

USFST's opening remarks at Asian Financial Forum Breakfast Panel (English only) (with photo)

Following are the opening remarks by the Under Secretary for Financial Services and the Treasury, Mr Joseph Chan, at the Asian Financial Forum Breakfast Panel themed "Unleashing the Dragon's Currency: Navigating Renminbi Internationalisation on the Global Stage" today (January 25):

Laurence (Chairman of the Financial Services Development Council, Mr Laurence Li), King (Executive Director of the Financial Services Development Council, Dr Au King-lun), Mary (Executive Director and Chief Executive Officer, Hong Kong, Cluster CEO of Hong Kong, Taiwan and Macau, Standard Chartered, Ms Mary Huen), ladies and gentlemen,

Good morning. First and foremost, welcome you all to the Asian Financial Forum and express my gratitude for your support and participation here. To kick off today's breakfast panel themed "Navigating Renminbi Internationalisation", let me set the scene by sharing with you the special role of Hong Kong as an international financial centre and the latest developments of our offshore Renminbi business.

With China being the second-largest economy in the world, plus the increasing economic and trade connectivity between the Mainland and the Belt and Road regions, the use of and demand for Renminbi (RMB) in bilateral trade, investment and reserves continues to grow. Indeed, we have observed a notable trend of the accelerated use of RMB in trade and investment globally. According to a report released last October, in the first three quarters of 2023, cross-border RMB payments reached RMB38.9 trillion, up 24 per cent year on year. Of that, almost a quarter was used for trade settlements, the highest level in recent years. The total amount of outstanding international RMB-denominated debt securities was US\$173.3 billion as at the end of 2022, rising two places to the rank of seventh globally, building the RMB's function as a financing currency.

Hong Kong is Asia's leading international financial centre, as we lead various league tables in the region. According to an industry report released last year, Hong Kong is the top cross-border wealth booking centre in Asia by assets under management, and is on track to take over the world's number one position by next year. In capital markets, Hong Kong secured the top spot as the arranging location for Asian international bond issuance in 2022 for the seventh consecutive year. In the realm of risk management, Hong Kong stood first in Asia and second globally in insurance density according to a report released last year.

As China's international financial centre, Hong Kong can provide support for RMB-related economic activities and at the same time promote the

sustainable development of our own offshore RMB business.

In fact, with the support of the Central Government, Hong Kong has already developed into a global offshore RMB business hub. Today we possess the largest offshore RMB liquidity pool in the world, and we handle about 75 per cent of the world's offshore RMB payments.

Throughout the years, we have expanded our RMB-denominated investment and risk-management products to meet global investors' needs. Various mutual market access schemes including Stock Connect, Bond Connect, Wealth Management Connect, etc, have been successfully rolled out over the past years. In the last couple of years, we officially commenced the inclusion of exchange-traded funds (ETFs) under Stock Connect in 2022, and we launched the HKD (Hong Kong Dollar)-RMB Dual Counter Model in our stock market in 2023, among other measures.

Of course, we keep making progress. As recent as yesterday, we welcomed the announcement by the People's Bank of China (PBoC) on six new measures which deepen the financial co-operation between the Mainland and Hong Kong. These measures are (1) promoting use of Mainland bonds as eligible collaterals; (2) allowing foreign investors to participate in the Mainland bond repurchase business; (3) promulgating the implementation arrangements of the enhanced Cross-boundary Wealth Management Connect Scheme, (4) introducing facilitative payment arrangements for Hong Kong and Macao residents purchasing properties in the Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area; (5) expanding the scope of Shenzhen-Hong Kong co-operation on cross-boundary credit referencing pilots; and (6) further expanding the cross-boundary e-CNY pilots in Hong Kong. These new measures enhance the existing Bond Connect and Cross-boundary Wealth Management Connect mechanisms and enrich their content, increasing the attractiveness of these schemes for investors, deepening the mutual access between the financial markets of the Mainland and Hong Kong, as well as further consolidating Hong Kong's role as an offshore RMB business hub.

Looking ahead, we will continue to strengthen the interaction of the two capital markets. We will continue to press ahead with the inclusion of RMB counters under the Southbound Trading of Stock Connect to facilitate the trading of Hong Kong stocks in RMB. We will take forward the introduction of offshore Mainland government bond futures, and enrich the variety of RMB investment products.

Ladies and gentlemen, we will continue to strengthen Hong Kong's unique role and function in connecting the Mainland with the international markets and contribute to the internationalisation of the RMB. Leveraging on Hong Kong's role as a "super-connector" between the Mainland and the world, we eagerly anticipate collaborating with all of you, our local and global stakeholders, to create more mutually beneficial opportunities as the Mainland market continues to open up in an orderly way to the rest of the world.

Before we proceed to the insightful panel by our speaker line-up of

industry leaders and markets experts, I would like to remind our visiting guests from overseas that, in addition to enjoying all the fruitful discussions at the Asian Financial Forum, please do take your time to explore and enjoy Hong Kong, an international metropolis full of contrasts, diversity and dynamism where East meets West. We have no lack of hiking trails with great scenery, top-quality beaches, museums of contemporary visual culture and priceless treasures, starred restaurants and more – please discover and enjoy all the hidden gems during your stay in Hong Kong.

I wish you all a rewarding forum today, and a thriving and sustainable future. Thank you.

