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Private Wealth Management Association

Hong Kong Private Wealth Management Report 2025



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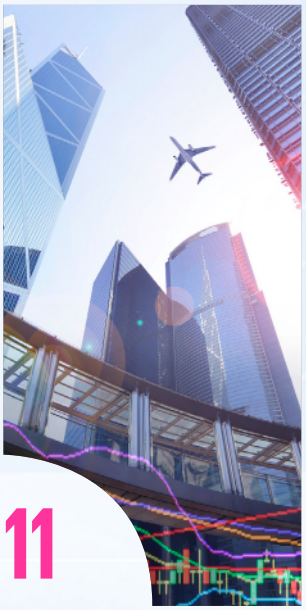
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Executive summary



Client confidence in Hong Kong as a preferred wealth management centre has reached its highest level in three years, despite ongoing concerns about tariff-driven trade disputes and the external environment.

The tenth annual Hong Kong Private Wealth Management report, jointly authored by the Private Wealth Management Association (PWMA) and KPMG China, provides an in-depth view of the industry landscape, key challenges and emerging growth opportunities. This year we also look ahead to 2030 and consider the key opportunities for Hong Kong to further consolidate its position as a leading hub for international clients.

The findings are based on a survey of PWMA member institutions, supplemented by interviews with senior industry executives in Hong Kong. The surveys and interviews were conducted between June and August 2025, with around 80% of the Association's Private Wealth Management (PWM) Institution members responding. This year we also sought feedback from 9 of the Association's PWM ecosystem members in the business of asset management, as well as 5 non-member firms involved in digital assets or exchanges.

Strong growth momentum

Strong AUM growth

+15% Total AUM reached HKD 10.4 trillion, supported by portfolio appreciation and net inflows

Net inflows accelerate

+13% Reinforcing Hong Kong's ability to attract new capital, even amid global trade disruptions and geopolitical uncertainties

Client preference for Hong Kong as a wealth management centre rises

44% of firms say clients prefer Hong Kong over other wealth management centres - the highest confidence in three years

Demand for new accounts, and/or assets to be held in Hong Kong increases

59% of firms report increased client demand to book assets in Hong Kong, up from 34% in 2024

Evolving opportunities

Technology sets the pace

#1 firms rank AI and digitalisation as their client's top investment theme - highlighting both a growing interest in technology sectors as a source of return, and rising expectations for its integration into wealth management services

Alternatives gain momentum

44% of client portfolios currently allocate less than 5% to alternatives, but one third expect allocations to rise to 11 - 15% within 3 - 5 years

Virtual assets become more mainstream

52% of firms are investing in or planning to invest in virtual-asset platforms, custody solutions or products within three years - more than double the figure from 2024

Next-generation and lower High-Net-Worth segment market growth

29% of firms are building more personalised engagement models to capture the USD 5 - 10 million wealth segment, while 23% are investing in digital innovation

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The road ahead

Looking ahead, the long-term competitiveness of Hong Kong's PWM industry will depend on progress in several areas. First, collaboration between private banks and asset managers needs to evolve from transactional distribution to more strategic partnerships. Survey findings and interviews reveal strong demand for alternatives - particularly private credit, semi liquid structures and evergreen funds that offer higher yields, diversification, periodic liquidity, and stable returns. However many firms acknowledge that current arrangements do not fully meet client needs. Greater co-creation of products, structured training for relationship managers, and stronger alignment on lifecycle support are seen as practical steps to close this gap and to expand the breadth of offerings manufactured in Hong Kong.

Second, the development of Hong Kong as a recognised hub for digital assets remains a priority. While client interest is widespread and allocations are gradually increasing, international PWM firms continue to face operational challenges. These include navigating differing regulatory frameworks across jurisdictions and understanding how existing Securities and Futures Commission (SFC) licensing conditions apply to digital asset activities. Although intermediaries in Hong Kong with appropriate SFC licensing can undertake certain digital asset-related activities without establishing a separate entity, further streamlining could support wider adoption and strengthen Hong Kong's position as a global centre for digital asset innovation.

