

Project number: T35-607/23-N

**RESEARCH GRANTS COUNCIL
THEME-BASED RESEARCH SCHEME (TRS)**

Completion Report on Funded Project

Project start date: 1 Jan 2024
Project completion date: 31 Dec 2024

1. Project Title: Strengthening Hong Kong as a Global Financial Center by Enhancing the Overall Regtech Capacity of the Industry and Facilitating the Regulation and Infrastructure Design of CBDC and Digital Assets in Hong Kong

2. Names and Academic Affiliations of Project Team Members[#]

Project team member	Name / Post	Unit / Department / Institution	Average number of hours per week spent on this project in the <u>whole</u> project period
Project Coordinator (PC)	TAM Kar Yan / Vice-President for Administration and Business of HKUST & Chair Prof. ¹	Dept. of Information Systems, Business Statistics & Operations Management (ISOM) / HKUST	10
Co-Principal Investigator(s)	CHAN K.C. / Senior Advisor to the Dean, Adjunct Prof., & Former Sec. for Financial Services & the Treasury, HKSAR Govt	Dept. of Finance (FINA) / HKUST	5
	CHEN Qifeng / Asso.	Dept. of Computer Science &	5

	Prof. ²	Engineering (CSE) & Dept. of Electronic & Computer Engineering / HKUST	
	HUANG Allen / Head of Dept. of Accounting & Prof. ³	Dept. of Accounting / HKUST	4
	HUI Kai-Lung / Acting Dean of Business and Management & Chair Prof. ⁴	ISOM / HKUST	3
	JI Yan/ Liwei Huang Asso. Prof. of Business ⁵	FINA / HKUST	10
	LAI Edwin / Professor Emeritus ⁶	Dept. of Economics (ECON) / HKUST	5
	LAU James / Chairman, Ping An OneConnect Bank (HK) Ltd. & OneConnect Financial Technology (HK) Co., Ltd. & Former Sec. for Financial Services & the Treasury, HKSAR Govt.	Ping An OneConnect Bank (HK) Ltd. & OneConnect Financial Technology (HK) Co., Ltd.	8
	MUKHERJEE Abhiroop / Prof. ⁷	FINA / HKUST	2
	NG Ka Chung / Assist. Prof., Presidential Young Scholar	Dept. of Management & Marketing / PolyU	6
	PARK Albert / Chair Prof. & Chief Economist of Asian Dev. Bank	ECON / HKUST	5
	SONG Yangqiu/ Asso. Prof	CSE / HKUST	5
	XIA Yong / Chief Architect for HSBC Wealth and Personal Banking & Visiting Prof. of South China U. of Technology ⁸	HSBC & South China U. of Technology	8-12
	XU Xin / Asso. Dean, Faculty of Business & Prof. ⁹	Dept. of Management & Marketing / PolyU	4
	YANG Qiang / Prof. Emeritus ¹⁰	CSE / HKUST	10
	YANG Yi / Asso. Prof. ¹¹	ISOM / HKUST	10
	ZHANG Chu / Chair Prof. ¹²	FINA / HKUST	5
	ZHANG Xiaoquan Michael / Irwin & Joan Jacobs Chair Prof.	School of Economics & Management / Tsinghua U.	8
Co-Investigator(s)	PANAYOTOV George / Asso. Prof.	FINA / HKUST	5

	YEUNG Allen Tak Bun / Founder & CEO of Intelli Global Corp. Ltd. & Former Chief Info. Officer, HKSAR Govt.	Intelli Global Corp. Ltd.	4
	ZHOU Xiaofang / Head & Chair Prof.	CSE / HKUST	5

Please highlight the approved changes in the project team composition and quote the date when the RGC granted approval of such changes. For changes in the project team composition, please submit a separate request, together with the justification and the curriculum vitae of the new member(s), to the RGC three months prior to the intended effective date of the change.

Note: The following changes in the affiliations and titles of existing project team members took place during the project period:

- ¹ Prof. TAM Kar Yan transitioned from his role as Dean of Business and Management to assume the position of Vice-President for Administration and Business at HKUST, w.e.f. 1 July 2024.
- ² Prof. CHEN Qifeng was promoted from Assistant Professor to Associate Professor at the Department of Computer Science & Engineering & Department of Electronic & Computer, w.e.f. 1 July 2024.
- ³ Prof. HUANG Allen was promoted from Associate Professor to Professor at the Department of Accounting, w.e.f. 1 July 2023. He transitioned from his role as Associate Dean (UG Progs.) of Business School to assume the position of Head of Department of Accounting, w.e.f. 1 July 2025.
- ⁴ Prof. HUI Kai-Lung was appointed as Acting Dean of Business and Management, w.e.f. 1 July 2024.
- ⁵ Prof. JI Yan's affiliation was updated to Liwei Huang Associate Professor of Business at the Department of Finance, w.e.f. 1 July 2023.
- ⁶ Prof. LAI Edwin's affiliation was updated to Professor Emeritus at the Department of Economics, w.e.f. 1 July 2023.
- ⁷ Prof. MUKHERJEE Abhiroop's affiliation was updated from Liwei Huang Associate Professor of Business to Professor at the Department of Finance, w.e.f. 1 July 2023.
- ⁸ Dr. XIA Yong's affiliation was updated to Chief Architect for Wealth and Personal Banking at HSBC, w.e.f. 1 April 2023.
- ⁹ Prof. XU Xin was promoted from Associate Professor to Professor at the Department of Management & Marketing, PolyU, w.e.f. 1 July 2023.
- ¹⁰ Prof. YANG Qiang's affiliation was updated to Professor Emeritus at the Department of Computer Science & Engineering, w.e.f. 1 September 2023.
- ¹¹ Prof. YANG Yi was promoted from Assistant Professor to Associate Professor at the Department of Information Systems, Business Statistics and Operations Management, w.e.f. 1 July 2023.
- ¹² Prof. ZHANG Chu stepped down from the role of Head of the Department of Finance, w.e.f. 1 December 2024.

