



Latest developments in fintech and digital assets in Hong Kong

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Overview

Hong Kong, as an international financial centre, possesses a robust financial regulatory system, rich business opportunities and an active financing market. Coupled with its unique advantages of connecting with the Mainland and the world, it stands as a premier hub for promoting the integrated development of **financial technologies** (“fintech”) and the **third generation Internet** (“Web3”).

In recent years, fintech has undergone rapid development. With its characteristics of disintermediation, security, transparency and low cost, **blockchain technology** can address a lot of pain points in financial transactions and business operations. Using blockchain technology, Web3 achieves decentralized data management to facilitate secure digital asset circulation within distributed networks, promoting the innovation and rapid development of the digital economy.

This issue of **Policy Pulse** briefly describes **how** Hong Kong has **leveraged technology for innovation and application** in such areas as **digital assets** (“DA”), **green and sustainable finance** and **cross-boundary finance** in recent years, and summarizes the relevant discussions in the Legislative Council (“LegCo”).

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Keeping pace with the times by pursuing reforms in financial areas

- The world is currently undergoing a technology-driven financial reform, and Hong Kong is also proactively seeking innovation and changes and continues to consolidate its status as an international centre. In the **newly published Global Financial Centres Index**,^{Note 1} **Hong Kong** achieved a resounding success:







The international financial centre continued to rank **third globally** and **first place in Asia Pacific**. The rating gaps with first two places narrowed to two points and one point respectively.



Ranking leapt further by three places to **first in the world** on **fintech offering**

- In 2022 and 2025, the SAR Government promulgated two policy statements, explicitly positioning the city as a **premier global hub for DA**^{Note 2} and actively taking forward various legislative and regulatory measures, including the Stablecoins Ordinance which came into effect on 1 August this year, while striving for innovative breakthroughs in various financial areas, facilitating the **vibrant development of the fintech sector**:

Quick facts about fintech enterprises in Hong Kong (as at late September 2025)

 More than 1 100 fintech (including Web3) enterprises	 8 digital banks
 4 virtual insurers	 11 licensed DA trading platforms

Note 1 Z/Yen from the United Kingdom and the China Development Institute from Shenzhen jointly published the Global Financial Centres Index 38 Report on 25 September 2025

Note 2 In June 25, the Government issued the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong and has since used the term “Digital Assets” in lieu of “Virtual Assets” to better reflect the nature of this asset class

Building a fintech and digital asset ecosystem

Regulatory regime for digital assets

- As early as 2023, a licensing system for DA service providers was introduced in Hong Kong to foster the market's robust development. The passage of the **Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance** by LegCo in December 2022 provided the legal basis for the licensing regime, which sought to ensure compliance with the international requirements on anti-money laundering and counter-terrorist financing ("AML/CTF") while effectively protecting the interests of investors. Since the implementation of the licensing system, the Securities and Futures Commission has granted licenses to 11 companies.

Development of tokenization market

- Tokenized products represent a key component in DA development.^{Note 3} The Hong Kong Monetary Authority ("HKMA") launched in August 2024 **Project Ensemble, a financial market infrastructure project**. Through **sandbox** testing, the Project allows participating financial institutions to explore tokenization use cases in actual business scenarios.
- HKMA will publish a report detailing the results of the Ensemble Sandbox experimentation, and will take forward the next stage of the Project, including achieving **interbank settlement of tokenized deposits**, promoting **live**

transactions of tokenized asset, and promoting the adoption of tokenization technology in Hong Kong's bond market.

Policy Statement on Digital Assets

- In June 2025, the Government issued the **Policy Statement 2.0 on the Development of Digital Assets in Hong Kong**, reinforcing its vision for establishing Hong Kong as a global **hub for innovation in the DA** field, while establishing the "**LEAP**" development framework:

- ✦ **L**egal and regulatory streamlining
- ✦ **E**xpanding the suite of tokenized products
- ✦ **A**dvancing use cases and cross-sectoral collaboration
- ✦ **P**eople and partnership development



On 20 February 2025, the LegCo Subcommittee on Issues Relating to the Development of Web3 and Virtual Assets visited Consensus Hong Kong, renowned as the world's largest international conference on cryptocurrency and Web3

Note 3 Tokenization technology converts real-world assets into tradable digital tokens, enhancing asset liquidity while lowering investment thresholds and promoting asset diversification

