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Harnessing Financial Technology:

Transforming Hong Kong into a Leading Digital Payment Hub

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Executive Summary



Executive Summary

For international financial centres, competitiveness in the digital era increasingly depends on the sophistication of their payment systems, which enables value to move swiftly, securely, and transparently across entities and borders. The defining advantage now lies in the "payment switch": the capacity to integrate diverse technologies and standards into a trusted and resilient network that routes global payment flows efficiently and settles transactions safely under robust governance. Hong Kong's strategic question is **what it will take to become a leading digital payment hub — the switch through which global currencies, rails and settlement assets interoperate to deliver faster, safer and more cost-effective payments.**

The global payments landscape is entering a new era of transformation. Advances in instant payment systems, digital assets and tokenised money, and agentic artificial intelligence (AI) are redefining the speed and intelligence across the payment value chain, while global open standards for financial messaging are establishing a common language that enhances interoperability and transparency. The architecture is changing in step: multilateral payment platforms now complement correspondent banking and bilateral linkages, enabling participants across jurisdictions to transact directly, shorten transaction chains, extend operating hours, and streamline compliance.

For Hong Kong, this global transformation presents both a strategic opportunity and an imperative to act. As a leading international financial centre, the city offers robust and internationally aligned regulation, sophisticated financial infrastructure, and deep connectivity with the Chinese Mainland and global markets. These strengths anchor franchises that rest on its payment rails: Hong Kong handles roughly 75% of global offshore Renminbi (RMB) payments, serves as an important node for Belt and Road trade settlement, and has overtaken Switzerland as the world's largest cross-border wealth booking centre.[1] Its world-leading FinTech ecosystem[2]—home to around 1,200 companies spanning digital assets, blockchain applications, and payment innovation[3]—further strengthens its capacity to capitalise on this shift. Above all, its enduring advantage is optionality: the ability to clear multiple currencies, rails and settlement assets, allowing it to remain the trusted interface as standards evolve.

By working with regulatory authorities, central banks and industry, Hong Kong can build on these structural strengths to enhance cross-border efficiency and reinforce financial integration across Asia. This requires targeted policy action across several enablers: stronger regulatory coordination and transparency to foster a predictable environment for innovation while safeguarding integrity; deeper cross-border payment connectivity to reinforce Hong Kong's role as a gateway for international flows; and modernised core infrastructure to achieve seamless interoperability between conventional and digital rails. Together, these pave the way for a more resilient and future-ready ecosystem, contributing to the stability and inclusiveness of the international financial system.

In this context, and in its ongoing commitment to promoting FinTech innovation, the Financial Services Development Council (FSDC) formed a dedicated Working Group to draw on insights from a broad range of stakeholders, aimed at fostering a conducive ecosystem for developing Hong Kong into a leading digital payment hub.

1 Boston Consulting Group. (2026, May 27). Global Wealth Report 2026. https://web-assets.bcg.com/84/95/538c1f4b439a91d3ef8ae90b6e89/2026-gwr-may-2026.pdf

2 China Development Institute, Z/Yen Group. (2026, September 16). The Global Financial Centres Index 40. https://www.longfinance.net/media/documents/GFCI_40_Report_2026.09.16_v1.2.pdf

3 FintechHK. (2026, January 27). Fact Sheet: Hong Kong Fintech Landscape. https://www.hongkong-fintech.hk/en/insights/news/news-2026/fact-sheet-hong-kong-fintech-landscape/

This report sets out an overview of global payment developments and the key attributes of leading payment hubs, followed by an assessment of Hong Kong's current positioning, strategic opportunities, and challenges. The key policy recommendations include:

Govern to Enable — A Rulebook Fit for an Integrated Market

- **Recommendation 1: Enhancing regulatory coordination and proportionate oversight**, by establishing a single point of entry to enable coordinated regulatory facilitation, and implementing more proportionate, risk-based regulation and supervision across the payments sector.

Connect to Anchor — Open, Interoperable, Future-ready Settlement Infrastructure

- **Recommendation 2: Strengthening core payment infrastructure and keeping broader access under review**, by extending and aligning CHATS operating hours toward round-the-clock settlement, while retaining additional participation models for qualified non-bank PSPs as a future policy option for formal consideration after the regulatory enhancements under Recommendation 1 have been implemented, and subject to appropriate safeguards.

- **Recommendation 3: Leveraging digital assets and tokenisation to drive payment innovation**, by promoting technical compatibility through unified ledger development, supporting settlement finality for distributed ledger technology systems, and designing for the coexistence of stablecoins and tokenised deposits on harmonised standards.

Position to Lead — Convert Structural Advantages into Competitive Differentiators

- **Recommendation 4: Building the cross-border trust layer and leading the agentic frontier**, by assessing opportunities for broader adoption of the digital corporate identity platform through interoperability with regional and international frameworks, exploring a neutral shared sanctions-screening utility, and leveraging the GenA.I. Sandbox++ to develop interoperable standards and ecosystem for agent-initiated payments.

- **Recommendation 5: Leading as the multi-rail and multi-currency super-connector**, by positioning Hong Kong as a trusted, interoperable multi-currency and multi-rail hub, bridging the Mainland and international markets.

Introduction



Introduction

The global payments industry is evolving beyond its traditional role of transaction clearing to become an integral enabler and orchestrator of the digital economy. Global payment revenues are projected to approach nearly USD2.6 trillion by 2030,[4] driven by the expansion of digital commerce, the acceleration of cross-border trade, and a shift to electronic payments. Asia-Pacific is at the forefront of this transformation, with payments revenues projected to reach approximately USD656 billion by 2030, underpinned by the rapid digital payment adoption across the region.[5]

Despite strong headline growth, cross-border interoperability remains fragmented and uneven. The international payments ecosystem today is characterised by a proliferation of domestic real-time payment (RTP) systems and diverse regional multilateral platforms, shaped by distinct policy priorities and regulatory frameworks. The fragmentation also reflects varying levels of technological maturity and market openness.

For an aspiring digital payment hub, competitiveness is migrating away from simply intermediating large capital flows toward mastering the "switch": integrating heterogeneous technologies, standards, compliance regimes, and currencies into a safe, high-velocity, interoperable gateway for global payments.

Technology Forces Driving the Payments Evolution

Technological innovations are redefining the velocity, transparency, and programmability of value transfer, giving rise to more interoperable, data-rich infrastructures.

The widespread deployment of RTP infrastructures is central to this transformation. As of June 2026, individuals and businesses in 137 countries had access to instant payment services, underscoring the extent to which real-time payments have become a global payments standard.[6] The value of transactions processed using a real-time payment is forecast to grow by 289% from 2023 to 2030.[7]

By enabling near-instant settlement on a 24/7/365 basis, RTP networks are redefining expectations for payment speed, efficiency and availability. These systems—exemplified by India's Unified Payments Interface[8] and Brazil's Pix[9]— improve access to funds and, where interbank settlement also occurs in real time, shorten the duration of counterparty exposure.

While RTP networks provide the essential transactional layer, their broader economic value is realised through the value-added "overlay" services that operate atop.[10] These services, including Request to Pay functionality, enhanced biller directories, automated reconciliation tools, and real-time fraud mitigation systems, extend the usability of RTP frameworks for corporates, consumers, and financial institutions alike. Greater automation and data integration support a more efficient and inclusive digital payment ecosystem.

4 Boston Consulting Group. (2026, September 23). Global Payments Report 2026: The Burden of Proof. https://www.bcg.com/publications/2026/global-payments-market-outlook-2030
5 Boston Consulting Group. (2026, September 23). Global Payments Report 2026: The Burden of Proof. https://www.bcg.com/publications/2026/global-payments-market-outlook-2030
6 World Bank. (2026, July 8). How fast payment systems drive economic growth and financial inclusion. https://blogs.worldbank.org/en/psd/how-fast-payment-systems-drive-economic-growth-and-financial-inc
7 J.P. Morgan. (2025, March 17). Real-time payments: Driving disruptive innovation. https://www.jpmorgan.com/insights/payments/real-time-payments/real-time-payments-driving-disruption#
8 National Payments Corporation of India. (Access date: 2026, April 16). Unified Payments Interface. https://upichalega.com//
9 Banco Central do Brasil. (Access date: 2026, April 16). Pix. https://www.bcb.gov.br/en/financialstability/pix_en
10 World Bank Group. (2025, September). Prominent overlay services in fast payment systems. https://fastpayments.worldbank.org/sites/default/files/2025-10/Prominent%20Overlay%20Services%20in%20Fast%20Payment%20Systems_Final%20%281%29.pdf

Alongside RTP systems, blockchain and other distributed ledger technology (DLT) are transforming how value is created, transferred, and settled globally. They underpin an emerging tokenised money ecosystem—encompassing central bank digital currencies (CBDCs), tokenised bank deposits and fiat-backed stablecoins—that represents a structural shift towards programmable, data-rich forms of digital money. This multi-rail ecosystem is capable of supporting near-instant settlement finality, cross-platform interoperability, and embedded compliance, offering new possibilities to improve liquidity management and transparency in domestic and cross-border payments. These segments represented a combined market value of at least USD300 billion in 2025,[11] highlighting the institutionalisation of tokenised finance.

The tokenised money ecosystem [12,13]

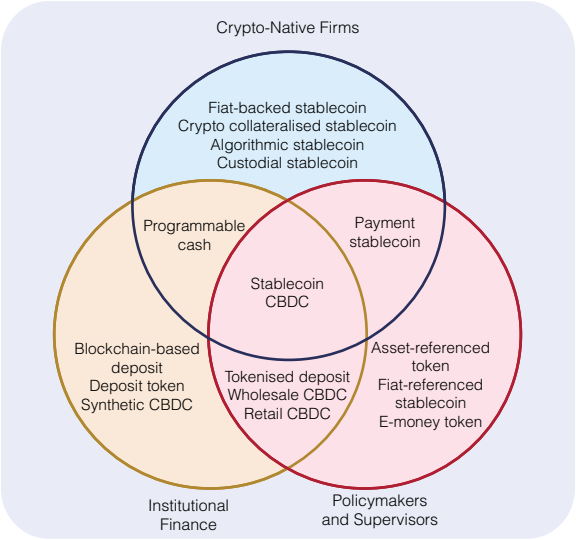
CBDC—government-issued official digital money: provides a sovereign settlement anchor, and its payments are expected to reach USD213 trillion by 2030.

Tokenised bank deposits—digitised fiat bank money: extend regulated bank money onto programmable infrastructure and are expected to facilitate around USD100-140 trillion in transaction volume by 2030.

Stablecoins—regulated private digital 'money' / payment instrument: offer high-efficiency settlement, supporting USD100-200 trillion in annual transaction activity by 2030.

The defining feature of such an ecosystem is programmability. As programmable cash advances from pilot to production, payments are shifting from ex-post record-keeping to ex-ante execution, with settlement and compliance conditions embedded directly in the instrument via smart contracts. This enables the automation of complex arrangements such as Delivery-versus-Payment (DvP) and Payment-versus-Payment (PvP), improving intraday liquidity management, reducing settlement risk, and moving the system toward self-executing, auditable payment flows.

Figure 1: Indicative split of the current tokenised money ecosystem[14]



11 University of Cambridge. (2026, February). Tokenised Money: Use Cases, Interoperability and Regulation. https://www.jbs.cam.ac.uk/wp-content/uploads/2026/02/2026-ccaf-tokenised-money-use-cases-interoperability-and-regulation.pdf

12 Juniper Research. (2023, March). CBDC Transactions to Exceed $213 Billion by 2030 Globally. https://www.juniperresearch.com/press/cbdc-transactions-to-exceed-213-bn-by-2030/

13 Citi Group. (2025, September 25). Stablecoins 2030: Web3 to Wall Street. https://www.citigroup.com/rcs/citigpa/storage/public/GPS_Report_Stablecoins_2030.pdf

14 University of Cambridge. (2026, February). Tokenised Money: Use Cases, Interoperability and Regulation. https://www.jbs.cam.ac.uk/wp-content/uploads/2026/02/2026-ccaf-tokenised-money-use-cases-interoperability-and-regulation.pdf

In parallel, as payment volumes and velocities rise, financial institutions are deploying AI to manage operational complexity and support real-time decision-making. The sector is moving beyond task automation toward agentic AI—systems capable of autonomously executing multi-step financial processes. Although adoption remains at an early stage, experimentation is expanding rapidly across payment-related use cases:[15,16]

- **Autonomous agent commerce:** AI entities independently conducting and settling financial transactions.
- **AI-driven treasury optimisation:** Predictive liquidity management informed by real-time market conditions and forward-looking analytics.
- **Automated compliance monitoring:** Continuous, AI-based surveillance for early detection of regulatory violations and anomalies.
- **Dynamic risk management:** Real-time portfolio and exposure adjustments guided by AI-generated risk assessments.

These benefits, however, come with fundamental design tensions. Traditional payment systems rest on deterministic frameworks that guarantee predictability, accountability, and legal certainty of settlement finality, whereas agentic AI operates on probabilistic, adaptive reasoning that introduces new complexity and uncertainty.[17] Integrating such systems into mission-critical infrastructure, therefore, demands careful design calibration and supervisory oversight to realise the benefits of automation while preserving the operational reliability, auditability and legal soundness that underpin trust in the payments ecosystem.

Advancing Global Standards for Payment Connectivity

While technological progress is a critical driver of payments innovation, it also presents the fragmentation risk if pursued in isolation. Without common frameworks, new systems could evolve into discrete "walled gardens" that advance domestic efficiency but limit global scalability. To ensure interoperability, resilience, and inclusiveness across borders, the industry requires cohesive data and messaging standards that serve as connective tissue for payment networks.

Historically, financial institutions have faced rising costs and operational complexity from multiple, often incompatible messaging standards. Differences between cross-border formats, such as SWIFT Message Type (MT) messages, and domestic formats are compounded by divergent network configurations and operating rules.[18] Translating between them frequently can cause data truncation and information loss, hindering straight-through processing and imposing material costs through limited automation and delayed settlement.

The global migration toward the ISO 20022 addresses these challenges through a unified, data-rich communication language.[19] Its enhanced message format supports interoperability between domestic RTP networks and cross-border platforms, improves transparency, and facilitates automated message repair, validation, and more accurate, responsive compliance screening. Moreover, its structured data framework forms the foundation for emerging technologies such as AI and programmable smart contracts, powering the next generation of data-driven payment functionalities and regulatory insights.

15 International Monetary Fund. (2026, April 24). How Agentic AI Will Reshape Payments. https://www.imf.org/-/media/files/publications/imf-notes/2026/english/insea2026004.pdf

16 University of Cambridge. (2026, February). Tokenised Money: Use Cases, Interoperability and Regulation. https://www.jbs.cam.ac.uk/wp-content/uploads/2026/02/2026-ccaf-tokenised-money-use-cases-interoperability-and-regulation.pdf

17 International Monetary Fund. (2026, April 24). How Agentic AI Will Reshape Payments. https://www.elibrary.imf.org/view/journals/068/2026/004/article-A001-en.xml

18 Bank for International Settlements' Committee on Payments and Market Infrastructures. (2026, April). CPMI Brief No.11: The future of financial messaging: navigating the ISO 20022 migration journey. https://www.bis.org/cpmi/publ/brief11.pdf

19 SWIFT. (2025, November 25). ISO 20022: A new era for global payments. https://www.swift.com/news-events/news/iso-20022-new-era-global-payments

This process of standardisation aligns closely with the G20 Roadmap for Enhancing Cross-Border Payments (G20 Roadmap),[20] endorsed in October 2020. The roadmap articulates a coordinated international agenda to address long-standing inefficiencies in cross-border transactions, with measurable targets for 2027 focused on improving speed, cost, transparency, and access *(See Appendix 1 for more details)*.[21] Implementation is being driven by the Financial Stability Board (FSB), working with the Bank for International Settlements (BIS) Committee on Payments and Market Infrastructures (CPMI), the International Monetary Fund (IMF) and other bodies, which stress that achieving the G20 goals depends on common standards and systematic interlinking of national and regional payment infrastructures.

