



Banking Stability

Objectives

A key objective of the HKMA is to promote the safety and stability of the banking system. Achieving this objective is contingent upon having a highly resilient financial system, one that is able to provide the critical financial services that the Hong Kong economy needs.

Banks can affect the stability of the financial system through their business practices, or by failing in a disorderly manner. As a supervisory authority, the Monetary Authority plays a key role in safeguarding financial stability by ensuring that banks are resilient to shocks and crises, which in turn helps to prevent failures. The Monetary Authority is responsible for the prudential supervision of banks and is tasked with the authorization of licensed banks, restricted licence banks and deposit-taking companies in Hong Kong, collectively known as authorized institutions (AIs).

Hong Kong's prudential regulatory framework is not designed to ensure a zero-risk financial system. Instead, the Monetary Authority seeks to ensure that should an AI fail, the situation can be managed in an orderly manner that maintains financial stability. To this end, a resolution regime for financial institutions in Hong Kong has been established, under which the Monetary Authority is the resolution authority for AIs. Effective implementation of the resolution regime requires setting out resolution rules and policy standards, undertaking resolution planning to enhance the resolvability of AIs on an ongoing basis, and developing the capability to manage resolution execution. In carrying out these tasks, the HKMA adopts an approach that is in harmony and co-ordinated with international standards.

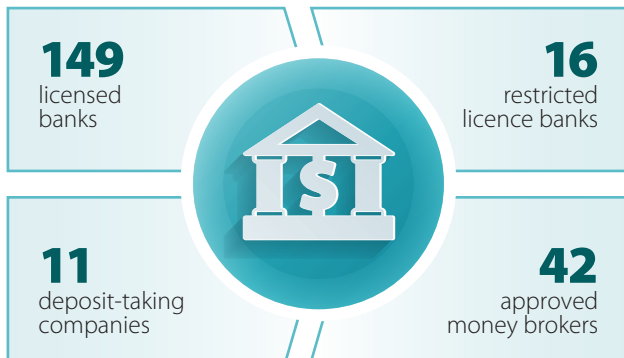
The Monetary Authority is also responsible for the designation and oversight of certain financial market infrastructures (FMIs). Its aim in overseeing FMIs is to promote their general safety and efficiency, mitigate systemic risk, and foster transparency. Enhancing the resilience of FMIs is a way of safeguarding Hong Kong's monetary and financial systems against any destabilising effects arising from disruption to the FMIs.

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Review of 2025

Licensing

At the end of 2025, Hong Kong had:



During the year, the HKMA granted a restricted banking licence to one bank incorporated outside Hong Kong, and money broker approvals to three inter-dealer brokers. The authorization of one licensed bank and the approvals of two money brokers were revoked.

More information about the AIs and local representative offices in Hong Kong can be found in the Annex on pages 281 to 284, and in Tables D to F on pages 290 to 293.

Company re-domiciliation regime in Hong Kong

The HKMA provided strong support for the Government's legislative exercise to introduce a company re-domiciliation regime in Hong Kong. The relevant legislation, including amendments to the Banking Ordinance (BO) and its subsidiary legislation, along with other legislation pertaining to the HKMA, was passed by the Legislative Council (LegCo) on 14 May and came into operation on 23 May.

Overview of supervisory activities

In 2025, the HKMA conducted 176 off-site reviews on AIs that covered a broad range of issues, including the CAMEL rating assessment¹, and reviews of corporate governance and risk management. As part of our ongoing efforts to promote stronger risk governance, we held 38 meetings with boards of directors, independent non-executive directors or board-level committees of AIs. Another 39 tripartite meetings were held with AIs and their external auditors. We also conducted on-site examinations of a wide range of AI activities, which included examinations of governance and practices in the areas of credit, market, liquidity and climate risk management.

The HKMA continued to prioritise efforts to strengthen the operational, technology and cyber resilience of AIs. Our overall supervisory processes were further enhanced by augmenting our supervisory technology (Suptech) capabilities and integrating generative artificial intelligence (GenAI) tools.

In the area of conduct supervision, the HKMA carried out on-site examinations of the securities, investment products, trust, insurance and Mandatory Provident Fund (MPF)-related businesses of AIs, as well as of consumer protection matters. These efforts were supplemented with thematic reviews on new initiatives and areas assessed to be of higher risk.

¹ Comprising the five components of Capital adequacy, Asset quality, Management, Earnings and Liquidity.

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Table 1 contains a summary of the HKMA's supervisory activities in 2025.

Table 1 Summary of supervisory activities		2025	2024
1	Off-site reviews and prudential interviews	176	174
2	Meetings with boards of directors, independent non-executive directors or board-level committees of AIs	38	36
3	Tripartite meetings	39	38
4	Culture dialogues	5	7
5	On-site examinations	138	119
	Operational risk and technology risk management ^a	28	27
	Anti-money laundering and counter-terrorist financing (AML/CFT) controls	28	14
	Liquidity risk management	8	4
	Implementation of Basel capital adequacy framework	8	14
	Model risk management	1	0
	Capital planning	5	6
	Market risk and treasury activities	10	12
	Securities, investment products, trust, insurance and MPF-related businesses	24	22
	Consumer protection	2	2
	Deposit Protection Scheme-related representation	12	12
	Examinations outside Hong Kong	12	6
	– Credit risk management and controls	7	5
	– Others	5	1
6	Thematic reviews	1,069	654
	Credit risk management and controls ^b	29	37
	Operational risk and technology risk management ^a	98	64
	AML/CFT controls	75	71
	Model risk management	9	7
	Securities, investment products, trust, insurance and MPF-related businesses	509	118
	Consumer protection	229	237
	Sharing and use of credit data	67	63
	Capital planning	1	0
	Liquidity risk	25	16
	Market risk	10	18
	Green and sustainable banking ^c	17	23
Total		1,465	1,028

- a. Apart from these on-site examinations and thematic reviews, the HKMA also undertook additional supervisory activities focused on operational resilience, including an HKMA survey, AIs' self-assessment exercises, and independent validations required of AIs to track implementation progress and identify areas for enhancement, as well as extensive outreach at both the bilateral and industry levels on framework development and practices.
- b. Apart from these thematic reviews, the HKMA also undertook additional supervisory activities focused on evaluating AIs' strategies and practices related to the granting of credit and the ongoing risk management of selected portfolios, such as commercial real estate and small and medium-sized enterprise lending.
- c. Including consultative sessions with AIs to review their implementation of the HKMA's Supervisory Policy Manual module GS-1 on "Climate Risk Management".

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Credit risk

Credit growth and asset quality

Total loans increased by 2.3% in 2025, compared with a decline of 2.8% in 2024. Table 2 gives a breakdown of the growth in loans and advances. Mainland-related lending increased by 2.3% to HK\$3,963 billion in 2025 (Table 3).

The HKMA monitored the asset quality of AIs closely and assessed the adequacy and effectiveness of their credit risk management practices. Despite uncertainties over global trade policies and the subdued performance of some local economic sectors, the overall credit risk and asset quality of the banking sector remained manageable. The classified loan ratio of the banking sector increased slightly from 1.96% at the end of 2024 to 2.01% at the end of 2025, while the classified loan ratio for Mainland-related lending decreased to 1.94% from 2.37% during the same period.

During the year, the HKMA conducted thematic examinations to evaluate the credit risk management of AIs, focussing particularly on their management of exposure to vulnerable sectors, collateralised lending to private banking and wealth management customers, unsecured retail lending, oversight of credit risks at operations outside Hong Kong, problem loan management, as well as loan classification and provisioning.

Table 2 Growth in loans and advances

% change	2025	2024
Total loans and advances	+2.3	-2.8
Of which:		
– for use in Hong Kong	+1.9	-2.1
– trade finance	+2.5	+4.6
– for use outside Hong Kong	+3.4	-5.7

Table 3 Growth in Mainland-related lending

% change	2025	2024
Total Mainland-related lending	+2.3	-8.3
Of which:		
– Mainland-related lending (excluding trade finance)	+2.3	-8.3
– trade finance	+2.9	-9.7

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Supporting the real economy

Support for local small and medium-sized enterprises

While maintaining a strong supervisory focus on credit risk, the HKMA has been encouraging banks to support the real economy, including by supporting small and medium-sized enterprises (SMEs), while adhering to the overarching principle of prudent risk management.

Building on the “9+5” SME support measures² introduced in 2024, the HKMA worked with the banking sector to further strengthen the sector’s support for the development, upgrade and transformation of SMEs.

Additional SME support measures

In light of heightened uncertainties surrounding global trade policy and macroeconomic issues arising in early 2025, the HKMA introduced additional sector-specific measures in April to support SMEs through the Banking Sector SME Lending Coordination Mechanism³ and the Taskforce on SME Lending (the Taskforce)⁴.

Sector-specific measures announced in April



Import-export and manufacturing sectors:

participating banks to provide extensions to trade facilities (e.g. 90 or 120 days) or alternative suitable credit arrangements



Construction sector:

participating banks to collaboratively offer flexible financial arrangements to alleviate sudden cashflow pressures affecting their common customers



Transport sector:

participating banks to introduce new financing products that are better suited to the needs of this sector, along with more flexible repayment arrangements

The total amount of dedicated funds set aside for SMEs in lending portfolios by the 18 participating banks in the Taskforce increased from HK\$370 billion in October 2024 to HK\$420 billion in October 2025.

The various support measures announced since March 2024 have benefitted SMEs in over 78,000 cases up to the end of December, involving an aggregate credit limit of over HK\$184 billion.



The HKMA and HKAB co-chaired the fourth meeting of the Taskforce in April to discuss sector-specific SME support measures

- 2 The HKMA and the banking sector introduced nine measures to support SMEs’ access to financing and continuous development in March 2024, and another five measures to support SMEs’ upgrade and transformation in October 2024.
- 3 The Banking Sector SME Lending Coordination Mechanism was established by the HKMA in October 2019. Participants include 11 banks that are most active in SME lending, the Hong Kong Association of Banks (HKAB) and HKMC Insurance Limited.
- 4 The Taskforce, jointly established by the HKMA and HKAB in August 2024, aims to further strengthen the related work on supporting SMEs at both the individual and industry levels. Participants include representatives of the HKMA, HKAB and 18 banks that are active in SME lending.

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Dedicated hotline

The HKMA established a dedicated hotline (phone: 2878 1199 and email: smelending@hkma.gov.hk) to answer enquiries and provide assistance to individual SMEs. At the end of 2025, the dedicated hotline had received and handled 411 cases, most of which have been resolved. SMEs have given positive feedback to the initiative.

Engagement with the commercial sector

The HKMA continued to work with the Hong Kong Association of Banks (HKAB) and the Chinese Banking Association of Hong Kong (HKCBA) on enhancing engagement with the commercial sector through the Taskforce to better understand and support the needs of SMEs from various sectors. For example:

- Five engagement sessions were held with representatives of the Government, business associations and SME operators from the construction and transport sectors to exchange views on the financing support provided by banks for these sectors.
- More than 160 engagement events with trade associations and representatives from different industry sectors were arranged by participating banks in the Taskforce to help banks gain a better understanding of the operations of SMEs in various industries.

- SME forums were organised by HKAB to promote the banking sector's support for SMEs' upgrade and transformation. The forums focused on assisting with digital transformation, green transformation and cross-border business expansion for SMEs. The forums attracted over 700 representatives from industry associations, SME operators, banks and professional service providers.

Intellectual property financing

In collaboration with the Commerce and Economic Development Bureau and the Intellectual Property Department, the HKMA launched the Intellectual Property (IP) Financing Sandbox in December. The Sandbox provides a collaborative and risk-controlled environment where banks, IP valuation firms, legal practitioners and other relevant professionals can test the full lifecycle of IP financing based on IP assets. Banks can use the Sandbox to develop and refine their IP financing arrangements in order to better serve the needs of innovative enterprises, particularly SMEs that are rich in IP assets but may lack tangible assets that can be pledged as collateral for bank financing.

