CHAPTER 5 : THE FINANCIAL SECTOR#

*Summary*

* *Interest rates in Hong Kong were volatile but generally trended down in 2025. Having declined visibly in May amid eased liquidity conditions, Hong Kong dollar interbank interest rates (HIBORs) rose back sharply in the latter part of the third quarter, before retreating somewhat towards the year-end. In tandem with the three policy rate cuts totalling 75 basis points by the US Federal Open Market Committee (FOMC) since September, the Hong Kong Monetary Authority (HKMA) adjusted the Base Rate under the Discount Window downward by the same magnitude to 4.00% at end-2025. Interest rates on the retail front eased.*
* *In 2025, the Hong Kong dollar spot exchange rate against the US dollar fluctuated across the entire Convertibility Zone. The strong-side Convertibility Undertaking (CU) was triggered a few times in early May. The resultant widening in negative HKD-USD interest rate spreads spurred carry trade selling flows and weighed on the Hong Kong dollar, triggering the weak-side CU multiple times from late June to mid-August. The Hong Kong dollar stabilised in the latter part of the year. As the US dollar weakened against most major currencies, the trade-weighted Hong Kong dollar Nominal Effective Exchange Rate Index and the Real Effective Exchange Rate Index decreased by 3.2% and 2.9% respectively during 2025.*
* *Total loans and advances increased by 2.3% during 2025. Within the total, loans for use in and outside Hong Kong increased by 1.9% and 3.4% respectively.*
* *The local stock market staged a strong performance in 2025. The market was initially boosted by the Mainland’s breakthrough development in artificial intelligence, before experiencing a sharp correction alongside other major markets upon the US’ announcement of the so-called “reciprocal tariffs” in early April. Market sentiment subsequently improved and remained positive for the rest of the year amid a thriving technology sector, gradual easing of trade tensions, and US interest rate cuts. The Hang Seng Index (HSI) closed the year at 25 631, achieving a notable 27.8% gain for the year as a whole. Trading activities were very active, and fund raising activities thrived.*

*\_\_\_\_\_\_\_\_\_*

*(#) This chapter is jointly prepared by the HKMA and the Office of the Government Economist.*

**Interest rates and exchange rates**

5.1 Interest rates in Hong Kong were volatile but generally trended down in 2025. HIBORs were largely stable in the first four months of 2025. Following the expansion of the Aggregate Balance in early May, eased liquidity conditions pushed HIBORs visibly lower. HIBORs rose back sharply in the latter part of the third quarter as liquidity tightened after repeated weak-side CU triggering, before retreating somewhat towards the year-end. The overnight, 1-month and 3-month HIBORs decreased from 5.65%, 4.58% and 4.37% at end-2024 to 4.38%, 3.08% and 2.93% at end-2025 respectively. In tandem with the three policy rate cuts totalling 75 basis points by the US FOMC in September, October and December, the HKMA adjusted the *Base Rate*(1) under the Discount Window downward by the same magnitude to 4.00% at end-2025.

5.2 Both *Hong Kong dollar* and *US dollar* *yield* *curves* shifted downward in 2025. Reflecting their relative movements, the negative yield spread between 6-month Exchange Fund Bills and 6-month US Treasury Bills widened from 54 basis points at end-2024 to 136 basis points at end-2025, while that between the 10-year Hong Kong Government Bonds and 10-year US Treasury Notes from 84 basis points to 114 basis points.



5.3 On the retail front, many banks lowered their *Best Lending Rates* by 12.5 basis points in mid-September and another 12.5 basis points in late-October following the cuts in the target range for the US federal funds rate. At end-2025, the Best Lending Rates among banks ranged from 5.00% to 5.50%. The *average savings deposit rate* for deposits of less than $100,000 quoted by major banks decreased from 0.22% at end-2024 to 0.00% at end-2025, while the *one-year time deposit rate* decreased from 0.39% to 0.15%. The *composite interest rate*(2), which indicates the average cost of funds for retail banks, decreased from 2.24% to 1.36% over the same period.



5.4 In 2025, the *Hong Kong dollar spot exchange rate against the US dollar* fluctuated across the entire Convertibility Zone. It strengthened in the early part of the year amid buoyant capital market activities, triggering the strong-side CU four times in early May. The resultant widening in negative HKD-USD interest rate spreads amid abundant liquidity spurred carry trade selling flows, and the Hong Kong dollar subsequently weakened, triggering the weak-side CU twelve times from late June to mid-August. Thereafter, the Hong Kong dollar exchange rate stabilised and largely stayed on the strong side in the latter part of the year, supported by continued buying flows from the Southbound Stock Connect and seasonal funding demand. The spot exchange rate closed the year at 7.7838, compared with 7.7633 at end-2024. The 3-month and 12-month *Hong Kong dollar forward discount* widened from 88 pips and 314 pips (each pip is equivalent to HK$0.0001) at end-2024 to 213 pips and 602 pips respectively at end-2025. During the year, the Aggregate Balance increased to $57.0 billion at end-2025, from $44.8 billion at end-2024.