3. Project Objectives

Summary of objectives addressed/achieved:

Objectives*	Percentage achieved	Remarks **
1. To bring together scholars and practitioners from various disciplines to address the fundamental issues related to the holistic and industry-wide adoption of Regtech. These issues are intellectually challenging, yet practically relevant. They sit at the intersection between finance, technology, regulation, law enforcement, and public policy. <u>Major outcomes:</u> The interdisciplinary approach has translated into several key outcomes through a number of academic research projects and strategic industry engagements. Notably, a series of academic papers were produced and three Hong Kong-wide surveys on public perceptions of virtual assets and tokenized money were conducted, resulting in two industry reports published in 2024 and 2025. The project team also conducted a collaborative research project with Invest Hong Kong, the Fintech Association of Hong Kong, and the Financial Services Development Council, resulting in the publication of “The Hong Kong Fintech Ecosystem Report” in March 2025, with key findings shared at a launch event for local and international stakeholders. To enhance understanding of regtech and promote GenAI technology adoption, the team organized an industry seminar titled “The Impact and Opportunities of Generative AI for Finance and Investment,” engaging experts from IT, regulatory, and banking sectors. Targeted seminars on GenAI and HKUST’s InvestLM were also conducted for regulatory bodies like the Hong Kong Monetary Authority (HKMA), the Mandatory Provident Fund Schemes Authority (MPFA), and the Accounting and Financial Reporting Council (AFRC). The project’s contribution to policy advancement in key development areas, such as the virtual asset market, has garnered commendations from various government units, highlighting its practical relevance in addressing the intersection of finance, technology, and regulation.	100%	
2. To adopt a “problem-based and impact-driven” approach to turn the findings and new knowledge arising from fundamental intellectual inquiry into proof-of-concept (PoC) systems, prototypes, and reference analytical models to be used by the industry and regulators. <u>Major outcomes:</u> One of our core achievements that exemplifies our efforts to transform fundamental AI research into practical, industry-ready solutions is the development of InvestLM, Hong Kong’s first open-source financial Large Language Model (LLM). This model directly addresses the industry challenge of general-purpose models lacking robust financial reasoning and has been validated to perform on par with other major LLMs. The research was further translated into the InvestLM Generative	100%	

Objectives*	Percentage achieved	Remarks**
AI Platform, a functional tool specifically designed to support financial institutions. Through its integration with the HKMA's Second Cohort of GenAI Sandbox, InvestLM serves as a reference AI platform for banks piloting fintech and regtech applications.		

* Please highlight the approved changes in objectives and quote the date when the RGC granted approval of such changes.

** Please provide reasons for significantly slower rate of progress than originally planned.

6. Research Highlights and Outputs

6.1 What are the most exciting research accomplishments of the project?

(Please list five or more of the team's best research accomplishments, such as journal and conference papers, software codes, research infrastructure, etc. For each item, please clearly justify how it has achieved international excellence (e.g. best paper award, invited presentation, citations, product licensed to industry, etc.))

The project team achieved significant research milestones, including the publication of academic papers, industry and policy reports, and the development of an innovative Large Language Model, InvestLM, that encourages industry adoption. Throughout the project, the team worked alongside regulators and government units to promote our research outputs to the financial industry and professional bodies, raising awareness of available AI technologies and increasing their adoption among financial firms. Our efforts in providing a guiding framework for the adoption of AI in the financial sector and informing policy development for the virtual asset market were cited in a policy statement issued by the Financial Services and the Treasury Bureau (FSTB) in 2024 and formally recognized through testimonials from various regulators and government units. Key accomplishments from the three research themes are detailed below:

Theme 1: Developing Reference Models and Open Source Modules for Small and Medium Financial Institutions (SMFIs)

Task 1: Regulatory-specific Large Language Model Development for Regulatory Documents Summarization

We have conducted a number of research projects under Task 1 that address key issues pertaining to the applications of GenAI and LLM in fintech and regtech as highlighted below:

Deep Learning Approach to Understand Company Dynamics in Regtech Applications

- o We conducted a research project to study the signals extracted from published regular filings of listed companies. The Management Discussion and Analysis (MD&A) section in Form 10-K in the U.S. offers highly valuable insight of a company's fiscal health, operational performance, and future outlook. In today's ever-changing business environment, both practitioners and academics have extensively studied this textual data, with particular interest in quantifying the evolving information encoded in MD&A narratives. In this work, we challenge the traditional cosine similarity-based method for measuring differences between a firm's year-over-year MD&A disclosures. We propose a novel method, D3—short for Deep Learning Method for Disclosure Differences—that incorporates external expert evaluation signals, in the form of analyst recommendation updates, to guide the learning of variant information between consecutive MD&A reports. Instead of producing a dissimilarity score as in traditional cosine distance approaches, D3 learns the changing information directly as a variant vector. The variant vector derived by D3 serves as a multifunctional artifact for various downstream

financial applications. In our experiments, we show that the variant vectors demonstrate strong economic utility. Specifically, a long-short portfolio strategy that sorts firms based on the magnitude of their variant vectors generates significant excess returns, after controlling for common risk factors. Moreover, the variant vectors exhibit predictive power for financial risk-related outcomes. We further introduce an interpretability technique based on D3 to uncover key evolving information disclosed in MD&A reports. Our work has important implications for information systems computational design research and the emerging FinTech literature.

Understanding the Sources of Bias of Regtech LLM Applications

- A major concern of GenAI applications is biases of the underlying LLMs, in particular fintech applications. One research task is to address the root cause of these potential biases. Transformer-based pretrained large language models (PLM) such as BERT and GPT have achieved remarkable success in NLP tasks. However, PLMs are prone to encoding stereotypical biases. Although a burgeoning literature has emerged on stereotypical bias mitigation in PLMs, such as work on debiasing gender and racial stereotyping, how such biases manifest and behave internally within PLMs remains largely unknown. Understanding the internal stereotyping mechanisms allows better assessment of model fairness and guide the development of effective mitigation strategies. In this work, we focus on attention heads, a major component of the Transformer architecture, and propose a bias analysis framework to explore and identify a small set of biased heads that are found to contribute to a PLM's stereotypical bias. We conduct extensive experiments to validate the existence of these biased heads and to better understand how they behave. We investigate gender and racial bias in the English language in two types of Transformer-based PLMs: the encoder-based BERT model and the decoder-based autoregressive GPT model. Overall, the results shed light on understanding the bias behavior in pretrained language models.

An Empirical Investigation of LLM's Hidden States that Reveal Hallucination

- This research aims to see if, how, and to what extent LLMs are aware of hallucination. More specifically, we check whether and how an LLM reacts differently in its hidden states when it answers a question right versus when it hallucinates. To do this, we introduce an experimental framework which allows examining LLM's hidden states in different hallucination situations. Building upon this framework, we conduct a series of experiments with language models in the LLaMA family. Our empirical findings suggest that LLMs react differently when processing a genuine response versus a fabricated one. We then apply various model interpretation techniques to help understand and explain the findings better. Moreover, informed by the empirical observations, we show great potential of using the guidance derived from LLM's hidden representation space to mitigate hallucination. We believe this work provides insights into how LLMs produce hallucinated answers and how to make them occur less often.