Finally, proportionate regulation will be critical to Hong Kong's ability to compete with other wealth management centres. The current framework is valued for its stability, yet survey respondents and interviewees identified areas for refinement to enhance efficiency and client experience. These include reassessing the classification of certain complex products and continuing to review suitability requirements to ensure they remain fit for purpose in a maturing market.

Vision for 2030

Partnerships between private banks and asset managers must deepen, with co-created products and more joint training identified as practical next steps. This includes a call from some PWM firms for continued investment from asset managers into their Hong Kong footprint.

Digital assets are increasingly becoming a larger component of diversified portfolios. Continued refinement of Hong Kong's regulatory framework will be key to supporting innovation, safeguarding investors, and attracting institutional interest.

Ongoing evaluation and refinement of regulatory frameworks, such as suitability requirements as well as market access schemes like Wealth Management Connect will ensure Hong Kong remains globally competitive and responsive to market developments, while maintaining a high standard of investor protection.

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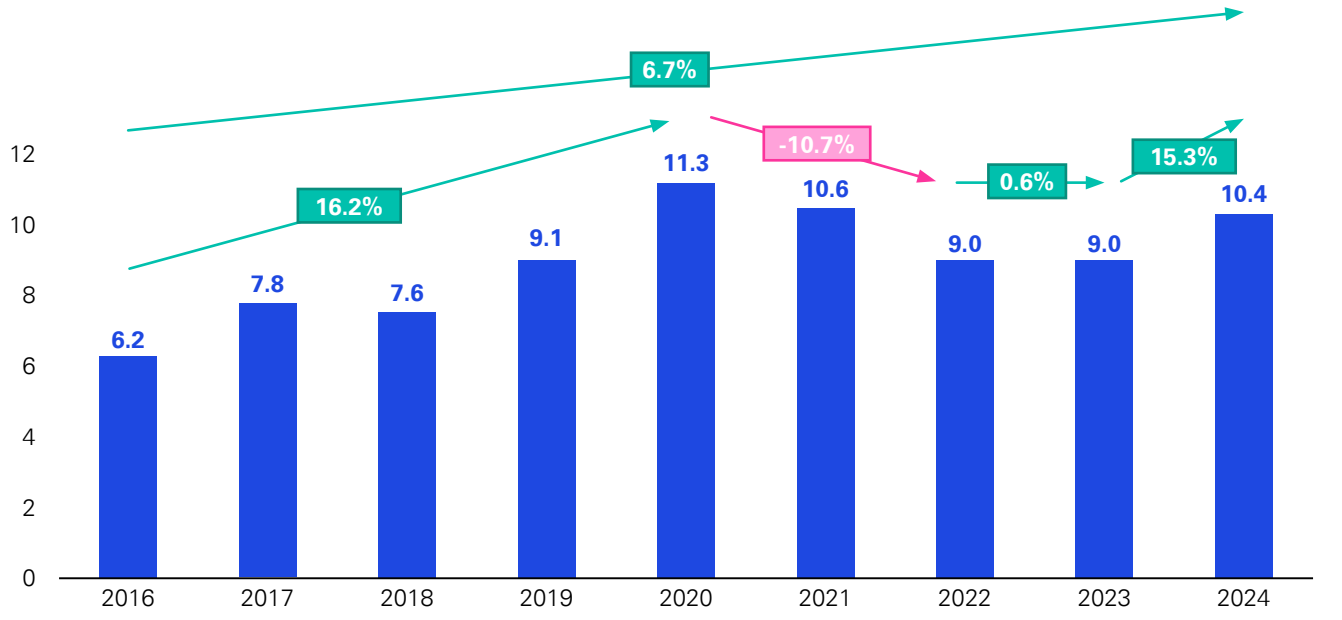
1 | Industry pulse

Hong Kong's private wealth management industry is experiencing strong growth and steady net inflows, supported by growing client confidence in the city's role as both a wealth management hub and a booking centre.

Total assets under management (AUM) in the private banking and private wealth management segment reached HKD 10.4 trillion as of 31 December 2024 - a 15% increase year-on-year[1]. This growth was supported largely by the appreciation of clients' portfolio values as well as sustained net fund inflows, underscoring the city's attractiveness as a centre for wealth creation and preservation.