5.5 Under the Linked Exchange Rate System, movements in the Hong Kong dollar exchange rate against other currencies closely followed those of the US dollar. As the US dollar weakened against most major currencies during 2025, the *trade-weighted Hong Kong dollar Nominal* and *Real* *Effective Exchange Rate Indices*(3) decreased by 3.2% and 2.9 respectively in the year.



**Money supply and banking sector**

5.6 The Hong Kong dollar broad *money supply* (HK$M3) rose by 4.2% over end-2024 to $8,844 billion at end-2025, and the seasonally adjusted Hong Kong dollar narrow money supply (HK$M1) increased by 11.7% to $1,778 billion(4). Meanwhile, *total deposits* with authorized institutions (AIs)(5) increased by 11.8% to $19,431 billion, within which Hong Kong dollar deposits and foreign currency deposits increased by 3.8% and 18.5% respectively.



**Table 5.1 : Hong Kong dollar money supply and total money supply**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | M1 | | M2 | | M3 | |
| % change during  the quarter | HK$^ | Total | HK$(a) | Total | HK$(a) | Total |
|  |  |  |  |  |  |  |
| 2024 Q1 | -3.9 | -1.6 | \* | -0.1 | \* | \* |
| Q2 | 0.4 | 3.5 | 1.1 | 3.4 | 1.1 | 3.4 |
| Q3 | 3.7 | 6.7 | 1.3 | 2.4 | 1.3 | 2.4 |
| Q4 | 0.7 | -2.7 | 0.3 | 1.4 | 0.3 | 1.4 |
|  |  |  |  |  |  |  |
| 2025 Q1 | 2.1 | 4.3 | 4.9 | 3.2 | 4.9 | 3.2 |
| Q2 | 16.0 | 12.2 | 1.7 | 4.0 | 1.7 | 4.1 |
| Q3 | -6.5 | -4.5 | -2.4 | 2.1 | -2.4 | 2.1 |
| Q4 | 0.9 | 1.2 | \* | 1.8 | \* | 1.8 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Total amount at  end-2025 ($Bn) | 1,778 | 3,110 | 8,831 | 20,602 | 8,844 | 20,649 |
|  |  |  |  |  |  |  |
| % change over  a year earlier | 11.7 | 13.2 | 4.2 | 11.6 | 4.2 | 11.6 |
|  |  |  |  |  |  |  |

Notes : (^) Seasonally adjusted.

(a) Adjusted to include foreign currency swap deposits.

(\*) Change within ± 0.05%.

5.7 *Total loans and advances* increased by 2.3% over a year earlier to $10,136 billion at end‑2025. Analysed by currency, Hong Kong dollar loans decreased by 1.9%, while foreign currency loans increased by 8.8%. Reflecting the relative movements in deposits and loans, the loan-to-deposit ratio for Hong Kong dollar decreased from 77.1% at end-2024 to 72.9% at end-2025, and that for foreign currencies decreased from 40.5% to 37.2%.

5.8 Loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong increased by 1.9% and 3.4% over end-2024 to $7,635 billion and $2,501 billion at end-2025. Within the former, loans to most economic segments increased. Loans to stockbrokers and financial concern increased notably by 29.1% and 11.9% amid robust equity market activities, and those to manufacturing and trade finance also increased by 3.9% and 2.5% respectively thanks to vibrant external trade. Meanwhile, loans to wholesale and retail trade decreased by 4.7%. As for property-related lending, loans for purchase of residential property increased by 3.4%, while those to building, construction, property development and investment fell by 7.4%.

**Table 5.2 : Loans and advances**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | All loans and advances for use in Hong Kong | | | | | | | |  |  |
|  | Loans to : | |  |  |  |  |  |  |  |  |
|  |  |  |  | Building and |  |  |  |  |  |  |
|  |  |  | Whole- | construction, |  |  |  |  | All loans |  |
|  |  |  | sale | property | Purchase |  |  |  | and advances | Total |
| % change |  |  | and | development | of |  |  |  | for use | loans |
| during | Trade | Manu- | retail | and | residential | Financial | Stock- |  | outside | and |
| the quarter | finance | facturing | trade | investment | property(a) | concerns | brokers | Total(b) | Hong Kong(c) | advances |
|  |  |  |  |  |  |  |  |  |  |  |
| 2024 Q1 | -0.5 | 0.5 | -4.7 | -0.7 | 0.1 | -7.5 | -10.4 | -1.2 | -0.4 | -1.0 |
| Q2 | 6.0 | -2.7 | 0.2 | -2.8 | 0.7 | 0.5 | -2.4 | 0.3 | -4.6 | -0.9 |
| Q3 | -1.5 | 2.1 | 3.4 | -3.1 | 0.7 | -1.3 | 54.9 | -0.8 | 1.7 | -0.2 |
| Q4 | 0.6 | -0.9 | -1.5 | -1.1 | -0.1 | 1.8 | -23.1 | -0.1 | -2.3 | -0.7 |
|  |  |  |  |  |  |  |  |  |  |  |
| 2025 Q1 | -4.7 | 5.1 | -2.1 | -2.7 | 0.6 | 4.4 | 10.6 | 0.5 | 1.1 | 0.6 |
| Q2 | 3.5 | 4.8 | 2.5 | -0.2 | 0.6 | 3.8 | 16.3 | 1.6 | 2.6 | 1.9 |
| Q3 | -0.7 | -0.6 | -3.8 | -3.2 | 0.8 | 3.0 | 0.4 | -0.4 | -2.3 | -0.9 |
| Q4 | 4.6 | -5.0 | -1.3 | -1.5 | 1.3 | 0.2 | -0.1 | 0.2 | 2.0 | 0.7 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total amount at end-2025 ($Bn) | 391 | 307 | 279 | 1,438 | 2,074 | 940 | 63 | 7,635 | 2,501 | 10,136 |
|  |  |  |  |  |  |  |  |  |  |  |
| % change over a year earlier | 2.5 | 3.9 | -4.7 | -7.4 | 3.4 | 11.9 | 29.1 | 1.9 | 3.4 | 2.3 |

