

Eddie Yue: With challenges come opportunities – Hong Kong as the global offshore RMB business hub

Keynote address by Mr Eddie Yue, Chief Executive of the Hong Kong Monetary Authority, at the Treasury Markets Summit 2025, Hong Kong, 26 September 2025.

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Distinguished guests, members and friends of the TMA, ladies and gentlemen,

Good afternoon. It is a great pleasure to welcome you all to this year's Treasury Markets Summit. Thank you very much to our esteemed panel speakers for their insightful contributions and thought-provoking discussions on the forces shaping global financial markets.

We gather here today at a pivotal moment, as geopolitical tensions, the resurgence of tariffs, and rapid AI innovations reshape the global financial landscape. These dynamics present both challenges and opportunities for Hong Kong. Among the opportunities, two stand out. First, global investors seeking to diversify their portfolios with exposure to China increasingly turn to Hong Kong. Our familiar legal system, robust regulations, and world-class market infrastructure makes us their gateway of choice. Second, as Chinese corporates expand overseas, they choose Hong Kong to manage their international operations, drawn by our unique position as part of China yet globally connected, supported by top-tier financial and professional services. In both directions, Hong Kong serves as the vital bridge between China and the world, and I am confident that our role as an international financial centre (IFC) will only further strengthen in the years to come.

One of Hong Kong's core strengths as an IFC is our unique role as the global offshore RMB business hub. This position has been reinforced by our ability to adapt to emerging trends and meet the evolving needs of global markets. A significant milestone in this journey is the Fixed Income and Currency (FIC) roadmap jointly announced with the Securities and Futures Commission (SFC) yesterday. This roadmap charts the course for further developing Hong Kong's FIC markets, capitalising on the growing prominence of RMB-denominated debt instruments in global fundraising and asset allocation.

With this backdrop in mind, today, I would like to share our recent progress and future direction in the offshore RMB market, organised around three key themes: capacity, connectivity, and agility.

Capacity

The first theme, Capacity, reflects Hong Kong's relentless efforts to expand its offshore RMB business. While RMB deposits in Hong Kong have remained largely stable at around RMB1 trillion, various RMB business segments have grown remarkably, demonstrating the increased efficiency and velocity in our RMB ecosystem. Let me highlight a few examples:

- In terms of RMB financing, outstanding RMB loans have surged to RMB840 billion, a more than three-fold increase since 2022;
- Dim sum bond issuance has also grown rapidly, with the outstanding amount of dim sum bonds expanding by over 60% from three years ago to RMB1.27 trillion in the first half of this year;
- In terms of payments, the RMB RTGS handles a consistently high level of turnover of RMB2-3 trillion daily;
- On the trade settlement front, RMB trade settlement reached RMB15 trillion in 2024, a 60% increase from 2022, with over RMB7 trillion already recorded in the first half of this year.

This impressive growth, particularly in RMB trade settlement, opens significant opportunities for banks in Hong Kong. To further bolster our capacity, with the unwavering support of the People's Bank of China (PBoC), we launched the RMB Trade Financing Liquidity Facility (RMB TFLF) earlier in February. Unlike traditional liquidity facilities, this was the first one designed specifically for market development purpose. In the past, offshore RMB interbank funding costs could fluctuate notably from time to time, which was not conducive for RMB business development. The RMB TFLF addresses this by providing banks in Hong Kong with stable RMB funding referencing onshore interest rates, enabling RMB trade finance lending to corporate customers. The facility has received positive feedback, and with the operational experience gained, we are now ready to take it to the next level.

As foreshadowed in the Chief Executive's 2025 Policy Address, we will introduce an RMB Business Facility, a multi-dimensional upgrade of the trade finance facility, with an aim to further support real economic activities. Details will be sent to banks later today. Let me share some highlights. This new facility, to be rolled out in phases, will:

- offer longer tenors of up to one year and remove the additional 25 basis points in interest calculation;
- go global by allowing banks to on-lend the funds to their overseas intragroup banking entities for in-scope activities;
- broaden its scope beyond trade financing to also cover RMB direct investment and working capital; and
- streamline operations by enabling collateral substitution and transitioning to automated collateral management via the CMU triparty repo service.

We look forward to seeing banks leverage the new facility to channel offshore RMB funding from Hong Kong to global markets. Alongside this, we will also enhance the existing RMB Liquidity Facility to provide banks with greater flexibility in managing short-term funding, further solidifying Hong Kong's position as the offshore RMB business hub.