Figure 1

Private Wealth Management AUM[2] in Hong Kong (HKD trillion)



Net fund inflows for the year amounted to HKD 384 billion, representing a 13% rise from the previous year. Interviewees attributed this continued momentum to the confidence of clients in Hong Kong's wealth management platform and the city's proven ability to attract new assets despite challenging global market dynamics.

[1] SFC Asset and Wealth Management Activities Survey 2024: https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/EN_AWMAS-2024.pdf?rev=b5a3bd4768b34f3185b421ca91f70750&hash=532732D531ED17BDC46927632F1F09A8

[2] AUM defined as total assets under private banking and private wealth management clients' accounts generated, managed or served by Hong Kong relationship managers of LCs and RIs which are part of a larger banking group, or to which the relationship managers are accountable

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Events that had an impact on the industry in 2024 - 2025

While macroeconomic factors such as inflation and interest rate fluctuations continued to shape investment strategies, it was global trade tensions and the imposition of tariffs - driven largely by recent US government trade policy - that emerged as the most significant external factor impacting PWM firms over the past 12 months. These developments are not only impacting global trade and supply chains but are also contributing to increased volatility in public markets.

Firms and their clients are becoming increasingly sensitive to trade policy shifts and their anticipated effect on cross-border investment flows - a notable departure from previous years, when trade-related disruptions were a less prominent concern. Member firms noted that ongoing trade disputes have prompted clients to reassess their portfolio allocations, with some opting for greater diversification across regions and asset classes. Some firms also reported strong performance during the year, capitalising on market volatility with increased transaction volumes - increasing from HKD 2.98 trillion to HKD 4.47 trillion during 2024[3].

Concerns about the Chinese economy remained a persistent theme, again ranking among the top three factors affecting the industry. Interviewees highlighted uncertainty surrounding China's growth outlook as a key driver of caution. Clients are increasingly wary of direct exposure to Chinese assets amid ongoing property sector challenges, and the broader implications of shifting global trade dynamics caused by recent tariff uncertainties.

Despite this cautious sentiment, it is notable that 2025 has witnessed renewed institutional interest and liquidity in China's capital markets, particularly in sectors like technology and healthcare, further fuelled by numerous high-profile IPOs[4].

Figure 2

Greatest impacts on the PWM industry in the last 12 months

1. Global trade wars and tariffs
2. Concerns about the Chinese economy
3. Acceleration of AI and digital transformation
4. Global conflicts
5. Regulatory scrutiny
6. Surging demand in private assets
7. Inflation and interest rate volatility

The acceleration of AI and digital transformation was a key theme shaping the industry over the past 12 months, as firms invest in new technologies to enhance operational efficiency and client service. Interviewees noted an increase in the adoption of AI-driven tools - such as voice-to-text solutions, automated client onboarding, and advanced data analytics - which are beginning to transform day-to-day processes and client interactions.



[3] HKMA Hong Kong's Wealth Management Market: Opportunities Ahead: https://www.hkma.gov.hk/eng/news-and-media/insight/2025/08/20250804/

[4] Hong Kong IPOs raise nearly three times more funds in Q1 2025, marking the strongest start since 2021 - KPMG China: https://kpmg.com/cn/en/home/media/press-releases/2025/04/hk-ipos-raise-nearly-three-times-more-funds-in-q1-2025-marking-the-strongest-start-since-2021.html

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Geopolitics overtakes macro-economic environment as top future concern

Looking ahead, the external environment also dominates the key concerns for member firms as they plan for the future. Geopolitical instability has become the foremost concern, overtaking macroeconomic and market volatility - including inflation - which had dominated the agenda for the past two years. There is a growing sense of uncertainty created by ongoing global tensions, with many firms now placing greater emphasis on the risk of geopolitical shocks disrupting markets and client portfolios.