Notes: (a) Figures also include loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme, in addition to those for the purchase of private residential flats.

(b) Loans to individual sectors may not add up to all loans and advances for use in Hong Kong, as some sectors are not included.

1. Also include loans where the place of use is not known.

5.9 The Hong Kong banking sector remained strong, underpinned by solid capital and liquidity positions. Hong Kong incorporated AIs were well capitalised, with the total capital adequacy ratio staying at a high level of 24.4% at end-September 2025. The local banking sector’s asset quality deteriorated somewhat, but remained at a healthy level. The ratio of classified loans to total loans for all AIs edged up from 1.96% at end-2024 to 1.98% at end-September 2025 and the delinquency ratio for credit card lending from 0.35% to 0.39%. The delinquency ratio for residential mortgage loans stayed low at 0.14% at end-2025, slightly higher than that of 0.11% at end-2024.

**Table 5.3 : Asset quality of all authorized institutions**\*^

(as % of total loans)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| At end of period | | Pass loans | Special mention loans | Classified loans  (gross) |
|  | | | | |
| 2024 | Q1 | 96.16 | 2.05 | 1.79 |
|  | Q2 | 96.18 | 1.93 | 1.89 |
|  | Q3 | 96.00 | 2.01 | 1.99 |
|  | Q4 | 95.88 | 2.15 | 1.96 |
|  |  |  |  |  |
| 2025 | Q1 | 95.77 | 2.25 | 1.98 |
|  | Q2 | 95.87 | 2.16 | 1.97 |
|  | Q3 | 95.85 | 2.17 | 1.98 |

Notes : Due to rounding, figures may not add up to 100.

(\*) Period-end figures relate to Hong Kong offices, overseas branches and major overseas subsidiaries. Loans and advances are classified into the following categories: Pass, Special Mention, Substandard, Doubtful and Loss. Loans in the substandard, doubtful and loss categories are collectively known as “classified loans”.

(^) As a reference, for retail banks, the pass loans, special mention loans and classified loans (gross) as percentages of total loans were 95.81%, 2.05% and 2.14% respectively at end-September 2025.

5.10 *Offshore renminbi (RMB) business* remained largely active in 2025. RMB trade settlement transactions handled by banks in Hong Kong decreased by 8.4% to RMB13,905.2 billion in 2025. Total RMB deposits (including customer deposits and outstanding certificates of deposit) increased by 2.0% to RMB1,096.8 billion at end-2025. As to financing activities, outstanding RMB bank loans increased by 29.1% to RMB935.0 billion at end-2025. Earlier on, RMB bond issuance (excluding certificates of deposit) amounted to RMB271.6 billion (of which RMB12.5 billion was issued by the Ministry of Finance) in the third quarter of 2025, as compared to RMB222.3 billion in the same period of 2024(6).

**Table 5.4 : Renminbi customer deposits and cross-border renminbi trade settlement in Hong Kong**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | |  | |  |  |  | |  |  |
|  | |  | | | | | Interest rates on(a) | | | Number of AIs engaged in RMB business | Amount of cross-border RMB  trade settlement(c) |
| At end of period | | Demand  and savings deposits | Time  deposits | | Total deposits | | Savings  deposits(b) | | Three-month  time deposits(b) |
|  |  | (RMB Mn) | (RMB Mn) | | (RMB Mn) | | (%) | | (%) |  | (RMB Mn) |
|  |  |  |  | |  | |  | |  |  |  |
| 2024 | Q1 | 356,992 | 587,672 | | 944,664 | | 0.16 | | 0.31 | 139 | 3,713,713 |
|  | Q2 | 432,712 | 628,954 | | 1,061,666 | | 0.16 | | 0.31 | 138 | 3,700,964 |
|  | Q3 | 459,606 | 556,732 | | 1,016,339 | | 0.16 | | 0.31 | 139 | 3,816,626 |
|  | Q4 | 408,585 | 518,004 | | 926,589 | | 0.16 | | 0.31 | 138 | 3,953,280 |
|  |  |  |  | |  | |  | |  |  |  |
| 2025 | Q1 | 423,009 | 536,839 | | 959,848 | | 0.16 | | 0.31 | 138 | 3,625,469 |
|  | Q2 | 395,342 | 486,720 | | 882,061 | | 0.16 | | 0.31 | 139 | 3,709,233 |
|  | Q3 | 471,341 | 530,430 | | 1,001,771 | | 0.16 | | 0.31 | 141 | 3,353,375 |
|  | Q4 | 443,097 | 516,956 | | 960,053 | | 0.16 | | 0.31 | 141 | 3,217,085 |
|  | |  |  | |  | |  | |  |  |  |
| % change in  2025 Q4 over  2024 Q4 | | 8.4 | -0.2 | | 3.6 | | N.A. | | N.A. | N.A. | -18.6 |
|  | |  |  | |  | |  | |  |  |  |