In parallel, the next phase of connectivity is extending beyond interoperability between financial institutions to encompass machine-native payment interactions. As AI agents, APIs and digital platforms increasingly transact with one another, legacy billing and payment arrangements may present cost and operational challenges for real-time, automated commerce. Private-sector open protocols is emerging in response, such as x402, designed to enable programmatic, agent-to-agent and API-based payments through a common internet-native interface. By supporting cost-effective, automated and near-instant settlement, including through stablecoin-based and Layer-2-enabled transactions,[22] such approaches point to a possible future model for pay-per-use services and machine-to-machine commerce.

The Emergence of Multilateral Payment Platforms

Multilateral payment platforms are expanding the options for cross-border transactions, complementing correspondent banking and bilateral links. They seek to address inefficiencies, latency, and limited transparency through common technical and governance frameworks between domestic payment infrastructures, enabling a “build once, scale across” approach to regional and global connectivity.

Linking two domestic payment systems has traditionally required bespoke bilateral arrangements, which remain valuable for meeting corridor-specific needs. As networks expand, multilateral platforms employing a hub-and-spoke design offer a complementary approach, allowing participants to connect through common infrastructure. Project Nexus,[23] an initiative led by the BIS Innovation Hub (BISIH), allows national payment system operators to connect once to a Nexus gateway and thereby achieve interoperability with other participants in the network. This model could lower technical and administrative barriers and facilitate participation by smaller jurisdictions, potentially supporting wider access to cross-border payment services. These benefits would depend on network coverage, effective governance and regulatory alignment. Figure 2 presents further initiatives exploring how multilateral approaches could improve cross-border fund transfers and financial-market connectivity.

The convergence of real-time payment platforms, agentic AI, and programmable tokenised assets is reshaping global payments. This evolution is increasingly characterised by the synergistic interaction between innovation, unified data standards, and connectivity arrangements that support cross-border interoperability. Multilateral platforms could contribute to a broader “network of networks”, in which value moves across jurisdictions with greater transparency, automation, and resilience.

Against this backdrop, Hong Kong occupies a uniquely strategic position. Under “One Country, Two Systems”, it serves as a pivotal platform for cross-border financial experimentation and interoperability. Its established role as a multi-currency settlement hub and participation in global initiatives place it at

20 Financial Stability Board. (2025, October 9). G20 Roadmap for Enhancing Cross-border Payments: Consolidated progress report for 2025. https://www.fsb.org/uploads/P091025-1.pdf

21 Financial Stability Board. (2025, October 9). G20 Roadmap for Enhancing Cross-border Payments: Consolidated progress report for 2025. https://www.fsb.org/uploads/P091025-1.pdf

22 Coinbase Developer Platform. (2025, May 6). X402: An open standard for internet-native payments. https://x402.org/wp-content/uploads/sites/10/2026/06/x402-whitepaper.pdf

23 Bank for International Settlements. (Updated: 2025, August 27). Project Nexus: enabling instant cross-border payments. https://www.bis.org/about/bisih/topics/fmis/nexus.htm

the forefront of advancing CBDCs and programmable settlement—reinforced by forward-looking digital-asset regulation, payment-system modernisation, and RegTech adoption. By aligning innovation with regulatory integrity, the city can strengthen its role as a trusted interface between payment networks and reinforce its standing as an international financial centre. These considerations frame the analysis that follows.

Figure 2: Examples of multilateral platforms (non-exhaustive)

Strategic focus	Project	Participating entities	Key objectives & innovations
Tokenisation & programmability	Project Agorá[24]	BISIH with Bank of England, the Federal Reserve Bank of New York, the Bank of France (representing the Eurosystem), the Bank of Japan, the Bank of Korea, the Bank of Mexico, the Swiss National Bank and more than 40 private sector financial institutions	> Explores the feasibility of a unified programmable ledger that integrates wholesale CBDCs and tokenised commercial bank deposits. > Aims to enable atomic settlement and built-in regulatory compliance, while promoting cross-border coordination and harmonised oversight to prevent fragmentation.
Programmable compliance	Project Mandala[25]	The BISIH Singapore Centre, together with the Reserve Bank of Australia, Bank of Korea, Central Bank of Malaysia, and the Monetary Authority of Singapore, in partnership with financial institutions	> Examines how jurisdiction-specific policy and regulatory requirements can be encoded into a common programmable protocol to streamline cross-border payments, foreign direct investment, and borrowing transactions. > Seeks to automate and pre-validate compliance obligations, enhance transparency, and reduce friction in multi-jurisdictional transfers. > The project will further test system scalability, expand use cases, and deepen research into programmable compliance for digital assets.
Regional currency integration	PAPSS (Pan-African Payment and Settlement System)[26]	Africa's central banks (i.e., include the central banks of Nigeria, Ghana, Liberia, Gambia, Guinea, Sierra Leone, Kenya, Zimbabwe, Zambia, and Djibouti) and financial institutions	> Designed to support the African Continental Free Trade Area—enables instant cross-border payments in local African currencies. > Reducing reliance on hard currencies (e.g. USD and EUR) for intra-African trade to lower transaction costs and support SME participation.
Multi-currency clearing platform	BUNA[27]	Operated by the Arab Monetary Fund	> Facilitates payments in Arab and international currencies among financial institutions across the Arab region and beyond. > Strong emphasis on compliance with international AML/CFT standards.

24 Bank for International Settlements. (Updated: 2025, October 14). Project Agora: exploring tokenisation of cross-border payments. https://www.bis.org/about/bisih/topics/fmis/agora.htm

25 Bank for International Settlements. (Updated: 2025, November). Project Mandala: shaping the future of cross-border payments compliance. https://www.bis.org/about/bisih/topics/cbdc/mandala.htm

26 Pan-African Payment and Settlement System. (Access date: 2026, April 16). Connecting Payments. Accelerating Africa's Trade. https://papss.com/

27 Buna. (Access date: 2026, April 16). Buna. https://buna.co/



Understanding International and Regional Payment Hubs

Understanding International and Regional Payment Hubs

International payment hubs are increasingly distinguished not only by the scale of capital they intermediate, but also by the sophistication, interoperability, and resilience of their payment infrastructures. Jurisdictions that successfully integrate advanced digital technologies, harmonised data and messaging standards, and robust governance frameworks will emerge as pivotal nodes in the globally connected financial network. The ability to serve as a reliable cross-border infrastructure provider—anchored in safety, transparency, and innovation—is becoming a defining hallmark of modern financial competitiveness.

Drawing on the analytical work of the BIS, FSB, and IMF, five constitutive attributes together provide a usable framework for assessing a jurisdiction's payment hub readiness:

I. **Connectivity density:**
The extent and significance of its interlinkages with both domestic and foreign payment systems. A hub functions as a central routing node for regional and global flows, enabling institutions to route transactions efficiently across multiple networks and serving as a conduit for liquidity distribution and market integration. Connectivity is increasingly measured by its embeddedness in multilateral, standards-based networks that reduce the need for bespoke technical integrations, while retaining appropriate legal and governance arrangements.

II. **Safe settlement and liquidity management:**
A mature payment hub ensures final settlement in central bank money or in rigorously regulated private money, consistent with the CPMI-IOSCO Principles for Financial Market Infrastructures.[28] This stability is underpinned by intraday liquidity access, robust collateral frameworks, deep and liquid foreign exchange (FX) markets, and comprehensive risk management mechanisms designed to mitigate credit, liquidity, operational, and market risks. The assurance of settlement finality and liquidity resilience across both domestic and cross-border transactions is fundamental to maintaining confidence in a jurisdiction's market infrastructure.

III. **Shared platform services and programmability:**
Leading hubs deliver integrated, value-added utilities beyond basic clearing—common foreign-exchange conversion, intelligent payment routing, and advanced compliance, identity-verification, and information-sharing capabilities that support Know Your Customer (KYC), Know Your Business (KYB), Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), and sanctions screening requirements—and increasingly support programmable, smart-contract-based transactions such as escrow, conditional payments, and DvP. As Project Agorá's recent prototype demonstrates, the capacity to bridge account-based and token-based settlement within a single governed environment is fast becoming the differentiating capability. Support for tokenised money also requires scalable custody, wallet, and asset control arrangements, as well as compliance capabilities such as Travel Rule information sharing, for which token-based payments can operate safely, efficiently, and at a scale suitable for mainstream payment business use.

28 Bank for International Settlements. (Access date: 2026, April 16). Principles for Financial Market Infrastructures (PFMI). https://www.bis.org/cpmi/info_pfmi.htm

IV. Credible governance and regulatory coherence:
A hub's sustainability rests on effective public-private collaboration—central banks, regulators and industry jointly defining rulebooks covering system access, data governance, risk management, consumer protection and cyber-resilience—and on active participation in BIS CPMI, FSB, International Organization of Securities Commissions (IOSCO) and ISO standard-setting. Such coherence ensures domestic frameworks remain harmonised with international norms, reinforcing both market trust and cross-border interoperability.

V. Ecosystem depth:
A mature payment hub is underpinned by a broad and diverse community of banks, non-bank payment service providers, FinTech and RegTech firms, infrastructure specialists, professional services providers, and a skilled workforce. This depth enables collaboration between domestic and international stakeholders, turning advanced infrastructure into tangible regional economic value and supporting users across retail, SME, corporate, and financial market segments.

Synthesising these attributes, an international or regional payment hub, in general, is:

A jurisdiction that functions as a trusted central node in the global flow of value—interlinking multiple domestic and foreign payment systems through harmonised, open standards, settling significant cross-border volumes in safe money with assured finality, and hosting interoperable, programmable platforms atop a deep ecosystem of financial institutions and private innovators—all governed by a credible, risk-based framework that aligns prudential and AML/CFT integrity with the agility to support continuous innovation.



Hong Kong's Position in the Global Payment Landscape

Hong Kong's Position in the Global Payment Landscape

For Hong Kong, the framework yields a clear preliminary thesis, developed in Section 2 and evidenced in this section. Anchored in the "One Country, Two Systems" principle, the city sits at the interface between the Mainland and global markets—its strengths in **safe settlement** and **governance** are substantial, and its **ecosystem depth** is deepening through digital-asset and RegTech activities. Its binding constraints lie in **connectivity density**—where a bilateral-first posture is being outpaced by the multilateral interlinking consolidating across the region—and in the practical breadth of its **shared platform services**, where cross-border reach remains narrower than the underlying infrastructure could support. The strategic task, accordingly, is not to build capabilities Hong Kong lacks from scratch, but to convert demonstrated depth in certain attributes into leadership across all five. This section assesses that gap against the evidence.

Mapping Hong Kong's Payment Infrastructure and Licensing Framework

Hong Kong's payment ecosystem is best understood as a layered architecture—wholesale settlement, retail overlays, and an activity-based licensing perimeter governing both—each balancing financial stability with technological innovation. The Payment Systems and Stored Value Facilities Ordinance (PSSVFO) (formerly titled the Clearing and Settlement Systems Ordinance), in effect since 2004, empowers the Hong Kong Monetary Authority (HKMA) to designate and oversee clearing and settlement systems considered material to the monetary or financial stability of Hong Kong or to the functioning of the city as an international financial centre.

The wholesale settlement layer — real time settlement of payments and securities

At the core of this system is the Clearing House Automated Transfer System (CHATS), a real-time gross settlement mechanism that supports multi-currency settlement in HKD, USD, EUR, and RMB. CHATS enables immediate, irrevocable transactions and serves as a critical platform for managing settlement risk and liquidity across markets.[29] To bolster Hong Kong's position as a premier offshore RMB hub, the RMB CHATS maintains critical links to the China National Advanced Payment System, Cross-border Interbank Payment System and Shenzhen Financial Settlement System,[30] alongside global infrastructure connections that support interbank, corporate, and securities settlement.

This layer is further integrated with the Central Moneymarkets Unit (CMU)—supported in its operation and business development by CMU OmniClear Limited—to facilitate real-time and netting of DvP settlement for debt securities,[31] effectively minimising settlement risk and optimising liquidity in the market. In addition, the CMU has established reciprocal linkages with leading global and regional central securities depositories, including Euroclear, Clearstream, and the Mainland's Bond Connect infrastructure, enabling international investors to hold, trade, and settle bonds in a secure, integrated, and transparent environment. [32]

29 Hong Kong Monetary Authority. (Last revision date: 2025, May 16). Payment Systems. https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/financial-market-infrastructure/payment-systems/

30 Bank of China (Hong Kong). (Disclosure date: 2025, June 27). Principles for Financial Market Infrastructures: Disclosure for RMB CHATS. https://www.bochk.com/dam/rmbservice/RMB_CHATS_DF.pdf

31 Hong Kong Monetary Authority. (Last revision date: 2026, April 26). Debt Securities Settlement System. https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/financial-market-infrastructure/debt-securities-settlement-system/

32 Hong Kong Monetary Authority. (Last revision date: 2026, April 26). Debt Securities Settlement System. https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/financial-market-infrastructure/debt-securities-settlement-system/

The retail layer — instant payments and a diversified participant base

This has evolved into a sophisticated hybrid ecosystem where the Faster Payment System (FPS) serves as the central transaction overlay. Operating around the clock in real time, the FPS supports payments in both HKD and RMB and provides a unified platform that enables seamless interoperability between banking institutions and a diverse array of non-bank payment participants.[33] Its use of proxy identifiers—such as mobile numbers and email addresses—allows funds to move seamlessly across institutions and platforms. As at end-July 2026, the FPS recorded about 21.45 million registrations, with HKD payment turnover reaching HKD857.4 billion and RMB payment turnover totalling RMB35.0 billion.[34] These developments underscore the FPS's growing role in supporting an efficient, connected, and inclusive retail payments environment in Hong Kong.

Operating alongside the FPS and established card networks, stored value facility (SVF) licensees, money service operators (MSOs), virtual asset service providers (VASPs), and stablecoin issuers licensed under the Stablecoins Ordinance (SO) deliver a diverse suite of consumer, merchant and cross-sector payment solutions. Collectively, these participants sustain a resilient, interoperable and forward-looking payments environment aligned with Hong Kong's objectives of financial stability, innovation and market openness.

Licensing and oversight

Governance of this multi-layered system is exercised through a comprehensive and activity-based licensing framework designed to ensure prudential oversight and consumer protection. The HKMA administers the PSSVFO, which provides the statutory basis for licensing SVFs and designating systemically important retail payment systems. Concurrently, traditional banking services remain governed by the Banking Ordinance, while remittance and currency exchange activities of MSO licensees are regulated under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) overseen by the Customs and Excise Department (C&ED).

As the landscape expands to incorporate emerging technologies, the regulatory perimeter is being strategically extended. This includes the implementation of a licensing regime for VASPs under AMLO overseen by the Securities and Futures Commission (SFC) and the introduction of a dedicated licensing and regulatory framework for stablecoin issuers under the SO overseen by the HKMA. These initiatives are guided by the principle of "same activity, same risks, same rules", ensuring that new entrants providing digitally enabled financial services are held to comparable standards of governance, risk management, and financial integrity as traditional intermediaries. By progressively modernising its regulatory perimeter, Hong Kong is building the institutional foundations and supervisory capacity necessary to facilitate its transformation into a leading digital payment hub.

Payments as the Foundation of Hong Kong's Standing as an International Financial Centre

For an international financial centre, payment infrastructure is not a back-office utility but the connective component that determines whether capital, trade and wealth flows actually settle in the jurisdiction. As global value migrates toward an integrated "network of networks", competition is shifting from the volume of capital a centre commands to the sophistication of its "switch"—its capacity to harmonise complex technologies and standards into a seamless, high-velocity settlement gateway. Every flagship function Hong Kong pursues—offshore RMB business, Belt and Road intermediation, corporate treasury, and cross-border wealth—ultimately comes down to where transactions settle. The speed, cost, currency

33 Hong Kong Monetary Authority. (Last revision date: 2025, July 10). Faster Payment System (FPS). https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/financial-market-infrastructure/faster-payment-system-fps/

34 Hong Kong Interbank Clearing Limited. (Access date: 2026, May 22). FPS Statistics. https://fps.hkicl.com.hk/eng/fps/about_fps/statistics.php

coverage and programmability of its rails therefore set the ceiling on how much of this business the city can capture, making payment modernisation the binding constraint on its competitiveness.