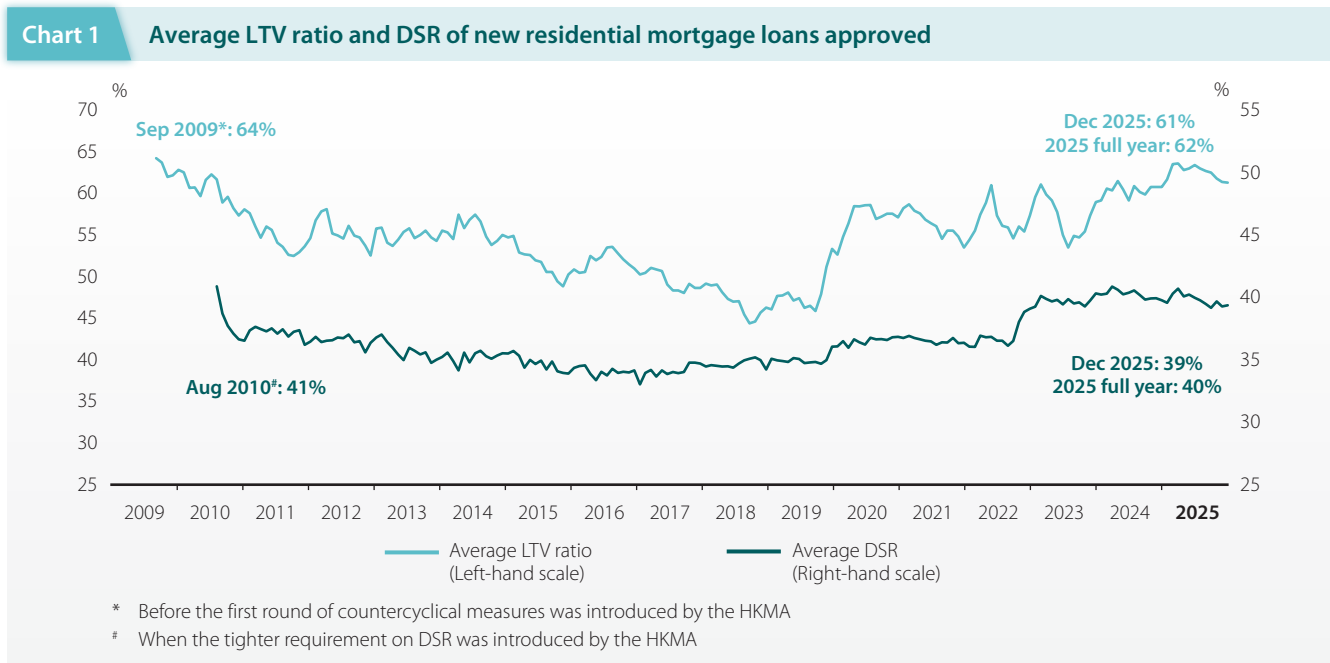


(Left photo) Mr Arthur Yuen (front row, fourth from right), Deputy Chief Executive; and Ms Carmen Chu (front row, third from right), Executive Director (Banking Supervision), with other participants at the SME Expo: Global Horizons Conference organised by HKAB in October

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Property mortgage lending

The successive rounds of countercyclical macroprudential measures introduced by the HKMA since 2009 have strengthened banks' risk management of their property mortgage lending business, and enhanced the banking sector's capacity to cope with challenges arising from a sharp correction in property prices. The HKMA last adjusted the countercyclical macroprudential measures for property mortgage loans in 2024, reverting the maximum loan-to-value (LTV) ratio and debt servicing ratio (DSR) limit for residential properties to their respective pre-2009 levels of 70% and 50%. The average LTV ratio of new residential mortgage loans approved in 2025 stood at 62%, compared with 64% in September 2009 before the countercyclical measures were introduced. The average DSR of new mortgages remained low at 40% in 2025 (Chart 1), compared with 41% in August 2010 when a cap on the DSR was first introduced.



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Operational and technology risk

With the banking industry aiming to become operationally resilient by May 2026, the HKMA provided targeted and timely guidance calibrated to the industry's level of operational resilience maturity. For instance, we issued a set of good practices for mapping and scenario testing, and supported the industry-led Whole Industry Simulation Exercise (WISE) 2025 in November, which provided banks with an opportunity to test their incident response and operational resilience capabilities under an "extreme weather" event. In parallel, we engaged banks bilaterally in consultative sessions. Leveraging their self-assessments and independent validation reports, we identified areas that merited early attention and offered supervisory feedback.

Cyber risks remained elevated against a backdrop of technology advancements and geopolitical uncertainties. To enhance the cyber resilience of banks, the HKMA undertook additional supervisory work at both the institutional and sectoral levels. For the former, we started work on developing a Cyber Resilience Testing Framework to strengthen the technical responses and recovery capabilities of banks during a cybersecurity incident. At the sectoral level, we completed the first production run of the cross-sectoral Cyber Mapping Exercise, and also progressed with preparatory work to fulfil the Monetary Authority's role as a designated authority under the Protection of Critical Infrastructures (Computer Systems) Ordinance. To align with international standards, we made preparations to adopt the Financial Stability Board (FSB)'s "Format for Incident Reporting Exchange" and enhance our reporting regime for operational incidents, including information technology-related ones.



Ms Carmen Chu (front row, sixth from left), Executive Director (Banking Supervision), with around 120 practitioners, regulators and industry association representatives from multiple sectors, attend the kick-off workshop for WISE 2025

The digital fraud landscape has continued to evolve rapidly, with increasingly sophisticated modus operandi emerging. To help the public better defend themselves, the HKMA introduced enhanced security measures with its new "E-Banking Security ABCD" family. These measures include promoting the greater use of in-App authentication in place of SMS One-Time-Passwords (**A**uthenticate in App), enabling the voluntary deactivation of risky Internet banking functions (**B**ye to unused functions), encouraging more effective use of the Suspicious Account Alert mechanism⁵ (**C**ancel suspicious payments), and enhancing banks' deepfake detection capabilities (**D**eepfake detection).

These measures, which were promoted through various channels, have proven effective in the fight against fraud. Specifically, "Measure A", which requires in-app authentication for select transactions, helped reduce fraud risks by approximately 80% when applied to an online credit card context. "Measure B" recorded over 10,000 uses by bank customers in just three months following its launch, and the good practices we shared as part of "Measure D" resulted in a 95% increase in banks' real-time deepfake detection capabilities.

The HKMA also took forward preparatory work to launch an interactive online game and quiz that will serve the dual purposes of familiarising the public with the "E-Banking Security ABCD" measures and providing more targeted training to professionals on anti-fraud and cybersecurity tips.

⁵ Launched in November 2023, the Suspicious Account Alert system alerts a money sender when they transfer funds to an account flagged as suspicious in the police's "Scameter" database. The alert system covers the majority of the public's day-to-day transactions, including fund transfers made via the Faster Payment System, internet banking, physical branches, Automated Teller Machines and cash machines.

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Liquidity and market risks

When global financial markets and fund flows became increasingly volatile amid escalating trade tensions, we stepped up surveillance of the market and liquidity risk profiles of AIs, and undertook targeted stress tests to assess their resilience to severe liquidity shocks. The results indicated that the banking sector had sufficient buffers to withstand abrupt and large-scale fund outflows during periods of major turbulence in financial markets. We also scrutinised the preparedness of AIs for dealing with liquidity stress, and shared good practices with the industry. On the market risk front, we kept abreast of market developments, writing to AIs to encourage them to make early preparations for an accelerated settlement cycle for the Hong Kong cash equity market. Examinations were conducted to evaluate the market risk management practices and governance of AIs, focusing on practices related to their debt securities portfolios, treasury operations and trading activities conducted in but booked outside of Hong Kong. Good practices and supervisory expectations were shared with the industry.

Anti-money laundering and counter-financing of terrorism

As the regulator of the banking sector, the HKMA plays a critical role in Hong Kong's anti-money laundering and counter-financing of terrorism (AML/CFT) regime. Minimising the impact of fraud and reducing the prevalence of mule accounts are among our highest priorities. In April, we rolled out a series of initiatives to address these issues, including expanding the use of Scameter data by retail banks and stored value facility (SVF) licensees, and sharing industry best practices and key indicators for identifying potential scam victims.

In June, the BO was amended to enable banks to share information of corporate and individual accounts through designated platforms, including the Financial Intelligence Evaluation Sharing Tool (FINEST), for detecting and preventing crime. With the enhancement of FINEST in mid-December, the number of cases shared via FINEST increased from 120 to around 750 per month in the initial 1.5 months between mid-December 2025 and end-January 2026. Meanwhile, the Fraud and Money Laundering Intelligence Taskforce (FMLIT)⁶ has continued its efforts to reduce fraud. In 2025, the FMLIT received 1,377 intelligence-led suspicious transaction reports, which helped identify 22,740 new suspicious accounts and led to the restraint of HK\$306.7 million.

As a result of banks' enhanced capabilities to detect suspicious payments and promptly alert potential victims, the number of fraud cases identified by banks and the Hong Kong Police Force (Police) through real-time fraud monitoring and upstream intervention doubled in 2025 compared with 2024, exceeding 3,600 cases. Meanwhile, the proportion of cases identified and subject to proactive intervention by banks and the Police increased from 4.2% in 2024 to 8.5% in 2025, leading to a 18% reduction in the average loss per fraud case intervened in.

In close co-operation with the Police and the banking industry, we have taken a number of steps to enhance outreach and counter-fraud education to different segments of the community, including groups frequently targeted by fraudsters. We have also introduced an instant messaging channel to rapidly share the latest scam tactics identified by the Police with all 28 retail banks.

⁶ Established in 2017, FMLIT is led by the Police with participation from the HKMA, retail banks and SVF licensees. Similar to arrangements in other international financial centres, FMLIT targets current and emerging financial crime threats by adopting a public private partnership approach to information sharing between the Police and banks.

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HKMA's anti-scam initiatives



Mr Raymond Chan (centre), Executive Director (Enforcement and AML), announces a series of new measures to combat fraud and mule accounts at a joint press conference with the Police and HKAB



The HKMA uses fun and interactive activities to promote anti-scam messages to the public at the Anti-crime Carnival hosted by the Police



The HKMA collaborates closely with the banking industry and the Police to enhance public AML and anti-fraud awareness through an outreach event in Mei Foo during the AML Month



Representatives from the HKMA, the Police and banks pass out anti-fraud and AML messages to the public during an outreach event at Victoria Park



The HKMA collaborates with the Police to raise anti-fraud awareness among university students through an anti-scam seminar at the university campus of Hong Kong Shue Yan University



Mr Raymond Chan, Executive Director (Enforcement and AML), speaks at the Experience Sharing Forum on the strategic adoption of artificial intelligence in transaction monitoring to address evolving modes of financial crime

More information on the HKMA's anti-scam initiatives can be found in the *Anti-scam consumer protection initiatives* on pages 97 to 98.

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We have continued to prioritise the implementation of risk-based anti-money laundering (AML) regulation based on international standards, enabling banks to prioritise combatting financial crimes in activities that pose higher risk. We issued AML Guidelines to help clarify expectations for applicants for stablecoin issuer licences in July; issued smart tips advising institutions against using an overly-cautious or disproportionate approach in managing risks associated with politically exposed persons in November; and provided guidance on combatting high-end money laundering in December.

The ability of the banking sector to detect and report suspicious activities is essential to combatting financial crimes. Therefore, we have continued to undertake multiple initiatives aimed at accelerating banks' adoption of artificial intelligence tools to support the identification of such activities. The implementation plans submitted by banks with significant operations in Hong Kong indicate that more than 30% have already deployed artificial intelligence tools in their transaction monitoring processes, and the adoption rate is set to rise to above 80% over the next two years. With the support of external consultants, we launched a new two-year programme in November to help banks further accelerate the adoption of artificial intelligence in their transaction monitoring systems. The launch event at Cyberport⁷ showcased the benefits of artificial intelligence in a range of possible use cases.

To strengthen our ongoing assessment of the effectiveness of the AML/CFT systems of banks, we doubled the number of our on-site examinations in 2025 to 28, from 14 in 2024. These included risk-focused examinations and thematic reviews on screening systems for combatting proliferation financing and terrorist financing, controls over wire transfers, business relationships with financial institutions, as well as anti-fraud and anti-scams control systems of banks.

At the same time, by automating routine processes and improving our data collection and analysis, we were able to increase the number of off-site reviews and assessments of AIs and SVF licensees from 71 to 75. These covered reviews of anti-fraud and anti-scams control systems, along with others on the adoption of artificial intelligence to enhance the monitoring of suspicious activities.

In its role as a recognised forward-looking AML/CFT supervisor, the HKMA is in frequent demand for training services and knowledge sharing. In 2025, we undertook 38 such engagements with local and international partners.

Wealth management and MPF-related businesses

The HKMA co-operates closely with other financial regulators in Hong Kong to supervise the practices of AIs in the sale of securities, investment, insurance and MPF products. We maintain regular dialogue with fellow regulators through bilateral and multilateral meetings, as well as those held under the auspices of the Council of Financial Regulators, to ensure our supervisory actions are co-ordinated and effective.

