Pan Gongsheng: Speech - Hong Kong FIC and Bond Connect Summit

Speech by Mr Pan Gongsheng, Governor of the People's Bank of China, at the Hong Kong FIC and Bond Connect Summit, jointly hosted by the Hong Kong Monetary Authority, the Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited and Bond Connect Company Limited, Hong Kong, 7 July 2026.

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Honorable Chief Executive John Lee Ka-chiu,

Distinguished Guests,

Good morning, everyone!

My last visit to Hong Kong was in early 2025. Over the past year and a half, I am delighted to see the Hong Kong financial markets thriving with a series of new accomplishments, further strengthening the international competitiveness and influence of Hong Kong as an international financial center.

In the equity market, since the beginning of 2025, Hong Kong has seen strong initial public offering (IPO) issuance, with increases in the number, quality, and value of listings, alongside a significant boost in market trading activity.

In the bond market, over the past year and a half, the issuance of Hong Kong dollar, US dollar, Euro, and Japanese yen bonds has grown rapidly. The issuance volume of Dim Sum bonds has exceeded RMB 2 trillion, with the outstanding balance reaching a record high. The types of issuers have become more diversified and the range of products has been further enriched. Market turnover has expanded, and market liquidity has improved.

In the offshore RMB market, Hong Kong has become the largest offshore RMB center. The function of the RMB as an investment and financing currency has been strengthened, and RMB loans have maintained growth. RMB sovereign bonds and central bank bills have been regularly issued in Hong Kong, enriching the supply of high-quality bond products in Hong Kong.

In wealth management, Hong Kong has become the world's largest cross-border wealth management hub. Meanwhile, various financial sectors in Hong Kong-including private equity funds, venture capital funds, private banks, and family offices-are flourishing.

The financial industry is at the core of Hong Kong's economy. Social stability is the foundation for the prosperous development of Hong Kong's financial industry, while financial prosperity in turn serves as an important pillar of Hong Kong's social stability. Currently, Hong Kong's social stability and vibrant financial markets are attracting more international investors and issuers, creating a virtuous cycle between financial stability, prosperity, and social stability.

These achievements have been made under the strong support of the Central Government and the leadership of the Hong Kong Special Administrative Region (SAR)

Government, and are the result of the joint efforts of Hong Kong's financial regulatory authorities and market institutions.

The People's Bank of China (PBOC) has always been an important participant and supporter in the development of Hong Kong as an international financial center. In recent years, the PBOC, in collaboration with relevant authorities from the Chinese mainland and the Hong Kong SAR, has introduced a series of pragmatic measures-including Bond Connect, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, Cross-boundary Wealth Management Connect, Swap Connect, and currency swap arrangements with the Hong Kong Monetary Authority (HKMA)-to continuously boost the development of Hong Kong as an international financial center.

In January last year, I announced in Hong Kong a number of supportive measures introduced by the PBOC in collaboration with the Hong Kong Monetary Authority (HKMA) and the securities regulators on both sides. With the joint efforts of all parties, these measures have been implemented successively and have played a positive role in the prosperity and development of Hong Kong's financial markets.

Looking ahead, Hong Kong's further development as an international financial center enjoys unique advantages and broad prospects.

This is first and foremost grounded in Hong Kong's own favorable conditions. Hong Kong possesses a highly open business environment, advanced capital markets, modern financial market infrastructure, a sound legal system, and an internationalized financial regulatory framework. It also brings together a large number of international financial institutions and professional talents, providing a comprehensive and rich financial services ecosystem for the efficient allocation of global capital.

Hong Kong's close ties with the Chinese mainland are another unique advantage. Against the backdrop of rising global uncertainty and increasing demand among international investors for diversified asset allocation, international financial centers that offer both security and efficiency have become significantly more attractive. As a bridge connecting the mainland and the rest of the world, Hong Kong benefits not only from the stability and security provided by the mainland's macroeconomic environment, but also from the significant opportunities arising from the opening-up of financial markets in the mainland and RMB internationalization.

China is a key driver of global economic growth and an important anchor of stability, providing strong support for Hong Kong's financial markets. At the Summer Davos held two weeks ago, Premier Li Qiang noted that the reason why China's economy has been able to maintain steady and healthy development over the years is due to two essential factors: one is a stable environment, and the other is the drive of innovation.

Scientific and technological innovation remains China's clear and steadfast long-term strategic priority. China possesses the advantages of a super-large market, a complete industrial system, an abundant pool of highly qualified tech talents, and a favorable innovation ecosystem. Chinese companies have long increased investment in research and development, continuously improved competitiveness, and promoted the integration of technology and industry. The drivers of China's economic growth have shifted from factor inputs toward innovation, while the industrial structure has been upgrading from one centered on infrastructure development and traditional manufacturing toward emerging industries such as sci-tech innovation, high-end manufacturing, and green and low-carbon development. As a result, China's economic growth has remained stable, with resilience continuing to be strengthened.

