

Secured Lending Application Selected for HKMA's Inaugural e-HKD Pilot Programme for Retail Central Bank Digital Currency (CBDC) Assessment

- The Hong Kong Monetary Authority (HKMA) has selected a secured lending application of e-HKD for the inaugural e-HKD pilot programme
- The proposed solution is led by Boston Consulting Group (BCG), HKT Payment Limited and ZA Bank, who will partner with paywith.glass and Venture Smart Financial Holdings Limited (VSFG) as a consortium during the pilot
- The e-HKD Pilot Programme is in line with HKMA's three-rail approach, announced in September 2022, aimed at preparing for potential e-HKD implementation

Hong Kong SAR, May 18, 2023 – The Hong Kong Monetary Authority (HKMA) has shortlisted a financial solution in a secured lending product backed by tokenized real assets for participation in the inaugural e-HKD Pilot Programme. This proposed solution is led by **Boston Consulting Group (BCG), HKT Payment Limited** and **ZA Bank**. They will be joined by **paywith.glass** and **Venture Smart Financial Holdings Limited (VSFG)** as a consortium to collectively develop and evaluate this application, leveraging the potential programmability feature of e-HKD.

The consortium will bring together key players from various industry verticals to foster long-term e-HKD development, leveraging their collective cross-industry experience and ensuring a diverse range of perspectives. The initial focus will be on leveraging e-HKD's potential features to empower new applications in a secured lending product, as part of the e-HKD Pilot Programme.

The e-HKD Pilot Programme is part of HKMA's strategic three-rail approach to prepare for potential e-HKD implementation. Rail 1 focuses on establishing the necessary technological and legal foundations, while Rail 2, running concurrently with Rail 1, is aimed at conducting in-depth exploration of e-HKD use cases and addressing implementation and design issues. Rail 3 concerns the rollout of e-HKD.

Saurabh Tripathi, Managing Director & Senior Partner and Global Leader of Financial Institutions Practice at BCG remarked: "We are thrilled to support the impressive e-HKD development in Hong Kong. Retail Central Banking Digital Currency (CBDC) is a significant development in the financial system, and we're eager to share our expertise to support the exploration of e-HKD benefits for retail use cases."

Susanna Hui, Group Managing Director at HKT, stated: "As an advocate of FinTech and digital economy, HKT is delighted to be a partner of this project and leverage our experience from Tap & Go to facilitate Web3.0 development and explore potential e-HKD use cases in Hong Kong."

Paul Sisnett, CEO & Co-Founder at paywith.glass, commented: "We are dedicated to apply our experience from other markets to support the use case development of e-HKD through the e-HKD Pilot Programme."

Lawrence Chu, Co-Founder & Group Executive Chairman at VSFG, stated: "Introducing an enhanced form of money requires meticulous planning. We anticipate this cross-industry collaboration will generate valuable data to facilitate e-HKD assessment."

Ronald Iu, CEO of ZA Bank, shared: "ZA Bank has always been at the forefront of Hong Kong's FinTech development. It is an honor to team up with leading industry players to support the HKMA's e-HKD

initiative. This also marks another step of our journey towards the ‘Banking for Web3’ ambition for building an inclusive financial ecosystem.”

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About Boston Consulting Group

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

About HKT Payment Limited

HKT Payment Limited, a wholly-owned HKT Limited subsidiary, was granted the stored value facilities license by the Hong Kong Monetary Authority in 2016, and provides mobile payment service in Hong Kong under the Tap & Go brand.

Tap & Go is the first mobile wallet in Hong Kong incorporating Mastercard, UnionPay, FPS and Tap & Go closed-loop payment, allowing users to make payments seamlessly and reliably over a secured app as the city moves fast towards a cashless society. With its extensive local merchant network, users can enjoy spending at more than 100,000 points of sale including physical stores and online platforms. Tap & Go users can also enjoy the convenience of seamless payment in China including transportation and flexible conversion between HKD and RMB anytime, anywhere.

About paywith.glass

paywith.glass is the world's first intelligent Digital Currency/Electronic Payment (iDC/EP) infrastructure. It combines Artificial Intelligence, Blockchain and Distributed Cloud technologies in a design built to the strict service level standards that are required for critical telecommunications infrastructure. It relies on the use of both open source tools as well as proprietary distributed technologies for both the storage of the data and the routing of digital messages.

The technology is then backed by a network of human and AI-based specialists who carry out continuous monitoring and support of all underlying systems. The globally scalable and extensible multi-Central Bank Digital Currency (mCBDC) architecture embeds advanced real-time compliance, self-sovereign digital ID and support for self custody of assets, meeting the needs of today's instant world and of tomorrow's digitally native generation.

The resulting network and Financial Market Infrastructure (FMI) exceed the capabilities of legacy payments networks including well established global DLT solutions and as a result, already provides the supporting infrastructure to power the digital sterling pilot via the Digital FMI Consortium in the UK.

paywith.glass promotes a truly inclusive digital economy, to empower billions of people to transact instantly with full compliance, from anywhere on Earth and at any time.

About Venture Smart Financial Holdings (VSFG)

Venture Smart Financial Holdings Limited (VSFG) is a global financial services platform headquartered in Hong Kong, striving to integrate traditional wealth management with the future of finance.

Venture Smart Asia Limited (VSAL), subsidiary of VSFG, is a corporation licensed by Securities and Futures Commission (SFC) in Hong Kong to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management). In June 2020, VSAL became the first virtual asset manager in Hong Kong approved by HKSFC to manage portfolios that may invest up to 100% of assets in crypto assets. VSFG is dedicated to the research and development of products and services that can integrate traditional and virtual assets under a compliant regulatory framework, helping individuals and institutions to allocate their assets in an orderly manner in both traditional and virtual worlds. In addition, VSFG and its affiliated companies are committed to proactively developing and delivering relevant services to promote the development of both family office businesses and virtual assets, shoring up Hong Kong's position as a global financial centre. For further information on VSFG, please visit www.vsfsg.com.

About ZA Bank

ZA Bank Limited (“ZA Bank”), licensed by the Hong Kong Monetary Authority (“HKMA”) on 27 March 2019, is one of the first batch of virtual banks in Hong Kong. On 24 March 2020, ZA Bank officially launched its services to the public, making it the first fully operating virtual bank in Hong Kong. On 22 March 2021, ZA Bank officially launched Business Banking to deliver an innovative banking experience to local small and medium-sized enterprises. ZA Bank was established by ZhongAn Technologies International Group Limited (“ZA International”). With its “Community-Driven” approach, ZA Bank encourages users to directly contribute to its product development and design processes, helping the bank create innovative services that better serve the needs of Hong Kong customers.

Based on market data as of 31 December 2022, ZA Bank has gained the support of more than 650,000 users, becoming the largest virtual bank in Hong Kong in terms of user base with a leading position in the virtual banking industry in terms of customer deposits, assets and income.

ZA International was established in Hong Kong in December 2017, by ZhongAn Online P&C Insurance Co., Ltd. (HKEX stock code: 6060), an online-only insurtech company in China, to explore international business development, collaboration and investment opportunities in the area of fintech and insurtech in overseas markets.