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Hang Seng Completes Phase 2 of the e-HKD Pilot Programme

Pioneering smarter rewards and faster settlements with digital money

Hang Seng Bank ('Hang Seng') has successfully completed two use cases in Phase 2 of the e-HKD Pilot Programme under Hong Kong Monetary Authority's ('HKMA') Project e-HKD+, making it the **only bank to conduct two pilots** under the themes of programmability and tokenised assets settlement.

These pilots tested how an e-HKD and tokenised deposits can be applied in **reward programmes** and **investment transactions**, delivering insights into programmability, privacy, and interoperability to support the development of the digital money ecosystem.

Two Pilot Use Cases

- **Digital Rewards (supported by FORMS HK):** Hang Seng piloted programmable digital money to enhance customer engagement by issuing digital vouchers backed by hypothetical e-HKD on a rewards platform. This leveraged both private and public permissioned Distributed Ledger Technology ('DLT') networks. Surveys showed that **most SME merchant respondents** valued the instant settlement feature of the platform for improving cash flow which can be supported by e-HKD and tokenised deposits.

- **Tokenised Fund Settlement (with Boston Consulting Group and Aptos Labs):** Hang Seng validated the commercial potential of using digital money to settle tokenised funds on a public permissioned blockchain. Surveys showed **strong interest from Hong Kong and Chinese Mainland investors** in features enabled by digital money and tokenised funds. Findings underscored Hong Kong's potential to advance as a leading international financial centre.

Both pilots explored private and public permissioned blockchain networks, highlighting the potential of interoperability in building a flexible, robust digital money ecosystem.

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Luanne Lim, Executive Director and Chief Executive of Hang Seng Bank, said: "As the only bank to conduct two pilots in Phase 2 of Project e-HKD+, we are proud to contribute to shaping the future of digital money in Hong Kong. Through our pilots in digital rewards and, notably, the first proof-of-concept of tokenised fund for Hang Seng, we demonstrated benefits such as improved efficiency and faster settlement. We look forward to working closely with regulators and partners to foster a secure and sustainable digital money ecosystem, enhancing Hong Kong's position as an international financial centre."

Shaping the Future of Digital Money

The e-HKD pilots mark an important milestone in Hang Seng's broader innovation journey. In addition to pilot implementation and sharing of perspectives on design considerations, Hang Seng joined the programmability working group under the e-HKD Industry Forum, further reinforcing its commitment to the development of a trusted and future-ready digital money ecosystem for Hong Kong. Through these collaborative efforts, Hang Seng continues to lead the industry by setting new benchmarks and establishing industry standards for e-HKD adoption and implementation in the market.

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About Hang Seng Bank

Founded in 1933, Hang Seng has continually innovated to provide best-in-class, customer-centric banking, investment and wealth management services for individuals and businesses. It is widely recognised as the leading domestic bank in Hong Kong, currently serving close to 4 million customers.

Combining its award-winning mobile app and strong digital capabilities with a vast network of over 250 service outlets in Hong Kong, Hang Seng offers a seamless omni-channel experience for customers to take care of their banking and financial needs anytime, anywhere.

Its wholly owned subsidiary, Hang Seng Bank (China) Limited, operates a strategic network of outlets in major cities in mainland China to serve a growing base of mainland customers locally and those with cross-boundary banking needs.

As a homegrown financial institution, Hang Seng is closely tied to the Hong Kong community. It supports the community with a dedicated programme of social and environmental initiatives focused on future skills for the younger generation, sustainable finance, and financial literacy, addressing climate change and caring for the community.

Hang Seng is a principal member of the HSBC Group, one of the world's largest banking and financial services organisations. More information on Hang Seng is available at www.hangseng.com.