Notes : (a) The interest rates are based on a survey conducted by the HKMA.

(b) Period average figures.

(c) Figures during the period.

N.A. Not applicable.

**The debt market**

5.11 As to the Hong Kong dollar *debt market*, total gross issuance of Hong Kong dollar debt securities increased by 16.6% over the preceding year to $5,980.5 billion(7) in 2025. The total outstanding amount of Hong Kong dollar debt securities rose by 19.1% over a year earlier to $3,359.6 billion at end-2025, equivalent to 38.0% of HK$M3 or 32.9% of Hong Kong dollar-denominated assets of the banking sector(8).

5.12 As to the Hong Kong dollar bonds issued by the Government, a total of $34.0 billion institutional Government Bonds (GBs) were issued through tenders under the Infrastructure Bond Programme (IB Programme) in 2025. In addition, a $1.5 billion institutional GB was issued via bookbuilding under the IB Programme in June, a $55.0 billion Silver Bond was issued under the retail part of the IB Programme in October, and a $2.5 billion tokenised institutional green bond was issued under the Government Sustainable Bond Programme (GSB Programme, formerly the Government Green Bond Programme) in November. At end-2025, the total outstanding amount of Hong Kong dollar bonds under the three Programmes was around $320.1 billion, comprising nine institutional issues totalling $70.5 billion and one retail issue (Silver Bond) worth $53.6 billion under the GB Programme, two institutional issues worth $4.5 billion and one retail issue (Retail Green Bond) worth $20.0 billion under the GSB Programme, as well as 13 institutional issues totalling $44.5 billion and three retail issues (two Silver Bonds and one Retail IB) totalling $127.0 billion under the IB Programme. As for GBs denominated in other currencies, there was one US dollar sukuk with an issuance size of US$1.0 billion outstanding under the GB Programme, around US$22.6 billion equivalent of institutional green bonds outstanding under the GSB Programme, and around US$4.8 billion equivalent of institutional IBs outstanding under the IB Programme.