Members' views

Given the rapid application and ecosystem development of Web3 and DA technologies, Members should not only conduct in-depth research but also have a head start. To this end, the LegCo House Committee formed the Subcommittee on Issues Relating to the Development of Web3 and Virtual Assets in October 2023 to study relevant matters. The Subcommittee has completed its work and makes a number of recommendations, including:

- Members **urge** that the Administration should, while **refining the DA regulatory framework** to protect investors, strive to **facilitate** the **sustainable** and vibrant **development of the DA** industry in Hong Kong. Members are **particularly concerned** about the **nurturing of relevant technological talents** and **suggest** that the Administration should provide on-the-job training on Web3 and fintech for practitioners in various sectors such as the financial, trading, accounting and legal sectors. Members also **suggest** introducing technological concepts such as blockchain and tokenization into the secondary school curriculum, and **promoting public knowledge of DA and Web3 technologies**.
- Members are **concerned** about the progress in **regularizing the issuance of tokenized bonds** and suggest promoting the application of tokenization technology to other asset classes, such as real estate or private equity funds.

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Development and regulation of stablecoins in Hong Kong

Enactment of the Stablecoins Ordinance

- In view of the important role played by stablecoins in the DA ecosystem, and the rising interconnectedness between the traditional financial system and the DA market, the Government introduced the **Stablecoins Bill** into LegCo in December 2024 to establish a **licensing regime for issuers of stablecoins pegged to fiat currencies** in Hong Kong. LegCo promptly formed a Bills Committee for detailed scrutiny, and the bill was **passed in May 2025**.
- The Stablecoin Ordinance seeks to **develop a comprehensive regulatory framework** governing the issuance of fiat-referenced stablecoins and related activities and provide the Monetary Authority (“MA”) with investigatory and enforcement powers, so as to **safeguard the stability of the financial system** and **protect investor interests**.
- The Stablecoins Ordinance **came into effect on 1 August 2025**. Globally, **Hong Kong is among the first jurisdictions to put in place a regulatory regime** for **stablecoin** issuers. The commencement of the Stablecoins Ordinance further strengthens the regulatory framework for DA activities in Hong Kong, so as to promote sustainable and responsible development of related industries, as well as consolidating and enhancing Hong Kong’s position as an international financial centre.

Nature and use of stablecoins



- ❖ A stablecoin is a type of DA that can be regarded as **digital cash** (similar to bank deposits), designed to maintain their value by being **pegged to certain assets**, such as Hong Kong dollar (“HKD”) or gold.
- ❖ Most stablecoins are currently linked to fiat currencies, and are referred to as “**fiat-referenced stablecoins**” (“FRS”). In contrast, general cryptocurrencies (such as Bitcoin and Ethereum) have no intrinsic value and are not backed by assets, and their prices would be easily affected by market demand and supply or news and become volatile.
- ❖ A stablecoin is not an investment or speculative instrument. Due to the stable price, stablecoins mainly serve as a **medium of exchange** and a tool for **value storage**.
- ❖ A stablecoin transaction can be completed within minutes. This has the potential to **enhance the efficiency of financial operations** and **reduce transaction costs**, such as reducing the time and fees associated with cross-border remittances and trade payments.



Members’ views

- In the light of Members’ **suggestion**, the Government proposed amendments to the Stablecoins Bill to the effect that in addition to the four types of permitted offerors originally proposed, **stored value facility licensees** are also **allowed to offer FRS**. In Members’ view, this will help promote the wider use of FRS in Hong Kong.
- Given that the nascent stablecoin industry is rapidly evolving, Members urge regulatory authorities to closely monitor market developments and appropriately exercise their statutory powers to issue guidance or make regulations to **address the evolving risk in a timely manner**.
- Members **urge** the Administration to actively **attract major international stablecoin issuers** to apply for a stablecoin issuance licence in Hong Kong, thereby enhancing Hong Kong’s visibility in the global digital asset landscape and fostering the sustainable development of the relevant industry.

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Stablecoins Ordinance: Risk control and market development

- As an emerging financial instrument, stablecoin possesses both attributes of traditional financial assets and certain distinct features, such as anonymity and ease of cross-border use, posing challenges in terms of risk management, particularly in the area of AML.
- The Stablecoins Ordinance adopts the principle of “**same activity, same risks, same regulation**”, ensuring alignment with international standards while adapting to local circumstances. It provides proper safeguards against financial stability risks and money laundering, promotes investor protection, and lays a solid foundation for the robust and sustainable development of the industry.
- As at 30 September 2025, HKMA has received stablecoin licensing applications from 36 institutions in total, including banks, technology companies and other financial institutions. HKMA will review these applications in accordance with the Stablecoin Ordinance and relevant regulatory requirements, **striving to announce the first batch of stablecoin issuer licences in early 2026**. It is expected that the number of licences to be issued in the first phase will be limited to ensure the effective implementation of regulatory and compliance mechanisms.