In 2025, the HKMA conducted 24 on-site examinations, 509 thematic reviews and 35 analyses of surveys and returns from AIs to ensure their compliance with regulatory requirements, covering issues such as the sale of securities and investment products, trust and depositary services, and insurance and MPF-related businesses. These initiatives focused on the sale of complex and high-risk investment products, the distribution of green and sustainable investment products, the underwriting of debt securities, management oversight and control frameworks over corporate finance and asset management activities, the distribution of non-investment-linked long term insurance products, premium financing, digital asset-related activities, the distribution of investment products through online platforms, and Cross-boundary Wealth Management Connect (WMC) business.

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The HKMA and the Securities and Futures Commission (SFC) announced the findings of their fifth annual joint survey on the sale of non-exchange traded investment products by intermediaries, which provided useful information about the industry landscape and market trends. The HKMA and the SFC also commenced a new round of concurrent thematic reviews on the distribution of non-exchange traded investment products by intermediaries.

In light of market developments, the HKMA issued guidance in April setting out the standards expected of AIs in relation to the provision of staking services for virtual assets as part of custodial services to customers. Following a review of the joint circular on the virtual asset-related activities of intermediaries issued in December 2023, the HKMA and the SFC issued a supplemental joint circular in September introducing refinements and relaxations to the requirements, including allowing intermediaries to provide staking services to their customers and to use the off-platform virtual asset trading services of SFC-licensed platforms. In addition, the HKMA has been working with the Government and the SFC on the development of statutory regimes for regulating the provision of virtual asset dealing and custodian services.

As part of our anti-fraud efforts, the HKMA conducted public education activities on social media to alert the public about the risks associated with certain kinds of crypto assets and the misrepresentations made by fraudsters in digital asset scams. We also stepped up our surveillance of suspected breaches of the BO by crypto firms falsely claiming to be banks.



Mr Alan Au (left), Executive Director (Banking Conduct), shares views with the industry in a seminar held by the Hong Kong Retirement Schemes Association

In March, the HKMA updated its guidance on Cross-boundary WMC, in response to feedback from banks and following the smooth adoption of the previous guidance. The update increased the non-private banking customer limit from 1,000 to 3,000 customers for each non-locally incorporated AI participating in the Southbound Scheme of Cross-boundary WMC. In collaboration with Mainland regulatory authorities, the HKMA also continued to facilitate banks in providing more effective sale services under Cross-boundary WMC. For example, since June, Mainland banks have been able to assist their customers by setting up three-party online discussions or conferences with Hong Kong banks regarding Southbound Scheme services, held at their Mainland branch premises.

On top of these updates, the HKMA continued to oversee the implementation by banks of refinements introduced under Cross-boundary WMC 2.0, while also handling applications from banks for participation, additional partnerships, and the expansion of their service offerings under Cross-boundary WMC.

In view of growing cross-boundary business and in line with the facilitative measures introduced by the SFC, the HKMA lengthened the engagement period for registered institutions (RIs) to engage itinerant professionals – that is, individuals who repeatedly visit Hong Kong on business for short periods of time – to provide investment services from 30 days to 45 days in each calendar year.



Mr Alan Au, Executive Director (Banking Conduct), gives a keynote speech at the 2025 Cross-Strait and Hong Kong-Macao Banking Wealth Management Forum, co-organised by the China Banking Association, the Hong Kong Institute of Bankers and the Financial News

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The HKMA worked closely with the Insurance Authority (IA) to regulate the insurance intermediary business of AIs. In March, a joint circular was issued setting out how the insurance regulatory framework is applied to the sale of indexed universal life products to professional investors, with the aim of upholding policyholder protection and fair treatment of customers while facilitating market development. The HKMA and the IA issued another joint circular in September setting out naming requirements for insurance products with savings features, to ensure that these products are presented clearly and accurately to prospective policyholders.

In November, the HKMA revised the Supervisory Policy Manual (SPM) module IB-1 on *"Supervision of Insurance Intermediary Business of Authorized Institutions"* to reflect the latest regulatory requirements and guidance, and reiterated its regulatory expectations relating to corporate governance and internal controls.

The HKMA completed a review of premium financing activities engaged by AIs and their subsidiaries, and issued a circular sharing key observations and good practices as well as clarifying expected standards for the offering of premium financing facilities.

The HKMA issued consolidated guidance on the sale of accumulators and decumulators in March to facilitate industry compliance, and a circular in October providing updated guidance on registration to carry on regulated activities under the Securities and Futures Ordinance (SFO) and related matters.

In the light of continued interest in the market in green and sustainable investment products, the HKMA issued a circular in the form of Frequently Asked Questions in December providing additional guidance on the sale and distribution of green and sustainable investment products. Its aim was to enhance the customer experience while ensuring investor protection.

During the year, the HKMA processed two applications to register as an RI, two applications to register as a licensed insurance intermediary under the Insurance Ordinance, and six applications to add regulated activities under the SFO. We also granted consent to 176 individuals to act as executive officers responsible for supervising the securities activities of RIs, and conducted background checks on 6,898 individuals whose information was submitted by RIs for inclusion in the Register of Securities Staff of AIs maintained by the HKMA.

Regulatory regime for over-the-counter derivatives market

The HKMA oversees the compliance of AIs and approved money brokers (AMBs) with the mandatory reporting, clearing and related record-keeping requirements for over-the-counter (OTC) derivatives transactions under the SFO. During the year, the HKMA focused on ensuring compliance by AIs with the enhanced OTC derivative reporting regime, which mandates the use of Unique Transaction Identifier and Unique Product Identifier, the reporting of Critical Data Elements and the adoption of the ISO 20022 standard⁸ to align with international requirements effective from 29 September.

8 ISO 20022 is an agreed framework and methodology used by the global financial industry to create consistent message standards across business processes. It can assist in standardising the reporting of OTC derivatives transactions internationally.

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We have worked to ensure that AIs, AMBs and other industry participants adhere to the requirements for OTC derivatives transactions by maintaining close dialogue with them and collaboratively addressing any reporting issues that have arisen from developments in the OTC derivatives market and evolving international standards. Currently, the HKMA is working in tandem with the SFC to refine the process of determining when a regulated entity has reached the clearing threshold (and therefore becomes subject to central clearing when other specified conditions are met) under the regulation governing central clearing of OTC derivative transactions in Hong Kong. The goal is to ensure the continued effective functioning of the regulation without having to introduce operational changes to the existing regime.

In 2025, the HKMA continued to engage with the industry to assess the implications of market developments relating to the margin exchange for non-centrally cleared OTC derivatives, and participated in a review of margining practices conducted by international standard-setting bodies.

Other supervisory activities

The Banking Supervision Review Committee considered submissions in 2025 concerning the authorization of an AI and the approvals of three money brokers (see Table 4).

During the year, the HKMA commissioned three reports under section 59(2) of the BO, requiring AIs to appoint external professional firms to report on the effectiveness of their controls in specified areas of their operations and risk management.

No incidents involving a breach of the capital adequacy or liquidity ratio requirements set out in the BO were reported by AIs in 2025. However, there were 57 instances involving breaches of other provisions, primarily related to AIs' reporting obligations. These breaches did not affect the interests of depositors and were promptly rectified by the relevant AIs.

The CAMEL Approval Committee⁹ completed a review of the CAMEL ratings of all 176 AIs. No AIs appealed against decisions made by the Committee.

Table 4 Summary of other supervisory activities

	2025	2024
1 Submissions considered by the Banking Supervision Review Committee	4	6
2 Reports commissioned under section 59(2) of the BO	3	4
3 Approvals of applications to become controllers, directors, chief executives or alternate chief executives of AIs	164	188

Supervisory policies and risk management guidelines

The HKMA made good progress in its work on various policies and guidelines. Other than those mentioned in previous sections, in April, we issued a revised SPM module regarding the use of collateral and guarantees to address the increasing complexity of credit activities undertaken by AIs, reflect the property valuation requirements for real estate exposures under the Basel III final reform package, and ensure consistency with the FSB's principles for sound residential mortgage underwriting practices (issued in April 2012). In August, we issued a revised SPM module regarding corporate governance, with a view to minimising potential conflicts of interest of persons holding directorships or senior management positions in entities outside the banking group of an AI. In December, we issued a revised SPM module on interest rate risk in the banking book to incorporate the interest rate shocks recalibrated by the Basel Committee on Banking Supervision (Basel Committee).

⁹ The CAMEL Approval Committee was established to review the CAMEL assessments conducted on individual AIs. The Committee is chaired by an Executive Director, and includes at least two senior staff members from within the banking departments of the HKMA who were not involved in conducting the relevant CAMEL assessments.

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Banking-related legislative amendments

During the year, the HKMA consulted the industry on a range of draft legislative amendments to the BO, the Financial Institutions (Resolution) Ordinance (FIRO), the Hong Kong Association of Banks Ordinance and the Hong Kong Association of Banks By-laws¹⁰. Together, the amendments will enhance regulatory clarity and effectiveness while helping to reduce compliance burdens.

Banking Regulatory Document Repository

The Banking Regulatory Document Repository (BRDR) was launched in March as a one-stop platform with dedicated portals for banks and the public. Serving as a golden source for banking-related guidelines and circulars, the BRDR features enhanced filter and search functions to facilitate easier access to documents. It also has the potential to serve as a cornerstone for banks looking to develop artificial intelligence-based regulatory compliance solutions.

Accounting standards

Regular discussions took place between the HKMA and the Banking Regulatory Advisory Panel of the Hong Kong Institute of Certified Public Accountants on areas of mutual concern. Key topics included updates on banking regulations and the latest developments in accounting, auditing, and financial reporting standards, as well as their potential impact on the banking sector. We also collaborated with other regulatory bodies on issues related to proposed changes to international accounting and auditing standards.

International co-operation

Co-operation with authorities outside Hong Kong on banking supervision

During the year, the HKMA hosted and/or participated in 28 college-of-supervisors meetings involving 24 banking groups with significant operations in Hong Kong. A broad range of issues was discussed at the meetings, covering areas such as financial soundness, risk management controls and operational resilience.

During the year, the HKMA also held multiple bilateral and multilateral meetings with banking supervisors outside Hong Kong and engaged in regular exchanges with them regarding institution-specific issues and developments in financial markets.



Ms Carmen Chu (fourth from right), Executive Director (Banking Supervision), hosts a college-of-supervisors meeting for a domestic systemically important bank (D-SIB)¹¹ in Hong Kong

¹⁰ The amendments to the BO covered a number of areas, including simplification of the three-tier banking system, engagement of skilled persons for supervisory purposes, regulation of bank holding companies, modernisation of enforcement powers and a range of technical amendments. Meanwhile, a reference to “public interest” was proposed to be added to Condition 3 for initiating resolution in section 25(4) of FIRO. Changes proposed to legislation related to HKAB were aimed at enhancing its operational efficiency.

¹¹ A D-SIB is an AI considered by the HKMA to be of systemic importance in Hong Kong’s banking and financial system, and which is consequently subject to a higher loss absorbency requirement. The HKMA reviews the list of D-SIBs annually. Five banks are in the list for 2026: The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited, Standard Chartered Bank (Hong Kong) Limited, Hang Seng Bank Limited, and Industrial and Commercial Bank of China (Asia) Limited.

Banking Stability

Participation in international and regional forums

The HKMA participates as a member in the following international forums for banking supervisors:

- The Group of Central Bank Governors and Heads of Supervision;
- The Basel Committee on Banking Supervision;
- The Basel Committee's Risks and Vulnerabilities Assessment Group;
- The Basel Committee's Supervisory Cooperation Group; and
- The Basel Committee's Policy and Standards Group.

Under the Basel Committee, the HKMA co-chairs the Policy and Standards Group, and has representatives on various of its task forces, including the Task Force on Climate-related Financial Risks, the Assessment and Review Task Force, and the Basel Core Principles Task Force, as well as the following Expert Groups:

- Accounting and Audit;
- Anti-money Laundering and Counter-financing of Terrorism;
- Capital and Leverage Ratio;
- Credit Risk and Large Exposures;
- Disclosure;
- Financial Technology;
- Liquidity;
- Margin Requirements;
- Market Risk;
- Operational Resilience;
- Pillar 2¹²; and
- Stress Testing.

Implementation of Basel Standards in Hong Kong

Prudential treatment of the cryptoasset exposures of banks

In December 2022, the Basel Committee introduced a new standard for the prudential treatment of the cryptoasset exposures of banks. Targeted amendments were made to the standard in July 2024 to provide clarity on the criteria for stablecoins to receive preferential regulatory treatment. Concurrently, the Basel Committee published a document entitled *Disclosure of cryptoasset exposures* containing updated disclosure requirements.