Figure 3

Future concerns with regards to the PWM industry

	2024	2025	
Geopolitical instability	2	1	↑
Macro-economic environment and market volatility (including inflation)	1	2	↓
Regulatory environment and compliance pressures	3	3	→
Financial risk (credit, market, liquidity, capital)	4	4	→
Technological disruption and AI innovation	-	5	
Cybersecurity*	5	6	↓
Talent attraction and retention	6	-	

*Previously listed as "Technology and information security, including cybersecurity"

While our 2024 report was published before the US presidential election outcome, the recent change in US administration and its subsequent policy shifts have been cited as a potential driver of the increased sense of geopolitical risk. In addition, while previous year's geopolitical focus centred on China - US relations, concerns have now broadened to include global issues such as the expanding influence of BRICS[5] nations, ongoing conflicts in Europe and the Middle East, and shifting alliances across multiple regions.

Some firms note that geopolitical tensions have led clients to reassess their portfolio allocations. In response, there has been a noticeable shift towards alternative investments as another way of hedging against market volatility, including increased interest in private credit as a new source of return in an uncertain environment.

The regulatory environment and compliance requirements remain a concern for PWM firms as they look ahead. Interviewees noted that the regulatory landscape in Hong Kong presents operational challenges, particularly in areas such as product suitability, cross-border transactions, and virtual assets. For example, several firms pointed to the requirements around complex product classification as particularly difficult to navigate. While the introduction of the Sophisticated Professional Investor (SPI) regime was seen as a positive step towards greater nuance in client suitability assessments, its practical implementation continues to pose challenges. These insights suggest an opportunity to further enhance regulatory efficiency and support a more seamless client experience.

[5] BRICS is an acronym that stands for Brazil, Russia, India, China, and South Africa. It represents an informal grouping of emerging economies

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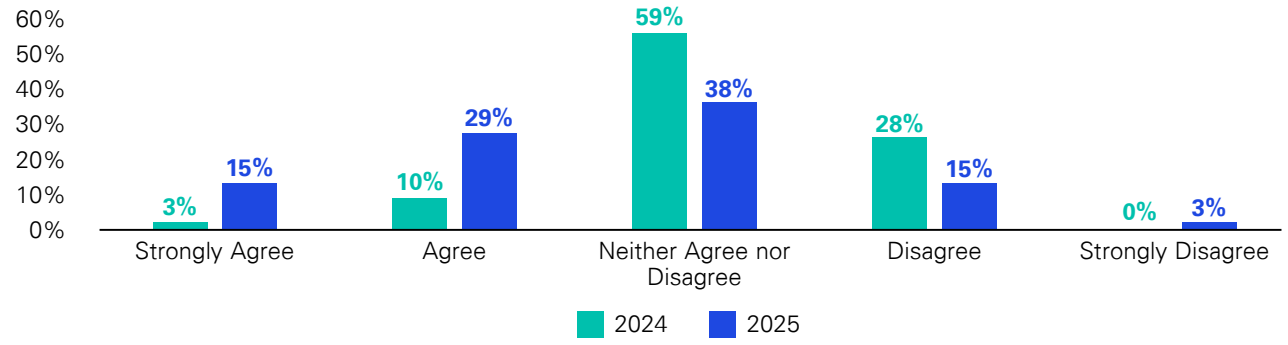
Client confidence in Hong Kong as a wealth management centre has rebounded

Client confidence in Hong Kong's position as a leading wealth management centre continued to rebound strongly in 2025, following a period of more cautious sentiment in recent years. 44% of PWM firms now "strongly agree" or "agree" that clients have a clear preference for Hong Kong over other wealth management centres, the highest level seen in the past three years.

At the same time, the proportion of clients that are neutral fell sharply to 38%, down from 59% last year. Industry leaders point to several factors behind this renewed optimism. Hong Kong's role as a gateway to the Chinese Mainland and ongoing investment in financial infrastructure have helped to reinforce its status as a premier wealth management hub. Many also highlight the city's resilience in the face of global economic headwinds and its ability to adapt to changing client needs as key reasons for the positive shift in sentiment.

