



FSDC releases report

“Accelerating Offshore RMB Market Development: Enriching Hong Kong's Offerings as an International Financial Centre”

Hong Kong, March 28 2024 – The Financial Services Development Council (FSDC) today released a research report titled “Accelerating Offshore RMB Market Development: Enriching Hong Kong's Offerings as an International Financial Centre”.

To maintain its prominent status as an international financial centre (IFC), Hong Kong must proactively enhance its competitiveness. Despite China’s significant contribution of 17.78% to the world’s GDP in 2022,¹ the Renminbi (RMB) remains a relatively modest presence in global trade and the foreign exchange markets, with its foreign exchange turnover accounting for only 3.51% of the global total in April 2022.² Similarly, RMB’s share as a global payment currency was 2.15% in the same year and had only increased to 4.51% in January 2024.³ However, the RMB is poised to assume an increasingly important role as an international medium of exchange, financing tool, and investment currency. Recognising this potential, Hong Kong should proactively pursue the expansion of its offshore RMB business to drive further growth.

“As the RMB becomes the currency of choice for an increasing volume of international trade and China's deepening trade relationships within the Belt and Road, ASEAN, Middle East and RCEP regions, the RMB is set to gain further international prominence,” said Laurence Li SC, Chairman of the FSDC. “To capture this growth opportunity, Hong Kong should focus on bolstering its RMB liquidity, diversifying the range of RMB-denominated products, and strengthening risk management tools for RMB assets, ultimately building a comprehensive offshore RMB ecosystem. These strategic efforts are in line with the priorities set out in the 2024-25 Budget Speech of the Government, which highlights the importance of enhancing mutual market access schemes, capitalising on the rising demand for RMB, and solidifying Hong Kong's role as a functional platform for the Belt and Road Initiative.”

The report presents a set of recommendations structured around three major themes. The initial theme focuses on enhancing the existing mutual market access schemes. The second set of recommendations aims to expand the offshore RMB market’s scope and

¹ World Bank (July 2023), Gross domestic product 2022, https://databankfiles.worldbank.org/public/ddpext_download/GDP.pdf

² BIS (December 2022), Triennial Central Bank Survey of foreign exchange and Over-the-counter (OTC) derivatives markets in 2022, <https://www.bis.org/statistics/rpfx22.htm>

³ Swift, RMB Tracker, <https://www.swift.com/zh-hans/node/11096>



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influence. The final theme articulates measures to expedite the development of the RMB ecosystem.

In detail, these policy recommendations include (i) optimising current mutual market access schemes, (ii) strengthening connectivity in REITs, private equity, and commodities markets, (iii) attracting additional RMB flows from other markets to boost liquidity in the offshore RMB market, (iv) diversifying offshore RMB product offerings by developing the offshore RMB debt market, expanding RMB-denominated stocks, and introducing innovative RMB products. Furthermore, the report suggests (v) enriching RMB risk management tools, implementing a robust and flexible regulatory framework, and allowing more market-driven activities. Lastly, the report emphasises the importance of accelerating RMB ecosystem development, which could be achieved by (vi) broadening talent connectivity, (vii) enabling cross-boundary data flow, and (viii) leveraging infrastructure development, digital currency advancements, and innovation.

The full version of the report can be downloaded from the FSDC website: www.fsdc.org.hk.

About the FSDC

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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