The HKMA implemented these standards in Hong Kong on 1 January 2026, in line with the Basel timeline, through legislative amendments to the Banking (Capital) Rules, the Banking (Disclosure) Rules, and the Banking (Exposure Limits) Rules, along with changes to relevant

guidance and reporting requirements. We also took the opportunity to update various aspects of the above rules to enhance clarity and achieve a closer alignment with the Basel Standards or international practices, based on implementation experience and industry feedback.

Basel Committee Regulatory Consistency Assessment Programme

Through its Regulatory Consistency Assessment Programme, the Basel Committee monitors, assesses and evaluates its members' implementation of the Basel Standards. The HKMA served as part of the cross-jurisdiction assessment team in evaluating the United Kingdom's net stable funding ratio standard, publishing the related report in December.

12 An integral part of the Basel capital framework, Pillar 2 is a supervisory review process to ensure that Als not only have adequate capital to support all the risks in their business (including those covered under the minimum capital requirement (i.e. Pillar 1 of the framework)), but also develop and use effective risk management techniques for monitoring and managing these risks.

Banking Stability

At the regional level, the HKMA is a member of the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP)¹³, the South East Asia, New Zealand and Australia Forum of Banking Supervisors, and the South East Asian Central Banks Research and Training Centre.

As part of our work in the EMEAP Working Group on Banking Supervision, we lead the Interest Group on Liquidity and the Interest Group on Sustainable Finance.

The HKMA is committed to promoting green banking and sustainable finance. We are a member of the Central Banks and Supervisors Network for Greening the Financial System, serving on its Steering Committee and co-chairing its Workstream on Supervision. Additionally, we and the SFC jointly represent Hong Kong on the International Platform on Sustainable Finance¹⁴.

On the consumer protection front, the HKMA participates actively in the work of the OECD¹⁵ Working Party on Financial Consumer Protection, Education and Inclusion, supporting the implementation of the *G20/OECD High-level Principles on Financial Consumer Protection*. The HKMA also participates in some of the Expert Working Groups under this Working Party, specifically those focused on transparency in retail cross-border payments and remittances, as well as financial scams and frauds.

The HKMA is a member of the Governing Council of the International Financial Consumer Protection Organisation (FinCoNet), helping to shape the organisation's strategies and programme of work. As Chair of the Standing Committee 2 of FinCoNet (FinCoNet SC2) on responsible lending, the HKMA has led work on the fair treatment of customers in debt collection, with a report published in December.



Mr Alan Au (second row, first left), Executive Director (Banking Conduct), together with other FinCoNet Governing Council members at the Annual General Meeting 2025 in Dublin, Ireland

FinCoNet SC2 published a Summary Report on *Fair treatment of customers in debt collection: the role of conduct supervisors*.



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

14 The International Platform on Sustainable Finance was launched in 2019 as a forum for dialogue between policymakers from different jurisdictions, with the aim of increasing the amount of private capital being channelled towards environmentally sustainable investments.

15 The Organisation for Economic Co-operation and Development.

Banking Stability

The HKMA attended the fourth meeting of the Asia Pacific (APAC) Regional Consultative Group of the International Committee on Credit Reporting in Kuala Lumpur, where experiences and views were shared on topical issues relevant to credit referencing with other stakeholders, including cross-border data transfer and the use of alternative data and artificial intelligence in credit risk assessment.

To ensure we continue to benchmark our approach against those of other jurisdictions and international standard setters in combating financial crimes, we actively participate in relevant international platforms. The HKMA plays an active role in the Financial Action Task Force (FATF) mutual evaluation programme. We oversaw the commencement of the fifth round of evaluations as co-chair of the Evaluations and Compliance Group and served as the financial sector assessor for one of the mutual evaluations conducted during this round.

In April, the HKMA and the Global Coalition to Fight Financial Crime co-hosted the APAC Fighting Financial Crime Conference, bringing together leading global and regional experts in AML/CFT to discuss fighting financial crime in an increasingly complex world. During the year, the HKMA also attended and spoke at the FATF Private Sector Collaborative Forum in India and participated in the Wolfsberg Group Annual Meeting in Switzerland.



Global and regional AML/CFT experts gather to share insights on combatting financial crime at the APAC Fighting Financial Crime Conference

Resolution

In 2025, the HKMA undertook initiatives to enhance the credibility and operational effectiveness of the Hong Kong resolution regime. Progress was made in updating the legislative framework, developing new resolution standards, advancing resolution planning and strengthening resolution execution capabilities. We actively participated in cross-border co-operation on resolution through institution-specific engagements, as well as in international and regional forums.

Legislative framework and resolution standards

The HKMA consulted the industry on proposed amendments to conditions for initiating resolution under the FIRO, aimed at enhancing the flexibility of resolution authorities when handling various crisis scenarios and aligning Hong Kong's resolution regime with international best practices. The proposed amendments include an express reference to "public interest" in the conditions for initiating resolution.

In December, the HKMA launched an industry consultation on two Code of Practice chapters regarding valuation in resolution (VIR), namely *VIR-1 The HKMA's Approach to Valuation in Resolution*¹⁶ and *VIR-2 Resolution Planning – Valuation in Resolution Capabilities*¹⁷. The key proposals are summarised in Figure 1.

16 *The HKMA's Approach to Valuation in Resolution (consultation)* (<https://brdr.hkma.gov.hk/eng/doc-ldg/docid/20251209-3-EN>).

17 *Resolution Planning – Valuation in Resolution Capabilities (consultation)* (<https://brdr.hkma.gov.hk/eng/doc-ldg/docid/20251209-4-EN>).

Banking Stability

Figure 1 The HKMA's approach to VIR and its expectations of VIR capabilities of AIs

Robust VIR provides timely support to the Monetary Authority in determining when to initiate resolution and in selecting suitable stabilisation options. VIR also supports decisions by independent valuers on the eligibility of affected shareholders and creditors for “no creditor worse off than in liquidation (NCWOL)” compensation.

Pre-resolution



Valuation 1 (failing or likely to fail valuation)

Up-to-date balance sheets and capital and liquidity ratios on accounting and regulatory bases



Valuation 2 (resolution transaction valuation)

Economic value of assets and liabilities, market value of equity, and estimated NCWOL compensation risk

Post-resolution



Valuation 3 (NCWOL valuation)

Actual resolution treatment and counterfactual winding up treatment for affected shareholders and creditors

An AI should establish capabilities that enable VIR to be carried out in a sufficiently timely and robust manner.

Data and information	Up-to-date, complete and accurate data with sufficient granularity
Models, methodologies and assumptions	Flexible valuation models, with robust methodologies and assumptions that can be dynamically adjusted
Governance and access	Effective oversight and internal review mechanisms, along with operational arrangements for access by valuer(s) to data, models and supporting documentation
Documentation	Clear procedures and playbook for the VIR process
Testing and validation	Regular targeted and integrated testing exercises of the VIR process by independent functions

Banking Stability

Resolution planning

The HKMA engaged closely with D-SIBs and other locally incorporated AIs whose failure could have a critical or systemic impact to enhance their resolvability. We formulated preferred resolution strategies, and completed the first resolvability assessments for more AIs. We also oversaw programmes implemented by AIs aimed at establishing and maintaining adequate financial resources, developing new systems and capabilities, and enhancing their crisis preparedness through various types of testing.

At the end of 2025, the loss-absorbing capacity (LAC) resources of all D-SIBs stood at 31.2% of their risk-weighted amounts. As part of its efforts to build up LAC resources, one AI issued the world's first non capital LAC debt instrument in the offshore renminbi market. The HKMA conducted ongoing reviews and monitoring of the LAC debt instruments and positions of AIs to confirm their usability. In addition, we engaged with relevant AIs to determine the steps and key decision making processes necessary to enable effective loss-absorption and recapitalisation in times of crisis.

In April, the HKMA published the HKMA Resolution Stay Implementation Review Report¹⁸, which provides an overview of the related requirements and outlines key observations on the financial contracts, compliance approaches, implementation challenges and good practices of AIs. It also highlights future priorities for AIs in managing early termination risk in resolution.

On liquidity and funding in resolution (LFIR), the HKMA advanced the implementation of related policy standards and completed a testing exercise on the capabilities of AIs in modelling resolution scenarios driven by liquidity stress, reporting and projecting liquidity needs and positions in those scenarios, and identifying collateral to address potential liquidity gaps that could arise. In addition, a stocktake was conducted to review the borrowing capacity and readiness of AIs to access central bank facilities in a crisis or resolution scenario.

Observations from liquidity and funding in resolution implementation

Capabilities demonstrated by authorized institution

- Providing detailed breakdowns of LFIR related information, such as liquidity shortfalls and ratios, by material entity and by material currency
- Modelling liquidity-driven resolution scenarios with quantitative and qualitative assumptions
- Projecting daily cash flows in the lead-up to resolution and for at least 90 days afterwards
- Evaluating key liquidity options for addressing resolution funding gaps

Areas for further enhancement

- Modelling resolution-related costs
- Estimating liquidity options impact
- Improving data readiness and information timeliness
- Reporting and visualising the LFIR outputs
- Reporting and mobilising less liquid/non-standard collaterals

18 Available on the HKMA website (https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/resolution/HKMA_Resolution_Stay_Implementation_Review_Report.pdf).

Banking Stability

The HKMA led the regional resolution planning for the Asia resolution group of a global systemically important bank (G-SIB). In March, we organised a Crisis Management Group (CMG) meeting in Hong Kong for the Asia resolution group, which was attended by representatives from 18 supervisors, resolution authorities and deposit insurers. The discussions covered a wide range of topics, from financial resources and operational arrangements in potential resolution scenarios for the G-SIB, to testing and assurance programmes. A live demonstration of the G-SIB's resolvability capabilities was conducted, and outcomes from simulation exercises reviewed. Authorities also gained a better understanding of each other's execution preparedness and exchanged relevant jurisdictional developments.



The HKMA organises the Asia CMG meeting for a G-SIB in Hong Kong

Resolution execution capability

Resolution transfer strategies provide valuable options for stabilising a failing AI and safeguarding financial stability. To strengthen its capabilities to execute such strategies, the HKMA determined the key design features of bridge institutions, including their shareholding structure and directorship arrangements. Shell companies were incorporated in advance to avoid the challenges and uncertainties that could involve in establishing them during a crisis.

Managing a crisis and ensuring an orderly resolution requires efficient and effective cross-functional and cross-sectoral co-ordination. To this end, the HKMA co-ordinated various high-intensity crisis simulation exercises that tested and strengthened inter-agency contingency responses and co-ordination.

International and cross-border co-operation on resolution

Given the cross-border nature of many large financial institutions, effective resolution requires co-ordinated policy-setting and implementation across jurisdictions. This is especially relevant to Hong Kong, which acts as a key host and a regional home for many G-SIBs and other banking groups. The HKMA contributed to international resolution initiatives through its membership in the FSB Resolution Steering Group (ReSG), the primary global resolution forum that develops and monitors the implementation of global standards and guidance for resolution regimes, as well as oversees the planning and execution of resolution for systemically important financial institutions. Under the ReSG structure, the HKMA is represented in the Cross-Border Crisis Management Group for banks, along with its workstreams on public sector backstop funding mechanisms and resolution transfer tools. See *International resolution initiatives* on page 96 for details.



The HKMA attends the FSB ReSG meeting in Basel

Banking Stability

The HKMA is the chair and secretariat of the Study Group on Resolution (SGR) of the EMEAP, which facilitates co-operation, knowledge sharing and discussion on resolution related matters among central banks, supervisors, resolution authorities and deposit insurers in the region. We organised meetings and workshops in Japan and South Korea on topics including crisis liquidity support, recovery planning, cross-border resolution transfer, and resolution valuation. We also forged connections between the EMEAP SGR and international bodies, such as the Financial Stability Institute of the Bank for International Settlements (BIS) and the FSB, as well as with authorities from other regions.

The HKMA participated in the cross-border resolution planning of 14 G-SIBs through CMGs and Crisis Management Colleges, which involved reviewing the resolvability of the G-SIBs and strengthening the home-host crisis co-ordination arrangements among relevant authorities. Key topics addressed included information needs in the lead-up to resolution, mutual recognition of resolution actions across borders, and the roles of home and host authorities in addressing liquidity shortfalls during a crisis.



Mr Arthur Yeung (left), Head (Resolution Office), with guest speakers from the Bank of England and the Swiss Financial Market Supervisory Authority at the EMEAP SGR meeting in South Korea in September

During the year, the HKMA also held multiple bilateral meetings and engaged in regular exchanges with other resolution authorities regarding institution-specific issues and developments in resolution regimes.