Figure 4

Clients preference for Hong Kong over other wealth management centres



Demand for assets to be booked in Hong Kong is increasing

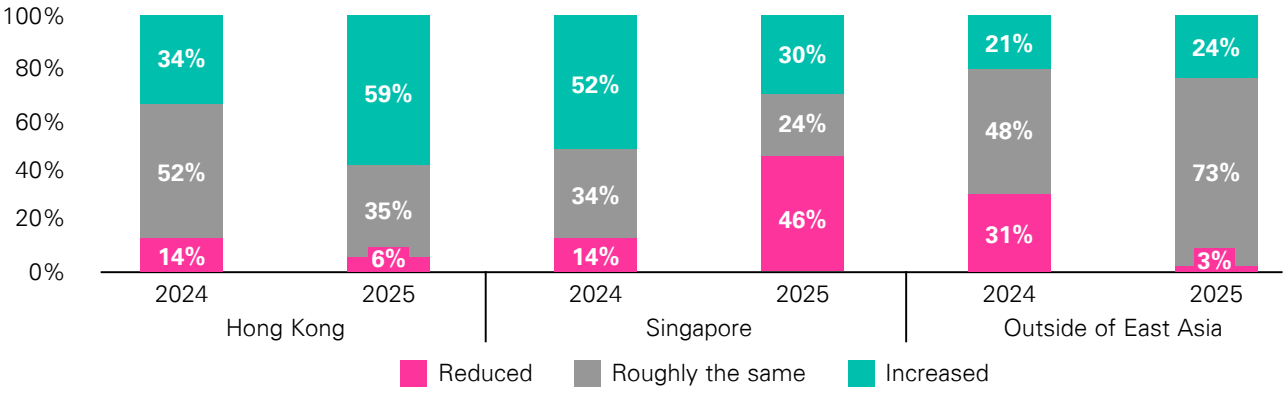
Multi-shoring continues to be an important risk diversification strategy for clients, with many seeking to spread their assets across multiple jurisdictions. However, this year's survey reveals a notable shift in booking preferences, with a growing number of firms reporting increased demand for assets to be booked in Hong Kong.

59% of firms indicated that client demand for booking assets in Hong Kong has increased, up from 34% in 2024. This marks the highest level of increased demand among the major booking centres in this year's survey.

At the same time, the proportion of firms seeing reduced demand for Hong Kong dropped to just 6% (Figure 5). These findings point to a clear trend: while multi-shoring remains a core part of client risk management, Hong Kong is increasingly being seen as a preferred centre for asset booking.

Figure 5

Client demand for new accounts, and/or assets to be held in the following booking centres



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Clients are prioritising AI investments, but alternatives gain ground as a hedge against market uncertainty

Artificial Intelligence and Machine Learning continue to rank as the top investment theme for clients in 2025, with clients increasingly viewing AI as both a disruptive force in the real economy and a source of long-term portfolio growth. Interviews indicate that high-net-worth individuals are seeking exposure to AI-driven innovation through specialised funds and strategies, and are also increasingly interested in how their wealth managers are leveraging these technologies internally to enhance service quality and operational efficiency.

Alternative Assets - including private equity, hedge funds, structured products, private credit, and infrastructure development - were added as a new option in this year's survey and ranked second place in client preferences. PWM firms consistently cited strong client appetite for semi-liquid and evergreen products, with private credit singled out as a particularly attractive option in the current environment.

Virtual Assets maintained their position as the third-highest ranked category for the second consecutive year. While allocations remain modest with 85% of firms allocating less than 5% of their AUM, clients - especially the next generation - are increasingly open to discussing digital assets as part of a diversified strategy, and allocations are expected to rise over the coming years (see page 27 for more details).

Interview feedback points to a "measured curiosity"- clients want more information on regulatory developments and risk controls before committing capital to virtual assets. Wealth managers, for their part, are taking a prudent approach, balancing risk with product due diligence and compliance. While firms are showing greater interest in this area, several interviewees noted that younger, more digitally native clients may be more inclined to use exchanges or Web3 platforms to directly access virtual assets.

Commodities, including gold, remain in fourth place, unchanged from last year's survey. Amid ongoing macroeconomic uncertainty and persistent inflationary pressures, clients continue to value commodities as a reliable hedge and a means of portfolio diversification.

