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**BOCHK's hypothetical e-HKD pilot achieves progress towards initial objectives  
Next phase will expand the scope of pilot merchants and  
invite individual customers to participate**

Bank of China (Hong Kong) (“BOCHK”) has recorded progress towards the initial objectives of its hypothetical e-HKD (“e-HKD”) prepaid services pilot, which was launched in early September. The pilot results have been submitted to the Hong Kong Monetary Authority (“HKMA”).

During the first phase of the pilot, a group of BOCHK employees were invited to purchase prepaid services from participating merchants. Participants’ prepaid funds were subsequently converted into e-HKD, which were then managed and operated by smart contracts. After making enhancements to optimise the customer experience, the Bank will now expand the network of pilot merchants providing e-HKD prepaid services to cover more than 50 prepaid service products, and invite personal customers to participate in the pilot for the first time.

**Xing Guiwei, Deputy Chief Executive of BOCHK**, said, “BOCHK welcomes the ‘e-HKD Pilot Programme Phase 1 Report’ released by the HKMA. Since the commencement of our e-HKD pilot, the Bank has continuously collected feedback from merchants and consumers. Our results show that 85% of surveyed merchants believe that the e-HKD pilot can enhance consumer loyalty more effectively than non-monetary reward programmes. The pilot can effectively reduce the technical requirements and additional resources allocated to facilitate merchant participation in prepaid consumption. In addition, it significantly boosts consumers’ confidence and trust in prepaid services while alleviating their concerns about the safety of their funds. We are pleased to have received a positive response from merchants and consumers, a sign that our e-HKD pilot has achieved its initial expected goals. The Bank will further optimise our existing solutions based on this feedback, while also exploring value creation opportunities arising from further e-HKD use cases as per the HKMA’s research report.”

BOCHK’s hypothetical e-HKD prepaid services pilot is integrated into the existing BoC Pay mobile application and BoC Bill Integrated Billing Service. Pilot merchants can set up a smart contract and predetermine its fulfilment conditions, which allows consumers to purchase prepaid services from merchants. During the purchase process, consumers’ funds are converted into e-HKD and bound to the smart contract, which automatically executes

fixed or non-fixed payments according to the contract conditions. If the merchant is unable to fulfil the contract, the remaining funds can be refunded to the consumer. Through this solution, the Bank hopes to address pain points in the delivery of prepaid services, create new business models for small and medium-sized enterprises, and build a healthy and robust ecosystem for prepaid consumption.

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