Promoting the dim sum bond market remains a top priority. We see immense potential to attract a broader range of issuers, including governments, central banks, corporates, multilateral institutions and overseas firms. To enhance market liquidity, we are also looking into more risk management tools, such as government bond futures and improved repurchase and collateral options, empowering bondholders to manage their assets more effectively. As announced by the PBoC yesterday (25 September), today we are jointly launching with Mainland authorities cross-boundary repo business. This

allows offshore investors (especially Bond Connect investors) to access the onshore repo market, providing an additional channel for liquidity management and cost-effective funding. This will further enhance the investment and allocation value of RMB assets, making RMB bonds more attractive to international investors, thereby promoting RMB internationalisation and consolidating Hong Kong's position as an offshore RMB business hub.

Additionally, a more robust yield curve would strengthen the offshore RMB bond market. I am grateful for the valuable recommendations from the TMA Working Group under the Market Development Committee, some of which have shaped our Government bond issuance programmes and joint initiatives with the PBoC. The Working Group is now exploring ways to boost secondary market trading of CNH bonds, and I look forward to their recommendations.

Hong Kong's role as a connector between the Mainland and international markets is more vital than ever. As discussed in today's panel, the growing trend of Mainland corporates expanding globally presents a unique opportunity. We encourage these enterprises to set up corporate treasury centres in Hong Kong, leveraging our strategic position and world-class financial services. Similarly, we also encourage Mainland banks to use Hong Kong as a base for their regional and overseas business management to better support Chinese companies going global.

Finally, we encourage the introduction of new RMB products to capitalise on emerging opportunities. An example is the launch of Shanghai Gold Exchange's first offshore gold delivery vault in Hong Kong, and the listing on its International Board of RMB-denominated gold contracts for delivery in Hong Kong. These initiatives tie in with the HKSAR Government's vision to develop Hong Kong's gold market, reinforcing our role as a dynamic financial hub.

Connectivity

The second theme, Connectivity, underscores Hong Kong's role as a vital link between markets, particularly through the various Connect Schemes with the Mainland. Since the launch of Stock Connect in 2014, other Connect Schemes like Bond Connect, Wealth Management Connect, and Swap Connect have deepened financial integration and cooperation between Hong Kong, the Mainland, and global markets. Over 1,000 international institutions are active in these schemes, a testament to their success.

The HKMA has been working closely with Mainland authorities to strengthen our cross-boundary connection. Recent measures to enhance connectivity include:

- Expanding Southbound Bond Connect to include securities firms, fund companies, insurance companies and wealth management companies, while improving settlement times and supporting multi-currency bond settlement;
- Developing offshore RMB repo business using Northbound Bond Connect bonds as collateral, supporting re-hypothecation of bond collaterals during the repo period, and cross-currency repos;
- Including Northbound Bond Connect bonds as eligible margin collateral at OTC Clearing Hong Kong Limited; and
- Enriching Swap Connect with new product types.

Looking ahead, the HKMA will continue to explore, with our Mainland counterparts, ways to further deepen the mutual market access schemes and support the development of offshore RMB-denominated products.

Agility

Finally, the theme of Agility reflects our commitment to future-proofing Hong Kong's financial market infrastructure. Our world-class, multi-currency, multi-dimensional payment and settlement platform, with extensive domestic and overseas system linkages has long positioned us as a regional hub for payment and settlement of funds and securities. As technology reshapes the global financial industry, to stay ahead, we established CMU OmniClear Limited in October last year, a significant step towards modernising and commercialising CMU.

The transition to CMU OmniClear reflects our vision for a more integrated and efficient system, enabling CMU to swiftly meet market demands in a rapidly evolving financial landscape. Designed and modernised to enhance operational capabilities, it would deliver a broader range of service offerings for market participants.

CMU OmniClear builds on CMU's legacy of custodising debt securities, especially offshore RMB bonds, while supporting Bond Connect and digital bond issuances. This year, CMU OmniClear partnered with Hong Kong Exchange and Clearing Limited (HKEX) to lay the foundation for a multi-asset class custodial platform. It is also expanding its global network, forging cross-border linkages with more central securities depositories to facilitate Mainland investors' access to offshore securities. These advancements reduce transaction costs and enhance market efficiency, reinforcing Hong Kong's appeal to international investors.

Closing

In closing, I would like to reiterate that, as we navigate the complexities of the global financial landscape, the HKMA remains steadfast in our mission to uphold Hong Kong's status as a leading international financial centre. Our focus on Capacity, Connectivity, and Agility positions us to seize emerging opportunities and tackle challenges with confidence and resilience.

I look forward to working together to achieve our shared vision for Hong Kong's financial future. Thank you.