International resolution initiatives

Selected FSB resolution initiatives¹⁹ to which the HKMA contributed in 2025:



Public sector backstop funding mechanisms, which analysed how well-prepared banks were for accessing public sector backstop funding mechanisms across their home and host jurisdictions as part of resolution funding planning. Information sharing on the topic was conducted, focusing on the planning and preparedness of banks in the run-up to and during resolution.



Co-ordination with non-CMG host authorities, which identified challenges and successes in communication between home authorities and non-CMG host authorities, drawing on lessons from the 2023 bank failures and a survey of members' experiences. The key observations were summarised in the revised practices paper²⁰ for CMGs, published in January 2026.



Resolution transfer tools, which involved developing and publishing a practices paper²¹ in November to support authorities in the operationalisation of transfer tools. The practices paper included case studies exploring practical experiences in implementing different types of transfer tools.

¹⁹ For more details, see Section 2 of the *2025 Resolution Report: "From Plans to Practice: Operationalising Resolution"*, FSB (2025) (<https://www.fsb.org/2026/01/2025-resolution-report-from-plans-to-practice-operationalising-resolution/>).

²⁰ The revised practices paper is available on the FSB website (<https://www.fsb.org/2026/01/good-practices-for-crisis-management-groups-revised-version/>).

²¹ The practices paper is available on the FSB website (<https://www.fsb.org/2025/11/practices-paper-on-the-operationalisation-of-transfer-tools/>).

Banking Stability

Bank consumer protection

Code of Banking Practice

The industry's overall compliance with the Code of Banking Practice remains satisfactory. In 2025, the HKMA conducted a progress review on the implementation by AIs of the revised Code, effective since December 2023, and noted no material delays in the implementation process.

Anti-scam consumer protection initiatives

In response to the increase in fraud cases in recent years, the HKMA introduced multiple related consumer protection initiatives in 2025, which include the following:

Money Safe

The HKMA has introduced Money Safe, a new anti-scam initiative that allows individual customers to add an extra layer of protection to their bank deposits. Similar to setting up a safe within a bank account, customers can specify the amount of deposits to be protected under Money Safe. When customers need to access the protected deposits, banks will conduct a face-to-face anti-scam verification with the customers, thus offering them an opportunity to carefully consider whether they have been scammed. Customers can transfer or withdraw the deposits only after completing the verification process.

We have followed up closely with banks regarding the implementation of Money Safe. All retail banks (including digital banks) had fully launched Money Safe by the end of 2025.



Publicity poster and leaflet promoting Money Safe

Enhanced name matching requirement for real-time fund transfers

We were previously aware of fraudsters exploiting the Faster Payment System (FPS) to request victims to make transfers to them, using the bank account numbers provided by the fraudsters as the identifier. To enhance security for real-time fund transfers made through such channel, the HKMA has tightened the requirement for AIs to conduct mandatory name matching with customers for such transactions. Transfers of HK\$1,000 or more have been subject to this requirement since 31 May, whereas previously it applied only to transfers of HK\$10,000 or above.

Anti-Scam Consumer Protection Charter 3.0

The HKMA, the SFC, the IA and the Mandatory Provident Fund Schemes Authority (MPFA) jointly launched the Anti-Scam Consumer Protection Charter 3.0 in July. The new charter involves collaborating with technology and telecommunications firms to combat scams across different platforms. Participants, who include major overseas and Mainland technology platforms operating in Hong Kong and major telecommunications services providers, are committed to six key principles covering the proactive reporting of financial fraud and scams, monitoring and removal of financial scam advertisements and content, and public education, among others. Charter 3.0 has received full support from the Consumer Council, HKAB, the Police, and the Office of the Communications Authority.



Mr Eddie Yue, Chief Executive, presenting welcome remarks at the launch of the Anti-Scam Consumer Protection Charter 3.0

Banking Stability



Representatives of financial regulators, supporting organisations, participating technology firms and telecommunications firms at the launch of the Anti-Scam Consumer Protection Charter 3.0

Educational campaign – Three Anti-Scam Tactics

The HKMA developed a promotional campaign centring on the “Three Anti-Scam Tactics — Keep Calm, Give Nothing, Verify and Seek Help”, aimed at educating the public on some simple and practical ways to fend off scams. We worked with banks and other partners, including the Hospital Authority and non-governmental organisations offering elderly services, to disseminate educational materials and anti-scam messages through their networks.



Promotional videos and a publicity poster featuring “Three Anti-Scam Tactics”

Smart Seniors Anti-Scam Ambassador Programme

In June, the HKMA launched the Smart Seniors Anti-Scam Ambassador Programme with HKAB to strengthen the vigilance of elderly citizens against scams. The programme included 37 visits to elderly centres and educational seminars, where 3,200 seniors and other participants received practical scam prevention tips and were encouraged to become anti-scam ambassadors, sharing scam prevention messages with family and friends.



Mr Arthur Yuen, Deputy Chief Executive, delivers opening remarks at the launch ceremony of the Smart Seniors Anti-Scam Ambassador Programme

Engagement of intermediaries by authorized institutions

The HKMA introduced measures to protect bank customers and reduce potential risks to the reputation of the banking industry from possible malpractices by fraudulent lending intermediaries. In particular, we reminded the public to stay alert to bogus phone calls. Retail banks’ hotlines were widely and effectively used by the public to verify callers’ identities, with more than 19,000 enquiries received during 2025.

Handling of customer loss in relation to scams

The HKMA consulted retail banks on a proposed framework to handle customer claims for losses arising from authorized payment scams²². Determining the responsibility for scam losses is not a straightforward matter, requiring consideration of a range of complicated factors and different scenarios, including the issue of moral hazard. Feedback from the industry will be taken into account by the HKMA in developing a balanced approach.

22 Authorized payment scams refer to scams in which customers are deceived into authorising payments from their bank accounts.

Banking Stability

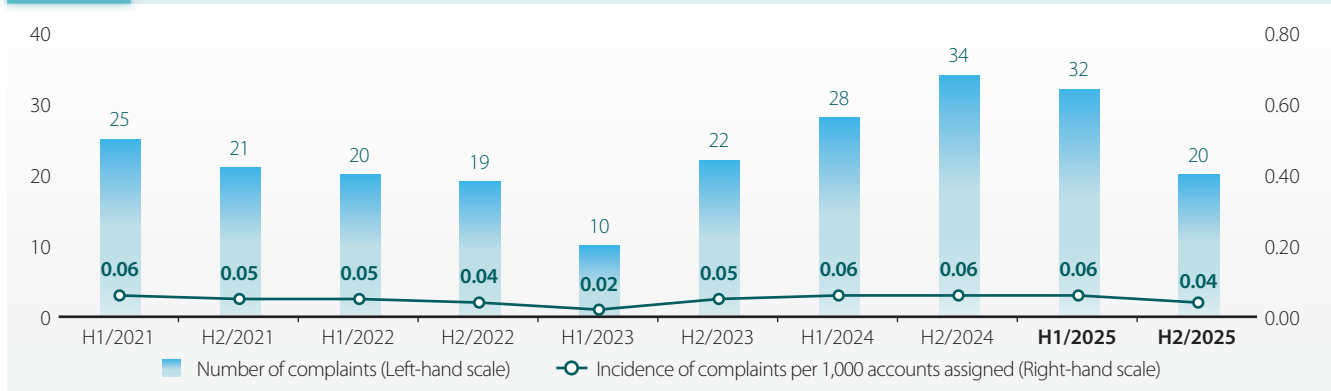
Interbank Debt Relief Plan

To strengthen protection for consumers facing financial difficulties, the HKMA worked closely with the industry on a comprehensive review and enhancement of the Interbank Debt Relief Plan (IDRP). Key outcomes of the review included broadening participation in the IDRP to all retail banks that offer consumer credit products (including digital banks) as well as to major money lenders, increasing the number of banks serving as lead participants in coordinating IDRP negotiations, developing best practices to improve the efficiency of the IDRP process, and digitalising the IDRP process.

Customer complaints relating to debt collection agents employed by authorized institutions

The number of complaints received by AIs about their debt collection agents decreased to 52 in 2025 from 62 in 2024 (Chart 2). The HKMA will continue to monitor AIs' use of debt collection agents.

Chart 2 Complaints received by AIs about their debt collection agents



Payment Arrangements for Property Transactions

The Payment Arrangements for Property Transactions (PAPT) was introduced in November 2022 to provide a safer and more efficient payment option for mortgage refinancing. The banking industry has since promoted PAPT to its customers, leading to its widespread adoption. In 2025, over 75% of mortgage refinancing transactions utilised PAPT.

The HKMA has been working closely with the banking industry and other stakeholders to advocate for the extension of PAPT to sale and purchase transactions in the secondary market. Preparatory work was completed in 2025, and PAPT for secondary market sale and purchase transactions was launched in February 2026.

Tackling risks of hidden charges in property transactions

The HKMA collaborated with the Consumer Council, the Land Registry, the Estate Agents Authority and the Law Society of Hong Kong on a *CHOICE Magazine* article published in May, which educates the public on the risks of hidden charges in property transactions and gives tips for tackling those risks, including by stakeholding deposits.

Credit Data Smart

The HKMA has continued to work closely with HKAB, the Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies, and the Hong Kong S.A.R. Licensed Money Lenders Association Limited to advance the Credit Data Smart (CDS) initiative.

Banking Stability

All retail banks had fully implemented the requirement to engage more than one credit reference agency by the end of 2025. This arrangement enables banks to switch swiftly and seamlessly between credit reference agencies during service disruptions, further strengthening their operational resilience and ensuring continuity for their credit business operations. The HKMA has also worked with the industry to develop a new data format in support of the future development needs of consumer credit reference services in the digital age.

In addition, the HKMA has been working closely with the Financial Services and the Treasury Bureau to encourage money lenders to join CDS and to develop recommendations on mandatory data contribution to CDS by all money lenders that engage in unsecured personal loan business, and on participation requirements for those above a certain size. These initiatives will enhance the comprehensiveness of the CDS database, improving the overall quality and reliability of consumer credit data.

Cross-boundary credit referencing

With the support of the People's Bank of China, the HKMA hosted a symposium in October announcing the regularisation of the Cross-boundary Credit Referencing (CBCR) initiative, and showcasing how the industry could contribute to and benefit from CBCR in strengthening credit-risk management and facilitating cross-boundary financing activities. The goal is to enable the industry to provide more credible, viable, and market-driven solutions for cross-boundary financial services. This step was undertaken following the successful completion of pilot cases for the Southbound and Northbound transfer of corporate and personal credit data under CBCR. In the same month, the HKMA issued a circular setting out additional guiding principles to support the industry in implementing CBCR, and expanding its use. These moves represented a significant enhancement in cross-boundary collaboration, facilitating data flow between Hong Kong and the Chinese Mainland and enriching the cross-boundary credit data ecosystem.



Mr Arthur Yuen, Deputy Chief Executive, delivers the opening remarks at the Cross-boundary Credit Referencing and Data Validation Symposium

Financial inclusion

Industry guidelines to promote inclusive banking services

Elderly-friendly banking services

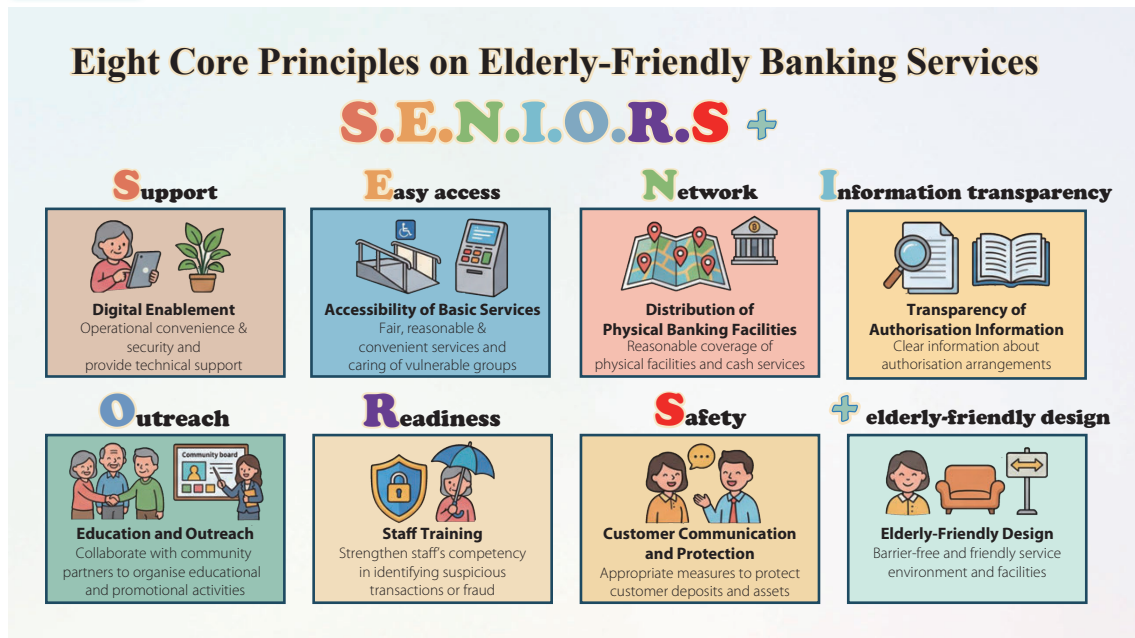
The HKMA has continued to promote financial inclusion, encouraging banks to give particular attention to customers in need. Building on three industry guidelines on financial inclusion²³ issued over recent years, the HKMA has worked closely with HKAB in engaging relevant stakeholders to develop the *Guideline on Elderly-friendly Banking Services* ("Elderly Guideline"), with a view to promoting the adoption of elderly-friendly practices across the banking industry.