Human-AI Synergy in Survey Development: Implications from Large Language Models in Business and Research

- o This research studies how LLMs can support survey development. This is significant for regtech development in Hong Kong as surveys serve as a key tool for collecting supervisory data and assessing stakeholders. The use of LLMs can accelerate this end-to-end instrument design and validation process.

MegaFake: A Theory-Driven Dataset of Fake News Generated by Large Language Models

- o The research explores machine-generated fake news and its detection, a crucial aspect of regtech, as information integrity is vital for market confidence and compliance monitoring. The study highlights that while LLMs can facilitate scalable manipulation, they can also be used, when guided by theory, to enhance detection methods and governance tools.

A list of papers is provided in Section 6.4.

Alongside the above-mentioned fundamental research, the project team has achieved significant milestones in creating a financial GenAI model specifically for the financial industry and in promoting technology adoption across various sectors of financial services. The key initiatives are listed below:

- o The project team has developed InvestLM, Hong Kong's first open-source LLM designed for financial generative AI applications (Appendix A1). Compared to general-purpose LLMs, InvestLM demonstrates stronger financial reasoning and economic rationality. Independent evaluations by hedge fund managers and analysts confirm that InvestLM performs on par with or better than popular LLMs (e.g., GPT-3.5, GPT-4, Claude-2) in financial generation tasks.
- o InvestLM has received significant recognition from policymakers and regulators. It was cited in the ***Policy Statement on Responsible Application of Artificial Intelligence in the Financial Market*** issued by the FSTB in October 2024 as an exemplar for responsible AI innovation that financial institutions could leverage (Appendix A2).
- o Following the development of InvestLM, the project team further launched the InvestLM Generative AI Platform in November 2024 (Appendix A3). The platform, powered by InvestLM, is capable of handling finance-related GenAI tasks and generating human-like responses comparable to those of well-known general-purpose chatbots. It is designed to support the local financial services industry, particularly small- and medium-sized financial firms, in harnessing the potential of GenAI technology. The launch of the InvestLM Generative AI Platform was welcomed by the Hong Kong Monetary Authority (HKMA) in a press release dated 28 November 2024, where it encouraged banks to explore the potential of GenAI with the platform, to help enhance operational efficiency and provide more tailored customer services (Appendix A4). InvestLM has also been made available to banks through the Second Cohort of GenAI Sandbox, a joint initiative of the HKMA and the Cyberport that

provides a risk-managed framework for banks to pilot novel GenAI use cases (Appendix A5). The research team will work with two banks, Bank of China and Dah Sing Bank, for developing InvestLM use cases to suit specific banking operations, while establishing robust safeguards to address associated risks.

- o To help interested stakeholders gain better understanding on the functionality of InvestLM and how to fine-tune a foundation model for a specific domain, the team published a Thought Leadership Brief, titled *InvestLM: A Large Language Model for Investment using Financial Domain Instruction Tuning*, through HKUST Institute for Emerging Market Studies (Appendix A6).
- o Building on the strong support from the government bureau and regulators, the project team has co-organized a series of sector-specific seminars and engagement sessions on GenAI insights and InvestLM for members of the HKMA, MPFA, and AFRC, reaching over 430 financial professionals in 2024 and 2025 (Appendix A7).

Theme 2: Privacy-preserving Data Sharing across Organizations and Borders

Task 2: Trustworthy Federated Learning Algorithm Design for Cross-organization Data Sharing and Transfer

- o We recognized the policy agenda of the Government on AI and virtual assets, and thus fine-tuned the research agenda of Theme 2 so that we can make best use of the limited resources to focus on research topics that we can achieve notifiable impacts within a year. Our initial thinking was to explore learning algorithms to support data sharing across organizations and borders. After a careful review of existing literature and noting the latest development of data sharing policy and practice (e.g., HKMA's CDI initiative) since the submission of the proposal, the team decided to focus on domain generalization that goes beyond data to knowledge domain sharing. We believe such a fine tuning will be more impactful and complement research of Theme 1 and align better with the overall policy agenda of the Government.
- o Domain generalization has emerged as a critical area of research, aiming to develop models that can perform effectively in unseen environments without prior knowledge of their data distributions. It can be applied to knowledge transfer across domains or to address different regulatory constraints on cross-border transfer of selected knowledge domains which are subject to different jurisdiction oversight. A key challenge in this field is addressing complex distribution shifts, including both covariate and concept shifts, which can significantly impact model performance. Our research proposes a novel domain generalization method designed to handle such shifts. Our approach builds upon the Distributionally Robust Optimization framework, which enhances model resilience by optimizing performance across a set of hypothetical worst-case distributions rather than relying solely on training data. We demonstrate the mechanism of our method through simulation experiments and validate its effectiveness using a real-world dataset. Our results show strong generalization

capabilities across both temporal and spatial dimensions, and we discuss the broader implications of our approach for advancing design research, particularly in developing robust predictive models for dynamic and uncertain environments. A working paper summarizing the findings will be submitted for journal publication and is listed in Section 6.4.

Theme 3: Central Bank Digital Currency (CBDC) and Virtual Assets

Task 3.1: A Comparative Analysis of Operating Models for CBDC

Working closely with the HKMA, the project team studied the evolution of digital money and the impact of tokenization of money on financial systems, leading to a working paper entitled *Tokenized Form of Money*. Major findings include:

- o First, digital money marks a transformative shift in global finance, propelled by technological advances and the rise of online transactions. The transition from physical to digital currency is revolutionizing how value is exchanged, offering speed, security, and new financial capabilities. This evolution includes both private innovations like cryptocurrencies and sovereign initiatives such as CBDCs.
- o Second, as tokenized money becomes more prevalent, it raises important questions about regulation, security, and financial inclusion. Hong Kong's distinctive banking and payments architecture illustrates how CBDCs and asset tokenization could enhance efficiency, oversight, and inclusion.
- o Third, by examining open-loop and closed-loop payment systems, the discussion highlights operational trade-offs and identifies frictions in cross-border payments and market access. Smart contracts and tokenized assets, under strong regulatory standards, are seen as tools to reduce costs, accelerate settlements, and broaden participation.
- o Fourth, various forms of digital money have emerged, each with unique characteristics and applications. CBDCs, issued by central banks, come in retail and wholesale forms—retail CBDCs could serve as cash alternatives, while wholesale versions aim to streamline interbank transactions. Reserve-Backed Tokens (RBTs), backed by central bank reserves, offer programmable and stable digital options that support private-sector innovation. Stablecoins, pegged to fiat currencies, provide decentralized, blockchain-based solutions but face transparency and regulatory challenges. Tokenized deposits, managed by commercial banks, represent digital versions of traditional deposits and could enable new financial services. Cryptocurrencies like Bitcoin and Ethereum offer decentralized, pseudonymous transactions, though their volatility and regulatory uncertainty limit their effectiveness as stable mediums of exchange.
- o Fifth, CBDCs and tokenized deposits offer advantages over stablecoins, including stronger regulatory compliance, enhanced security, and the potential to pay interest. However, stablecoins may remain competitive due to their flexibility and ease of integration with decentralized applications. Their adaptability on public blockchains

could help them maintain relevance even as regulated financial systems adopt CBDCs and tokenized deposits. Still, all forms of digital money face fragmentation risks stemming from technological differences, regulatory inconsistencies, and blockchain incompatibilities. Tokenized deposits, while more closely tied to traditional banking, also depend on intermediaries and diverse functionalities, which can create similar challenges. As digital money continues to evolve, collaboration among central banks, financial institutions, and private companies will be essential to balance innovation with regulation. The future financial landscape will likely feature a mix of CBDCs, RBTs, stablecoins, tokenized deposits, and cryptocurrencies, with regional variations shaped by policy goals, technical choices, and regulatory environments.

Task 3.2: Transition to the Digital Economy: Aggregate and Distributional Implications of CBDC

Research projects conducted under this Task are summarized below:

Operational Transparency of Blockchains: Examining the Impact of Different Types and Levels on User Engagement

- o We have conducted initial policy research on the technical infrastructure of CBDC that forms the foundation to study macro-economic issues such as aggregate and distribution implications. One issue is the trade-off between universal accessibility and regulatory compliance. One research project under Task 3.2 outlines a CBDC design that captures the core strengths of successful public blockchains while operating within regulatory boundaries. Drawing insights from platforms such as Ethereum, the proposal centers on three primary objectives: enhancing efficiency by reducing intermediary dominance, fostering innovation by lowering entry barriers, and expanding reach by improving access to financial services.
- o Rather than treating regulatory requirements—such as Anti-Money Laundering (AML), Know-Your-Customer (KYC), privacy, and security—as goals, our approach frames them as constraints within a constrained optimization model that seeks to maximize the benefits of blockchain technology.
- o The proposed architecture emphasizes three foundational components:
 - A unified ledger serving as a shared infrastructure for smart contracts
 - A tiered licensing framework for consensus and execution layers to balance regulatory oversight with technological innovation
 - Interoperability with established public blockchains like Ethereum to leverage existing developer communities and proven applications
- o This design reimagines the CBDC not merely as a payment tool, but as a comprehensive financial services platform. It supports tokenized deposits, decentralized finance (DeFi) protocols, and other programmable assets, all while adhering to regulatory standards. By addressing coordination challenges that have

hindered DeFi integration in regulated settings, the proposal lays the groundwork for future financial ecosystems that are both compliant and transformative.

How Do Decentralized Tokenized Infrastructure Platforms Respond to Environmental Sustainability Concerns?

- Environmental sustainability is a critical concern in IT infrastructure governance, yet its implications for blockchain infrastructure platforms (BIPs), such as Bitcoin, remain insufficiently understood. Based on an event study, we first confirm that Tesla's 2021 suspension of Bitcoin payments due to its negative environmental impact enhances investor awareness of Bitcoin and other BIPs' environmental impacts. Following the suspension, BIPs experience greater losses in token valuations than blockchain application platforms (BAPs), which have smaller environmental impacts, suggesting that investors possess nonpecuniary preferences. We then document that BIPs increase environmental disclosures after the suspension, consistent with the notion that they seek to provide information to address investor concerns.
- Additional analyses show that investors do not always value such disclosures; they react positively only after the suspension increases awareness of environmental impacts. Our findings imply that bottom-up strategies to raise awareness may serve as an effective policy tool for addressing the environmental impacts of decentralized platforms.

The Relationship between Primary and Secondary Virtual Asset Marketplaces

- Virtual asset marketplaces, such as non-fungible token (NFT) marketplaces, merge primary and secondary markets, enabling resales. While resale royalties in such resale-centric settings are well studied, the impact of expanding primary supply is less understood. Cross-side network theory predicts that more supply should raise demand; however, a substitution effect may emerge. When primary supply competes with secondary listings, greater primary supply can reduce secondary resale opportunities and thereby dampen demand. We study this mechanism using Foundation's removal of invitation-only onboarding on May 19, 2022, with SuperRare as a comparison market. Using a difference-in-differences design, we find that Foundation experiences a 1.9% average weekly decline in bids, 8.8% among active traders, consistent with the substitution effect. Traders with greater resale experience bid less, suggesting heightened uncertainty about resale profits. When prior resales are successful, traders are more willing to bid on riskier NFTs from new minters or those with potential copyright concerns. On the supply side, minters reduce listings by 7.5%, with larger declines among those who had invitation privileges. Our results inform supply controls of resale-focused marketplaces.

Retail CBDC Development in Hong Kong

- Another research project studies the behavioural response of CBDC users. The project team worked with HSBC on the HKMA e-HKD initiative in September 2023 even

before the formal launch date of the Theme-based project (the funding decision was already known then). The e-HKD Pilot Programme forms a core part of the HKMA's three-rail strategy to explore the potential implementation of a retail CBDC. It facilitates collaboration between the HKMA and industry stakeholders to test innovative use cases and enhance Hong Kong's preparedness for a possible e-HKD rollout (Appendices A8a & A8b).