The clearest expression of this is Hong Kong's offshore RMB franchise. The city handles roughly 75% of global offshore RMB payments, holds the world's deepest offshore RMB pool at about RMB 1.1 trillion in deposits as at end-2025, and its RMB Real-Time Gross Settlement (RTGS) system recorded average daily turnover of around RMB 2.5 trillion in 2025.[35] This underpins the city's role as the designated node for the Belt and Road Initiative: the share of cross-border RMB settlements from Belt and Road economies rose from below 15% in 2017 to 17.4% in 2023, while the RMB's share of global currency trading more than quadrupled to 8.8% between 2013 and 2025.[36,37]

This RMB settlement base also supports wider regional currency use. In June 2026, Bank Indonesia, the People's Bank of China (PBoC) and the HKMA signed a tripartite Memorandum of Understanding (MOU) to promote transactions in Indonesian rupiah and offshore RMB between Indonesia and Hong Kong.[38] The 2026 Policy Address envisages launching the framework within the year and exploring direct exchange arrangements between offshore RMB and other currencies.[39] Separately, the HKMA and Bank Negara Malaysia agreed in October 2026 to promote local-currency use in bilateral trade and investment and enhance RTGS connectivity.[40] These initiatives extend the reach of Hong Kong's settlement infrastructure while supporting RMB internationalisation

Taken together, these developments highlight Hong Kong's value proposition as the leading offshore RMB hub. The city's continued leadership is underpinned by its deep liquidity, mature financial infrastructure, including payment and settlement networks, and extensive international participation. Further strengthening will advance the city's leadership in RMB internationalisation.

The same infrastructure and connectivity also support a broader range of financial activities, including treasury and wealth management services. The Government's Corporate Treasury Centre Action Plan announced in June 2026 introduces a revamped tiered tax regime and pre-approval mechanism to attract multinationals to centralise pooling, lending, and cross-border settlement—payment operations at scale that lower-tax rivals cannot replicate on fiscal terms alone without comparable rails.[41] In parallel, Boston Consulting Group's Global Wealth Report 2026 confirmed Hong Kong has overtaken Switzerland as the world's largest cross-border wealth booking centre, with offshore wealth rising 10.7% to USD2.95 trillion in 2025—a scale that generates sustained demand for multi-currency settlement and custody the city's rails must absorb.[42]

These functions are a mutually reinforcing system resting on a single foundation. A modernised payment sector is the enabling infrastructure of Hong Kong's international financial centre status itself, and the risk is symmetrical: should its rails fail to keep pace, the very flows that constitute the opportunity would migrate to whichever centre offers the most efficient, interoperable settlement.

35 Hong Kong Monetary Authority. (2026, April 22). Promoting Hong Kong's integration into national development of the Belt and Road. https://www.info.gov.hk/gia/general/202604/22/P2026042200602.htm

36 CEIC Data. (2025). Belt & Road: Datasets tracking 12 years of multi-billion-dollar investment. https://info.ceicdata.com/belt-road-datasets-tracking-12-years-of-multi-billion-dollar-investment

37 Bank for International Settlements. (2026). Shifting forces behind RMB internationalization (BIS Working Paper No. 1345). https://www.bis.org/publ/work1345.pdf

38 Hong Kong Monetary Authority. (2026, June 11). Bank Indonesia, Hong Kong Monetary Authority and People's Bank of China sign MoU to promote bilateral transactions in Indonesian Rupiah and offshore Chinese Renminbi between Indonesia and Hong Kong. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/06/20260611-4/

39 HKSAR Government. (2026, September 16). The Chief Executive's 2026 Policy Address. https://www.policyaddress.gov.hk/2026/public/pdf/policy/policy-full_en.pdf

40 HKSAR Government. (2026, September 16). The Chief Executive's 2026 Policy Address. https://www.policyaddress.gov.hk/2026/public/pdf/policy/policy-full_en.pdf

41 HKSAR Government. (2026, June 9). Government announces Action Plan to Promote Development of Corporate Treasury Centres in Hong Kong. https://www.info.gov.hk/gia/general/202606/09/P2026060900365.htm

42 Boston Consulting Group. (2026, May 27). Hong Kong Surpasses Switzerland as the World's Largest Cross-Border Wealth Hub, Driven by Mainland China Inflows. https://www.bcg.com/press/27may2026-hong-kong-surpasses-switzerland-largest-cross-border-wealth-hub

Strategic Considerations Shaping the Next Phase of Growth

Hong Kong is well positioned to be a leading digital payment hub—an infrastructure-rich "payment switch" channelling cross-boundary value across Asia, the Belt and Road corridors, and global markets. Such a hub would be distinguished by efficient cross-border corridors, robust multi-currency clearing, deep FX liquidity, and advanced digital-asset capabilities. Its decisive advantage is structural—the world's largest offshore RMB centre and the principal gateway to the Chinese Mainland. Its defining proposition is optionality: the capacity to support traditional payment and digital asset flows, e-wallet payments, remittance, and offshore RMB settlement simultaneously, within a single trusted and well-governed environment. This strategic progression builds on the digital infrastructure and regulatory framework the city has cultivated, reinforcing its standing as an international financial centre.

Measured against the five attributes in Section 2, infrastructure alone does not make the "switch". Realising the vision requires Hong Kong to extend its linkages outward, build new digital rails, modernise the governing regulatory architecture, and keep participation pathways under review as those reforms mature—the progress and gaps addressed below.

Building a Cross-border Payment "Switch": From Bilateral Corridors to Multilateral Interoperability

A major milestone in retail connectivity came with Payment Connect, jointly developed by the HKMA and the PBoC, which integrates the Mainland's Internet Banking Payment System (IBPS) with Hong Kong's FPS.[43] The initiative enables real-time cross-boundary remittances using only a mobile number or bank account identifier, supports the bilateral flow of RMB and HKD in transactions, and lowers transaction costs and barriers to entry. Recognising its strategic importance, the First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030) identified the continuous enhancement of Payment Connect as a key measure to further facilitate financial transactions for the public and businesses.[44] Alongside this initiative, the FPS × PromptPay linkage with Thailand demonstrates Hong Kong's ability to support efficient cross-border transactions.[45,46] More recently, the HKMA and Bank Indonesia signed a MOU to explore QR code-based payment interoperability, signalling further scope to deepen regional payment integration.[47]

These are bilateral links — the natural first stage of cross-border connectivity, in which two domestic systems are joined through a dedicated, separately negotiated integration. Across Southeast Asia, governments and central banks have pursued this approach more extensively: since Thailand and Singapore connected PromptPay and PayNow in April 2021, a dense web of bilateral QR and instant-payment linkages has proliferated across ASEAN+3, spanning retail, SME and remittance use cases *(Figure 3)*. This momentum reflects the tangible benefits of regional coordination and government-led innovation.

The bilateral model does have a scaling considerations. Each additional corridor typically requires a separately agreed integration to be established and maintained. As connectivity expands across more partners, the cumulative technical and coordination requirements increase, making shared interoperability arrangements worth considering alongside bilateral links.

43 Hong Kong Monetary Authority. (Last revision date: 2026, January 29). Payment Connect. https://www.hkma.gov.hk/eng/smart-consumers/payment-connect/

44 HKSAR Government. (2026, September 16). The First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030). https://www.hk5yplan.gov.hk/2026-2030/public/pdf/plan/FullText_en.pdf

45 Hong Kong Interbank Clearing Limited. (Access date: 2026, May 11). FPS x PromptPay. https://fps.hkicl.com.hk/eng/fps/consumers/fps_x_promptpay_qr_payment.php

46 Hong Kong Interbank Clearing Limited. (Access date: 2026, May 11). Payment Connect. https://fps.hkicl.com.hk/eng/fps/consumers/payment_connect.php

47 HKSAR Government. (2026, September 24). Hong Kong Monetary Authority and Bank Indonesia strengthen co-operation in cross-border payments. https://www.info.gov.hk/gia/general/202609/24/P2026092300429.htm

Figure 3: Selected bilateral payment linkages within ASEAN+3 (as of April 2026)

Economies	Project/ Network name	Launch date
Cambodia–Thailand	Thai QR–KHQR	February 2020
Thailand–Vietnam	Thai QR–VietQR	March 2021
Singapore–Thailand	PromptPay–PayNow	April 2021
Malaysia–Thailand	DuitNow QR–Thai QR	June 2021
Singapore–Thailand	NETS (QR)–Thai QR	September 2021
Indonesia–Thailand	Thai QR–QRIS	August 2022
Singapore–Thailand	PromptPay–NETS	August 2022
Malaysia–Singapore	DuitNow QR–NETS (QR)	March 2023
Indonesia–Malaysia	QRIS–DuitNow QR	May 2023
Cambodia–Lao PDR	KHQR–LAOQR	August 2023
Indonesia–Singapore	QRIS–NETS (QR)	November 2023
Malaysia–Singapore	DuitNow–PayNow	November 2023
Cambodia–China	Bakong–UnionPay	December 2022
Cambodia–Vietnam	KHQR–VietQR	December 2023
Hong Kong–Thailand	**FPS QR–Thai QR**	**December 2023**
Lao PDR–Thailand	LAOQR–Thai QR	April 2024
Cambodia–Korea	Jeonbuk Bank payment via KHQR in Cambodia	August 2024
Cambodia–Malaysia	DuitNow QR–KHQR	September 2024
Cambodia–Private Network*	KHQR–12 international payment users via AliPay+*	October 2024
Cambodia–Vietnam	KHQR–VietQR	October 2024
Lao PDR–China	LAPNet–UnionPay	December 2024
Lao PDR–Vietnam	LAOQR–VietQR	January 2025
Chinese Mainland–Hong Kong	**Cross-boundary Payment Connect**	**June 2025**
Cambodia–Japan	KHQR–JPQR	July 2025
Indonesia–Japan	QRIS–JPQR	August 2025
Cambodia–Singapore	KHQR–RoamQR via SGQR	November 2025
China–Indonesia	Cross-border QR payments (UnionPay, AliPay–QRIS)	1Q 2026
China-Vietnam	AliPay–VietQR	April 2026
Korea–Indonesia	Cross-border QR payments	April 2026

*Note: The table aims to list selected links with at least one national QR system and is not exhaustive. Private sector to private sector linkages are not included as well. Furthermore, FinTech products of varying scales connecting e-wallet platforms across economies are not listed. * Cambodia—AliPay+ linkage allows users to make cross-border QR payments to vendors using KHQR from their partner digital wallets in China, Hong Kong (China), Malaysia, the Philippines, Korea, and Singapore, as well as in Mongolia, Macao (China), and Italy.*

Source: ASEAN+3 Macroeconomic Research Office,[48] HKMA,[49]SCMP,[50]Bank Indonesia[51]

48 ASEAN+3 Macroeconomic Research Office. (2026, May). ASEAN+3 cross-border payments, regional connectivity, and way forward. https://media.licdn.com/dms/document/media/v2/D561FAQFDgHrlkqouwA/feedshare-document-pdf-analyzed/B56Z360Ej5GUAY-/0/1778029450696?e=1778716800&v=beta&t=lNawutlvKiA-EYz9DAVdn_4TUrjEtnfyjocHGCYNKjI

49 Hong Kong Monetary Authority. (2025, June 20). The HKMA and the PBoC Launch Payment Connect. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/06/20250620-4/

50 South China Morning Post. (2026, May 4). China, Indonesia launch cross-border QR payments – a boost for the global yuan? https://www.scmp.com/economy/global-economy/article/3352360/china-indonesia-launch-cross-border-qr-payments-boost-global-yuan

51 Bank Indonesia. (2026, April 1). Indonesia and South Korea officially connect with QR payments, enabling more convenient, affordable and faster cross-border transactions. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_286826.aspx

Alongside bilateral linkages, some regional counterparts are pursuing **multilateral interoperability**—a single shared layer to which many systems connect once and thereby reach all others, in exchange for a common rulebook and shared governance in place of bilaterally set terms. An example is Project Nexus, which standardises how instant payment systems interconnect across jurisdictions. Nexus is designed to allow participating IPS operators to connect once to a unified gateway and access all other members within the network. Nexus Global Payments was established in 2025 to provide the capital and governance to build, scale and manage the infrastructure; in 2026, Indonesia acceded as the sixth participant, joining founding members India, Malaysia, the Philippines, Singapore and Thailand.[52]

Beyond Asia, momentum continues to build for global interlinkages among fast payment systems. The European Central Bank is in the realisation phase of connecting its TARGET Instant Payment Settlement service with India's Unified Payments Interface, while exploring links with Nexus and Switzerland's instant-payment system[53]—all advancing the G20 objective of cross-border payments that are faster, cheaper, more transparent and more inclusive.

For Hong Kong, the two approaches are complementary. Existing corridors will continue to serve the flows they were built for, particularly with the Mainland, while the open question is how far the city also engages with the shared layer now taking shape. Engagement with multilateral initiatives or adopting compatible interoperability standards would allow Hong Kong to participate efficiently in a multi-currency, multi-jurisdictional ecosystem, with scope to extend from its Mainland gateway outward to ASEAN and other Belt and Road and Middle East economies. In each case, the decision should properly turn on service demand, technical feasibility and operational arrangements.

The case for richer connectivity is reinforced by unmet demand on the ground, particularly among small and medium-sized enterprises (SMEs). Many remain tethered to legacy mechanisms such as telegraphic transfers and physical cheques, characterised by high intermediary costs, complex fee structures and settlement cycles that can exceed three to six working days for overseas remittance[54]—frictions that weigh on the international competitiveness of Hong Kong-based firms.

The challenge is compounded by uneven interoperability across key trade regions, notably ASEAN and the Middle East, where SMEs must navigate a patchwork of digital wallets and real-time rails that lack regional interoperability, managing multiple accounts and volatile exchange rates and, in e-commerce, incurring high cart-abandonment and operational overheads. The opportunity for Hong Kong is to support **corridor-agnostic, multi-currency platforms that leverage its position as a trusted gateway between the Chinese Mainland and international markets**, centralising global collections and disbursements through a single point of entry. In doing so, these platforms can extend to SMEs treasury capabilities once reserved for large multinational corporations, while cushioning them against adverse currency movements. Multilateral connectivity and corridor-agnostic platforms are thus two sides of the same agenda: the former builds the rails; the latter makes them usable for the businesses that drive cross-border trade.

52 Nexus Global Payments. (Access date: 2026, May 6). About Nexus. https://www.nexusglobalpayments.org/about-nexus/

53 European Central Bank. (2025, November 20). Eurosystem moves forward on work to connect TIPS with India's Unified Payments Interface and with Nexus Global Payments. https://www.ecb.europa.eu/press/intro/news/html/ecb.mipnews251120.en.html

54 Hong Kong Trade Development Council. (2025, June 25). Digital Payment Gateway Helps Hong Kong SMEs Explore ASEAN E-commerce Market. https://research.hktdc.com/en/article/MjA0NDMyMjQxMA

Access to Core Payment Rails

A related consideration is whether Hong Kong provides a range of options for accessing its core domestic financial infrastructures, principally FPS and CHATS. At present, direct participation in FPS is available to (i) licensed banks that are also participants in CHATS for the relevant currency, and (ii) SVF licensees;[55] institutions may in addition be admitted to HKD CHATS or the foreign-currency RTGS systems as direct participants where the requisite approvals are obtained; and a number of non-bank providers already make use of CHATS clearing and settlement services for their transactions. Other non-bank PSPs can generally access payment infrastructure through partner banks or SVFs, which some may find commercially flexible, as working with different counterparties allows more tailor-made solutions for customers. These arrangements have supported a wide range of payment services in Hong Kong.

Payment systems derive significant value from network effects, and a spectrum of participation options —from indirect and clearing-only arrangements through to direct participation where appropriate and justified—could strengthen connectivity, encourage innovation and support a more diverse range of payment solutions. For certain PSPs, direct access to CHATS or FPS, where appropriate, could provide an additional means and flexibility in managing payment, settlement and liquidity arrangements while complementing existing partnership models.