Regulatory scope and requirements of the licensing regime for stablecoin issuers	
Regulatory scope	Unless licensed, no person shall: (1) issue FRS in Hong Kong ; (2) issue HKD-referenced stablecoins ; (3) actively market one’s own issuance of FRS to the public of Hong Kong
Key regulatory requirements	The licensing regime imposes a series of requirements on licensees, including: (1) Full backing of reserve assets of high quality and high liquidity; (2) Redemption requests must be processed within one business day ; (3) Physical presence in Hong Kong; (4) Adequate financial resources; (5) Compliance with AML/CTF requirements ; (6) Prudential and risk management
Eligible reserve assets	Cash, bank deposits, government bonds, repurchase agreements, reverse repurchase agreements, and money market funds invested in the above assets



Members’ views

- Members **support** the principle of “**same activity, same risks, same regulation**” under the Stablecoins Ordinance. Members point out that from a risk management perspective, the issuance of a stablecoin and that of a stored value facility (“SVF”) share many elements. In addition, taking into account common international practices, they consider that based on the principle of consistency, it is appropriate to grant MA regulatory powers comparable to those exercised over SVF issuers, for regulating stablecoin issuers.
- With the implementation of the Stablecoins Ordinance, which signifies that Hong Kong has seized the first-mover advantage in the global race to regulate stablecoins. Looking ahead, Members **suggest**:
 - ❖ Strengthening Hong Kong’s role as a “digital finance hub,” with the establishment of a **global stablecoin issuance centre** serving as an important component in consolidating and enhancing Hong Kong’s status as an international financial centre;
 - ❖ Seeking the Central Government’s support to build a national financial security firewall while boldly exploring and practicing in emerging financial areas such as DAs and cryptocurrencies, effectively leveraging the role of a “**stablecoin testing ground**”; and
 - ❖ Seeking the Central Government’s support to expand Hong Kong’s Renminbi (“RMB”) liquidity pool and **develop offshore RMB stablecoins** in Hong Kong.

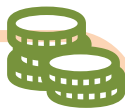
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Promoting the development of green and sustainable finance

As a **leading green and sustainable finance centre in the world**, Hong Kong is committed to integrating the development of fintech and green finance, including the issuance of tokenized green bonds and the expansion of local green fintech ecosystem, so as to accelerate the green transformation of the economy.

Tokenized green bonds



- The volume of green and sustainable bonds arranged in Hong Kong has amounted to around US\$43 billion, **ranking first** in the Asian market **for seven consecutive years** since 2018.
- The SAR government has issued two batches of tokenized green bonds, which represented **the world's first government tokenized green bond and the world's first multi-currency digital bond** respectively, demonstrating Hong Kong's strengths and leadership in integrating the bond market, green and sustainable finance, and fintech.
- The Government will **regularize the issuance of tokenized bonds** and is preparing to issue its third tokenized bond.

Hong Kong Green Fintech Map



- The Green and Sustainable Finance Cross-Agency Steering Group ("Steering Group") was established in May 2020 to accelerate the growth of green and sustainable finance in Hong Kong. In March 2024, the Steering Group published the **"Prototype Hong Kong Green Fintech Map"** developed in collaboration with Cyberport and InvestHK to provide **one-stop information** on green fintech enterprises in Hong Kong.
- The latest **Hong Kong Green Fintech Map 2025** showcases Green fintech enterprises operating in Hong Kong, with a view to facilitating corporates and financial firms to identify Green fintech solutions that meet their business needs.

Funding support scheme



- The Government launched the **Green and Sustainable Fintech Proof-of-Concept Funding Support Scheme** in June 2024 to provide early-stage funding to support technology companies or relevant research institutes to collaborate with local enterprises to co-develop new projects that can address the industry pain points. The Scheme enables wider adoption of green and sustainable fintech in the business landscape of Hong Kong.

International carbon trading



- **Core Climate**, the international carbon trading platform launched by HKEX, is the only voluntary carbon credit trading platform in the world offering settlement in HKD and RMB. In future, pilot co-operation with the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") carbon market will be deepened to **test** the means of **cross-border trade settlement** and jointly build a regional carbon market ecosystem.
- Hong Kong is committed to promoting financial product innovation and development. HKMA and HKEX are collaborating on Project Ensemble to study the application of **tokenization technology in carbon trading**.

