

3 October 2023

**BOCHK launches hypothetical e-HKD pilot
to examine using e-HKD for prepaid services**

Bank of China (Hong Kong) (“BOCHK”) has officially commenced a hypothetical e-HKD pilot to examine the use of e-HKD for prepaid services. Initially, a group of BOCHK employees will be able to purchase prepaid service contracts through BoC Pay, BOCHK’s payment mobile application. Subsequently, eligible customers will be invited to participate by the small and medium-sized enterprises (“SMEs”) involved in the pilot programme.

BOCHK has already successfully integrated smart contracts into its e-HKD use case and commenced this pilot of prepaid consumption applications. During the pilot programme, the Bank has onboarded approximately 10 merchants from various sectors such as beauty, medical, fitness and education. Participants can purchase prepaid service contracts from their chosen participating merchants through BoC Pay. Customers’ prepaid funds are then converted into hypothetical e-HKD within their personal accounts, which are subsequently managed and operated by smart contracts. When customers make purchases, the smart contract automatically executes according to predetermined conditions and facilitates payment to the merchant.

Chen Guang, Deputy General Manager, Digital Currency Task Force of BOCHK, said, “Under the guidance of the Hong Kong Monetary Authority (‘HKMA’), BOCHK has actively supported research and experimentation involving central bank digital currencies. As one of the first banks to participate in the HKMA’s e-HKD Pilot Programme, our bank has officially commenced this hypothetical e-HKD pilot following thorough preparations. This hypothetical e-HKD pilot is being conducted through BOCHK’s existing BoC Pay and BoC Bill Merchant App, effectively reducing the technical barriers and additional resources required for merchants to participate in this pilot of prepaid consumption. We aim to capitalise on HKMA’s e-HKD Pilot Programme to create a new business model for retail SMEs and build a healthy ecosystem for prepaid consumption.”

BOCHK is committed to exploring potential commercial use cases of hypothetical e-HKD. The Bank will collect feedback from merchants and customers throughout the pilot programme and share its progress and results with the HKMA, maximising its readiness for a potential e-HKD.

— End —