As several jurisdictions across Asia continue to expand participation in their national payment systems, their experience may provide useful evidence for Hong Kong when it reviews participation pathways. Enhanced access options may be of particular value to FinTech firms and smaller PSPs, enabling them to plan their infrastructure strategies and tailor services to customer needs. This could support the development of innovative products for SMEs and specialised market segments, while fostering collaboration between banks, SVFs and non-bank PSPs. Participation pathways should be reviewed only after the regulatory coordination and risk-based oversight reforms proposed in Recommendation 1 (outlined below) have been implemented and assessed, while interoperable and corridor-agnostic frameworks continue to be promoted to enhance efficiency and support cross-border commerce.

Integrating Regulated Digital Assets into the Payment System: Prudent Regulation and Market Facilitation

Regulated digital-asset payment channels add a complementary, programmable rail alongside established infrastructures such as CHATS and FPS. This multi-rail configuration could combine established payment services with tokenised value transfer, supporting faster settlement, enhanced liquidity management and programmable corporate and trade-finance processes. These capabilities may also benefit SMEs seeking cost-effective access to international markets. Realising these benefits depends on policy coordination and workable legal and operational arrangements to ensure digital-asset applications complement the existing ecosystem.

Recent policy and market initiatives illustrate progress toward this integrated environment. Following the launch of the Ensemble^{TX} pilot in November 2025,[56] the HKMA has been transitioning Project Ensemble from sandbox testing toward real-value interbank settlement, with a focus on enabling market participants to utilise tokenised deposits in tokenised money market fund transactions and manage liquidity and treasury needs in real time.

55 Hong Kong Interbank Clearing Limited. (Access date: 2026, April 30). About FPS: Participants. https://fps.hkicl.com.hk/eng/fps/about_fps/participant.php

56 Hong Kong Monetary Authority. (2025, November 13). HKMA announces the new phase of Project Ensemble to support real-value transactions in tokenised deposits and digital assets. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/11/20251113-3/

The 2026 Policy Address further highlighted plans for the HKMA to implement CBDC settlement and 24/7 operations under Ensemble^{TX} by the end of 2026, while continuing to explore additional use cases for tokenised deposits. In October 2026, the HKMA published the Project Ensemble Business Use Case Report, setting out three strategic directions to advance the commercialisation of tokenisation: formalising institution-level collaboration to develop the tokenisation ecosystem; fostering industry commitment to the strategic vision of a "Tokenisation-Powered Financial Sector of Hong Kong"; and building critical mass to support wider adoption.[57] The HKMA also published a taxonomy establishing common definitions for DLT-related concepts and their interrelationships, providing a shared language to facilitate industry alignment and collaboration.[58] In parallel, an interoperability standard was released to provide a common technical foundation connecting tokenised assets, tokenised money and central bank money, with a view to promoting interoperability and enabling more efficient digital settlement.[59] Complementing these efforts, the SFC will promote trading regulated stablecoins on licensed virtual-asset trading platforms and facilitate their use in settling tokenised money market funds.[60] These measures broaden the range of regulated settlement options available for practical tokenisation applications.

International validation followed in May 2026, when Project Agorá—convened by the BIS and the Institute of International Finance with seven central banks and more than forty financial institutions—demonstrated that atomic settlement of wholesale cross-border transactions using tokenised central bank reserves and tokenised commercial bank deposits is achievable with finality across currencies, while signalling that tokenisation need not alter the legal characterisation of reserves or deposits.[61]

Hong Kong's digital bond issuances illustrate the growing use of tokenised money in capital-market settlement. The Government's November 2025 issuance was the first globally to integrate e-HKD and e-CNY into settlement.[62] In September 2026, it announced approximately HKD20 billion of digital green bonds across four currencies—the largest digital bond issuance globally at the time. The HKD tranche was also the first digital bond to incorporate HKD tokenised deposits, empowered by Ensemble^{TX}, alongside traditional settlement arrangements and the existing tokenised central bank money option. This broadened settlement choices and provided a foundation for exploring programmable digital money. [63] CMU OmniClear also plans to establish a digital-asset platform for bond issuance and settlement,[64,65] further supporting market development.

57 Hong Kong Monetary Authority. (2026, October). Project Ensemble Business Use Case Report. https://www.hkma.gov.hk/media/eng/doc/key-functions/ifc/fintech/cbdc/Project-Ensemble-Business-Use-Case-Report.pdf

58 Hong Kong Monetary Authority. (2026, October). Project Ensemble Taxonomy. https://www.hkma.gov.hk/media/eng/doc/key-functions/ifc/fintech/cbdc/Ensemble-Taxonomy.pdf

59 Hong Kong Monetary Authority. (2026, October). Project Ensemble Interoperability Standard. https://www.hkma.gov.hk/media/eng/doc/key-functions/ifc/fintech/cbdc/Project-Ensemble-Interoperability-Standard.pdf

60 HKSAR Government. (2026, September 16). The Chief Executive's 2026 Policy Address. https://www.policyaddress.gov.hk/2026/public/pdf/policy/policy-full_en.pdf

61 Bank for International Settlements. (2026, May 27). Project Agorá shows how tokenisation can improve wholesale cross-border payments; work will advance to real-value testing https://www.bis.org/press/p260527.htm

62 Hong Kong Monetary Authority. (2026, June 11). HKMC's HK$12 billion inaugural public digital bond issuance. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/06/20260611-3/

63 HKSAR Government. (2026, September 29). HKSAR Government's fourth Digital Green Bonds offering. https://www.info.gov.hk/gia/general/202609/29/P2026092900691.htm

64 HKSAR Government. (2026, September 16). The Chief Executive's 2026 Policy Address. https://www.policyaddress.gov.hk/2026/public/pdf/policy/policy-full_en.pdf

65 HKSAR Government. (2026, February 25). The 2026-27 Budget. https://www.budget.gov.hk/2026/eng/budget16.html

Navigating an uneven global regulatory landscape

The global regulatory environment for digital assets is evolving rapidly but unevenly, reflecting differences in market maturity, financial structure and supervisory priorities. International standard-setters, including the FSB, BCBS, and IOSCO, are developing principles for consistent and proportionate oversight, yet implementation varies across jurisdictions. The European Union's Markets in Crypto Assets Regulation

and its pan-European blockchain sandbox mark one of the advanced jurisdictional frameworks,[66] seeking to harmonise market conduct, disclosure, and prudential requirements across member states. In the Asia Pacific, approaches are more varied, reflecting differences in market maturity and financial structure. Within this landscape, Hong Kong has positioned itself pragmatically as a centre for regulated digital assets, with the Government and regulators establishing a clear and adaptive structure that safeguards market integrity while encouraging experimentation.

As digital forms of money become more prevalent, maintaining the balance between innovation, monetary stability, and financial resilience will be critical, since the expansion of different digital money may introduce new channels for liquidity, credit, and operational risk. Hong Kong's policy trajectory—anchored in its digital-money roadmap, such as Project e-HKD+,[67] reflects a calibrated strategy: enabling experimentation within controlled environments while preserving monetary integrity, systemic stability, and international connectivity.

Modernising the Regulatory and Supervisory Framework for an Integrated Payment Ecosystem

As Hong Kong's payment landscape evolves toward multi-functional, platform-based models, more PSPs now offer multiple services across payments, remittances, stored-value arrangements, merchant solutions, and digital asset-related activities within a single group. Given that these activities involve different risk profiles, financial institutions undertaking multiple business lines are correspondingly subject to the relevant regulatory requirements and supervisory oversight, including, for example, oversight by the C&ED for money service operations, the HKMA for stored-value facilities and stablecoin issuance, and the SFC for certain digital asset-related activities.

Against that settled architecture, the question that arises for market participants is the practical experience of navigating several authorisation processes concurrently. Established coordination mechanisms exist among the relevant authorities, but their benefits may not be fully visible to applicants at the point of market entry, particularly to overseas firms forming a view of Hong Kong from published processes alone. Some firms whose business models span several regulated activities have described the experience of operating across multiple frameworks as resource-intensive, given that each process involves its own format, sequencing and points of contact even where the underlying documentation overlaps. In some cases, this can extend the time and compliance and administrative resources required to launch innovative products and services.

66 European Commission. (Access date: 2026, May 6). European Blockchain Sandbox. https://blockchain-observatory.ec.europa.eu/european-blockchain-sandbox_en

67 Hong Kong Monetary Authority. (2024, September 23). HKMA commences Phase 2 of e-HKD Pilot Programme and expands Project e-HKD to explore new forms of digital money. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/09/20240923-3/

There may be scope to improve regulatory clarity and operational efficiency through closer alignment of supervisory expectations, streamlined application processes and greater visibility into review stages and indicative timelines. These enhancements could help firms navigate multiple licensing regimes and plan resources and investment, while recognising that assessment periods vary with application complexity and information quality. Practices adopted by global regulators—such as the United Kingdom's Financial Conduct Authority (FCA), which operates under a defined three-month authorisation window for complete payment-institution applications[68]—may provide useful reference points for the provision of indicative review timelines or milestones where appropriate.

Leveraging Data, Compliance, and Risk Capabilities for Secure Global Financial Flows

As global payment systems become increasingly interconnected and complex, Hong Kong is accelerating the next-generation data and payment infrastructure to support secure, scalable cross-border transactions. This could reduce the compliance burden for institutions and FinTechs while transforming regulatory excellence into a competitive advantage.

The foundation is a suite of shared RegTech, data-sharing utilities and Open Application Programming Interface (Open API) frameworks. As emphasised in the G20 roadmap, data-sharing techniques—notably Open APIs—are a foundational mechanism for interoperability and transparency, enabling secure, permission-based data exchange between financial institutions and authorised third-party providers. The HKMA's Open API Framework, launched for the banking sector with reference to prevailing international standards, has progressed through four phases—from product information and customer acquisition to account information and transaction processing—enabling secure collaboration, competition and value-added services.

Building on this, two utilities address the data and identity layers directly: the Financial Intelligence Evaluation and Sharing Tool (FINEST) enables near-real-time, structured information exchange among authorised institutions to detect emerging fraud and money-laundering typologies; and the Commercial Data Interchange (CDI) lets SMEs share verified transactional and alternative data with participating institutions, modernising credit assessment and onboarding by replacing static documentation with data-driven evaluation.

Trade finance is where these capabilities create the most value. Building on the CDI, the HKMA's Project Cargo^{x}, launched in April 2025, enables the authorised sharing of cargo and trade data between corporates and banks under clearly governed data-access frameworks, supports verification of trade information, and assesses transaction authenticity in real time. The Cargo^{x} Pilot Programme, launched in May 2026, has further advanced these capabilities through live pilot transactions. Looking ahead, Project Cargo^{X} will progressively connect the CDI with key digital infrastructure, including the Trade Single Window, the Port Community System and the Digital Corporate Identity (CorpID) platform, while advancing cross-boundary trade data connectivity initiatives with the Mainland and ASEAN.[69] Together, these developments reinforce Hong Kong's position as a trusted, data-driven hub for digital trade and cross-border commerce.

68 Financial Conduct Authority. (2026, May). Payment Services and Electronic Money – Our Approach. https://www.fca.org.uk/publication/finalised-guidance/payment-services-electronic-money-approach.pdf

69 HKSAR Government. (2026, September 16). The Chief Executive's 2026 Policy Address. https://www.policyaddress.gov.hk/2026/public/pdf/policy/policy-full_en.pdf

Complementing this, the accelerating adoption of AI—through HKMA capacity-building workshops and the GenA.I. Sandbox++, which extends regulatory innovation to sectors including stored-value facilities and provides supervisory guidance and access to AI Supercomputing Centre resources—strengthens an increasingly intelligence-driven environment for enhancing risk management, fraud prevention, and customer experience. The HKMA is also exploring the use of AI to analyse payment data and support banks in identifying suspicious transactions more effectively.[70] Beyond domestic systems, the Shenzhen–Hong Kong Cross-Boundary Data Validation Platform uses blockchain and data coding (i.e., hash values) to verify the authenticity of documents without transferring or storing the original documents across the boundary, upholding data sovereignty while establishing a scalable model to support cross-boundary financial services.

Taken together, these developments position Hong Kong to become a trusted financial-data hub. The principal constraint, however, is external and shared: standards on data security, privacy and consumer protection are evolving unevenly across jurisdictions, raising the risk of fragmentation and an uneven playing field. Continued regulatory dialogue and cooperation will therefore be essential—and if Hong Kong can help shape trusted mechanisms, workable standards and effective supervisory cooperation, it will be well placed to provide the compliance and identity backbone on which secure global financial flows, and the recommendations that follow, ultimately depend.

70 HKSAR Government. (2026, September 16). The Chief Executive's 2026 Policy Address. https://www.policyaddress.gov.hk/2026/public/pdf/policy/policy-full_en.pdf

Policy Recommendations



Policy Recommendations

The convergence of technological innovation, regulatory transformation, and intensifying cross-border commerce is fundamentally redefining how value moves across economies. To develop as a leading digital payment hub and strengthen its international financial centre status, Hong Kong must ensure that its policy and regulatory environment evolves in step—fostering innovation while upholding financial stability, market integrity and trust. Across these efforts, trusted data exchange, interoperability, cybersecurity, privacy and sound governance will remain fundamental enablers of secure and scalable digital financial connectivity.

The following policy recommendations aim to fortify the foundations of a secure, efficient, and inclusive payments ecosystem. They seek to enable Hong Kong to harness opportunities arising from the digitalisation of global finance, deepen cross-border connectivity, and advance its role in payment innovation and growth.

Govern to Enable: A Rulebook Fit for an Integrated Market

Recommendation 1: Enhancing Regulatory Coordination and Proportionate Oversight

Hong Kong's payment regulatory framework—anchored in the PSSVFO, AMLO, SO, and sector-specific licensing regimes—provides a strong foundation for stability and consumer protection. As the ecosystem expands to include more FinTech operators, money service providers, and digital asset players, whose activities span multiple regulatory regimes, closer supervisory coordination can help clarify requirements, minimise duplication and enhance certainty for incumbents and new entrants alike.

Establishing a single point of entry for coordinated regulatory facilitation

A coordinated regulatory facilitation mechanism should therefore be established to improve inter-agency collaboration and provide a single, transparent entry point for industry participants. Such a mechanism would need a designated lead authority—logically the regulator whose existing remit spans the widest share of the activities concerned—supported by a dedicated coordination or centralised project management office-style function. This "unified intake hub" could help applicants navigate regulatory requirements spanning the HKMA, SFC and C&ED, and, with appropriate information-sharing arrangements, streamline the processing of applications that intersect multiple licensing regimes.

This is less about creating a new administrative structure than establishing a consistent service standard across existing regulatory arrangements. It would also align with international supervisory practice: the FSB's December 2024 recommendations urge authorities, both within and across jurisdictions, to expand cooperative information-sharing arrangements to support comprehensive risk assessment. Beyond intake, the mechanism could also serve as a focal point for policy communication by convening regular industry engagement and maintaining an accessible repository of supervisory expectations.

Clearer communication of licensing expectations is a related consideration. Detailed guidance is already published for individual regimes, including the HKMA's Explanatory Note on the Licensing for Stored Value Facilities, which sets out eligibility criteria, procedural steps and the requirements elaborating the Payment Systems and Stored Value Facilities Ordinance.[71] Industry stakeholders have noted the value of fuller illustration with indicative timelines, especially at the cross-regime level, to support informed

71 Hong Kong Monetary Authority. (2019, January). Explanatory Note on Licensing for Stored Value Facilities. https://www.hkma.gov.hk/media/eng/doc/key-functions/financial-infrastructure/infrastructure/retail-payment-initiatives/Explanatory_note_on_licensing_for_SVF.pdf

planning and decision-making. Consolidated guidance could further clarify the respective responsibilities of different authorities, the application of licensing requirements to common business activities and models, and the key considerations relevant to regulatory assessments. Complemented by indicative public service-level benchmarks and subject to periodic review, such measures would enhance predictability and provide much-needed clarity for market participants. Together, these enhancements would signal clearly to domestic and international participants that Hong Kong is committed to an open, efficient, and innovation-supportive regulatory environment.