The Elderly Guideline sets out eight key principles and recommended good practices that address the banking needs of elderly persons, covering digital enablement, accessibility, physical banking facilities, information transparency, consumer education, staff training, customer communication and protection, as well as elderly-friendly design (Figure 2). The HKMA also issued a circular setting out supervisory expectations for AIs when implementing the recommendations in the Elderly Guideline, including providing proper training for frontline staff to ensure effective communication with elderly customers.

23 Including (i) *Practical Guideline on Barrier-free Banking Services* in March 2018 (second edition published in January 2026); (ii) *Guideline on Banking Services for Persons with Intellectual Disabilities* in December 2020; and (iii) *Guideline on Banking Services for Persons with Dementia* in December 2021.

Banking Stability

Figure 2 Guideline on Elderly-friendly Banking Services



Enhancement to barrier-free banking services

Further to the issuance of the *Practical Guideline on Barrier-free Banking Services* in 2018, the HKMA has been working with HKAB to develop a second edition of the Guideline ("Practical Guideline 2.0") as part of its ongoing efforts to promote barrier-free access to banking services for customers with physical, hearing, or visual impairments. Taking into account feedback from relevant stakeholders, Practical Guideline 2.0 has been introduced to enhance the recommended practices of the first edition to better address the needs of customers. The HKMA has issued a circular reminding AIs to implement the recommendations in Practical Guideline 2.0 and encouraging them to explore additional barrier-free measures to enhance the customer experience.

Enhancement to physical banking facilities

The HKMA continued to encourage banks to enhance their banking network coverage in both conventional and more innovative ways, and reminded banks of the importance of meeting the banking needs of communities in remote and underserved areas. During the year, some banks expanded their presence in remote areas in response to our call. Initiatives included deploying a mobile bank branch to the first Light Public Housing site in Yuen Long, and expanding the number of ATMs²⁴ and other self-service machines in underserved areas.



One retail bank deploys a mobile bank branch at the first Light Public Housing site in Yuen Long

Banking Stability

Opening and maintaining bank accounts

The HKMA has continued to strengthen its communications with the banking industry and the wider business community on matters related to bank account opening and maintenance. Through a dedicated email address and hotline, the HKMA's Account Opening and Maintenance Team manages and follows up on enquiries and feedback from the public and from business sectors in an efficient and timely manner. In 2025, the Team continued to meet its performance pledge, responding to 100% of enquiries or issuing an interim reply to them within seven days of receipt.

In May, in collaboration with the Home Affairs Department (HAD), the HKMA organised a roundtable with banking industry representatives to facilitate exchanges on bank account opening and maintenance for Owners' Corporations. To further enhance transparency and shorten account opening turnaround times, the HKMA, the HAD and the banking industry jointly developed and published practical notes on bank account opening that aim to help Owners' Corporations better understand the account opening requirements and prepare the necessary documentation in advance.



Participants at the roundtable session

In October, the HKMA convened an Industry Dialogue on Bank Account Opening and Maintenance, which brought together around 60 representatives from 28 banks for open discussion and collaboration. During the session, the HKMA reiterated its supervisory expectations and shared sound practices in the provision of bank account services. The dialogue identified opportunities to enhance the bank account opening and maintenance processes, while also more generally promoting knowledge exchange and collaboration within the banking industry and encouraging fair, transparent, and efficient practices.

In December, the HKMA commenced an industry consultation on proposed approaches to providing bank account services to higher-risk individuals, developed in line with a risk-based approach to AML/CFT and the principle of financial inclusion.

Banks have continued to respond positively to the HKMA's call for providing Simple Bank Account (SBA) services to meet the needs of SMEs and start-ups that only require basic banking services. During the year, five additional banks launched SBA services, bringing the number of participating banks to 13. In 2025, about 9,400 SBA accounts were opened, bringing the cumulative total since the service was first launched in 2019 to over 41,000.

Concerted efforts to enhance the account opening experience, along with ongoing engagement with relevant stakeholders, have resulted in a decline in the average unsuccessful rate for corporate account opening applications to below 4%, a significant improvement from around 10% in early 2016.

Banking Stability

Consumer education for vulnerable groups

In April, the HKMA partnered with the Consumer Council to launch four new virtual-reality (VR) simulation games. These have been designed to raise awareness among vulnerable groups, including senior citizens and persons with special education needs, about the responsible use of credit cards and the importance of guarding against credit card scams. The games feature two key themes: “Be a Smart Credit Card User”, introducing basic knowledge of credit card usage and concepts of rational consumption, and “Beware of Credit Card Fraud”, presenting simulated scenarios involving phishing links and fraudulent calls by people impersonating bank staff. The HKMA and the Consumer Council also co-organised an experiential VR outreach event for students with special educational needs. This integration of immersive, entertaining VR simulation games into our consumer education activities has been well-received by the community. A free desktop version of the VR simulation games is available on the HKMA webpage.



VR role-playing
simulation programme
(Desktop Version)

More details on the HKMA’s work on financial inclusion can be found in the *Sustainable HKMA* chapter of our *Sustainability Report 2025*.



(From left) Mr Francis Ho, Deputy Chief Executive of the Consumer Council; Ms Gilly Wong, the then Chief Executive of the Consumer Council; Mr Arthur Yuen, Deputy Chief Executive; and Mr Alan Au, Executive Director (Banking Conduct), at the experiential VR simulation games event held at a local secondary school



Banking Stability

Enhancing bank culture

Culture dialogues

As part of its efforts to enhance the overall culture and business conduct of banks, the HKMA has been holding discussions with the senior management of AIs since 2019 to assess the effectiveness of their efforts in enhancing various culture-related matters within their organisations and among their staff, while also providing supervisory feedback. In 2025, the HKMA conducted five culture dialogue meetings with AIs.

Banking Industry Integrity Charter

During the year, the HKMA continued to collaborate with the Independent Commission Against Corruption (ICAC) to promote the Banking Industry Integrity Charter launched in 2024, aimed at strengthening banks' awareness and capabilities in combating and preventing corruption. Following collaborative efforts by the ICAC and the HKMA, all 149 licensed banks in Hong Kong have joined the Integrity Charter.

Mandatory Reference Checking Scheme

In June, the HKMA completed a post-implementation review of the Mandatory Reference Checking (MRC) Scheme with industry associations²⁵. Building on industry feedback regarding the implementation of Phase 1 and strong support for advancing to the next phase, the Scheme progressed to Phase 2 in September. This phase expands the scope of the Scheme to include staff licensed or registered to carry on securities, insurance or MPF regulated activities, extending beyond only the senior staff of AIs included in Phase 1.



Mr Alan Au, Executive Director (Banking Conduct), delivers opening remarks at the industry briefing session on Phase 2 of the MRC Scheme

Overview of the Mandatory Reference Checking Scheme

Scope: **all AIs**

In-scope positions:

- **Phase 1: ~3,500** senior staff at AIs
- **Phase 2:** the addition of **~50,000** staff licensed or registered to carry on securities, insurance or MPF regulated activities

~700 reference checks conducted by AIs in Phase 1 (implemented in 2023)

²⁵ The MRC scheme aims to tackle the "rolling bad apples" phenomenon in the banking industry, where individuals who have engaged in misconduct behaviour in one institution can obtain employment elsewhere without disclosing their earlier misconduct to the new employer. Under the Scheme, all AIs share conduct-related reference information about prospective employees from the past seven years through a common protocol, enabling AIs to make more informed employment decisions when recruiting staff.

Banking Stability

Handling of bank complaints and enforcement actions

Banking complaints

In 2025, the HKMA received 4,005 customer complaints related to banking services, an increase of 16% over 2024. The handling of 3,777 cases was completed during the year, all within the response timelines stated in the HKMA’s performance pledges (Tables 5 and 6).

	Conduct-related issues	2025		2024
		General banking services	Total	Total
Received during the year	268	3,737	4,005	3,464
Handling completed during the year	227	3,550	3,777	3,405

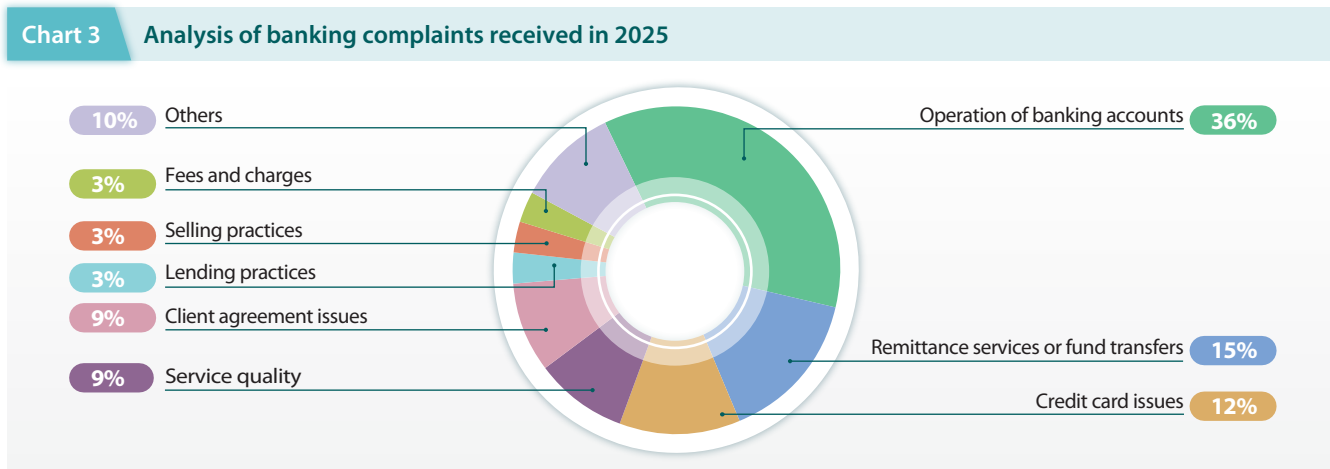
	Performance Pledges	Achievement Rate in 2025
Preliminary responses to complaints	10 working days	100%
Replies to complaint-related enquiries	15 working days	100%

In total, 36% of the complaints received during the year were related to the operation of banking accounts. These mainly concerned banks’ requests for additional information or restrictions placed on accounts due to strengthened fraud prevention measures along with enhanced intelligence sharing from the Police. The HKMA has reminded banks to enhance their communication with customers to help minimise any inconvenience they may experience.

The second major type of complaint involved remittance services or fund transfer disputes. The majority of these complaints were related to customers’ requests for return of funds relating to transactions involving fraudulent accounts.

Credit card issues was the third most common type of complaint. These primarily involved disputes related to credit card transactions, unauthorised transactions, and the operation of credit card reward schemes (Chart 3).

Meanwhile, fraud and scam-related banking complaints²⁶ declined by 30% to 579 cases in 2025. Specifically, cases related to “authorized payment scams” reduced notably by 44%, whereas complaints related to “fraudulent unauthorized transactions”²⁷ recorded a drop of 23%.



26 These complaints may arise from, for example, unauthorized account access, fraudulent instructions leading to fund transfers by customers, online investment scams, or phishing schemes.
 27 Fraudulent unauthorized transactions refer to financial transactions that are carried out without the knowledge, consent, or authorization of the account holder.

Banking Stability

Ombudsman's Awards for Officers of Public Organisations

Three HKMA staff members, namely Ms Gloria Chan and Ms Sabrina Hui, Managers in the Banking Conduct Department, and Ms Artemis Lam, Manager in the Enforcement and Banking Complaints Division, received awards under "The Ombudsman's Awards 2025 for Officers of Public Organisations", in recognition of their efforts in fostering a positive culture of service excellence and upholding the highest standards of professionalism in the handling of complaints and public enquiries.



