

28 August 2024

HSBC COMPLETES THREE PROOF-OF-CONCEPT USE CASES WITHIN HKMA'S PROJECT ENSEMBLE SANDBOX

HSBC today announced that it is among the first group of financial institutions to have completed proof-of-concept (PoC) use cases under the Hong Kong Monetary Authority (HKMA)-led Project Ensemble.

The initial focus of Project Ensemble is to establish a mechanism to support seamless interbank settlement of tokenised deposits by using wholesale central bank digital currency (wCBDC), while also facilitating tokenised assets settlement.

Building on its expertise in tokenised deposits and assets – including the issuance of the world's first multi-currency digital bonds on HSBC Orion this February¹, HSBC has completed three PoC use cases within Project Ensemble Sandbox. These use cases aimed to demonstrate the feasibility of exchange of tokenised deposits and digital assets, as well as the transfer of deposit tokens between blockchains of different financial institutions.

Luanne Lim, Chief Executive Officer, Hong Kong, HSBC, said: "We are proud to leverage HSBC's digital capabilities to support Project Ensemble. This exciting initiative aims to establish a potential new financial market infrastructure that could transform the way we transact assets and money. By collaborating with the HKMA and Project Ensemble's Architecture Community members, we are deepening HSBC's commitment to realising Hong Kong's ambition to become the next-generation international hub for digital assets and currencies."

The three PoC use cases developed by HSBC within Project Ensemble Sandbox were:

1. A purchase of digital bonds issued on HSBC Orion using tokenised deposits recorded on HSBC's ledger;
2. Interbank transfer of tokenised deposits between HSBC and Hang Seng Bank via the Ensemble interoperability platform;
3. Settlement of electronic bills of lading (eBL) via tokenised deposits and the Ensemble interoperability platform by working with Ant Digital Technologies and GSBN.

After completing the three PoC use cases, HSBC will continue to explore the potential of tokenised deposits in facilitating payments and asset settlements, and help establish technical standards for cross-blockchain tokenised deposit settlement via the Ensemble interoperability platform on a real-time, 24/7 basis.

Lewis Sun, Global Head of Domestic and Emerging Payments, Global Payments Solutions, HSBC, said: “Tokenised deposits, when supported by regulated financial institutions, can offer a safe and fully compliant approach to improving payments, and accelerating digital asset development. Project Ensemble is further evidence of Hong Kong’s determination to be a world leader in developing digital assets and currencies. Our use cases demonstrate the practical potential to enhance the speed and efficiency of settlement. We will continue to explore further use cases to meet the needs of our clients.”

Following HKMA’s Project Ensemble Sandbox launch, HSBC will again leverage its extensive expertise in tokenised deposits and digital assets to explore further use cases.

1. Using HSBC Orion as the digital assets platform, HSBC successfully helped the HKMA complete a HKD6 billion-equivalent digitally native green bond issuance for the Hong Kong government across four currencies (HKD, CNH, USD, EUR). This was the largest digital bond issuance globally, as well as the first multi-currency digital bond issuance. The bonds settled on 7 February, 2024.

ends/more

Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 60 countries and territories. With assets of US\$2,975bn at 30 June 2024, HSBC is one of the world’s largest banking and financial services organisations.

ends/all