Reference points from international practices reinforce the value of such a coordinated approach. For instance, in Australia, comparable challenges of fragmented oversight and ambiguous regulatory contact points prompted Australia's Department of the Treasury to establish the Inter-Agency Payments Forum (IAPF) in July 2022.[72] The IAPF brings together the key bodies responsible for payment oversight to enhance communication, foster consistency, and prevent conflicting interpretations across agencies. A similar facilitation body in Hong Kong, calibrated to its financial system structure, could therefore generate comparable benefits.

The UK went further. Following its November 2024 National Payments Vision, the Government confirmed in its April 2026 consultation response its intention to consolidate the Payment Systems Regulator's functions within the FCA to streamline the regulatory framework, subject to primary legislation.[73] A comparable restructuring for Hong Kong may merit separate examination, but the coordination-first model recommended here is the more proportionate near-term path.

Implementing proportionate, risk-based regulation and supervision in the payment sector

At the same time, **the regulatory framework should evolve toward more proportionate, risk-based regulation and supervision**, reflecting the increasing diversity of payment business models and risk profiles. The objective is greater consistency across regimes and reduced scope for regulatory arbitrage through a level playing field—ensuring similar activities, regardless of provider type, attract consistent expectations under the principle of "same activity, same risk, same rules".[74]

The starting point could be a sector-wide risk assessment across both bank and non-bank PSPs, including FinTechs and remittance companies, to identify emerging vulnerabilities, such as operational and cyber risks, third-party dependencies, and financial crime exposures. This would provide the evidence base for calibrating capital, governance, operational resilience, and AML/CFT requirements to each entity's systemic importance, rather than to legacy institutional categories, with obligations for smaller players streamlined as appropriate to avoid unnecessary burdens on innovation. Australia's proposed framework offers a reference: prudential oversight is reserved for scale, with SVF providers holding more than AUD200 million falling under the Australian Prudential Regulation Authority's framework, while the broader population is licensed on an activity basis by the conduct regulator.[75]

72 Australian Government. (2023, June). A Strategic Plan for Australia's Payments System. https://treasury.gov.au/sites/default/files/2023-06/p2023-404960.pdf

73 GOV.UK. (2025, March 11). Regulator axed as red tape is slashed to boost growth. https://www.gov.uk/government/news/regulator-axed-as-red-tape-is-slashed-to-boost-growth

74 Financial Stability Board. (2024, December 12). Recommendations for Regulating and Supervising Bank and Non-bank Payment Service Providers Offering Cross-border Payment Services: Final report. https://www.fsb.org/uploads/P121224-2.pdf

75 Ashurst Perkins Coie. (2026, April 16). Treasury's payments modernisation reforms: what payment service providers must do now. https://www.ashurst.com/en/insights/treasurys-payments-modernisation-reforms-what-payment-service-providers-must-do-now/

One area meriting reflection is whether client-money safeguarding could apply more consistently across the payment regulatory perimeter. Hong Kong already protects client funds on a regime-by-regime basis—SVF float via trust or bank guarantee under Cap. 584,[76] stablecoin reserve assets under trust arrangements, and virtual asset platforms via approved custodians.[77] The financial integrity and solvency of money service operators necessarily holding customer funds in transit are assessed under an AML-oriented regime (Cap. 615) and the licensing guides promulgated by the C&ED.[78] This provides an opportunity to reflect on whether safeguarding arrangements applicable to customer funds remain appropriately aligned with the nature of the activities being undertaken and the risks involved.

Where gaps are identified, a more proportionate, function-based approach—segregation via statutory trust with orderly wind-down arrangements—could be explored for entities holding or moving customer funds, while recognising equivalent protections under existing regimes. Relevant international reference points include the EU's Third Payment Services Directive and the Payment Services Regulation (PSD3/PSR) segregation-at-receipt rule[79] and Australia's Tranche 1 Corporations Act amendments, under consultation in 2026, extending segregated-trust requirements to stored-value facilities, payment instruments, and payment services.[80] Alongside these arrangements, all PSPs should maintain transparent disclosure, effective complaint resolution, and robust safeguards against fraud—essential to consumer confidence in Hong Kong's digital economy.

Building on the coordinated facilitation arrangements proposed above, relevant authorities should clarify how risk-based proportionality applies in practice, drawing on the findings of the sector-wide assessment. Given the cross-border, interconnected nature of payments, domestic information-sharing should be complemented by cooperation with overseas supervisors and engagement with global standard-setters. Continued industry dialogue would help supervision keep pace with emerging risks and technological innovation. Together, these efforts would support continued alignment with globally endorsed principles of proportionate, risk-based supervision and reinforce Hong Kong's status as a hub for safe, efficient and innovative payment services.

76 Payment Systems and Stored Value Facilities Ordinance, Cap. 584 (Hong Kong). https://www.elegislation.gov.hk/hk/cap584

77 Hong Kong Monetary Authority. (2026). Regulatory regime for stablecoin issuers. Retrieved June 12, 2026, from https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/stablecoin-issuers/

78 Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615 (Hong Kong). https://www.elegislation.gov.hk/hk/cap615

79 European Parliament. (2025). Payment services framework. https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775891/EPRS_BRI(2025)775891_EN.pdf

80 Australian Government, The Treasury. (2025, October 9). New legislation to modernise the regulation of payment service providers. https://ministers.treasury.gov.au/ministers/daniel-mulino-2025/media-releases/new-legislation-modernise-regulation-payment-service

Figure 4: Comparative regulatory frameworks for payments across selected jurisdictions

Dimension	European Union (PSD3 / PSR)[81,82]	United Kingdom (National Payments Vision)[83,84]	Australia (Payments System Modernisation)[85]	Hong Kong [86,87,88,89,90]
Licensing architecture	Single payment-institution licence; EMI merged in as a sub-category	Functions consolidated into the FCA as a single point of contact	Activity/function-based licensing under a single AFS licence (ASIC)	Split across HKMA (SVF, Cap. 584; stablecoins, Cap. 656), SFC (VA, Cap. 571), C&ED (MSO, Cap. 615)
Capital calibration	Initial capital scaled to the activity performed (risk-based)	Reviewing overlapping PSRs 2017 / EMRs 2011	Activity-based; APRA prudential only above AUD 200m float	Flat HKD 25m floor for all SVF licensees; No fixed minimum capital requirement applies to MSOs but they must demonstrate sufficient financial resources to operate responsibly and meet AML/CFT obligations
Client-fund safeguarding	Segregation, diversification, insolvency ring-fencing	Safeguarding under PSRs 2017	New statutory safeguarding of payment-related money	There are statutory requirements on safeguarding of client funds under the SVF regime. A factor of fitness and propriety assessed in the MSO regime
Coordination / entry point	Directly applicable PSR reduces divergence	Single regulator after PSR–FCA merger	Single licensing framework; inter-agency forum	No single window; multiple intake processes
Status / timing	ECON Committee approval May 2026; application c. 2028	PSR abolition announced 2025; legislation to follow	Tranche 1 draft legislation released March 2026	Reform under consideration

81 European Commission. (2023). Proposal for a Regulation on payment services in the internal market (PSR) and amending Directive (EU) 2015/2366 (PSD3) (COM(2023) 366 & 367 final). https://eur-lex.europa.eu
82 European Parliament. (2026, May 5). ECON Committee vote on PSR and PSD3. https://www.europarl.europa.eu/legislative-train
83 HM Treasury. (2026). Payments Forward Plan. https://assets.publishing.service.gov.uk/media/699f2bc6c497bac082bc76bc/Payments_Forward_Plan_.pdf
84 HM Treasury. (2026, April). A Streamlined Approach to Payment Systems Regulation: Government response. https://www.gov.uk
85 Australian Treasury. (2026, March 12). Payments System Modernisation – Tranche 1 exposure draft legislation. https://treasury.gov.au/policy-topics/banking-and-finance/payments-licensing-reforms
86 Payment Systems and Stored Value Facilities Ordinance (Cap. 584). Hong Kong e-Legislation. https://www.elegislation.gov.hk/hk/cap584
87 Stablecoins Ordinance (Cap. 656). Hong Kong e-Legislation. https://www.elegislation.gov.hk/hk/cap656
88 Securities and Futures Ordinance (Cap. 571). Hong Kong e-Legislation. https://www.elegislation.gov.hk/hk/cap571
89 Hong Kong Monetary Authority. (n.d.). Regulatory regime for stored value facilities and stablecoin issuers. https://www.hkma.gov.hk
90 Customs and Excise Department. (2020, January). Supplementary Guideline on Criteria for Determining Fitness and Propriety of MSO. https://eservices.customs.gov.hk/MSOS/download/guideline/Supplementary_FnP_Guideline_en.pdf

Connect to Anchor: Open, Interoperable, and Future-ready Settlement Infrastructure

Recommendation 2: Strengthening Core Payment Infrastructure and Keeping Broader Access Under Review

As cross-border transactions become increasingly interconnected and technologically sophisticated, the resilience, accessibility, and interoperability of core payment infrastructure will be central to a premier digital payment hub. Aligning with the G20 Roadmap, which seeks to accelerate transaction speeds, reduce costs, improve transparency, and increase accessibility, the city must continue to strengthen its large-value payment systems and real-time payment networks to meet international standards and emerging-market needs.[91] Infrastructure modernisation should remain the priority, while broader access for qualified non-bank PSPs should be retained as a future policy option, subject to the implementation and assessment of the regulatory reforms proposed in Recommendation 1.

Modernising the core rails: toward round-the-clock settlement

Progress has already been made in this regard. All CHATS streams adopted the ISO 20022 messaging standard in April 2024, and the FPS has done likewise — enhancing interoperability with international systems, enabling richer structured data including standardised Chinese characters for regional use cases, and lowering the barrier for overseas institutions to connect. These developments contribute to greater efficiency and consistency across payment channels, underpinning Hong Kong's capability to support high-volume, multi-currency settlements.

Building upon this foundation, **the extension and alignment of CHATS operating hours across currencies and jurisdictions merit consideration**.[92] At present, the FPS runs 24/7, but the HKD, USD and EUR CHATS settle only between 08:30 and 18:30 Hong Kong Time on working days (with round-the-clock transaction input).[93,94,95] Only the RMB CHATS offers extended settlement, from 08:30 to 05:00 the following day, overlapping European and US hours and opening on Mainland-designated working weekends.[96] Extending the HKD, USD and EUR streams toward this model would improve cross-border settlement efficiency, strengthen liquidity management across time zones, enable off-hours payment innovation, and deepen Hong Kong's advantage as a multi-currency clearing hub.

Tokenisation adds a further reason to review settlement availability. The Project Ensemble pilot has begun settling tokenised deposit transactions via the HKD RTGS system, and the HKMA has signalled an end state of settling in tokenised central bank money on an around-the-clock basis.[97] Because the core promise of tokenised money—atomic delivery-versus-payment, cross-border payment-versus-payment, and conditional payments that execute the instant a trigger is met—is likely unachievable if the central-bank-money leg settles only during a daytime window, the current CHATS hours risk becoming the ceiling on what Hong Kong's tokenisation agenda can deliver.

91 European Central Bank. (2025, June). Consultation paper on the extension of T2 operating hours. https://www.ecb.europa.eu/press/payments-news/ecb.pubconpm202506.en.pdf

92 Cross-border Payments Interoperability and Extension Taskforce: Task Team 1. (2025, March). Extending and aligning RTGS operating hours. https://www.bis.org/cpmi/pietf/rtgs_operating_hours.pdf

93 Hong Kong Monetary Authority. (2025, May 16). Principles for Financial Market Infrastructures: Disclosure for HKD CHATS. https://www.hkma.gov.hk/media/eng/doc/key-functions/financial-infrastructure/infrastructure/HKD_CHATS_DF.pdf

94 Hong Kong Interbank Clearing Limited. (2025, June 27). Principles for Financial Market Infrastructures: Disclosure for USD CHATS. https://www.hkicl.com.hk/files/page_file/102/10928/PFMI%20Disclosure%20for%20USD%20CHATS-2025%20%28HKICL-USDSI%29%20v2.pdf

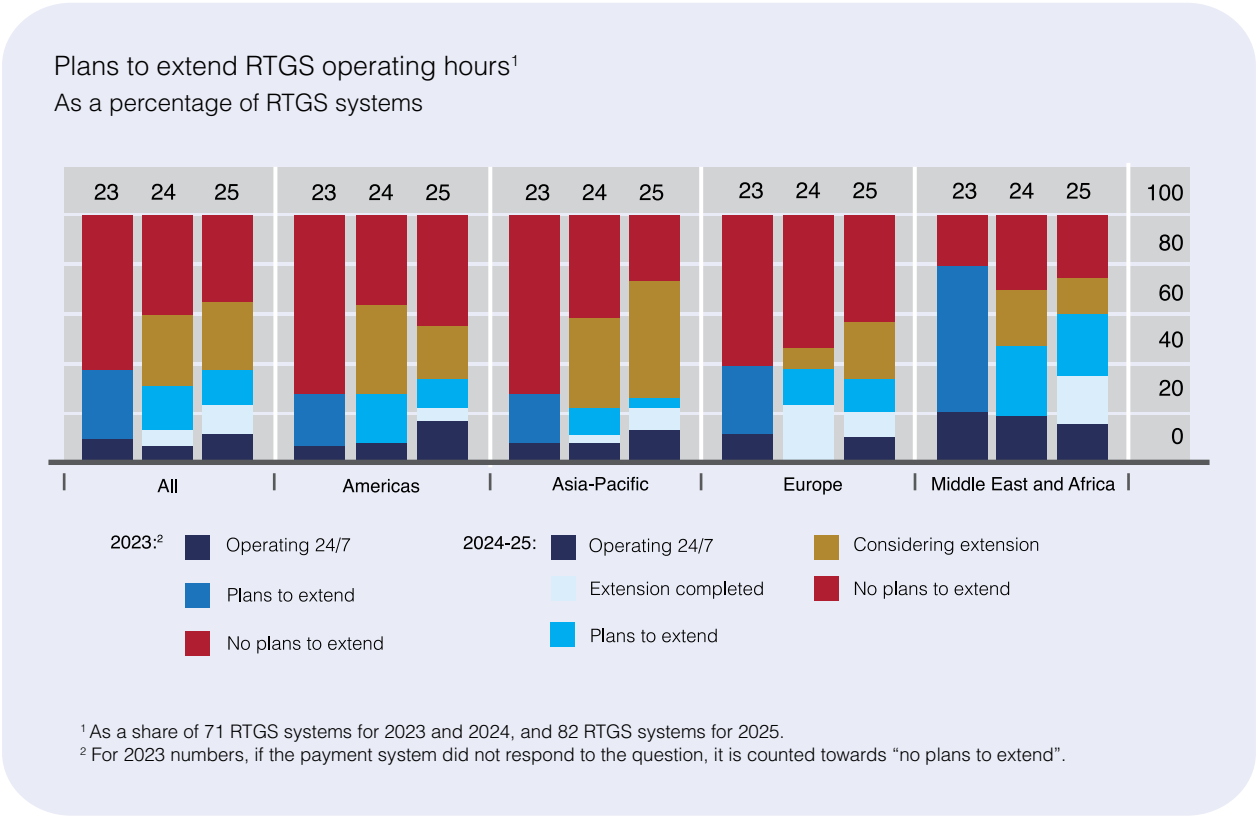
95 Hong Kong Interbank Clearing Limited. (2025, June 27). Principles for Financial Market Infrastructures: Disclosure for Euro CHATS. https://www.hkicl.com.hk/files/page_file/102/10930/03_EuroSI_PFMI_DF%20%282025%29%20v6.pdf

96 Hong Kong Interbank Clearing Limited. (2025, June 27). Principles for Financial Market Infrastructures: Disclosure for RMB CHATS. https://www.hkicl.com.hk/files/page_file/102/10929/RMB%20CHATS%20Disclosure%20Framework_Clean%20Version.pdf

97 HKMA Press Release (2025, November 13). HKMA announces the new phase of Project Ensemble to support real-value transactions in tokenised deposits and digital assets. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/11/20251113-3/

The direction of global practice is unambiguous. The CPMI's 2025 monitoring survey finds that the share of RTGS systems operating 24/7, extending hours, or planning to do so has risen from 38% in 2023 to 66% in 2025. The marginal benefits are also quantifiable, for instance, the Bank of England's modelling shows that a five-hour morning extension would cut payment delays by roughly 6% and lift the share of payments settled within one hour from 50% to 60%, while moving to full 24-hour operation would reduce delays by approximately 60%.[98] Opening earlier in the morning delivers greater benefit for the UK than extending later into the evening, as it increases overlap with Asia-Pacific time zones. **For a centre whose comparative advantage is its position between Asian and Western settlement windows, this reframes any CHATS extension as a question of which hours to add, not merely how many.**

Figure 5: Global RTGS extension dynamics (2023-2025)



[1] As a share of 71 RTGS systems for 2023 and 2024, and 82 RTGS systems for 2025.
[2] For 2023 numbers, if the payment system did not respond to the question, it is counted towards "no plans to extend".