Ms Artemis Lam (third from right), Manager (Enforcement and Banking Complaints); Ms Gloria Chan (second from left), Manager (Banking Conduct); and Ms Sabrina Hui (first from left), Manager (Banking Conduct), at the awards ceremony with Mr Jack Chan (centre), the Ombudsman

Enforcement

The HKMA is responsible for investigating potential breaches by AIs of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Payment Systems and Stored Value Facilities Ordinance (PSSVFO) and the Stablecoins Ordinance (SO). As the frontline supervisor of AIs, the HKMA also conducts investigations into potential breaches concerning the securities, insurance and MPF intermediary activities of AIs, and passes on its findings in these areas to the SFC, the IA and the MPFA respectively in support of their

enforcement decisions. Under the BO, the HKMA has the power to restrict, or temporarily restrict, staff of AIs engaged in securities business from conducting such business.

In 2025, we completed 227 investigations and assessments. Disciplinary actions were taken against three AIs and one SVF licensee, primarily for deficiencies in their AML/CFT controls related to customer due diligence or transaction monitoring. Further details of these cases are set out in Table 7.

Table 7 Disciplinary actions taken with respect to deficiencies in AML/CFT controls

- One AI exhibited significant deficiencies in its transaction monitoring mechanism and management oversight of AML/CFT controls. As a result, the transaction alerts generated by its transaction monitoring system were not properly followed up.
- Two AIs lacked effective procedures to ensure that their transaction monitoring systems covered all relevant transactions following system changes or the roll out of new banking services. As a result, some suspicious transactions went unidentified.
- An SVF licensee exhibited deficiencies in its customer due diligence measures, particularly in understanding the purpose and nature of its customers' business relationships and the identities of their beneficial owners. Although the licensee outsourced customer identification and verification to its business partners, it failed to ensure that these partners complied with its requirements.

Banking Stability

Apart from these cases involving the exercise of the HKMA's own disciplinary powers, we undertook investigations and shared the findings with the SFC and the IA with respect to 13 conduct-related cases, for their consideration in taking enforcement actions. Wrongdoers were disciplined as a consequence of the HKMA's collaboration with its fellow financial regulators. For example, subsequent to the HKMA's investigation and referral, the SFC reprimanded and imposed fines totalling HK\$81.45 million on three AIs. These cases involved breaches in relation to (i) misconduct in the sale of investment products, overcharging clients, and failing to disclose monetary benefits; (ii) taking advantage of insider information in trading Hong Kong-listed securities; and (iii) deficiencies in product due diligence, record-keeping, and reporting to regulators.

In addition, the HKMA issued 57 compliance advice letters to AIs and their staff to address other areas of regulatory concern and promote regulatory compliance.

Proposed modernisation of enforcement powers under the Banking Ordinance and fining guideline under the Stablecoins Ordinance

The HKMA is working on the modernisation of the Monetary Authority's enforcement powers under the BO. It has refined its proposal taking into account the consultation feedback received from the banking industry. Detailed legislative amendments for the proposals have been developed and shared with fellow financial regulators, the Consumer Council, and industry stakeholders for further consultation, with the aim of introducing them to LegCo in 2026.

With the SO coming into effect, the HKMA also consulted the industry during the year on its proposed fining guideline under the Ordinance to provide transparency regarding how it will exercise its power to impose pecuniary penalties under different circumstances.

Sharing insights and good practices with the banking industry

In August, the HKMA co-hosted two industry sharing sessions with HKAB where key observations from recent enforcement and complaint cases were shared with participants. Over 180 senior executives from 125 AIs and SVF licensees attended the sessions.



Mr Raymond Chan (left), Executive Director (Enforcement and AML), hosts an industry sharing session on the latest enforcement development

In addition, the HKMA issued two *Complaints Watch* newsletters in 2025, covering topical issues such as providing tips on effectively handling media enquiries related to customer complaints, addressing complaints concerning the operation of banking accounts, and designing banking products from the customer's perspective, among others. These newsletters provided useful guidance and good practices for AIs to take into account when enhancing their services to customers.

Banking Stability

Promoting fintech adoption and green and sustainable banking

All Banks Go Fintech

The HKMA has made concerted efforts to promote the responsible adoption of fintech by banks in recent years, recognising the potential benefits that fintech offers in enhancing customer services and improving banks’ operational efficiency, among others. Marking the conclusion of its “Fintech 2025” strategy, the HKMA conducted a Tech Maturity Stock-take to assess how its promotional efforts had helped to drive the adoption of fintech by banks. The results confirmed that there has been a transformative shift in the industry, with 95% of banks, including all retail banks, having adopted fintech across their end-to-end operations. Significant uptake was observed particularly in the five fintech areas of focus, with growth in adoption ranging from 21% to 104% compared to 2022²⁸ (Figure 3). Many banks, transitioning from exploratory phases to operational implementation, have successfully integrated these advanced technologies into their service offerings.

This digital transformation has been supported by a series of fintech promotion initiatives undertaken by the HKMA, including the FiNETech series²⁹ and the production of research papers, practice guides and use case videos. The FiNETech series and other seminars and training initiatives have brought together over 3,000 professionals from the financial and technology sectors.

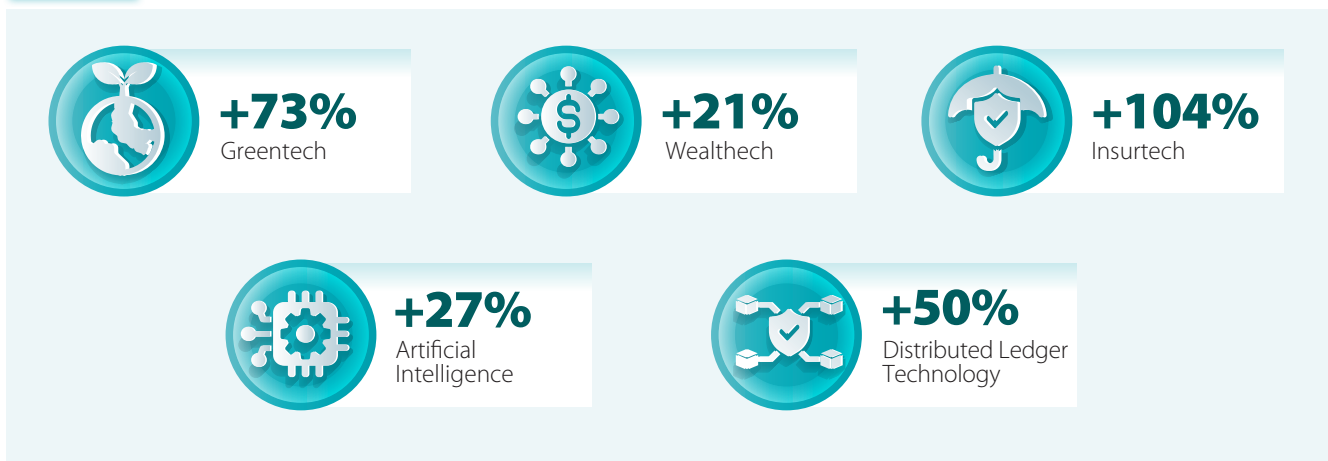
The HKMA published a report sharing the findings of the Tech Maturity Stock-take in July.




Furthermore, the HKMA’s Fintech Supervisory Sandbox (FSS) and the FSS Chatroom, launched in 2016 and 2017 respectively, have served as an enabler of innovation by providing banks and tech firms with a controlled environment to test their new fintech applications and receive early supervisory feedback. As of the end of December 2025, 385 pilot trials of fintech initiatives had been allowed in the FSS.

Figure 3

Growth in adoption of Greentech, Wealthtech, Insurtech, artificial intelligence and distributed ledger technology (2025 vs. 2022)



28 Results of the Tech Baseline Assessment (2022) (<https://brdr.hkma.gov.hk/eng/doc-ldg/docId/20220623-1-EN>).

29 The FiNETech series has so far brought together more than 2,000 professionals from the banking and fintech sectors to exchange insights on emerging technologies such as artificial intelligence, distributed ledger technology and cybersecurity, fostering responsible innovation and sustainable collaboration.

Banking Stability

Promoting responsible adoption of GenAI and distributed ledger technology

In light of the numerous potential benefits that could be realised with GenAI, the HKMA has launched the GenAI Sandbox initiative to facilitate its responsible adoption within the banking industry. Following the successful conclusion of the inaugural Sandbox cohort, the HKMA launched a second cohort (Figure 4), further extending its support for advanced technical trials of innovative artificial intelligence use cases by banks.

Figure 4

Overview of selected use cases and participants in the second cohort of the GenAI Sandbox



In October, the HKMA organised the GenAI Symposium for GenAI Sandbox participants to share their insights via interactive exhibition booths. We also presented a report sharing success stories and practical guidance distilled from the first cohort, while launching a knowledge-bound GenAI chatbot to provide users with more interactive access to insights from the Sandbox.

Joint collaboration between the banking and technology sectors is essential for accelerating the development and adoption of innovative GenAI applications in the banking industry. To this end, the HKMA has introduced the GenAI Sandbox Collaboratory, a platform that has helped forge multiple partnerships between the banking and technology sectors through over 80 targeted workshops on ideation, prototyping, and solution formulation.



Participants at the fifth FINETech in April, where the HKMA unveiled early insights from the inaugural cohort trials in the GenAI Sandbox and launched the second cohort



Ms Carmen Chu (front row, fifth from right), Executive Director (Banking Supervision), with GenAI Sandbox participants at the GenAI Symposium



Representatives from banks and tech firms exchanged insights at a dedicated GenAI Sandbox Collaboratory workshop in July on GenAI solutions to combat deepfake fraud

Banking Stability

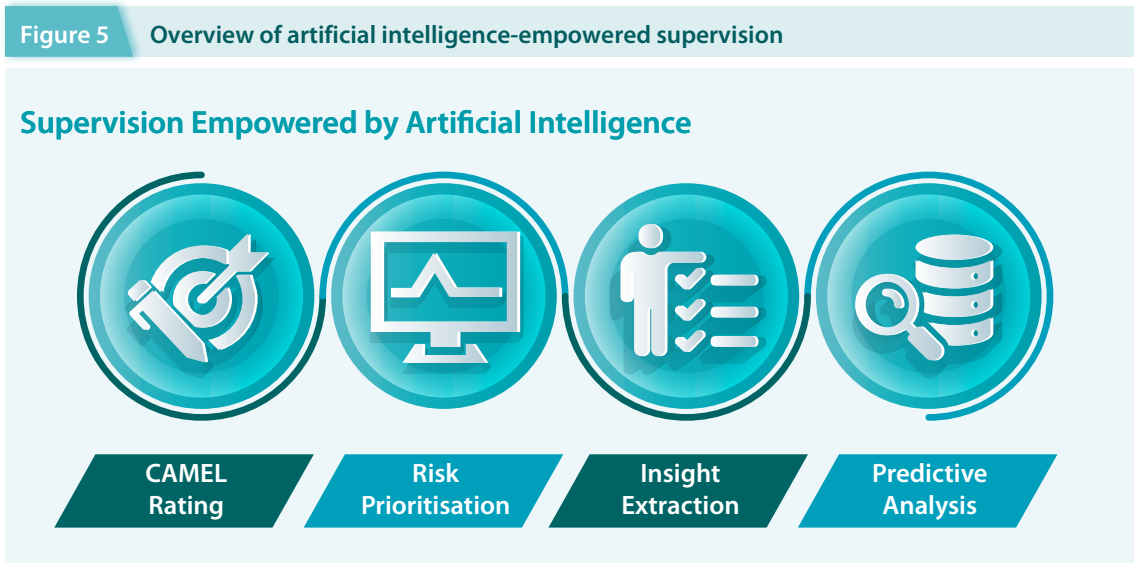
Meanwhile, to assist supervisors in evaluating and interpreting the inner workings of artificial intelligence models used by banks, the HKMA has launched Project Noor in collaboration with the BIS Innovation Hub Hong Kong Centre and other like-minded regulators. This project aims to explore the development of an artificial intelligence model auditing tool that will assist supervisors in assessing the robustness and fairness of AI models adopted by banks.

The HKMA has continued to facilitate the roll-out of distributed ledger technology (DLT)-based products and services by banks through the Supervisory Incubator for DLT. To date, seven participating banks have successfully productionised their tokenised deposit services leveraging the Incubator, following a series of supervisory feedback sessions with us that focused on relevant risk management and compliance issues related to their services.