**Table 5.5: New issuance and outstanding value of**

**Hong Kong dollar debt securities ($Bn)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Exchange Fund | | The HKSAR Government | | Local Public  sector (a) | | AIs(b) | | Local corporations | | Non-MDBs issuers outside Hong Kong(c) | | MDBs(c) | | Statutory bodies/govern  ment-owned corporations in Hong Kong | | Total | |
|  | | | | | | | | | | | | | | | | | | | |
| **New Issuance** | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | |
| 2024 | Annual | | 4,102.5 | | 91.7 | | 4,194.3 | | 303.3 | | 32.6 | | 434.4 | | 47.5 | | 118.0 | | 5,130.1 | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  | Q1 | | 1,004.5 | | 5.5 | | 1,010.0 | | 59.7 | | 6.2 | | 113.0 | | 18.4 | | 52.0 | | 1,259.3 | |
|  | Q2 | | 1,017.4 | | 1.5 | | 1,018.9 | | 89.2 | | 7.0 | | 131.8 | | 13.4 | | 13.6 | | 1,273.8 | |
|  | Q3 | | 1,036.2 | | 1.5 | | 1,037.7 | | 86.2 | | 13.1 | | 96.6 | | 8.6 | | 31.5 | | 1,273.7 | |
|  | Q4 | | 1,044.6 | | 83.2 | | 1,127.8 | | 68.1 | | 6.3 | | 93.0 | | 7.1 | | 21.0 | | 1,323.3 | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| 2025 | Annual | | 4,351.3 | | 93.0 | | 4,444.3 | | 426.7 | | 58.3 | | 910.5 | | 64.8 | | 75.9 | | 5,980.5 | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  | Q1 | | 1,049.0 | | 7.5 | | 1,056.5 | | 98.9 | | 7.7 | | 188.6 | | 15.3 | | 27.8 | | 1,394.8 | |
|  | Q2 | | 1,060.2 | | 13.5 | | 1,073.7 | | 85.5 | | 23.9 | | 221.8 | | 15.2 | | 13.7 | | 1,433.9 | |
|  | Q3 | | 1,074.3 | | 7.3 | | 1,081.5 | | 123.8 | | 11.1 | | 312.5 | | 24.6 | | 19.8 | | 1,573.3 | |
|  | Q4 | | 1,167.7 | | 64.8 | | 1,232.5 | | 118.5 | | 15.7 | | 187.6 | | 9.8 | | 14.6 | | 1,578.6 | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| % change in 2025 over 2024 | | 6.1 | | 1.4 | | 6.0 | | 40.7 | | 79.0 | | 109.6 | | 36.5 | | -35.7 | | 16.6 | |
|  | | | | | | | | | | | | | | | | | | | |
| **Outstanding (as at end of period)** | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | |
| 2024 | Q1 | | 1,268.4 | | 287.2 | | 1,555.6 | | 265.2 | | 120.8 | | 573.5 | | 55.4 | | 182.5 | | 2,753.0 | |
|  | Q2 | | 1,281.7 | | 258.7 | | 1,540.4 | | 284.5 | | 114.2 | | 599.2 | | 64.6 | | 167.1 | | 2,770.0 | |
|  | Q3 | | 1,294.7 | | 222.1 | | 1,516.8 | | 287.0 | | 119.6 | | 590.9 | | 63.6 | | 178.1 | | 2,756.0 | |
|  | Q4 | | 1,306.8 | | 303.3 | | 1,610.1 | | 276.7 | | 120.2 | | 570.2 | | 70.1 | | 172.9 | | 2,820.1 | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| 2025 | Q1 | | 1,318.1 | | 308.9 | | 1,627.0 | | 293.2 | | 119.9 | | 635.1 | | 80.4 | | 176.8 | | 2,932.4 | |
|  | Q2 | | 1,325.3 | | 293.9 | | 1,619.2 | | 284.5 | | 134.4 | | 699.8 | | 94.0 | | 178.9 | | 3,010.7 | |
|  | Q3 | | 1,331.4 | | 257.3 | | 1,588.7 | | 313.1 | | 138.3 | | 870.1 | | 114.1 | | 179.3 | | 3,203.6 | |
|  | Q4 | | 1,342.0 | | 320.1 | | 1,662.1 | | 350.1 | | 141.8 | | 896.6 | | 121.8 | | 187.1 | | 3,359.6 | |
|  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| % change at end-2025 over end-2024 | | 2.7 | | 5.5 | | 3.2 | | 26.5 | | 18.0 | | 57.3 | | 73.8 | | 8.2 | | 19.1 | |

Notes : Figures may not add up to the corresponding totals due to rounding. Figures are provisional and may be subject to revision.

(a) Sum of Exchange Fund and the Government of the HKSAR.

(b) AIs : Authorized institutions.

(c) MDBs : Multilateral Development Banks.

**The stock and derivatives markets**

5.13 The *local stock market* staged a strong performance in 2025. The market was initially boosted by the Mainland’s breakthrough development in artificial intelligence, before experiencing a sharp correction alongside other major markets upon the US’ announcement of the so-called “reciprocal tariffs” in early April. Market sentiment subsequently improved and remained positive for the rest of the year amid a thriving technology sector, gradual easing of trade tensions, and US interest rate cuts. The HSI rallied to a four-year high in early-October and closed the year at 25 631, achieving a notable 27.8% gain for the year as a whole. *Market capitalisation* rose sharply by 34.2% over a year earlier to $47.4 trillion at end-2025. The local stock market ranked the sixth largest in the world and the third largest in Asia(9).

5.14 Trading activities were very active. For 2025 as a whole, *average daily turnover* in the securities market surged by 89.5% to a record high of $249.8 billion. Within the total, the average daily trading value of equities, unit trusts (including Exchange-Traded Funds (ETFs)) (10), callable bull/bear contracts and derivative warrants increased by 93.6%, 92.6%, 58.7% and 50.0% respectively. As to options and futures(11), the average daily trading volume increased by 7.2%. Within the total, trading of stock options rose by 22.1%, while that of Hang Seng Index options fell by 23.4%. Meanwhile, trading of both Hang Seng Index futures and Hang Seng China Enterprises Index futures fell by 9.8% and 21.0% respectively.