- o HSBC was among the selected participants and partnered with the Hong Kong University of Science and Technology (HKUST) to investigate everyday payment applications of e-HKD. Their pilot focused on two key areas: the efficiency of payment rails and the added value of programmability in digital currency. Conducted over one week on the HKUST campus, the pilot involved 148 students and five merchants.
- o The pilot tested two hypotheses:
 - Hypothesis 1 – Payment rail efficiency: Evaluating whether a hypothetical CBDC (e.g., e-HKD) built on Distributed Ledger Technology (DLT) could offer faster value transfers and lower transaction costs, potentially benefiting consumers.
 - Hypothesis 2 – Programmability: Assessing whether programmable features could support targeted discount and reward mechanisms, helping merchants drive customer engagement and repeat business.
- o It is important to interpret the findings within the constraints of the pilot. The experiment operated as a closed-loop system with HSBC as the sole bank, disconnected from HKMA infrastructure and limited to the HKUST campus. The short duration and provision of free e-HKD tokens may have influenced participant behaviour. Despite these limitations, the pilot offers early insights into the potential structure and functionality of a retail CBDC ecosystem in Hong Kong. While not definitive, the outcomes may inform future phases of e-HKD development and guide stakeholder decisions moving forward.

Task 3.3: Development and Regulation of the Virtual Asset Market

Public Perception of Virtual Assets and Tokenized Money

- o In support of the government's policy focus on developing the virtual assets (VAs) sector in Hong Kong, the project team conducted a series of city-wide surveys to explore public attitudes and opinions on various virtual asset topics, including the evolving trends in public interest, awareness, preferences, and trust regarding virtual asset investments, as well as public perspectives on regulation and its role in supporting Hong Kong's virtual asset sector. The findings are documented in two reports: *Public Awareness and Perception of Virtual Assets*, published in January 2024, and *Public Perception of Virtual Assets and Tokenized Money*, published in March 2025 (Appendices A9a & A9b).
- o In our most recent survey conducted in November 2024, we collected over 5,860 responses from the adult population of Hong Kong. Notably, about 25% of

respondents expressed interest in holding VAs in the future, which marks a 6-percentage point increase since the previous survey conducted after a fraud incident in mid-September 2023, indicating a rebound in public interest. Additionally, at least 40% of respondents remained uncertain about holding VAs, while 20% more said they would feel safer depositing money into crypto exchanges if they were regulated.

- o Insights from the survey reports and our ongoing research on regtech have been regularly shared with policymakers, regulators, and financial industry stakeholders. In recognition of our efforts to inform policy development for the virtual asset market and advocate for AI adoption, we have received commendations from key government and public bodies, including the FSTB and the HKMA, highlighting the significance of our project. Testimonials from these representatives are provided in Appendix A10.
- o Apart from the public survey research, the project team also produced an invited working paper, *Scoping the Frontier: Accounting Research on Cryptocurrency and Blockchain*. This comprehensive paper examines the intersection of accounting research and digital assets, providing both a systematic overview of current knowledge and directions for future research. The paper explores critical topics ranging from Bitcoin's fundamental characteristics and governance innovations to the evolving regulatory framework of the crypto ecosystem. It also examines how these digital innovations are transforming key accounting practices, including financial disclosure, auditing, corporate governance, taxation, and fraud prevention, as well as identifies research gaps and a forward-looking research agenda at the intersection of accounting and digital assets.
- o As an additional outcome that showcases our efforts to unite stakeholders from various sectors and enhance understanding of the latest developments in Hong Kong's fintech ecosystem and emerging markets, including virtual assets, the project team conducted a collaborative research project with Invest Hong Kong, the Fintech Association of Hong Kong, and the Financial Services Development Council. This partnership resulted in the publication of *The Hong Kong Fintech Ecosystem Report* in March 2025 (Appendix A11), with key findings presented at a launch event attended by local and international stakeholders from 33 countries.

6.2 What was the added value of the TRS funding, rather than standard project grant funding? (For example, could this work have been achieved with other funding scheme, such as the General Research Fund or Collaborative Research Fund? If not, why?)

The TRS provided added value that standard project grants could not. Its cross-disciplinary, platform-oriented design enabled us to assemble and coordinate a team spanning AI/LLMs, behavioral science, survey methodology, business research, expertise that would be difficult to integrate at comparable scale under GRF or similar schemes. As a top-down, mission-driven program, TRS aligned funding, milestones, and governance around Hong Kong's strategic priorities, including the development of regtech.

6.3 If the project has not met its original objectives, why?

The project has largely met its original objectives. Any shortfall would stem from structural constraints rather than scientific or operational issues. Specifically, the exploratory nature of the award limited the project duration and funding support. This compressed timeline restricted the breadth of stakeholder engagement, multi-phase validation, and translational activities originally envisioned, while the constrained budget limited the scope of data collection, benchmarking, and dissemination. As a result, while the core deliverables were achieved, some downstream implications, extended evaluations, and additional research outputs had to be deferred to subsequent funding opportunities which the PC is proactively exploring.

6.4 (a) Please provide details of each peer-reviewed journal publication arising directly from this project by completing the table at **Annex** (one for each publication).

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and journal/book (with the volume, pages and other necessary publishing details specified)	Submitted to the RGC (indicate the year ending of the relevant progress report)	Attached to this report (Yes or No)	Acknowledged the support of RGC (Yes or No)	Accessible from the institutional repository (Yes or No)
Year of publication	Year of acceptance (for paper accepted but not yet published)	Under review	Under preparation (optional)						
		Under review		Lionel Z. Wang, Ka Chung Ng*, Yiming Ma, Wenqi Fan	Megafake: A Theory-Driven Dataset of Fake News Generated by Large Language Models, submitted to <i>Decision Support Systems</i>	2025	Yes (Appendix B1)	Yes^	No
		Under review		Vivian W. Fang, Allen H. Huang	# Scoping the Frontier: Accounting Research on Cryptocurrency and Blockchain, submitted to <i>Foundation and Trends in Accounting</i>	2025	Yes (Appendix B2)	Yes	No
		Under review		Marc Dordal-i-Carreras*, Siyuan Jin, Kohei Kawaguchi	CBDC: A Unified Ledger for Smart Contracts Pursuing Proven Blockchain Objectives within Regulatory Requirements	2025	Yes (Appendix B3)	Yes	No

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and journal/book (with the volume, pages and other necessary publishing details specified)	Submitted to the RGC (indicate the year ending of the relevant progress report)	Attached to this report (Yes or No)	Acknowledged the support of RGC (Yes or No)	Accessible from the institutional repository (Yes or No)
Year of publication	Year of acceptance (for paper accepted but not yet published)	Under review	Under preparation (optional)						
			Under preparation	Marc Dordal i Carreras, Fong Yuk Fai, Allen H. Huang, Siyuan Jin, Kohei Kawaguchi, Edwin Lai, Zitong Li, Dong Lou, Kar Yan Tam*	Tokenized Form of Money	2025	Yes (Appendix B4)	Yes	No
		Under review		Siyuan Jin, Ying Hao, Hongfei Li, Keongtae Kim*, Kar Yan Tam	# When Supply Lowers Demand: Evidence from an Invitation-Only Policy Reform in Digital Asset Marketplaces	2025	Yes (Appendix B5)	Yes	No
		Under review		Siyuan Jin, Zitong Li, Allen H. Huang, Kar Yan Tam*	From Mining to Meaning: How Do Decentralized IT Infrastructure Platforms Respond to Environmental Sustainability Concerns?	2025	Yes (Appendix B6)	Yes	No
		Under review		Hanyu Duan, Yi Yang*, Kar Yan Tam	Reading Between the Lines: A Text-based Deep Learning Approach for Understanding Company Dynamics	2025	Yes (Appendix B7)	Yes	No