Source: Bank for International Settlement [99]

Any extension of operating hours should be approached judiciously. Adjusting settlement windows could require substantial participant investment in interfaces, reporting, and related infrastructure, and operator costs would need fair, transparent recovery. **Early, structured industry consultation would help assess these implications, with transitional support or phased timelines helping to manage the impact on less well-resourced participants.**

98 Bank for International Settlement. (2026, May). Enhancing cross-border payments step by step: insights from the 2025 monitoring survey. https://www.bis.org/cpmi/publ/brief13.pdf

99 Bank for International Settlement. (2026, May). Enhancing cross-border payments step by step: insights from the 2025 monitoring survey. https://www.bis.org/cpmi/publ/brief13.pdf

The European Central Bank conducted a consultation on extending the operating hours of the Eurosystem's RTGS system (T2),[100] while the Bank of England has sought feedback on proposals to move RTGS and CHAPS settlement towards a near 24x7 operation.[101] These initiatives highlight the importance of stakeholder engagement in evaluating cost implications, technical readiness, and cross-border coordination. For Hong Kong, the assessment should include coordination with relevant overseas systems to identify gaps in settlement hours and determine where extensions would deliver the greatest cross-border benefits. Depending on the currencies and payment flows concerned, such coordination could take place bilaterally (e.g. for specific currency corridors), regionally (e.g. depending on trade connections) or globally.

Keeping broader access for qualified non-bank PSPs under review

A further consideration is whether the licensing perimeter should accommodate broader access to payment infrastructure for qualified non-bank PSPs. As payment services evolve, there may be merit in exploring, as a future policy option, the adaptation of an existing licensing regime or the introduction of a proportionate variant for firms outside the current perimeter. Given the inherent risks associated with extending access, formal consideration of any such option should follow the implementation and assessment of the regulatory coordination and risk-based oversight reforms outlined in Recommendation 1. This would ensure that a robust supervisory framework is in place before broader access is granted.

Any subsequent proposal should distinguish between broader participation and direct settlement access. Hong Kong already permits licensed SVFs to participate in the FPS as clearing participants through settlement arrangements with eligible banks, while card schemes and other PSPs use existing bulk settlement services. The starting point should therefore be whether these existing arrangements adequately meet providers' needs. Established partnership models should continue to play a central role, with any additional access to be confined to qualified non-bank PSPs, including FinTech firms, payment platforms and remittance service providers that meet clearly defined and proportionate standards on licensing, financial and operational capacity, governance, risk management, and key safeguards such as AML/CFT, cybersecurity and consumer protection. These standards should provide comparable assurance for comparable risks, consistent with "same activity, same risk, same regulation", without necessarily replicating all bank-specific obligations.[102] For suitable providers, additional access could offer a complementary means of managing payment, settlement and liquidity arrangements in a manner conducive to innovation and competition.

International experience suggests that a number of jurisdictions are exploring ways to broaden participation in payment systems in a measured and risk-based manner. The CPMI's 2025 monitoring survey records that the proportion of both FPS and RTGS systems offering direct access to non-bank PSPs rose by over 15 percentage points in a single year, reaching 45% of FPS and 39% of RTGS systems, with Europe's RTGS figure jumping to 56% from 15% as the ECB opened T2 to payment and e-money institutions.[103]

100 European Central Bank. (2025, June). Consultation paper on the extension of T2 operating hours. https://www.ecb.europa.eu/press/payments-news/ecb.pubconpm202506.en.pdf

101 Bank of England. (2026, May 18). Extending RTGS and CHAPS settlement hours – next steps towards near 24x7 settlement. https://www.bankofengland.co.uk/paper/2026/cp/extending-rtgs-and-chaps-settlement-hours-next-steps

102 Cross-border Payments Interoperability and Extension (PIE) task force: Task Team 2. (2026, February). Enhancing cross-border payments: fast payment system interlinking. https://www.bis.org/cpmi/pietf/fps_feb_2026.pdf

103 Bank for International Settlements. (2026, May). Enhancing cross-border payments step by step: Insights from the 2025 monitoring survey (CPMI Brief No. 13). https://www.bis.org/cpmi/publ/brief13.pdf

The UK offers an instructive example. In 2017, the Bank of England became the first G7 central bank to offer settlement-account access to non-bank PSPs.[104] The design widens access without diluting prudential discipline: authorised payment and e-money institutions may hold settlement but not reserve accounts—on the basis that they undertake no maturity transformation—while settlement-finality protections and central-bank safeguarding of client funds were secured through legislative change, and access is conditioned on supervisory assessment. Recently, the US Federal Reserve requested public comment on a proposal to establish a "payment account" at the Federal Reserve Banks, which legally eligible financial institutions could use for the specific purpose of clearing and settling their payments.[105] The Federal Reserve noted that institutions with increasingly diverse business models, including those that are not federally insured, have sought direct access to reduce costs and increase payment speed. The proposed account would serve these payment needs while mitigating risks through restrictions including no interest, intraday credit or discount-window access, together with controls to prevent overdrafts. Importantly, the proposal would not expand statutory eligibility for Federal Reserve accounts or services.

For Hong Kong, any assessment would need to address wider financial stability considerations, including liquidity arrangements, settlement finality, customer-fund protection and procedures for participant failure. Interlinked cross-border arrangements would also need to be designed to avoid transmitting undue systemic risk through connectivity. Broader access should therefore remain a future policy option rather than an immediate implementation proposal. Whether and how to proceed would be a matter for the authorities to determine on a deliberate, evidence-led basis, balancing the potential benefits of broader participation against supervisory readiness and risk containment while preserving the robustness and trust that underpin Hong Kong's position as a secure payment hub.

Recommendation 3: Leveraging Digital Assets and Tokenisation to Drive Payment Innovation

Promoting technical interoperability through a unified ledger and standards

Tokenisation, programmable money, and distributed-ledger technology are redefining the architecture of cross-border payments—with the potential to make settlement faster, more transparent and capable of atomic delivery-versus-payment, thereby reducing settlement risk. With the global value of tokenised real-world assets projected to reach USD30 trillion by 2034,[106] the core risk is fragmentation. Without coordinated standards, the market could splinter into incompatible "digital islands". Hong Kong has laid the groundwork to address this through Project Ensemble, and the strategic task now is to convert that sandbox into permanent, production-grade infrastructure built on a **unified ledger**.

A unified ledger is a shared programmable platform on which tokenised/digital central bank money, commercial bank money, and other financial assets coexist in logically separate partitions, alongside ownership records, transaction rules, and legal and compliance information for a transaction.[107,108] On such a ledger, money and assets exist as executable objects transferable through smart contracts, reducing reliance on clearing and settlement intermediaries and enabling atomic settlement of asset

104 Bank of England. (2018, April 18). First non-bank payment service provider (PSP) directly accesses UK payment system. https://www.bankofengland.co.uk/news/2018/april/non-bank-psp-access-to-the-payments-system-announcement

105 Board of Governors of the Federal Reserve System. (2026, May 20). Federal Reserve Board requests public comment on a proposal to establish a "payment account," which legally eligible financial institutions could use for the specific purpose of clearing and settling their payments. https://www.federalreserve.gov/newsevents/pressreleases/other20260520a.htm

106 Standard Chartered. (2024, June 27). Trade finance to play substantial role in USD 30.1 trillion tokenised real-world assets market by 2034. https://www.sc.com/en/uploads/sites/66/content/docs/Standard-Chartered-Real-World-Asset-Tokenisation.pdf

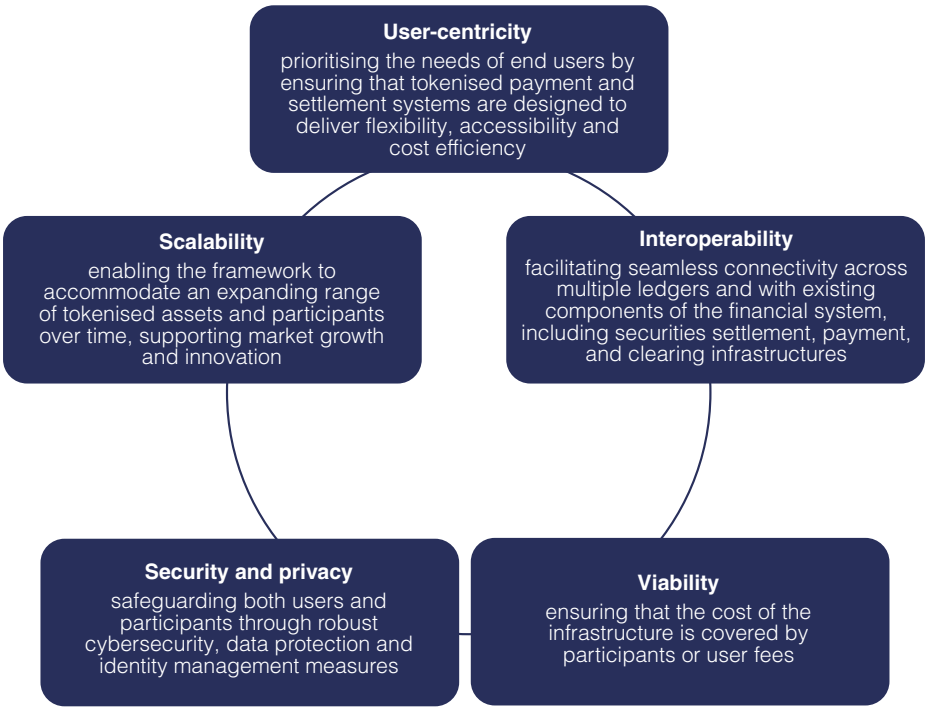
107 Bank for International Settlements. (2024, April). Finternet: the financial system for the future. https://www.bis.org/publ/work1178.pdf

108 Bank for International Settlements. (2025, April). Leveraging tokenisation for payments and financial transactions. https://www.bis.org/publ/othp92.pdf

and payment simultaneously. These technological advancements have the potential to improve cross-border payments across three core dimensions:[109]

Messaging	Embedding transactional data directly into digital tokens can simplify cross border information flows and reduce dependency on complex international messaging protocols
Settlement	Token-based transfers allow for near instantaneous ownership exchange, significantly shortening settlement cycles
Reconciliation	The transparency and immutability of DLT offer a consistent and unalterable transaction ledger, aiding the complex reconciliation processes across multiple parties and jurisdictions

Brazil's Drex platform—integrating wholesale tokenised central bank money, deposits, e-money, and government securities under a public-private partnership led by the Banco Central do Brasil—offers a useful reference model. Its Lift Challenge tests live use cases from DvP and PvP to IoT-enabled and decentralised-finance applications.[110] The example also carries a caution relevant to Hong Kong. Drex abandoned its original distributed-ledger design after confronting an apparently intractable trade-off between transaction privacy, scalability, and programmability. This underlines that the degree of decentralisation, the privacy model and the scalability ceiling are fundamental design choices that need to be tested before wider deployment. The lesson is not that tokenisation is misguided—Hong Kong's own bond issuances prove the model works—but that **legal certainty and operational resilience, not architectural novelty, are the attributes on which the agenda should be judged.** As these frameworks evolve globally, regulators should anchor them in guiding principles that keep the system safe, efficient, and inclusive, balancing innovation with the stability and long-term confidence on which a tokenised hub depends:[111]



109 Ernst & Young. (2024). Beyond borders: capturing growth in the dynamic cross-border payments market. https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/industries/wealth-asset-management/documents/ey-gl-banking-beyond-borders-10-2024.pdf

110 Banco Central do Brasil. (Access date: 2026, May 15). Drex – Digital Brazilian Real. https://www.bcb.gov.br/en/financialstability/drex_en

111 Bank for International Settlements. (2025, April). Leveraging tokenisation for payments and financial transactions. https://www.bis.org/publ/othp92.pdf

Taken together, these principles balance innovation with stability and reinforce the trust and long-term market confidence on which a tokenised hub depends. They also frame a closely related constraint: ensuring that legal rights, obligations and settlement finality remain clear and enforceable as transactions become programmable.

Settlement finality

As tokenised financial markets continue to develop, ensuring clear and consistent legal treatment for settlement finality and digital asset transfers will be an important complement to ongoing infrastructure development. As Project Ensemble progresses towards wider operational deployment, three foundations merit particular attention: (i) continuous central bank money settlement (addressed in the operating-hours recommendation); (ii) a financial market infrastructure with the governance of a regulated settlement system; and, more importantly, (iii) **recognition that a transfer recorded on a distributed ledger achieves settlement finality.**

Global standard setters have highlighted similar challenges. The CPMI-IOSCO guidance on the Application of the Principles for Financial Market Infrastructures to Stablecoin Arrangements addressed the issue of settlement finality in distributed-ledger-based systems.[112] The guidance underscores that a well-reasoned legal opinion is essential to determine precisely when and how finality occurs. The FSB has likewise recommended that authorities develop a more consistent understanding of how tokenisation aligns with legal and regulatory frameworks.[113] These international perspectives reinforce the need for Hong Kong to ensure that its domestic framework provides legal clarity equivalent to that enjoyed by conventional payment and settlement systems.

In Hong Kong, statutory settlement finality already exists for transactions cleared through the CMU, where settlement is final and irrevocable and protected from insolvency laws and other laws by the PSSVFO (Cap. 584).[114] As digital innovation reshapes the architecture of financial market infrastructures, a measure squarely within the current review's mandate would be to examine **whether settlement finality is achievable in distributed-ledger-based systems. This should be complemented by clarification of the legal status and treatment of tokenised assets**, including representations of money, securities and other asset classes, distinguishing the finality of settlement from the legal effectiveness of transferring the underlying rights.

Internationally, initiatives such as Project Agorá indicate that settlement finality across jurisdictions is achievable but depends on legal, technical, and contractual alignment between national frameworks.[115] By taking the lead in exploring how these elements can be applied within its own regime, Hong Kong can ensure that its tokenisation infrastructure is not only innovative, but also legally robust, interoperable, and credible across borders—solidifying its role as a secure settlement hub for next-generation financial market infrastructure.

112 Bank for International Settlement. (2022, July). Application of the Principles for Financial Market Infrastructures to stablecoin arrangements. https://www.bis.org/cpmi/publ/d206.pdf

113 Financial Stability Board. (2024, October 22). The Financial Stability Implications of Tokenisation. https://www.fsb.org/uploads/P221024-2.pdf

114 CMU OmniClear Limited. (n.d.). Clearing and settlement. Retrieved June 12, 2026, from https://www.cmuomniclear.com/en/csd-clearing-settlement

115 Bank for International Settlements. (2026, May 27). Project Agorá shows how tokenisation can improve wholesale cross-border payments. https://www.bis.org/press/p260527.htm

Designing for coexistence and standards harmonisation

A further strategic choice is the relationship between stablecoins and tokenised deposits. The better-grounded perspective is to design for coexistence: where regulatory costs are high, tokenised deposits raise welfare by expanding bank credit; where regulation is lighter, stablecoins may be preferable; and in the middle, allowing the two to compete is optimal.[116] This is where Hong Kong's distinctive proposition lies. Project Agorá deliberately excluded private tokens, building only on tokenised reserves and deposits, whereas Hong Kong's advantage lies in its optionality—the ability to offer stablecoins, tokenised deposits, traditional flows, and offshore RMB simultaneously. Realising it calls for three steps: hosting these instruments under proportionate, risk-calibrated rules; completing the tokenised-deposit infrastructure and achieving settlement finality; and articulating a transparent pathway for expanding the stablecoin regime beyond its first cohort.