Accelerating adoption of supervisory technology

The HKMA has embarked on the implementation of a data-driven and technology-empowered supervision framework. This is being built on our foundational Suptech capabilities, such as our end-to-end digital supervisory platform and process automation solutions. We are exploring further ways of integrating GenAI into our supervisory processes, including supporting our supervisors in reconciling unstructured information for the CAMEL rating process and enabling more efficient prioritisation of risks and extraction of supervisory insights. We also completed the implementation of a suite of advanced analytics solutions, which include a sentiment analysis tool that is expediting the identification of emerging risks in the banking sector and a predictive artificial intelligence model that is aiding in the oversight of asset quality (Figure 5).

Figure 5 Overview of artificial intelligence-empowered supervision



Banking Stability

In May, the HKMA and the Hong Kong University of Science and Technology (HKUST) signed a Memorandum of Understanding (MoU) to initiate a collaboration in applied cybersecurity research, jointly exploring the use of cutting-edge technologies – such as large language models and other innovative supervisory and regulatory technology – to enhance banks' cybersecurity resilience.

At the same time, the HKMA continued to work on digitalising the workflow for receiving and processing applications and notifications regarding bank directors and senior management.



Promoting green and sustainable banking

The HKMA continued its efforts in strengthening the climate resilience of the banking sector and promoting green and sustainable banking practices. Some of our major work in 2025 included developing Phase 2A of the Hong Kong Taxonomy for Sustainable Finance with expanded coverage, launching the formal version of the Physical Risk Assessment Platform, conducting thematic examinations and consultative sessions on banks' climate risk management practices, and enhancing the supervisor-driven stress test by incorporating climate risk factors.

More details on the HKMA's work on promoting green and sustainable banking can be found in the *Building a Climate-resilient Financial System* chapter of our *Sustainability Report 2025*.

Banking Stability










Capacity building in the banking sector

In August, the HKMA published a paper on *Capacity Building for Future Banking 2026–2030* in collaboration with HKAB and the Hong Kong Institute of Bankers (HKIB). The study identified emerging areas of knowledge and skills likely to be required by the banking sector in the next few years, and proposed an action plan to increase industry collaboration in capacity building, with a view to ensuring the sustained competitiveness of the banking sector (Figure 6).

Meanwhile, during the year, the HKMA continued to collaborate with key stakeholders on a series of initiatives to enhance the banking sector’s talent capacity.

Figure 6 Capacity Building for Future Banking 2026–2030

Essential Knowledge and Skills for Banking Professionals, 2026–2030

Technological and Data	Soft Skills	Banking Knowledge
 Artificial Intelligence Technological Skills	 Human-Machine Interaction	 Risk Management and Disclosure of Sustainable Finance
 Data Skills	 Creativity	 Knowledge of Emerging Markets
 Cybersecurity	 Cross-Cultural Relationship Building Skills	 New Regulatory Compliance Knowledge

Action Plan Recommended



- A**dvocate for Local Professional Training and Qualifications
- S**ynergise Reskilling and Upskilling
- C**ommit to a Culture of Continuous Learning
- E**valuate the Enhanced Competency Framework for Updates
- N**urture and Attract Future Talent
- D**evote Effort to Promoting Industry-Wide Capacity Building Initiatives

Banking Stability

Upskilling and reskilling the banking workforce

Regulator's Dialogue

The Regulator's Dialogue series is recognised as an effective platform for sector-wide exchange with the HKMA on key banking and regulatory issues. Two sessions were held, in May and July, covering the HKMA's supervisory priorities and recent topics of focus, including cybersecurity and sustainable banking. The two sessions attracted over 900 bank directors, senior bankers, and practitioners.



Banking industry representatives at the Regulator's Dialogue on "2025 Supervisory Focuses and Cyber Resilience Deep Dive", presented by Ms Carmen Chu (second from right), Executive Director (Banking Supervision) and her team



Banking industry representatives at the Regulator's Dialogue on "Sustainable Banking in a Changing World", presented by Mr Donald Chen (bottom photo, centre), Executive Director (Banking Policy) and his team

Artificial intelligence training

The *Capacity Building for Future Banking, 2026–2030* study identified artificial intelligence-related technical and soft skills as likely to be in high demand in the future. In response, the HKMA and HKAB jointly organised an Artificial Intelligence Training Programme in October and November. The programme attracted over 3,000 banking participants, demonstrating the sector's strong commitment to building its artificial intelligence capabilities and enhancing its future readiness.



Representatives from the HKMA, HKAB, HKIB, Huawei and FORMS (HK) at the HKMA-HKAB AI Training Programme for the banking industry

Cross-boundary study tour

The HKMA and HKIB jointly organised a cross-boundary study tour to Hangzhou in August, providing an opportunity for 50 bank directors and senior executives to gain deeper insights into the cutting-edge technological innovations being made in the Chinese Mainland as well as the latest developments in macro-economic and financial markets there.



Bank directors and senior executives in the cross-boundary study tour to Hangzhou

Banking Stability

Attracting and nurturing future talent

Future Banking Bridging Programme

Following continuing strong interest from university students, the HKMA launched the fifth round of its Future Banking Bridging Programme in November. In this round, over 300 students received professional training, worked on cross-university group projects, undertook job shadowing, and engaged with mentors and representatives from the banking industry. Since its inception in 2021, the programme has benefitted more than 1,300 university students.



University students in the Future Banking Bridging Programme

Apprenticeship Programme for Private Wealth Management

Building on success in previous years, the HKMA and the Private Wealth Management Association co-organised a new round of the Apprenticeship Programme for Private Wealth Management, designed to equip university students with the practical skills and experience needed to take up a career in private wealth management. The November Recruitment Day drew around 600 students, who received tailored career support, including resumé writing and interview advice. Since 2017, the programme has provided over 480 apprenticeship opportunities to students.



University students at the Recruitment Day for the Apprenticeship Programme for Private Wealth Management

Banking career talks

In collaboration with the banking industry and HKIB, the HKMA organised a number of banking career talks and fairs at universities in Hong Kong, providing students with insights into the latest banking developments and trending job roles. Industry professionals also shared their expertise to help students prepare for banking careers. The activities attracted over 1,500 students from different universities and various disciplines.

Career guidance for secondary school students

To spark early interest in banking, the HKMA runs activities for secondary students and teachers. In July, we partnered with the Education Bureau to deliver a new round of the Future Banker – Planning for Future Career Programme for around 40 secondary school students and their career guidance teachers. The event featured an experimental workshop and a storytelling competition on future banking from a youth perspective.

In December, a talk on pursuing careers in banking was organised for more than 800 secondary school students and teachers.



Senior secondary students at the Future Banker – Planning for Future Career Programme

Banking Stability



Students offer their ideas about banking operations and services in the future

The HKMA also partnered with the Education Bureau and the HKCBA to organise the Young Bankers' Summer Programme for over 40 secondary school students and teachers. This was an opportunity for the HKMA and banking practitioners to share details about the evolution of Hong Kong's banking and financial systems and banking operations with participants.



Mr Fu Kim (first from left) and Mr Kevin Chan (first from right), Executive Vice Presidents of HKCBA; Mr Donald Chen (second from left), Executive Director (Banking Policy); Mr Ronick Chan (third from left), Director and Vice Chairman of HKCBA; Ms Gloria Chan (third from right), Deputy Secretary for Education of the Education Bureau; and Mr Jacob Hui (second from right), Chief Curriculum Development Officer of the Education Bureau, at the opening ceremony of the Young Bankers' Summer Programme



Mr Donald Chen, Executive Director (Banking Policy), speaks at the opening ceremony of the Young Bankers' Summer Programme

Attracting young talent from abroad

The HKMA also worked with academia to attract young talents from outside Hong Kong. Collaborating with the Summer Institute of the University of Hong Kong, we provided 80 secondary school students from the APAC region with useful information about monetary and banking systems and financial markets through the Profile Building for Future Career Programme.



Senior secondary students from the APAC region on a visit to HKMA

Banking Stability

Financial market infrastructures oversight

The PSSVFO empowers the Monetary Authority to designate and oversee clearing and settlement systems (CSSs) that are material to the monetary and financial stability of Hong Kong, and to the functioning of Hong Kong as an international financial centre.

The purposes of the PSSVFO include promoting the general safety and efficiency of the following designated CSSs:

- the Central Moneymarkets Unit;
- the Hong Kong dollar Clearing House Automated Transfer System (CHATS), including the Hong Kong dollar FPS;
- the US dollar CHATS;
- the euro CHATS;
- the renminbi CHATS, including the renminbi FPS; and
- the Continuous Linked Settlement (CLS) System.

The PSSVFO also provides statutory backing to the finality of settlement for transactions made through the designated CSSs by protecting the settlement finality from insolvency laws and any other laws.

The HKMA also oversees the Hong Kong Trade Repository (HKTR), the OTC derivatives trade repository in Hong Kong. While the HKTR is not a CSS and is not designated as such under the PSSVFO, the Monetary Authority ensures that the HKTR is operated in a safe and efficient manner. This is in line with one of the functions of the Monetary Authority to maintain the stability and integrity of Hong Kong's monetary and financial systems.

Monitoring and assessment

The HKMA oversees the local FMIs under its purview through off-site reviews, continuous monitoring, on-site examinations, and meetings with FMI management. In doing so, the HKMA adopts international standards in its oversight framework. In particular, the requirements under the Principles for Financial Market Infrastructures (PFMI)³⁰ are incorporated into the HKMA's guidelines for designated CSSs and the HKTR.

The HKMA has completed PFMI assessments on all the FMIs under its oversight, each of which has published a Disclosure Framework, a key requirement under the PFMI to improve transparency. The PFMI assessment results and the Disclosure Frameworks are available on the HKMA website.

The HKMA has been closely monitoring the operations of the FMIs and the sufficiency and appropriateness of their contingency arrangements. As a result of the HKMA's guidance, FMIs have taken steps to enhance their end-point security and cyber resilience. Following the enactment of the Protection of Critical Infrastructures (Computer Systems) Ordinance, the HKMA has commenced the assessment of relevant FMIs to ensure their readiness for designation as critical infrastructure operators. In addition, the HKMA has been closely monitoring the adoption of the ISO 20022 standard for the HKTR to ensure a seamless transition with no adverse impact on the safety and efficiency of the system.

Technological innovation

The HKMA has continued to monitor the implementation of a growing number of innovation efforts by FMIs, such as tokenisation and central bank digital currencies, with a view to assessing the implications of these initiatives from oversight perspectives.

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

Banking Stability

International participation and co-operative oversight

The HKMA actively participates in several international forums that promote the effective oversight of FMIs. As a member of the BIS Committee on Payments and Market Infrastructures (CPMI), the HKMA engages in meetings, working groups and forums to discuss FMI oversight matters, digital innovations in payments, cross-border payments and FMI risk management. In addition, the HKMA contributes to the efforts of working groups and taskforces under the CPMI and the FSB, focusing on enhancing cross-border payments from an oversight perspective, and participates in the CPMI-IOSCO³¹ Implementation Monitoring Standing Group, which is responsible for monitoring and assessing the implementation of the PFMI across different jurisdictions.

As a member of the Oversight Forum of Swift³², the HKMA discusses oversight matters with other central banks, focusing on Swift's customer security controls framework and cybersecurity issues.

To facilitate efficient communication and consultation, the HKMA has established co-operative oversight arrangements with other relevant authorities. We participate in the international co-operative oversight of the CLS System³³ through the CLS Oversight Committee, and attended various meetings of the CLS Oversight Committee during the year.

Independent tribunal and committee

An independent Process Review Committee, whose members are appointed by the Chief Executive of the Hong Kong Special Administrative Region, reviews the processes and procedures adopted by the HKMA in applying standards under the PSSVFO to oversee systems in which the HKMA has a legal or beneficial interest. The Committee assesses whether the HKMA has applied consistent oversight to all designated CSSs.

In 2025, the Committee held two meetings and reviewed four regular reports, as well as 36 accompanying oversight activities management reports. It concluded that the HKMA had duly followed internal operational procedures and had been procedurally fair in carrying out its oversight activities. The Committee's annual report, submitted to the Financial Secretary, is available on the HKMA website.

31 Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions.

32 Swift (Society for Worldwide Interbank Financial Telecommunication) is a global messaging network which assists financial institutions to transmit information and instructions in a standardised manner.

33 The CLS System is a global CSS operated by the CLS Bank to handle cross-border foreign exchange transactions. It enables foreign exchange transactions involving CLS-eligible currencies, including the Hong Kong dollar, to be settled on a payment-versus-payment basis.