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and journal/book (with the volume, pages and other necessary publishing details specified)	Submitted to the RGC (indicate the year ending of the relevant progress report)	Attached to this report (Yes or No)	Acknowledged the support of RGC (Yes or No)	Accessible from the institutional repository (Yes or No)
Year of publication	Year of acceptance (for paper accepted but not yet published)	Under review	Under preparation (optional)						
		Under review		Hanyu Duan, Yi Yang*, Ahmed Abbasi, Kar Yan Tam	# Predicting Practically? Domain Generalization for Predictive Analytics in Real-world Environments	2025	Yes (Appendix B8)	Yes	No
2025				Yi Yang*, Hanyu Duan, Ahmed Abbasi, John P. Lalor, Kar Yan Tam	# Bias A-head? Analyzing Bias in Transformer-Based Language Model Attention Heads, <i>Proceedings of the 5th Workshop on Trustworthy NLP (TrustNLP 2025)</i> , pages 276~290	2025	Yes (Appendix B9)	Yes	Yes
2024				Hanyu Duan, Yixuan Tang, Yi Yang*, Ahmed Abbasi, Kar Yan Tam	# Exploring the Relationship between In-Context Learning and Instruction Tuning, <i>Findings of the Association for Computational Linguistics: EMNLP 2024</i> , pages 3197–3210	2025	Yes (Appendix B10)	Yes	Yes
			Under preparation	Yi Yang*, Hanyu Duan, Jiaxin Liu, Kar Yan Tam	LLM-Measure: Generating Valid, Consistent, and Reproducible Text-Based Measures for Social Science Research	2025	Yes (Appendix B11)	Yes	No

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and journal/book (with the volume, pages and other necessary publishing details specified)	Submitted to the RGC (indicate the year ending of the relevant progress report)	Attached to this report (Yes or No)	Acknowledged the support of RGC (Yes or No)	Accessible from the institutional repository (Yes or No)
Year of publication	Year of acceptance (for paper accepted but not yet published)	Under review	Under preparation (optional)						
		Under review		Hanyu Duan, Yi Yang*, Ahmed Abbasi, Kar Yan Tam	Ready2Unlearn: A Learning-Time Approach for Preparing Models with Future Unlearning Readiness	2025	Yes (Appendix B12)	Yes	No
			Under preparation	Hanyu Duan, Yi Yang*, Kar Yan Tam	Do LLMs Know about Hallucination? An Empirical Investigation of LLM's Hidden States	2025	Yes (Appendix B13)	Yes	No

^ The paper is currently under review at an academic journal. The acknowledgement of RGC funding support will be added when the paper is accepted for publication.

- (b) Please provide details of recognised international conference(s) in which paper(s) related to this project was/were delivered by completing the following table:
(Please attach a copy of each conference abstract)

N/A

Month/Year/Place	Title	Conference name	Submitted to the RGC (indicate the year ending of the relevant progress report)	Attached to this report (Yes or No)	Acknowledged the support of the RGC (Yes or No)	Accessible from the institutional repository (Yes or No)

- (c) RGC funding should have been acknowledged in all publication(s)/conference papers listed in (a) and (b) above. If no acknowledgement has been made in any of the publications/ papers, please indicate and provide explanations.

RGC's funding support has been acknowledged in all publications, except the following:

- "Megafake: A Theory-Driven Dataset of Fake News Generated by Large Language Models" by Lionel Z. Wang, Ka Chung Ng, Yiming Ma, and Wenqi Fan. The paper is currently under review at *Decision Support Systems*. The acknowledgement of RGC's funding support will be added once the paper is accepted for publication.

6.5 To what extent this project has strengthened inter-institutional collaborations and other

partnerships?

The project has significantly strengthened inter-institutional collaborations by providing opportunities for scholars from various academic institutions within and beyond Hong Kong to work together. This involves collaborations between HKUST, PolyU, Tsinghua University, and South China University of Technology. A Co-PI, Prof. Allen Huang, has also expanded his network by partnering with scholars from Indiana University on one of his projects.

Most importantly, the project has enhanced cross-institutional partnerships across various financial sectors in Hong Kong. By fostering ongoing relationships with key government departments and regulators, such as the FSTB, HKMA, MPFA, and AFRC, the project team has engaged stakeholders from diverse financial areas, including banks, accounting firms, and MPF trustees. This collaboration has created synergy, facilitating enhanced knowledge transfer among academia, regulators, financial institutions, and government bodies, and promoting a unified approach to advancing regtech and the digital asset market. It also enables the development of sector-specific strategies and solutions to promote holistic AI adoption within the entire financial sector, ultimately benefiting Hong Kong's broader financial ecosystem.

6.6 Research students trained (registration/awards):

Name	Degree registered for	Date of registration	Date of thesis submission/ graduation
Lionel Z. Wang	PhD in Management Information Systems, PolyU	1 Sep 2023	31 Aug 2028 (expected)
Hanyu Duan	PhD in Information Systems, HKUST	30 Aug 2021 (PhD)	31 August 2026
Siyuan Jin (Bruce)	PhD in Information Systems, HKUST	1 Aug 2022 (MPhil) 30 Aug 2024 (PhD)	31 May 2027

6.7 Specific products (e.g. software or netware, instruments or equipment developed):

HKUST InvestLM - Hong Kong's first open-source large language model designed for financial generative AI (GenAI) applications. The model is tuned on LLaMA-65B, using a carefully curated instruction dataset related to financial investment.

The InvestLM Generative AI Platform - Designed to support the local financial services industry, particularly small- and medium-sized financial firms, in harnessing the potential of GenAI technology, which is opened for free registration to the financial services industry in phases.

