoin activities, we will continue to contribute to international policy discussions and collaborations on digital assets, particularly those concerning the monetary and financial stability implications of stablecoin arrangements, to ensure better alignment of our regulatory framework with global standards and best practices. As major overseas jurisdictions press ahead with their own regulatory frameworks for stablecoins, we will continue to collaborate with our global peers to support a co-ordinated regulatory approach that balances financial stability with responsible innovation.

### Sustainability efforts

The HKMA will continue to forge ahead with the eight goals laid out in its Sustainable Finance Action Agenda, strengthening Hong Kong's status as a green and sustainable finance hub.

Further details of our sustainability initiatives can be found in our *Sustainability Report 2025*.