



Our Ref.: B1/15C

9 March 2026

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Strategic Review of Business Models amid Digital Transformation**

I am writing to outline the expectations of the Hong Kong Monetary Authority (HKMA) for Authorized Institutions (AIs) to proactively assess and adapt their long-term business models in response to accelerating technological developments.

As highlighted in a report by the Basel Committee on Banking Supervision<sup>1</sup>, advances in digitalisation have continued to transform both customer expectations and the broader financial landscape, particularly through the adoption of distributed ledger technology (DLT). This trend is expedited by the convergence of several novel technologies including agentic artificial intelligence, cloud computing and high-performance computing.

Against this backdrop, the HKMA has recently announced the Fintech Promotion Blueprint<sup>2</sup> under “Fintech 2030” to foster responsible innovation, encouraging the industry to move beyond simple adoption that layers technologies over existing processes. A key objective is to explore how DLT and other transformational technologies can revamp banking services, prompting a strategic opportunity for AIs to reassess and redefine core business models for the future.

There is unparalleled and imminent opportunity for the banking sector, by positioning itself as a key intermediary between the traditional finance and digital

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<sup>1</sup> “Digitalisation of Finance” – Basel Committee on Banking Supervision (May 2024)  
(<https://www.bis.org/bcbs/publ/d575.pdf>).

<sup>2</sup> “Fintech Promotion Blueprint” – HKMA (February 2026)  
(<https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2026/20260203e3a1.pdf>).

asset ecosystems, to continue to bring trust and stability to customers. In this connection, it is expected that the Board of Directors of your institution oversees and endorses, within six months from the date of the circular, a formal strategic business plan to address these technological developments. This proactive and forward-looking plan should identify opportunities, where applicable, to adapt or transform product offerings, revenue models, customer engagement, risk management and operations. As part of this plan, your institution may factor in how small-scale, real-world trials can be conducted leveraging the HKMA's Supervisory Incubator for DLT<sup>3</sup> to validate the novel business models involved. A selection of AIs will be invited to submit their strategic business plans via the HKMA's Survey Tool.

In line with our existing supervisory approach, AIs intending to expand into new digital asset-related activities are expected to discuss their plans with the HKMA prior to launch.

Should you have any questions about this circular, please contact our banking supervisory team at [supervisory\\_incubator\\_DLT@hkma.gov.hk](mailto:supervisory_incubator_DLT@hkma.gov.hk).

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive

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<sup>3</sup> Circular on “Supervisory Incubator for Distributed Ledger Technology” – HKMA (January 2025) (<https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20250120-1-EN/20250120-1-EN.pdf>).