



## Charltons Update: Hong Kong Monetary Authority commences e-HKD Pilot Programme

On 18 May 2023, the Hong Kong Monetary Authority (**HKMA**) [announced](#) the commencement of its e-HKD Pilot Programme, as part of a three-rail approach to the future implementation of its retail central bank digital currency (**CBDC**): the e-HKD. Sixteen firms, including banks such as HSBC and the Bank of China, a virtual bank, payment companies such as Alipay, Visa and Master, have been selected to participate in the first round of the e-HKD Pilot Programme. The proposed use cases for the e-HKD Pilot Programme include programmable payments (such as prepaid services, merchant reward programmes, investment and government grant disbursements), offline payments, settlement of tokenised assets and Web3 transactions and full-fledged payments (see full list [here](#)). Under the Pilot Programme, the HKMA and relevant stakeholders will examine the use cases and implementation and design issues relating to the e-HKD.

The HKMA will work closely with the firms conducting the pilots over the coming months and expects to share the “key learnings”<sup>[1]</sup> of the e-HKD Pilot Programme with the public during Hong Kong Fintech Week 2023. It hopes that this iterative process will allow it to enhance its perspective and refine its approach to the possible implementation of the e-HKD, although the HKMA notes in its press release that it is not yet in a position to reach a decision to introduce e-HKD. The HKMA intends to conduct further rounds of pilots with the industry in the future, and to facilitate collaboration between the government, industry and academia on CBDC research, the HKMA plans to establish a CBDC expert group to explore key policy and technical issues surrounding CBDC, including privacy protection, cybersecurity and interoperability.

Nonetheless, HKMA Chief Executive, Mr. Eddie Yue, expressed his excitement at kick-starting the e-HKD Pilot Programme, which will “[serve] as a tremendous opportunity for the HKMA to collaborate with the industry in exploring innovative use cases and maximising [Hong Kong’s] readiness for a potential e-HKD”.

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[1] All quotations are taken from the HKMA press release of 18 May 2023

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