Underpinning all of this is **standards harmonisation**. Hong Kong should align the technical, legal, and operational standards for tokenised money and assets, ensure consistent data taxonomies, and promote shared APIs and messaging formats compatible with existing rails—CHATS, FPS, and ISO 20022-based networks—developed in cooperation with international standard-setting bodies. Harmonised data and messaging frameworks would also make AML/CFT compliance more effective in a digital environment, reinforcing systemic integrity and connecting this pillar back to the cross-border trust layer.

Position to Lead: Convert Hong Kong's Structural Advantages into Competitive Differentiators

Trust earns a hub the right to operate, and infrastructure lets it connect; leadership comes from distinctive structural advantages and the ability to help shape credible rules for emerging activities. Where the earlier pillars bring Hong Kong to parity with the best-run centres, this theme is where it pulls ahead, building on a distinctive combination: the world's deepest offshore RMB pool, multi-currency settlement capabilities, and its position as a super-connector between the Mainland and global markets.

The task is to convert that advantage, alongside Hong Kong's early-mover regulatory position, into durable leadership across five fronts — a multi-currency settlement hub, a cross-border digital-identity rail, a shared compliance utility, a region-first reciprocity strategy, and a governing framework for AI-driven payments.

Recommendation 4: Building the Cross-border Trust Layer and Leading the Agentic Frontier

Every recommendation in this report ultimately depends on trust—on knowing who is transacting, on screening them efficiently, and, increasingly, on governing software and hardware (i.e., advanced robots) that transact autonomously. Treating these as exportable infrastructure rather than domestic cost centres is where Hong Kong's regulatory and data strengths become a competitive advantage.

Anchoring cross-border trust in digital identity

Today's cross-border corporate payments incur needless costs and settlement delays because every correspondent in the chain independently verifies the identity and legitimacy of the originating entity, and institutions do not trust another to have performed adequately. The limited cross-border verification capability that results, and the absence of integrated corporate or cross-jurisdiction identity infrastructure, are precisely the constraints the industry identifies as holding back international payments and the data-sharing initiatives a hub depends upon.

116 Huang, X., & Keister, T. (2026, February). Stablecoins vs. tokenized deposits: The narrow banking debate revisited (Federal Reserve Bank of New York Staff Reports No. 1179). Federal Reserve Bank of New York. https://doi.org/10.59576/sr.1179

Hong Kong's CorpID Platform is a pivotal step in embedding this within the regulated financial system. A key project under the Digital Policy Office, CorpID aims to provide verified, government-backed corporate credentials for secure authentication, and is progressing toward official launch at end-2026.[117] Positioned correctly, it can serve not only as a domestic enabler but as a strategic trust layer for cross-border payments and data exchange between Hong Kong, the Mainland, and beyond.

Realising that potential calls for a phased, outward-looking strategy across three stages:

- **Domestic consolidation:** Reinforce CorpID's reliability, governance, and operational stability within Hong Kong's own market infrastructure, ensuring institutions, corporates, and regulators can integrate its credentials into existing payment and compliance processes. Building a mature domestic ecosystem will provide a sound foundation for assessing broader applications in the future.

- **Explore interoperability opportunities within the Greater Bay Area and beyond[118]:** Given the high degree of economic and financial integration within the Greater Bay Area, Hong Kong and relevant Mainland authorities could explore the feasibility of interoperability between trusted corporate identity frameworks. Such work could assess credential equivalence, authentication protocols, data-governance standards, and relevant legal and regulatory requirements. Subject to policy, regulatory and operational considerations, enhanced interoperability could support cross-boundary services, such as trade finance, account opening, and payments, while providing practical experience in establishing trusted frameworks for data sharing, consent management and accountability.

- **Global alignment:** Over the longer term, Hong Kong could also explore whether the CorpID framework could be interoperable with internationally recognised corporate identity frameworks, including the Legal Entity Identifier (LEI) ecosystem and the verifiable Legal Entity Identifier (vLEI).[119] The vLEI, an initiative of the Global Legal Entity Identifier Foundation,[120] extends the globally recognised LEI framework into digitally verifiable credentials used for entity identification in financial transactions. Any future interoperability between CorpID and internationally recognised identity frameworks would require careful assessment of technical feasibility, governance arrangements, applicable standards and stakeholder readiness. Nonetheless, exploring such alignment could help inform the long-term development of Hong Kong's trusted digital identity infrastructure and, where appropriate, support its future application in cross-border financial services.

This phased approach would provide a structured pathway for Hong Kong to explore the role of trusted digital identity in supporting more efficient cross-border payments and financial services, further reinforcing the city's position as a trusted, standards-based international financial centre.

117 Legislative Council Panel On Information Technology And Broadcasting. (2026, April 20). Latest Progress on the Development of the "Digital Corporate Identity" Platform. https://www.legco.gov.hk/yr2026/english/panels/itb/papers/itb20260420cb2-472-2-e.pdf

118 Certizen Technology. (2025, November 8). Certizen Technology and Global Legal Entity Identifier Foundation (GLEIF) Co-host " Global Forum on Digital Organizational Identity" to Promote Widespread Adoption of vLEI. https://www.certizen.technology/index.php/en/news/mobile-news/certizen-technology-and-global-legal-entity-identifier-foundation-gleif-co-host-global-forum-on-digital-organizational-identity-to-promote-widespread-adoption-of-vlei

119 Ibid.

120 Global Legal Entity Identifier Foundation. (Access date: 2026, May 12). The verifiable LEI (vLEI). https://www.gleif.org/en/organizational-identity/lei-vlei/the-verifiable-lei-vlei

Nevertheless, it is important to distinguish identity authentication from the regulatory and risk-management responsibilities of financial institutions. While CorpID may help streamline aspects of customer onboarding and business verification through trusted corporate identity credentials, financial institutions would remain responsible for conducting appropriate KYC, KYB, AML and other due diligence measures in accordance with regulatory requirements and internal risk frameworks. CorpID should therefore be regarded as complementary infrastructure that supports, rather than replaces, existing compliance processes. Additionally, the suitability of CorpID, or other digital identity solutions, for specific financial sector use cases should be considered by the relevant policy bureaux, financial regulators and industry stakeholders, taking account of regulatory, operational and cross-jurisdictional considerations.

From verifying identities to screening them efficiently

Reliable identification addresses only one dimension of trust; another is screening parties and transactions for financial crime risks. A shared identity framework could reduce repeated collection and verification of corporate information, while shared screening capabilities could help address avoidable duplication across the payment chain. However, not all repeated checks are redundant: institutions may face different legal obligations, hold different information or assess different risks.

This is an area worth weighing rather than asserting. The HKMA's March 2026 thematic review confirmed that authorised institutions already have sound governance, regular testing on their screening systems, and an increasing use of various technologies, including AI, to meet their statutory obligations.[121] Nevertheless, the question is whether shared capabilities could reduce the collective costs of maintaining screening infrastructure and investigating false-positive alerts, including for smaller providers, without weakening these controls.

The BIS' work lends support to the direction. Project Mandala has proof-tested a "compliance-by-design" model in which sanctions screening is completed once, before a cross-border payment is initiated, generating a reusable cryptographic proof that travels with the transaction and can be verified without exposing underlying customer data—reducing duplicative checks while preserving privacy.[122] Complementing this, Project Aurora found that pooling privacy-enhanced data outperformed siloed, institution-by-institution screening.[123] Mandala, however, was a decentralised proof-of-concept rather than a live service, and deliberately left questions of operation and governance open.

The direction worth exploring for Hong Kong is therefore whether a neutrally governed, regulator-supervised facility could translate these findings into practical regional benefits. A targeted pilot could assess this, underpinned by agreed standards for data, screening rules and proof validity, alongside privacy, liability and operational safeguards, with each institution remaining responsible for its own compliance decisions.

121 Hong Kong Monetary Authority. (2026, March 16). Thematic review of sanctions screening systems. https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20260316-1-EN/20260316-1-EN.pdf

122 Bank for International Settlements. (2024, October 28). Project Mandala: Streamlining cross-border transaction compliance (BIS Other Papers No. 87). https://www.bis.org/publ/othp87.pdf

123 Bank for International Settlements. (n.d.). Project Aurora: The power of data, technology and collaboration to combat money laundering across institutions and borders. Retrieved June 12, 2026, from https://www.bis.org/about/bisih/topics/fmis/aurora.htm

Leading the agentic frontier

AI is already a foundational enabler—powering fraud detection, real-time risk monitoring, and conversational interfaces—but the agentic frontier is where no jurisdiction yet holds a settled position, which is exactly what makes it an opportunity to lead. **Agentic payments**—transactions initiated and executed by AI systems acting autonomously under delegated authority—are moving from concept to commercial build-out, and a standards contest is already underway. Google launched the Agent Payments Protocol (AP2) with support from more than sixty organisations, including Coinbase, built around verifiable mandates and designed to work across card, real-time and digital-currency rails;[124] Visa introduced its Trusted Agent Protocol in late 2025;[125] and, relevant for Hong Kong, Ant International's Agentic Mobile Protocol runs on the Alipay+ network, already connecting dozens of regional wallets.[126]

The barrier is not technology but law. Existing financial and consumer-protection rules are built around human-decisioned transactions and do not cleanly accommodate an autonomous agent as payer: strong customer authentication regimes assume a human being authorising each payment.[127] Three questions sit underneath every agentic transaction—**authorisation** (did the agent truly have permission?), **authenticity** (does the action reflect the user's intent?), and **accountability** (who is liable in the event of an error or loss?)—and the jurisdiction that answers them clearly, interoperable with the emerging protocols, becomes the natural home for compliant agentic commerce.[128]

Hong Kong has set foundations through the FSTB's 2024 policy statement on the responsible application of AI and an emerging consensus on principles — controllability, fairness, explainability, transparency, and governance—that institutions can operationalise alongside international frameworks such as the NIST AI Risk Management Framework.[129] More recently, the HKMA's October 2026 "ART" Framework introduced updated supervisory guidance and signalled further work on agentic AI governance, including accountability, agent registries and intervention mechanisms.[130] The opportunity is therefore to build on this work by developing payment-specific requirements, rather than creating a separate governance regime.

The asset to deploy is the supervised-sandbox machinery Hong Kong already possesses. The HKMA's generative-AI sandbox has matured into the cross-sector **GenA.I. Sandbox++**, launched in March 2026 by the HKMA, SFC, Insurance Authority, and Mandatory Provident Fund Schemes Authority in collaboration with the Hong Kong Cyberport Management Company Limited, covering multiple financial sectors including banking, securities, asset management, insurance, and stored-value facilities.[131] The platform already provides a venue for exploring emerging use cases, including agentic-payment applications. The recommendation is therefore to leverage this existing architecture to develop, with industry, interoperable requirements for agent-initiated payments. These should align with leading international and regional protocols rather than establish a proprietary Hong Kong standard, helping the city contribute to emerging norms while preserving cross-border compatibility and market scalability.

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124 Google. (2025, September 16). Announcing Agent Payments Protocol (AP2). Google Cloud Blog. https://cloud.google.com/blog/products/ai-machine-learning/announcing-agents-to-payments-ap2-protocol

125 Visa. (2025, December 18). Visa and partners complete secure AI transactions, setting the stage for mainstream adoption in 2026. https://investor.visa.com/news/news-details/2025/Visa-and-Partners-Complete-Secure-AI-Transactions-Setting-the-Stage-for-Mainstream-Adoption-in-2026/default.aspx

126 PYMNTS. (2026, April 30). Agentic AI gets its own payment protocol. https://www.pymnts.com/artificial-intelligence-2/2026/agentic-ai-gets-its-own-payment-protocol/

127 Fenwick. (2026, April 22). Is 2026 the year of agentic payments? https://www.fenwick.com/insights/publications/is-2026-the-year-of-agentic-payments

128 Descope. (2025, October 31). What is the Agent Payments Protocol (AP2) and how does it work? https://www.descope.com/learn/post/ap2

129 HKSAR Government. (2024, October 28). Policy Statement on Responsible Application of Artificial Intelligence in the Financial Market. https://gia.info.gov.hk/general/202410/28/P2024102800154_475819_1_1730087238713.pdf

130 HKMA. (2026, October 15). HKMA announces "ART" Framework to promote responsible A.I. adoption. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/10/20261015-3/

131 Hong Kong Monetary Authority. (2026, March 5). Regulators launch GenA.I. Sandbox++ to foster A.I. innovation across financial services. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/03/20260305-3/

At its core, the standard should address three foundational issues: **identity, authority and accountability.** First, it should consider an interoperable framework for **agent identity**, drawing on emerging developments in other jurisdictions, including recent efforts in the Mainland to standardise AI agent interconnection through general architecture, identity codes, identity management, agent description, agent discovery, agent interaction and agent tool calling.[132] For Hong Kong, the policy objective is to ensure that agents participating in payment flows can be reliably identified, authenticated and traced across the transaction lifecycle.

Second, the framework should establish a clear standard for **delegated authority** in agent-initiated payments. Payment instructions should be capable of carrying machine-readable evidence of the principal, the agent, the mandate under which the instruction is made, the scope of authority granted, the applicable spending or transaction limits, and the status of any revocation or suspension. The framework should also specify how consent, including the equivalent of strong customer authentication where relevant, is captured, verified and evidenced in a form that can be relied upon across platforms and jurisdictions.

Third, the policy framework should define how **liability, compensation and dispute resolution** apply when an agent makes an unauthorised, erroneous or out-of-mandate payment. Clear default rules are needed to allocate responsibility among the principal, the agent provider, the payment service provider and, where relevant, the counterparty. This would provide greater legal certainty, strengthen trust in adoption and reduce the risk that disputes are left to fragmented contractual arrangements.

To support proportionate regulation, the framework should distinguish between **assisted, delegated and autonomous transactions,** and between agents that act only as user interfaces and those that can hold value, negotiate terms, enter into obligations or interact directly with other agents. Regulatory requirements should be calibrated to the agent's degree of autonomy, its access to assets, and its ability to create legal or financial obligations. This would also make clear that the framework applies not only where a consumer's agent interacts with a conventional merchant, but also where both sides of a transaction are represented by agents.

The standard should be complemented by practical governance measures that the sector can adopt consistently. These should include **human-in-the-loop controls (or at least human-in-the-lead)** for higher-risk decisions, **auditable and explainable decision** processes, robust record-keeping, and **multi-stakeholder oversight** spanning legal, technology, compliance and risk functions.

In addition, any sector-specific framework for agentic payments should align with broader AI governance and cybersecurity frameworks, while reflecting emerging international standards and the needs of the financial sector. This should include supporting Hong Kong's development as a premier hub for multinational corporate treasury centres, as treasury operations increasingly progress from AI-assisted forecasting and decision support towards the autonomous execution of payments, liquidity management and other treasury functions.[133]

Taken together, these measures would help position Hong Kong to support trusted agentic commerce on an interoperable basis, while maintaining appropriate safeguards for consumers, firms and the wider financial system.

132 The State Council of the People's Republic of China. (2026, July 3). Govt policy moves from past week. https://english.www.gov.cn/policies/policywatch/202607/03/content_WS6a4727f8c6d00ca5f9a0c014.html

133 Boston Consulting Group. (2026, September 23). Global Payments Report 2026: The Burden of Proof. https://www.bcg.com/publications/2026/global-payments-market-outlook-2030

Recommendation 5: Leading as the Multi-rail and Multi-currency Super-connector

Open rails, tokenised settlement, and a cross-border trust layer remain domestic assets until counterpart jurisdictions agree to recognise them and reciprocate. Turning Hong Kong's structural endowment into working cross-border infrastructure therefore rests on two moves: operating as the interoperable settlement hub across currencies and rails, and pursuing the region-first reciprocity that makes that interoperability count.