Figure 6

Client investment priorities by theme

	2024	2025	
Artificial Intelligence / Machine Learning	1	1	→
Alternative Assets (e.g. Private Equity, Hedge Funds, Structured Products, Private Credit, Infrastructure Development)	-*	2	
Virtual Assets (e.g. cryptocurrencies, tokenised assets, stablecoins etc.)	3	3	→
Commodities (e.g. gold)	4	4	→
Biotechnology / Healthcare Innovation	2	5	↓
ESG / Sustainable Investing / Clean Tech	5	6	↓

*Option not included in 2024 survey

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ESG investment remains limited, but growing minority of firms are making meaningful commitments

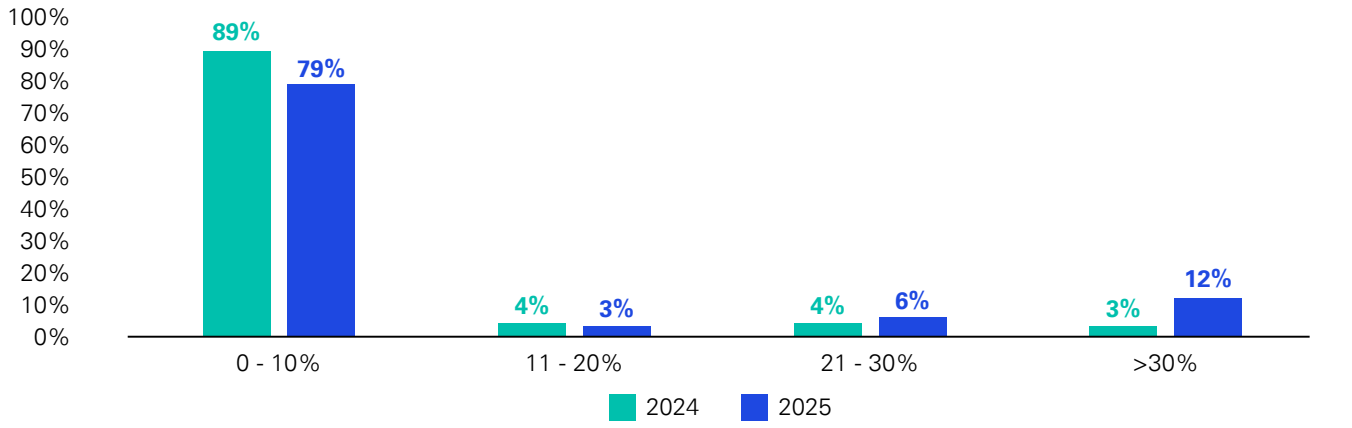
Environmental, Social and Governance (ESG) as a topic has lost some momentum in recent years, partly due to concerns about investment returns, economic uncertainty, and increased politicisation - particularly in the US. Despite this, ESG investing remains on the PWM industry's agenda, though adoption is measured.

Our survey found that 79% of firms allocate less than 10% of their AUM to ESG investments, broadly in line with results from the last three years.

However, a sub-section of firms is making greater commitments: the proportion allocating more than 30% of AUM to ESG rose to 12% in 2025, up from 3% in 2024. This suggests that while most of the industry remains cautious, a growing minority is increasing their ESG focus.

Figure 7

Percentage of surveyed firms' AuM currently invested in ESG



The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC), among others, are continuing to promote responsible investing through product regulation and education. Asset managers in Hong Kong have responded positively to this regulatory environment. Several firms continue to offer ESG-focused products and funds, and many are integrating sustainability practices across their entire business. However, looking ahead, expectations remain conservative. 69% of PWM firms expect less than 10% of their AUM will be in ESG over the next five years, while only 9% anticipate allocations above 30%.