Table 5.6 : Average daily turnover of futures and options

of the Hong Kong market

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Hang Seng Index futures | Hang Seng Index options | Hang Seng China Enterprises  Index futures | Stock  options | Total  futures and  options traded\* |
|  |  |  |  |  |  |
| 2024 Annual | 140 276 | 19 645 | 187 684 | 720 297 | 1 550 593 |
|  |  |  |  |  |  |
| Q1 | 149 867 | 22 591 | 208 485 | 645 126 | 1 500 494 |
| Q2 | 141 876 | 21 446 | 191 449 | 747 232 | 1 565 097 |
| Q3 | 130 138 | 19 505 | 173 985 | 704 694 | 1 482 419 |
| Q4 | 139 757 | 15 146 | 177 714 | 784 043 | 1 653 975 |
|  |  |  |  |  |  |
| 2025 Annual | 126 472 | 15 043 | 148 199 | 879 831 | 1 662 751 |
|  |  |  |  |  |  |
| Q1 | 143 619 | 18 509 | 170 690 | 964 803 | 1 866 001 |
| Q2 | 121 666 | 13 876 | 151 409 | 771 454 | 1 534 850 |
| Q3 | 122 289 | 12 656 | 138 573 | 919 912 | 1 647 307 |
| Q4 | 118 790 | 15 326 | 133 176 | 860 145 | 1 604 903 |
|  |  |  |  |  |  |
| % change in  2025 Q4 over  2024 Q4 | -15.0 | 1.2 | -25.1 | 9.7 | -3.0 |
|  |  |  |  |  |  |
| % change in  2025 over  2024 | -9.8 | -23.4 | -21.0 | 22.1 | 7.2 |

Note : (\*) Turnover figures for individual futures and options are in number of contracts, and do not add up to the total futures and options traded as some products are not included.

5.15 Fund raising activities thrived in 2025. *Total equity capital raised*, comprising new share floatation and post-listing arrangements on the Main Board and GEM(12), leaped by 236.0% to $645.9 billion. Within the total, the amount of funds raised through IPOs increased by 226.1% to $286.9 billion. Hong Kong ranked first among stock exchange markets globally in terms of the amount of funds raised through IPOs in 2025(13).

5.16 Mainland enterprises remained the driving force in the Hong Kong stock market. At end-2025, a total of 1 552 Mainland enterprises (including 433 H-share companies and 1 119 Non-H share Mainland enterprises) were listed on the Main Board and GEM, representing 58% of the total number of listed companies and 79% of total market capitalisation. Mainland-related stocks accounted for 91% of equity turnover and 89% of total equity funds raised on the Hong Kong Stock Exchange in 2025.

Fund management and investment funds

5.17 Performance of the fund management business improved further in 2025. The aggregate net asset value of the approved constituent funds under the *Mandatory Provident Fund (MPF) schemes* (14) rose by 20.3% over a year earlier to $1,553.4 billion at end-2025. The gross retail sales of *mutual funds* for the first eleven months of 2025 increased by 31.9% over the same period in the preceding year to US$100.4 billion(15)(16).

**Insurance sector**

5.18 The *insurance sector*(17) recorded strong growth in the first three quarters of 2025. New office premiums of long-term business surged by 55.9% in the first three quarters over a year earlier, within which premium from non-investment linked individual business (which accounted for 95.1% of total premium for this segment) rose by 55.2%, and that from investment-linked business increased by 75.7%. As to general business, gross and net premiums amounted to $82.9 billion and $56.0 billion respectively(18) for the first three quarters as a whole.

Table 5.7 : Insurance business in Hong Kong@ ($Mn)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | General business# | | |  | New office premium of long-term business^ | | | |  |
|  |  | Gross premium | Net premium | Underwriting profit |  | Non-linked long-term individual business | Linked  long-term  individual business | Non-retirement scheme group business | All long-term business | Gross premium from long-term business and general business |
|  |  |  |  |  |  |  |  |  |  |  |
| 2024 | Annual | 100,453 | 69,658 | 3,267 |  | 208,133 | 11,169 | 454 | 219,756 | 320,209 |
|  |  |  |  |  |  |  |  |  |  |  |
|  | Q1 | N.A. | N.A. | N.A. |  | 63,292 | 1,846 | 141 | 65,279 | N.A. |
|  | Q2 | N.A. | N.A. | N.A. |  | 48,004 | 2,457 | 125 | 50,586 | N.A. |
|  | Q3 | N.A. | N.A. | N.A. |  | 50,740 | 2,899 | 91 | 53,730 | N.A. |
|  | Q4 | 25,436 | 17,942 | 1,111 |  | 46,097 | 3,967 | 97 | 50,161 | 75,597 |
|  |  |  |  |  |  |  |  |  |  |  |
| 2025 | Q1-Q3 | 82,912 | 56,008 | 3,513 |  | 251,504 | 12,656 | 292 | 264,452 | 347,364 |
|  |  |  |  |  |  |  |  |  |  |  |
|  | Q1 | 31,245 | 20,588 | 882 |  | 90,087 | 3,227 | 99 | 93,413 | 124,658 |
|  | Q2 | 27,203 | 19,269 | 761 |  | 76,545 | 3,691 | 91 | 80,327 | 107,530 |
|  | Q3 | 24,464 | 16,151 | 1,870 |  | 84,872 | 5,738 | 102 | 90,712 | 115,176 |
|  |  |  |  |  |  |  |  |  |  |  |
| % change in  2025 Q1-Q3 over  2024 Q1-Q3 | | 10.5 | 8.3 | 63.0 |  | 55.2 | 75.7 | -18.2 | 55.9 | 42.0 |

Notes : (@) Provisional statistics of the Hong Kong insurance industry.