Starting this year, China will implement its 15th Five-Year Plan. Through coordinated efforts in formulating and carrying out long-term strategies, medium-term plans, and short-term policy objectives, China will continue to advance economic restructuring and high-quality development. Hong Kong will also formulate its own five-year development plan for the first time, enabling it to better integrate into the overall national development strategy and contribute to the market stability.

China's macroeconomic policies have demonstrated strong consistency and stability. Monetary policy remains accommodative, fiscal policy remains proactive and effective, and the financial system continues to function in a sound manner.

The opening-up of China's financial markets and internationalization of the RMB are making steady progress, creating new opportunities for Hong Kong's financial market development. As the international monetary system evolves more rapidly toward greater multipolarity, global demand for the RMB is expanding beyond trade settlement into broader areas, including investment, financing, pricing, and reserve management. As an important testing ground for China's strategy of opening-up to the world, Hong Kong is well positioned to further strengthen its role both as a gateway for international investment into the Chinese mainland and as a global offshore RMB business hub.

At the ceremony marking the 25th anniversary of Hong Kong's return to the motherland, President Xi Jinping stated that the central government fully supports Hong Kong in maintaining its unique status and strengths over the long term, consolidating its position as an international financial, shipping, and trade center, and preserving a free, open, and rules-based business environment.

Going forward, the PBOC, in collaboration with the Hong Kong SAR government and financial regulatory authorities, will focus on four priorities to further the development of Hong Kong and consolidate its status as an international financial center.

Firstly, we will deepen the financial market connectivity to promote the prosperity and development of Hong Kong's capital market.

The capital market is the core and foundation of Hong Kong as an international financial center. In recent years, a large number of quality enterprises from the Mainland have come to list in Hong Kong to share with the public the dividends of China's economic development. We will provide continued support for more quality enterprises to list and issue bonds in Hong Kong, further optimize and expand the Connect Schemes between the Mainland and Hong Kong in the areas of stocks, bonds, wealth management and interest rate swaps, and deepen financial cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area.

We will expand the size and scope of Southbound Bond Connect. The annual net investment quota for southbound trading under Bond Connect will be increased from the current RMB500 billion to RMB800 billion. Furthermore, Southbound Bond Connect bonds will be included in collaterals for repo transactions. At the same time, the range of products available under the scheme will be expanded to Hong Kong dollar bond- and RMB bond-related products, and to Macau's bond market as well.

As I said last year, China's foreign exchange reserves would scale up asset allocations in Hong Kong. Indeed, over the past year, they have carried out asset allocations and investment trading in Hong Kong on an ongoing basis. In the future, China's foreign exchange reserves will further increase the proportion of asset allocations in Hong Kong to add momentum to Hong Kong's capital market development.

Secondly, we will support the development of diversified financial markets in Hong Kong.

Given the traditional predominance of the stock market in Hong Kong's financial markets, the financial sub-markets of bonds, gold, commodities, and derivatives have high potential for development in Hong Kong.

In 2017, the launch of Bond Connect opened up the development space for Hong Kong's fixed income market. In almost a decade so far, Hong Kong has seen substantial increases in the issuances of Chinese government bonds and high-quality bonds, while many sovereign governments and international companies have also issued dim sum bonds here, giving a strong push to Hong Kong's bond market development and also benefiting the development of other markets, such as the money market and the derivatives market.

Currently, with global interest-rate and inflation volatilities on the rise, Chinese bonds, known for their relative stability and lower volatility, offer distinct diversification advantages. As a result, there has been a continuous demand from international investors for more allocations to Chinese bonds. Coupled with relatively low RMB financing costs, this gives Hong Kong a rare opportunity to develop its offshore RMB market. Hong Kong should seize the opportunity and attract more sovereign governments and international companies to issue bonds in a bid to become a leading financing hub in the region.

In the coming period, based on market demand, the PBOC will continue to support Hong Kong in developing a diversified financial market system and enhancing its role as an international asset management hub and wealth management center.

First, we will support the introduction of offshore RMB government bond futures in Hong Kong. The 5-year RMB government bond futures will soon be launched in Hong Kong to facilitate risk management in the offshore market.

Second, we will support the building of an integrated financial trading platform in Hong Kong. Under the guidance of the PBOC, the China Foreign Exchange Trade System (CFETS) will work with the HKMA and the Hong Kong Securities and Futures Commission (SFC) to support the upgrade of the Bond Connect Company into a trading platform operating entity. It will become the most important financial market infrastructure in Hong Kong to provide infrastructure services for financial market trading, such as trading in the bond market, money market, and foreign exchange market.

Third, we will expand the use of RMB bonds as eligible collateral in offshore markets. We support HKFE Clearing Corporation Limited (HKCC) and SEHK Options Clearing House (SEOCH) to accept Northbound Bond Connect bonds as eligible collateral, thereby enriching the product lines for RMB hedging and investment.