Hong Kong as a trusted, interoperable multi-currency and multi-rail hub

Hong Kong's structural advantage is the distinctive pairing of genuine multi-currency settlement capacity with a leading offshore RMB franchise built on top of it. The city operates interlinked RTGS systems in the HKD, USD, EUR, and RMB, allowing banks to settle FX transactions across any pair on a payment-versus-payment basis.

RMB stands out in this currency-neutral franchise, and policy is actively deepening it—an agenda that is squarely aligned with the National 15th Five-Year Plan's emphasis on reinforcing Hong Kong's role as the international offshore RMB centre. SWIFT data shows that Hong Kong was the largest offshore RMB clearing centre, handling more than 75% of global RMB payments, with the RMB RTGS system turning over roughly RMB2.5 trillion a day.[134] The HKMA increased its Renminbi Business Facility size to RMB500 billion in July 2026, drawing on the PBoC currency swap to provide banks with a stable, lower-cost source of RMB funding.[135]

The franchise is no longer a single pipe but a set of parallel rails, and Hong Kong sits at the intersection of them. The Mainland's own cross-border rail has been upgraded—the PBoC's revised CIPS rules took effect on 1 February 2026, combining RTGS for single payments with timed net settlement for batches and, tellingly for the tokenisation agenda, extending support to PvP, DvP, and central counterparty clearing while bringing the PBoC's Digital Currency Research Institute within scope.[136]

The strategic objective is to be the trusted, interoperable hub across currencies and across rails, not the champion of any single one. The RTGS engine, CIPS participation, stablecoin development, and the tokenised central-bank-money settlement built under the last theme should be made operationally and legally interoperable, so that an obligation can move between currencies and between conventional and tokenised rails without friction, with Hong Kong's extended-hours settlement and tokenisation infrastructure serving as the natural offshore bridge. This interoperability also makes the city the natural location for multi-currency liquidity management: banks can settle and reallocate funds across the four-currency engine and RMB rails from a single hub, thereby optimising funding across time zones and reducing trapped liquidity and pre-funding costs that fragment cross-border payments elsewhere.

Crucially, it is where the RMB franchise and the step of joining the Western-anchored platforms, Nexus and Agorá, become complements rather than alternatives: a centre that can settle across both the RMB rails and dollar- and euro-anchored tokenised platforms—trusted on both sides precisely because it is indispensable to neither bloc—performs a super-connector function no competitor can replicate. The risk to manage is the perception of capture; the opportunity is to be the one place where the emerging settlement architectures meet.

134 HKSAR Government. (2026, March 25). LCQ18: Development of digital Renminbi and stablecoins. https://www.info.gov.hk/gia/general/202603/25/P2026032500231.htm

135 Hong Kong Monetary Authority, Securities and Futures Commission. (2026, July 7). New Measures to Support the Development of Hong Kong's Fixed Income and Currency Market and Offshore RMB Business. https://www.sfc.hk/-/media/EN/files/COM/PDF/Initiatives-to-advance-Hong-Kongs-fixed-income-and-currency-markets_EN.pdf

136 Chain Catcher. (2025, December 26). The central bank has released a new version of the "Business Rules for the Renminbi Cross-Border Payment System," clarifying that the Digital Currency Research Institute is included in the notification scope. https://www.chaincatcher.com/en/article/2232846

The same hub logic could be explored to extend from wholesale settlement into regional retail connectivity. For instance, ASEAN has already made significant progress in retail payment integration, establishing 29 cross-border QR-payment and person-to-person (P2P) instant-payment linkages within the region and with external partners as of December 2025. These connections supported 36.2 million cross-border QR transactions worth USD716 million in 2025, while cross-border P2P transfers accounted for a further USD306 million.[137] Hong Kong has already participated in this momentum through the linkage of the FPS with Thailand's PromptPay. Building on this foundation, Hong Kong could:

- **Expand cross-border payment linkages** — pursue bilateral and multilateral arrangements with other jurisdictions where there is clear service demand, taking into account factors such as valid use cases, technical feasibility, interoperability and operational arrangements.

- **Enhance coordination across financial market infrastructures** — explore opportunities for greater connectivity and interoperability between payment and settlement systems, subject to technical feasibility, commercial considerations and broader market needs.

These measures would extend Hong Kong's multi-currency franchise to end users as directly as it serves interbank flows, reinforcing its position as a payment and settlement hub at both the wholesale and retail levels.

To sustain this role, cross-border payment interoperability should be embedded explicitly in the mandates of the HKMA and other relevant regulators, and pursue a region-first strategy that concentrates diplomatic and technical effort where its advantages are greatest and reciprocity most attainable—the Greater Bay Area and the Mainland gateway first, then the ASEAN and Belt and Road economies with which trade and investment flows are deepest.

Building on initiatives such as the wholesale multi-CBDC work, Hong Kong could institutionalise cooperation through structured digital-economy agreements or FinTech cooperation memoranda with priority partners—enshrining shared commitments to open standards, cybersecurity, and data governance, and providing clear protocols through which licensing regimes are mutually recognised, AML/CFT and data-privacy approaches aligned, and cross-border sandbox participation enabled.

By embedding interoperability as a policy mandate and institutionalising regional cooperation, Hong Kong can consolidate its position as the primary connective hub for cross-border finance in Asia and beyond. Leveraging its unique multi-currency infrastructure, deep RMB liquidity, and trusted regulatory framework, the city can translate technical links into lasting economic and strategic advantage—serving as the bridge where currencies, systems, and jurisdictions converge in the next era of global payments.

137 ASEAN. (2026, April 10). Joint Statement of the Thirteenth ASEAN Finance Ministers' and Central Bank Governors' Meeting (13th AFMGM). https://photos.asean2026.gov.ph/uploads/ada042c9-25c1-4b83-ba97-7613b83e8a93.pdf

Conclusion



Conclusion

For Hong Kong, becoming a leading digital payment hub is not a separate ambition from strengthening its international financial centre; it is part of how that position is sustained. Its offshore RMB franchise, multi-currency settlement capabilities and trusted regulatory framework provide a distinctive foundation, but their lasting value will depend on how effectively they serve cross-border commerce, investment and financial intermediation. The priority is therefore not to accumulate technologies or connections, but to translate these strengths into reliable, efficient and accessible services.

The recommendations in this report provide a connected path towards that outcome. Their strategic value lies in aligning regulatory coordination, settlement infrastructure and cross-border cooperation so that progress in one area is not constrained by gaps in another. Legal certainty, proportionate oversight and shared trust capabilities must develop alongside new payment models, allowing Hong Kong to extend its reach while preserving financial integrity and operational resilience.

Together, these measures would make optionality a defining feature of Hong Kong's payment hub proposition: enabling institutions and users to choose among currencies, payment rails and forms of money according to their needs, without dependence on a single architecture. The objective is not to support every technology, but to allow viable alternatives to coexist and connect without creating fragmentation. As a trusted payment "switch" linking conventional and emerging networks, Hong Kong can turn its super-connector role into practical choice, resilience and efficiency—advancing its ambition to become a leading digital payment hub while reinforcing its competitiveness as an international financial centre.



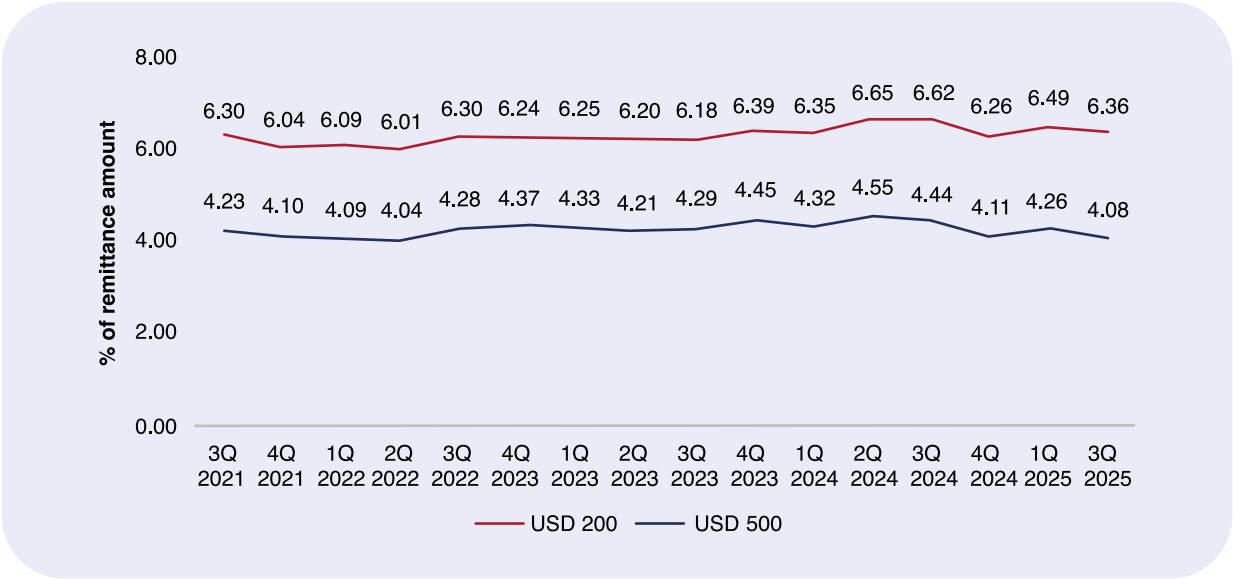
Appendix

Appendix 1: International Challenges in Cross-border Payments and Settlements

Despite robust growth in the volume of cross-border payments and settlements, the global payments ecosystem continues to face deep-rooted structural and operational constraints. These frictions hinder progress toward a system that is more convenient, inclusive, efficient, and transparent—thereby limiting broader economic development and financial inclusion. The G20 Roadmap highlights four persistent barriers that must be addressed to strengthen cross-border payment arrangements: high cost, low speed, limited access, and insufficient transparency.[138]

The issue of **high cost** remains among the most significant challenges to advancing cross-border payments. A combination of explicit and implicit charges is borne by both service providers and end-users, including transaction and account maintenance fees, compliance-related expenses, foreign-exchange conversion costs, and liquidity requirements associated with prefunding. According to data from the World Bank, the average cost of sending an international remittance in the third quarter of 2025 was 6.36% for a USD200 transfer and 4.08% for a USD500 transfer,[139] underscoring the considerable gap between existing market conditions and the G20's cost-reduction targets. Such costs tend to weigh disproportionately on low-income households and small businesses, constraining financial inclusion and dampening the efficiency of global economic integration.

Figure 6: Average costs of international remittance (as of 3Q 2025)



The persistence of **low processing speeds** further limits the effectiveness and dependability of cross-border transactions. Payment messages frequently pass through multiple intermediaries that operate under different regulatory regimes, technical standards, and operational procedures. This fragmentation contributes to long settlement chains and delays—particularly for transactions involving foreign-exchange conversion—which may require up to 48 hours or more to complete through conventional correspondent-banking networks. Slow transaction speeds impede liquidity management, aggravate cash-flow uncertainty, and undermine confidence in cross-border payment systems, at a time when endusers increasingly expect real-time settlement capabilities.

138 Financial Stability Board. (2025, October 9). G20 Roadmap for Enhancing Cross-border Payments: Consolidated progress report for 2025. https://www.fsb.org/uploads/P091025-1.pdf

139 World Bank. (2025, September). Remittance Prices Worldwide Quarterly. https://remittanceprices.worldbank.org/sites/default/files/2026-04/RPW_main_report_and_annex_Q325.pdf

Limited access represents an additional structural constraint. Participation in efficient cross-border payment arrangements is often confined to major banks and selected currencies, leaving smaller institutions and developing economies at a disadvantage. Technical barriers, high compliance costs, and uneven connectivity to global networks continue to restrict market entry and participation. This uneven distribution of access perpetuates financial fragmentation, widening the gap between advanced and emerging economies and weakening the potential of digitalisation to broaden global financial inclusion.

Persistent **insufficient transparency** remains another critical obstacle to efficient cross-border payments. In many jurisdictions, users still lack clear, real-time insight into the status, cost breakdown, and expected completion time of transactions. Inconsistent data standards, limited interoperability, and the absence of end-to-end tracking mechanisms hinder traceability and reconciliation across jurisdictions. This opacity drives up administrative costs, complicates compliance obligations, and erodes user confidence, particularly among SMEs seeking predictable and verifiable international payment channels.

Taken together, these four challenges illustrate the complexity of reforming the global payments landscape. Addressing them requires sustained international collaboration, harmonisation of regulatory and data frameworks, and the responsible adoption of innovative technologies. Progress must balance speed and efficiency with resilience, integrity, and security. Building a global payments framework that is open, transparent, and interoperable will not only strengthen efficiency and trust but also enhance financial inclusion and support sustainable economic growth.

Appendix 2: Overview of Global Payment Fraud Threat Landscape

The global payment fraud landscape in 2025 demonstrated clear structural shifts that warrant close attention from policymakers and regulators. Fraudulent activity has evolved from sporadic incidents into an organised, industrialised and AI-enhanced ecosystem, characterised by automation, professionalised support services, and the use of AI to increase scale and efficiency. While the total volume of stolen card records traded online moderated in 2025 — with threat actors posting over 142 million card records for sale, 34 million fewer than in 2024, representing a 19% decline[140] — the accompanying personal and financial data grew richer and more complete, significantly widening the potential attack surface for downstream fraud. This evolution represents not merely a technological challenge, but a systemic risk to the integrity, trust, and stability of global payment systems.

A defining feature of the evolving threat environment is the increasing convergence of social engineering and digital payment exploitation. Fraud tactics such as one-time password interception, digital wallet compromise, and online purchase scams have become prevalent, exploiting consumers' trust and behaviour rather than the technical weakness of systems. These so-called "authorised push payment" or "victim-authorised" frauds present acute supervisory and operational challenges, as they often bypass conventional authentication and model-based detection systems. This underscores the need for a policy reorientation towards behavioural risk mitigation, enhanced customer education, and cross-industry intelligence sharing as integral components of national payment resilience strategies.

Further complexity arises from the increasing infusion of AI and automation into fraud orchestration, particularly through the emergence of agentic commerce – a model in which autonomous AI systems transact on behalf of individuals or organisations. While this development offers potential efficiency benefits, it simultaneously introduces ambiguity in areas of legal attribution, intent verification, and operational accountability. The challenge for regulators will be to delineate liability frameworks that distinguish between human intent and agentic action, and to establish auditable standards for transparency, consent, and dispute resolution in AI-driven transactions. Absent such frameworks, financial institutions may be compelled to absorb higher operational risks and investigative costs.

From a governance and supervisory standpoint, an effective policy posture must combine proactive intelligence gathering with structured institutional collaboration. Regulators, central banks, and industry bodies should pursue the establishment of intelligence-fusion frameworks that integrate fraud, cyber, and financial crime oversight functions. Establishing interoperable data-sharing protocols and cross-sectoral reporting mechanisms would strengthen collective visibility and enable earlier interruption of systemic fraud activity. These capacities must be coupled with continued public-private partnership models, ensuring that defensive capabilities evolve in tandem with emerging technological and behavioural risks.

Looking ahead, payment fraud is likely to remain a persistent policy priority given the acceleration of digital finance, the growing ubiquity of AI in commerce, and the sophistication of organised threat actors. Public authorities will need to transition from reactive mitigation towards anticipatory regulation that embeds fraud resilience within the design of payment ecosystems. This includes strengthening AI governance, mandating transparency in agentic systems, and reinforcing consumer protection and redress mechanisms. Through such calibrated and intelligence-led policy action, jurisdictions such as Hong Kong can safeguard their position as trusted, innovation-driven financial centres, maintaining both competitiveness and systemic integrity in an increasingly automated financial age.

140 Recorded Future. (2025). Annual Payment Fraud Intelligence Report: 2025. https://assets.recordedfuture.com/Reports/Annual_Payment_Fraud_Intelligence_Report_2025.pdf

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Financial Services Development Council

About the FSDC

The Financial Services Development Council (FSDC) was established in 2013 by the Government of the HKSAR as a high-level advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

In September 2018, the FSDC was incorporated as a company limited by guarantee. This change allows it to better discharge its functions through research, market promotion, and human capital development with greater flexibility.

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