(#) Following the implementation of the Risk-based Capital (RBC) regime on 1 July 2024, a new set of regulatory returns was introduced and some definitions were modified. Under the RBC regime, an element reflecting offshore business in respect of general insurance was included. In addition, the insurers must now report their underwriting performance based on financial year instead of calendar year, causing some data to be partially covered in this set of statistics. It is therefore inappropriate to make a direct comparison between the latest figures with those published in previous years.

(^) Retirement scheme business is excluded.

(N.A.) Not applicable.

**Highlights of policy and market developments**

5.19 In 2025, notable developments were achieved in the financial sector on multiple fronts, including deepening financial connectivity with the Mainland and global markets, digital assets (DA)(19), fintech, strengthening the listing framework, as well as spearheading new engines such as gold trading.

5.20 On financial connectivity, the HKMA and the People’s Bank of China announced six new policy measures in January 2025 to deepen the financial market connectivity between Hong Kong and the Mainland, viz. (i) introduction of the HKMA RMB Trade Financing Liquidity Facility; (ii) further enhancement and expansion of Bond Connect (Southbound); (iii) offshore RMB repurchase (repo) using Northbound Bond Connect bonds as collateral; (iv) inclusion of Northbound Bond Connect bonds as eligible margin collateral at OTC Clearing Hong Kong Limited; (v) cross-boundary payment facilitation; and (vi) GBA financial facilitation for Hong Kong residents, with a view to consolidating Hong Kong’s status as the global offshore RMB business hub.

5.21 On digital assets, the Stablecoins Ordinance was implemented on 1 August 2025, which established a licensing regime for fiat-referenced stablecoins issuers in Hong Kong and further enhanced Hong Kong’s regulatory framework on DA activities. On the other hand, the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) jointly published the consultation conclusions on the legislative proposals for establishing the regulatory regimes for virtual asset (VA) dealing and custodian service providers in December 2025. In response to the feedback received, the FSTB and the SFC also conducted a further public consultation on establishing separate regulatory regimes for VA advisory and management service providers, which ended in January this year.

5.22 On fintech, the HKMA unveiled “Fintech 2030” in November 2025, a forward-looking strategy to make Hong Kong a robust, resilient, and future-ready fintech hub. The “Fintech 2030” will focus on four strategic pillars, including “Creating Next-generation Data and Payment Infrastructure”, “A New Holistic “Artificial Intelligence Strategy”, “Enhancing Business, Technology and Quantum Resilience”, and “Tokenisation of Finance”, collectively known as “DART”, with a comprehensive portfolio of over 40 initiatives.

5.23 On strengthening listing framework, Hong Kong Exchanges and Clearing Limited (HKEX) implemented new Listing Rule requirements in August 2025 which aim to enhance the robustness of the IPO pricing and allocation mechanisms, whilst supporting balanced participation from a broad range of local and international investors. HKEX also revised the initial public float requirements to provide issuers with greater flexibility and certainty in structuring their public offerings, and introduced a new initial free float requirement to ensure there are sufficient tradeable shares upon listing.

5.24 HKEX published a consultation paper on enhancements to the board lot framework in December 2025. In particular, HKEX proposed to standardise board lot units for securities trading, cutting the number of board lot units from over 40 to just eight options. In addition, there will be a significant reduction in minimum board lot value guidance to $1,000, as well as the addition of new maximum board lot value guidance of $50,000 for issuers that adopt board lot units larger than 100 shares. The proposed changes aim at enhancing operational efficiency of the secondary market, as well as supporting investor participation in Hong Kong’s markets by making board lot values more accessible for retail investors. The consultation period will last until 12 March 2026.

5.25 On gold trading, as highlighted in the 2025 Policy Address, the Government will expedite the building of an international gold trading market through establishing a central clearing system for gold and encouraging more financial institutions to expand gold storage facilities in Hong Kong. In terms of storage facilities, the Airport Authority has completed the first-phase expansion of the precious metals depository at the Hong Kong International Airport, increasing capacity to 200 tonnes, and is pressing ahead with plans of further expansion to 1 000 tonnes. Meanwhile, the Shanghai Gold Exchange has launched its first offshore vault in Hong Kong, and signed a co-operation agreement with the FSTB in January 2026, which would establish a high-level, collaborative governance structure for Hong Kong’s new gold central clearing, as well as open new avenues for physical infrastructure synergy and market connectivity. Separately, the central clearing system for gold in Hong Kong, governed by a wholly government-owned company, is scheduled to commence trial operation in 2026.

Notes :

(1) Prior to 9 October 2008, the Base Rate was set at either 150 basis points above the prevailing US Federal Funds Target Rate (FFTR) or the average of the five-day moving averages of the overnight and one-month HIBORs, whichever was higher. Between 9 October 2008 and 31 March 2009, this formula for determination of the Base Rate was temporarily changed by reducing the spread of 150 basis points above the prevailing FFTR to 50 basis points and by removing the other leg relating to the moving averages of the relevant interbank interest rates. After a review of the appropriateness of the new Base Rate formula, the narrower 50 basis point spread over the FFTR was retained while the HIBOR leg was re-instated in the calculation of the Base Rate after 31 March 2009.