Fourth, we will support the development of Hong Kong's gold market and promote interconnectivity between the gold markets of mainland and Hong Kong. Earlier, the PBOC guided the Shanghai Gold Exchange to establish its first offshore gold delivery vault in Hong Kong and launch gold contracts deliverable in Hong Kong. We are actively supporting Hong Kong in building a gold clearing and settlement interconnected with the Shanghai Gold Exchange for gold trading and delivery.

Going forward, the PBOC will support relevant entities in launching more commodity futures and spot products denominated and settled in RMB, and back the Hong Kong Exchanges and Clearing Limited (HKEX) in deepening cooperation with overseas exchanges such as the London Metal Exchange, with RMB arrangements further integrated.

Thirdly, we will consolidate Hong Kong's status as a hub for offshore RMB business.

Hong Kong is the world's largest center for offshore RMB business. To further develop the offshore RMB market, liquidity provision is a fundamental arrangement. In recent years, the PBOC has coordinated the roles of RMB clearing banks and currency swap arrangements to provide stable RMB liquidity support to the Hong Kong offshore market. Earlier, the PBOC and the HKMA signed a RMB-HKD Standing Swap Arrangement with a quota of RMB800 billion, and supported the HKMA in using the standing swap facility to set up a RMB Trade Financing Liquidity Facility totaling RMB100 billion, which was later upgraded to a RMB Business Facility totaling RMB200 billion. It provided stable and relatively lower-cost medium- and long-term RMB funding sources for banks in Hong Kong, with overwhelming market response.

On this basis, we will support the HKMA in increasing the size of the RMB Business Facility from the current RMB200 billion to RMB500 billion, and extending the tenor to up to three years, so as to provide sufficient liquidity to Hong Kong's offshore RMB market.

At last month's Lujiazui Forum, I announced the creation of a RMB repo facility for central banks (monetary authorities). This facility has now seen its first signing and first operation with the HKMA. The HKMA can obtain RMB liquidity from the PBOC through repo operations using high-grade bonds such as Chinese government bonds, facilitating the management of offshore RMB liquidity in Hong Kong.

We will continue to improve policy measures for cross-border trade settlement in RMB and accelerate the expansion of RMB cross-border use. Hong Kong is a vital hub for cross-border RMB settlement, handling over 70 percent of global cross-border RMB transactions. Recently, the PBOC, Bank Indonesia, and the HKMA signed a trilateral Memorandum of Understanding on local currency settlement cooperation, supporting Bank Indonesia and the HKMA in establishing a bilateral local currency transaction cooperation framework, promoting direct trading between offshore RMB and Indonesian Rupiah, and better supporting the use of RMB in economic and trade exchanges between Hong Kong and Indonesia.

We will deepen the interconnectivity of fast payment systems between the mainland and Hong Kong. Building on the launch of the Payment Connect last June, we will expand the scope of participating institutions, broaden application scenarios, optimize functions and services, and improve risk control, so as to support Hong Kong's RMB Real Time Gross Settlement system in playing a key role in processing RMB transactions between the mainland and offshore markets.

We will support Hong Kong in building a deeper RMB asset pool, facilitating the accumulation of RMB in Hong Kong's offshore market. Currently, Hong Kong offers a wide range of RMB products, covering major asset classes such as equities, bonds, repos, and derivatives. We will continue to issue central bank bills on a regular basis, and support the Ministry of Finance in further increasing the scale of offshore RMB government bond issuance, diversifying maturities, and enhancing the outreach and influence of Hong Kong's offshore RMB market.

Fourthly, we will firmly safeguard Hong Kong's financial stability and security.

Financial security is the cornerstone of the long-term prosperity and development of Hong Kong as an international financial center. Thanks to robust support from the central government over the years, Hong Kong has successfully weathered the Asian financial crisis in the late 1990s and the 2008 global financial crisis, and has accumulated rich experience in forestalling and defusing risks triggered by external shocks. At a critical moment in 1998 when Hong Kong was responding to the Asian financial crisis, then Premier Zhu Rongji firmly declared to the world that the central government would resolutely uphold Hong Kong's prosperity and stability. Today, China's economic and financial strength is even greater, and its foreign exchange reserves rank first in the world. The central government will, as always, provide full support and assurance for Hong Kong's financial reform and development, and for safeguarding its financial stability and security.

We are confident that, under the strong safeguard of the principles "One country, Two systems" and with the joint efforts of all sectors in Hong Kong, the development and building of Hong Kong as an international financial center will achieve even greater success.

Finally, we welcome friends from all over the world to invest in Hong Kong and RMB assets, join us in fostering Hong Kong's financial market and sharing development opportunities.

I wish this forum a complete success!

Thank you.