Members' views



- Members point out that the **distributed ledger technology** employed in tokenized bonds helps lower transaction costs and enhance trading efficiency. Given the Government's successful experience in tokenized green bond issuance, Members **suggest** the Administration to explore ways to **optimize various aspects of the bond issuance chain**, such as appropriately lowering the technical threshold in a risk-controlled manner, to increase participation by retail investors and provide the public with an additional investment option.
- Members **urge** the Administration to formulate measures to **attract Mainland enterprises** to conduct green **financing** and **certification testing in Hong Kong**, thereby consolidating Hong Kong's position as their preferred platform for green and sustainable bond issuance. Members also **suggest** that the Administration should **explore** the feasibility of **tokenizing carbon credits** using blockchain technology.

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Connecting the Mainland and the rest of the world with cross-boundary finance

Fintech innovation is crucial for cross-border economic activities, enabling enterprises to tap into the Mainland and overseas markets, and deepening international exchanges and cooperation. As a key fintech hub in the region, Hong Kong has established multiple **cross-regional financial cooperation platforms**, closely integrating with technology:

Payment Connect



- On 20 June 2025, the People's Bank of China and HKMA announced the launch of the Payment Connect to connect **the Mainland's Internet Banking Payment System** and **Hong Kong's Faster Payment System**, to **facilitate real-time cross-boundary payment of residents in both places** for daily services such as travel, retail and dining.



Fintech Connect

- HKMA's **Fintech Connect, a cross-sectoral sourcing platform**, has actively promoted cross-border fintech collaboration within GBA since its launch in October 2024. Apart from covering Qianhai, it was **planned to further expand to other GBA cities**. This one-stop platform connects financial institutions with fintech service providers, enabling precise matchmaking and deepening innovation synergy across the area.

Multiple Central Bank Digital Currency Bridge (mBridge)



- HKMA is collaborating with a number of central banks ^{Note 4} on a project named **mBridge**, exploring how **central bank digital currencies** and innovative solutions can **address current pain points in cross-border payments**. With the project entering the Minimum Viable Product stage in June 2024, HKMA will continue to enhance different aspects of the mBridge platform, testing and exploring more add-on technology solutions and new use cases related to cross-boundary trade settlement, while further expanding the participation from the public and private institutions.



Global Fast Track Programme

- In 2024, InvestHK assisted 540 Mainland and overseas enterprises in establishing or expanding their businesses in Hong Kong, with 67 of them being high-potential fintech companies. InvestHK will continue to take forward **the Global Fast Track Programme**, with a view to **supporting fintech companies from other regions to expand their businesses to Hong Kong**.

Hong Kong FinTech Week



- **Hong Kong FinTech Week is the annual fintech event**. **In November this year**, it will be **held with StartmeupHK Festival**, bringing together over 30,000 industry leaders, speakers and exhibitors from more than 100 economies worldwide, to explore multiple core technologies driving fintech development for more business opportunities.

Note 4 Including the Digital Currency Institute of the People's Bank of China, the Bank of Thailand, the Central Bank of the United Arab Emirates and the Saudi Central Bank



Members' views

- Members suggest driving traditional industries such as finance, trade and professional services to steer their upgrading and transformation towards digitalization, while spurring industrial innovation according to local conditions to **promote complementarity of advantages with GBA Mainland cities** and accelerating the formation of a development pattern of "South-North dual engine (finance-innovation and technology)", thereby contributing to the optimization and upgrading of industry chains and supply chains, the nurturing of traditional industries and emerging industries and the innovative development of the digital economy of the country.
- To enhance the mutual access with Mainland capital markets and fully leverage Hong Kong's unique advantages, Members **suggest** allowing **offshore RMB local government bonds** issued in Hong Kong by Mainland local governments at any level to be used for more purposes, such as collateral, to enhance the attractiveness of such bonds to investors.
- Members **urge** the Administration to **continuously refine the regulatory framework**, including drawing reference from international standards (such as the European Union's Markets in Crypto-Assets Regulation) to develop a more flexible regulatory sandbox mechanism that encourage trials of financial technology, and enhance Hong Kong's **international competitiveness** by further **streamlining licensing process** to attract more compliant fintech enterprises to establish presence in Hong Kong.

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Panel on Financial Affairs



**Subcommittee on Issues
Relating to the Development
of Web3 and Virtual Assets**