(2) In December 2005, the HKMA published a new data series on composite interest rate, reflecting movements in various deposit rates, interbank and other interest rates to closely track the average cost of funds for banks. The published data enable the banks to keep track of changes in funding cost and thus help improve interest rate risk management in the banking sector. Since June 2019, the composite interest rate has been calculated based on the new local “Interest rate risk in the banking book” framework. As such, the figures are not strictly comparable with those of previous months.

(3) The trade-weighted Nominal Effective Exchange Rate Index (EERI) is an indicator of the overall exchange value of the Hong Kong dollar against a fixed basket of other currencies. Specifically, it is a weighted average of the exchange rates of the Hong Kong dollar against 18 currencies of its major trading partners, with the weights adopted being the respective shares of these trading partners in the total value of merchandise trade for Hong Kong during 2019 and 2020.

The Real EERI of the Hong Kong dollar is obtained by adjusting the Nominal EERI for relative movements in the seasonally adjusted consumer price indices of the respective trading partners.

(4) The various definitions of the money supply are as follows:

M1 : Notes and coins with the public, plus customers’ demand deposits with licensed banks.

M2 : M1 plus customers’ savings and time deposits with licensed banks, plus negotiable certificates of deposit (NCDs) issued by licensed banks and held outside the monetary sector, as well as short‑term Exchange Fund placements of less than one month.

M3 : M2 plus customers’ deposits with restricted licence banks and deposit-taking companies, plus NCDs issued by such institutions and held outside the monetary sector.

Among the various monetary aggregates, more apparent seasonal patterns are found in HK$M1, currency held by the public, and demand deposits. As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.

(5) AIs include licensed banks, restricted licence banks and deposit-taking companies. At end-2025, there were 149 licensed banks, 16 restricted licence banks and 11 deposit-taking companies in Hong Kong. Altogether, 176 AIs (excluding representative offices) from 32 countries and territories (including Hong Kong) had a presence in Hong Kong.

(6) HKMA discontinued the old RMB bond issuance data since June 2024 and adopted another data series. The new series has broader coverage sourced from various data sources including Bloomberg, the Central Moneymarkets Unit, Dealogic and Reuters but with longer time lag. Hence the latest data are up to the previous quarter only, and the new data are not directly comparable with those in previous issues of this report. Figures are subject to revisions.

(7) The figures may not represent a full coverage of all the Hong Kong dollar debt securities issued.

(8) Assets of the banking sector include notes and coins, amount due from AIs in Hong Kong as well as from banks abroad, loans and advances to customers, negotiable certificates of deposit (NCDs) held, negotiable debt instruments other than NCDs held, and other assets. Certificates of indebtedness issued by Exchange Fund and the counterpart bank notes issued are nevertheless excluded.

(9) The ranking is based on the market capitalisation figures of global stock exchange markets compiled by the World Federation of Exchanges and the London Stock Exchange Group.

(10) Given the relatively small share (less than 0.2% of the daily turnover in the securities market), trading of debt securities and its movements were not analysed.

(11) At end-2025, there were 133 classes of stock options contracts and 93 classes of stock futures contracts.

(12) At end-2025, there were 2 374 and 312 companies listed on the Main Board and GEM respectively.

(13) The ranking is based on the amount of funds raised through IPOs (including fundraising of special purpose acquisition companies) compiled by Dealogic.

(14) At end-2025, there were 12 approved trustees. On MPF products, 21 master trust schemes, two industry schemes and one employer sponsored scheme, comprising altogether 378 constituent funds, were approved by the Mandatory Provident Fund Schemes Authority. A total of 350 000 employers, 2.63 million employees and 223 000 self-employed persons are estimated to have participated in MPF schemes.

(15) These figures are obtained from the Sales and Redemptions Survey conducted by the Hong Kong Investment Funds Association (HKIFA) on their members, and cover only the active authorised funds that have responded to the survey. As HKIFA has revised the coverage of its funds statistics since 2023, the figures in this report may not be comparable with those contained in previous issues of this report.

(16) At end-2025, there was one SFC-authorised retail hedge fund with net asset size of US$85 million. This amount of net assets under management increased by 2.4% from end-September, and represented a 9.6% decrease from a year earlier and a 46.9% decrease from end-2002, the year when the hedge funds guidelines were first issued.

(17) At end-2025, there were 159 authorized insurers in Hong Kong. Within this total, 51 were engaged in long-term insurance business, 86 in general insurance business, 19 in composite insurance business, and three in special purpose business. These authorized insurers come from 22 countries and territories (including Hong Kong).

(18) Following the implementation of the RBC regime on 1 July 2024, an element reflecting offshore business is now included in respect of general insurance, and the coverage, classifications and definitions for related statistics have been modified. It is therefore inappropriate to make a direct comparison between the latest figures with those published in previous years.

(19) “Digital asset” is a general term with a broad scope, covering, among others, “virtual asset”, which is a legally defined term under the existing Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).