6.8 Other education activities and/or training programmes developed:

Some of the research findings from our tasks, which were highly relevant to industry, were used as teaching materials for education programs offered by the HKUST Business School. For example, Co-PI's research findings on accounting research on cryptocurrency and blockchain

were discussed at the Distributed Ledger Technology Module of the ECF-Fintech (Professional) program, and at the course “Cryptocurrency, Blockchain, and its Business Applications” in the MBA and MSc in Information System Management.

- 6.9 Please highlight any deliverables indicated in the project implementation timetable endorsed by the RGC which have not been covered or achieved as per sections 6.1 to 6.8 above, and explain/ elaborate.

No.

Project Management

- 6.10 Please elaborate how the PC has played his/her role in coordinating and managing the project.

The PC demonstrated leadership and effectively managed the project, providing continuous guidance to the team. With a hands-on approach, the PC effectively leveraged the team’s expertise and made direct contributions to the research process. He diligently monitored the progress of research activities through regular communications with Co-PIs and Co-Is, ensuring a good understanding of the project’s status and allowing for efficient resource allocation across the research tasks.

In addition to overseeing the project’s execution and logistics, the PC was pivotal in bridging the gap between research and practice. He actively promoted research outputs to the industry, extensively engaging regulators and industry partners in testing and evaluating practical tools developed by the project team. For instance, the PC led several outreach seminars for financial regulatory bodies, including the HKMA, MPFA, and AFRC, to showcase the HKUST InvestLM and research insights on GenAI that benefit various financial service sectors. The PC’s efforts in connecting the team with industry partners and regulators ensured our activities were aligned with industry needs and our intended objectives. Overall, the PC’s effective leadership and active involvement led to the project’s fruitful completion and meaningful outcomes.

7. Awards and Recognition

- 7.1 Have any research grants been awarded that are directly attributable to the results obtained from this project?

No.

- 7.2 Have any project team members participated as invited speakers in or organisers of international conferences as a result of this project?

Prof. Allen Huang (Co-PI) served various roles at several international conferences on finance and accounting in 2024 and 2025. These conferences addressed key topics such as digital intelligence technologies in financial accounting, and application of AI in accounting research.

- Poster Session Selection and Organizing Committee at the 2025 Asian Bureau of Finance and Economic Research (ABFER) Annual Conference
- Accounting Track Organizer at the 2024 Asian Bureau of Finance and Economic Research

(ABFER) Annual Conference

- Keynote Speaker at the 15th Financial Market and Corporate Governance Conference 2025
- Keynote Speaker at the Third Digital Accounting Research Forum 2024
- Discussant at the 2024 China International Conference in Finance
- Keynote Speaker at the 2024 The Eighth New Silk Road Accounting Forum

Supporting information on the Co-PI's conference engagement is provided in Appendix C.

7.3 Have any project team members taken leadership positions in editorial boards, scientific and professional organisations?

Prof. HUANG Allen

- Associate Editor Board, *Review of Accounting Studies (RAST)*
- Excellence in Refereeing for *Journal of Accounting Research*
- Editor, *Journal of Business Finance and Accounting (JBFA)*
- Member, Hong Kong Monetary Authority wCBDC Architecture Community
- Member, Hong Kong Monetary Authority CBDC Expert Group
- Advisory Group – Financial Education for Young Adults (*Investor and Financial Education Council, Securities and Futures Commission*)
- Co-Chair, the Capacity Building Working Group, *Center for Green and Sustainable Finance under the Cross-Agency Steering Group (CASG)*

Prof. HUI Kai-Lung

- Editor, *Journal of Management Information Systems (JMIS)*
- Senior Editor, *Production and Operations Management (POM)*
- Department Editor, *Business and Information Systems Engineering (BISE)*
- Advisory Board Member, *Electronic Commerce Research and Applications (ECRA)* and *Information and Media*

Prof. TAM Kar Yan

- Member, *Board of EFMD* (2018 – present)
- Member, *Exchange Fund Advisory Committee of the HKMA*
- Chairman, *Hong Kong Committee for Pacific Economic Cooperation*
- Member, *Hong Kong Academy of Finance*
- Member, Policy Research Committee, *Financial Services Development Council*
- Member, Council of Advisers for Applied Research, *Hong Kong Academy of Finance*
- Member, *Cybercrime Policing Advisory Panel CPAP*
- Member, *Standing Committee on Language Education and Research, Education Bureau*
- Assessment Panel Member, *Public Policy Research Funding Scheme and Strategic Public Policy Research Funding Scheme, Chief Executive's Policy Unit*
- Board of Governor, *Technology and Higher Education Institute of Hong Kong*
- Panel Member, *Insurance Appeals Tribunal, Financial Services and the Treasury Bureau*

Prof. YANG Yi

- Associate Editor, *INFORMS Journal on Computing*, (2024-present)
- Guest Associate Editor, *Information Systems Research*
- Guest Associate Editor, *Management Information Systems Quarterly*
- Editorial Review Board (ERB), *Information Systems Research*
- Associate Editor, *Management Information Systems Quarterly*, Special Issue on The Institutional Press in the Digital Age
- Associate Editor, *Information Technology and Management* (2020-present)

7.4 Any documentary proof of the application of technologies arising directly from this project?

N/A

7.5 Other awards and recognitions as a result of this project (please specify):

N/A

8. Impacts

8.1 What are the current and expected impacts of the project on the long-term development of Hong Kong (social or economic development, e.g. patent, technology transfer, collaboration with external organisations, etc.)?

The project has played a significant role in establishing a foundation for enhancing Hong Kong's regtech capabilities and developing the regulatory infrastructure for virtual assets. This effort contributes to the long-term development of Hong Kong by promoting technology transfer and adoption, while simultaneously supporting the growth of virtual asset markets through thoughtful policy recommendations.

First, the development of InvestLM, Hong Kong's first domestically trained open-source LLM tailored for financial and investment applications, serves as a strategic asset that encourages the responsible application of artificial intelligence in the financial market. InvestLM is acknowledged in the Government's Policy Statement on *Responsible Application of Artificial Intelligence in the Financial Market*, issued in October 2024, as a valuable resource that will promote advancements in both inferencing and training.

Moreover, with the integration of InvestLM into the HKMA's Second Cohort of GenAI Sandbox and its deployment by major institutions such as Avo, a licensed virtual insurer, and prominent commercial banks including HSBC, along with partnerships with Bank of China and Dah Sing Bank, the tool is positioned to enhance operational efficiency and innovation across the sector. This collaborative approach not only fosters the development of AI solutions tailored to local needs but also establishes a framework for best practices in AI deployment, ensuring that financial institutions can leverage this technology responsibly and effectively.

