

HKMA commences Phase 2 of e-HKD Pilot Programme and expands Project e-HKD to explore new forms of digital money

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) today (September 23) commenced Phase 2 of the e-HKD Pilot Programme (Phase 2) to delve deeper into innovative use cases for new forms of digital money, including e-HKD and tokenised deposits, that can potentially be used by individuals and corporates. As Project e-HKD expands its coverage from e-HKD only to a more comprehensive exploration of the digital money ecosystem, the project has been renamed as Project e-HKD+, reflecting the evolving fintech landscape and the HKMA's commitment to unlocking the full potential of digital money.

The e-HKD Pilot Programme is an integral part of Project e-HKD+. Under Phase 2, 11 groups of firms from various sectors have been selected to explore innovative use cases for e-HKD and tokenised deposits across three main themes, namely settlement of tokenised assets, programmability and offline payments (see Annex). The selected firms will also examine the commercial feasibility, within a real-world setting, of new forms of digital money that may potentially be accessible to individuals and corporates.

The outcome of Phase 2 will help the HKMA understand the practical issues that may be faced in designing, implementing and operating a digital money ecosystem that comprises both publicly and privately issued digital moneys. Project e-HKD+ will continue to advance the technology and legal groundwork to support the potential issuance of an e-HKD for the use of individuals and corporates in the future.

The HKMA will also establish the e-HKD Industry Forum to provide a collaborative platform for participating institutions to discuss common issues and further explore the possible implementation and adoption of new forms of digital money in a scalable manner. Under the Forum, industry-led working groups will be established to make recommendations on specific topics, with an initial focus on issues related to programmability.

Similar to Phase 1, an e-HKD sandbox will be made available to pilot participants to accelerate their prototyping, development and testing of use cases. The HKMA will work closely with the selected firms in the next approximately 12 months in conducting Phase 2, with the aim of sharing the key learnings from Phase 2 with the public by the end of 2025.

The Chief Executive of the HKMA, Mr Eddie Yue, said, "Project e-HKD+ signifies the HKMA's commitment to digital money innovation. The e-HKD Pilot Programme has provided a valuable opportunity for the HKMA to explore with the industry how new forms of digital money can add unique value to the general public. The HKMA will continue to adopt a use-case driven approach in

its exploration of digital money. We look forward to working closely with industry participants in Phase 2 to co-create various innovative use cases."