Second, as Hong Kong aims to establish itself as a global leader in virtual assets and tokenized money, our research has played a crucial role in shaping the design of the Virtual Asset Regulatory Framework and in formulating policies related to the development of the digital asset market. This impact has been acknowledged by key representatives such as the Chief Fintech Officer and the Deputy Executive of the HKMA, as well as representatives from the Financial Services and the Treasury Bureau (FSTB). These officials have provided testimonials to the PC (provided in Section 6.1), recognizing the significant contributions of our project outputs, and the relevance of our work in shaping policies and frameworks that foster innovation and sustainability within Hong Kong's financial landscape.

Third, the project has effectively transitioned from academic research to a trusted platform that fosters knowledge transfer and collaboration among key industry and government stakeholders. Our ongoing partnerships with regulators such as the HKMA, MPFA, and AFRC on AI adoption and the sharing of research findings related to fintech market and talent development

highlight how academic research can drive regulatory innovation. This strong collaboration between academia, government, and industry has created a reliable channel for continuous knowledge exchange.

8.2 Others (please specify):

N/A

9. Sustainability of the Project

9.1 Whether there are new ideas evolved directly from this project?

There are a number of research questions and ideas generated from this project that will be pursued by PC and members of the project team.

9.2 Whether there are new projects evolved directly from this project?

Two collaboration projects with Bank of China and Dah Sing Bank under the HKMA AI Sandbox 2nd Cohort Scheme. Another project studies the impact of the adoption of agentic AI code reviewers of an international bank on the effectiveness of its software development effort and quality assurance.

9.3 Whether there are new collaborations developed directly from this project?

The project has fostered collaboration with multiple financial institutions, including Avo, a licensed virtual insurer, and commercial banks like HSBC, Bank of China and Dah Sing Bank, to deploy InvestLM. By including the InvestLM model into the HKMA's Second Cohort of GenAI Sandbox, we are creating new opportunities for adoption and refinement tailored for institutional deployment by banks and financial institutions. This not only facilitates the testing and enhancement of our solutions in a controlled environment but also encourages wider acceptance and implementation across the financial sector. We anticipate that this collaboration will drive innovation and improve the overall effectiveness of financial services in Hong Kong.

9.4 Please give details on how much money and from which sources has been obtained/requested for the specific purpose of continuing the work started under this project.

N/A.

10. Statistics on Research Outputs

(Please ensure the statistics in this section are consistent with the information presented in other sections of this report.)

	Peer-reviewed journal publications	Conference papers	Scholarly, books, monographs and chapters	Patents awarded	Other research outputs (please specify)	
No. of outputs arising directly from this research project	13 (2 published, 8 under review, 3 working papers)	0	3	0	Type	No.
					Technology models/ applications	2

11. Public Access of Completion Report

(PCs of projects funded in 2010/11 academic year or onwards are required to release the completion reports to the public through the RGC website. Completion reports containing information such as abstracts in non-technical terms, objectives, research output including the list of conference papers / publications / journals and research findings and contact information of PCs should be open to public access.)

Please specify the information, if any, that cannot be provided for public access and give the reasons.

Information that cannot be provided for public access	Reasons
N/A	N/A

12. The Layman's Summary

(describe in layman's language the abstracts and research impact of the project.)

Regulatory technology (regtech) is a branch of financial technology (fintech) that helps enhance regulatory and compliance processes. As an added benefit, regtech improves efficiency and makes it easier to track and audit financial activities. This technology brings together policy-making, regulations, financial services, and advanced computing, which is crucial for Hong Kong to maintain its competitiveness as a major global financial hub.

During this one-year exploratory project, we adopted a practical approach focused on real-world problems and solutions, working closely with key stakeholders in Hong Kong's financial sector. Through extensive engagement with regulators, government departments, law enforcement, and industry professionals, we shaped our research direction to align with the financial service sector's needs. The project addresses three interconnected areas:

1. Facilitating the holistic adoption of AI and regtech by financial institutions, especially Small and Medium Licensed Firms (SMLFs)
2. Enhancing knowledge sharing within and across different fintech and regtech applications
3. Development and regulation of the virtual asset market

We have created an open-source Large Language Model (InvestLM) and the InvestLM Generative AI Platform which enable financial firms to access financial Generative AI (GenAI) technology and solutions. Beyond supporting the local financial services industry in leveraging GenAI technology, the platform can collect valuable data that can enhance data sharing across different regulatory sectors and deepen our understanding of digital asset development and its regulatory requirements.

In the virtual asset space, our team conducted a comprehensive series of survey research to examine public attitudes and opinions on various virtual asset topics. Two reports published during the project period documented evolving trends in public interest, awareness, preferences, and trust regarding virtual asset investments. They also explored public perspectives on regulation and its role in fostering Hong Kong's virtual asset sector. These findings provided valuable insights to help policymakers, regulators, and financial industry stakeholders shape the future of virtual assets in Hong Kong.

Additionally, as part of our efforts to enhance understanding of the latest developments in Hong Kong's fintech ecosystem and emerging markets, including virtual assets, we collaborated with Invest Hong Kong, the Fintech Association of Hong Kong, and the Financial Services Development Council to publish *The Hong Kong Fintech Ecosystem Report*. This report has been shared with policy and industry stakeholders across 33 countries. The reports produced from this project can be accessed at the links below:

- [Public Awareness and Perception of Virtual Assets](#) (January 2024)
- [Public Perception of Virtual Assets and Tokenized Money](#) (March 2025)
- [The Hong Kong Fintech Ecosystem Report](#) (March 2025)

Key findings, policy recommendations, and practical tools generated from the project were documented in academic publications, industry reports, and insight briefs, and disseminated to industry, government and public stakeholders through seminars, meetings, press releases and media coverage. This project, together with the cumulative effort on the fintech team has conducted in previous years, has garnered positive recognition from key government and public bodies, including the Financial Services and the Treasury Bureau (FSTB) and Hong Kong Monetary Authority (HKMA), demonstrating its significant impact on policy development.

In summary, this project has advanced our understanding of key areas of regtech, the development of virtual assets and its regulatory expectations, forming the knowledge and technical foundation needed for Hong Kong's regtech development. Our findings provide the crucial groundwork for developing a comprehensive roadmap to enhance Hong Kong's regtech capabilities and design appropriate regulatory infrastructure for virtual assets, strengthening the city's position as a leading international financial center.