Key takeaways

- **Client confidence in Hong Kong as a wealth management hub is growing, reaching its highest level in three years**
- **Geopolitical risk has overtaken macroeconomic factors as a top industry concern, driving greater client portfolio diversification**
- **PWM firms are playing an important role in helping clients navigate global uncertainty and market volatility**
- **Multi-shoring remains a well-established approach to managing client accounts, with Hong Kong experiencing the most significant surge in demand as the preferred booking centre**
- **Alternatives have seen a notable rise in popularity as an investment theme, reflecting their growing appeal as a hedge against uncertainty. Virtual assets and commodities also continue to attract strong client interest.**

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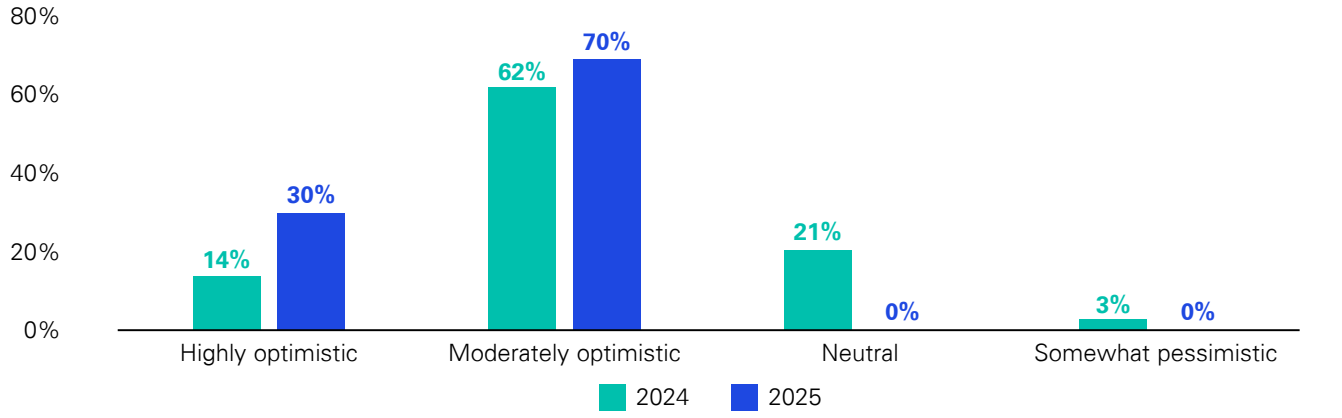
2 | Growing the market

Mainland wealth, family offices and next-generation clients continue to fuel optimism, while digital innovation and lower High-Net-Worth market opportunities are broadening the growth horizon

Despite persistent concerns about tariffs, geopolitical instability and the macroeconomic environment, sentiment around market growth has become generally more optimistic over the past year. The number of firms who are either "highly optimistic" or "moderately optimistic" has increased from 76% in 2024 to 100% in 2025. Over the same period, the proportion of firms expressing a pessimistic view has dropped to zero.

Figure 8

Overall sentiment about the Hong Kong PWM market over the next five years



This growing optimism follows increased efforts by the Hong Kong government to promote the city's brand and introduce new incentives to reinforce it's status as an international financial centre. Recent initiatives include policy measures such as the Top Talent Pass Scheme* and the relaunch of New Capital Investment Entrant Scheme (New CIES)* to draw international investors. In addition, the Financial Services Development Council continues to drive industry engagement and international outreach to strengthen Hong Kong's position as a global financial hub.

Recent progress is also reflected in various global rankings. In 2024, Hong Kong was again named the world's freest economy[6] and this year climbed to third place in a leading global financial centre index[7]. More broadly, the Hang Seng Index and the Hong Kong IPO market have shown strong performance in 2025. In the first half of the year, IPO activity reached its highest level since 2021, raising a total of HKD 107.1 billion[8].

*The TTPS seeks to attract top talents with rich work experience and good academic qualifications from all over the world to explore opportunities in Hong Kong.
*The New CIES launched in March 2024 aims to attract asset owners to settle in Hong Kong and explore its diverse investment opportunities through wealth allocation and management. (https://www.newcies.gov.hk/en/)

[6] The Government of the Hong Kong Special Administration Region: https://www.info.gov.hk/gia/general/202410/16/P2024101600606.htm
[7] The Government of the Hong Kong Special Administration Region: https://www.info.gov.hk/gia/general/202409/24/P2024092400300.htm
[8] Chinese Mainland and Hong Kong IPO Markets 2025 mid-year review - KPMG China: https://kpmg.com/cn/en/home/insights/2025/07/china-hk-ipo-2025-mid-year-review.html

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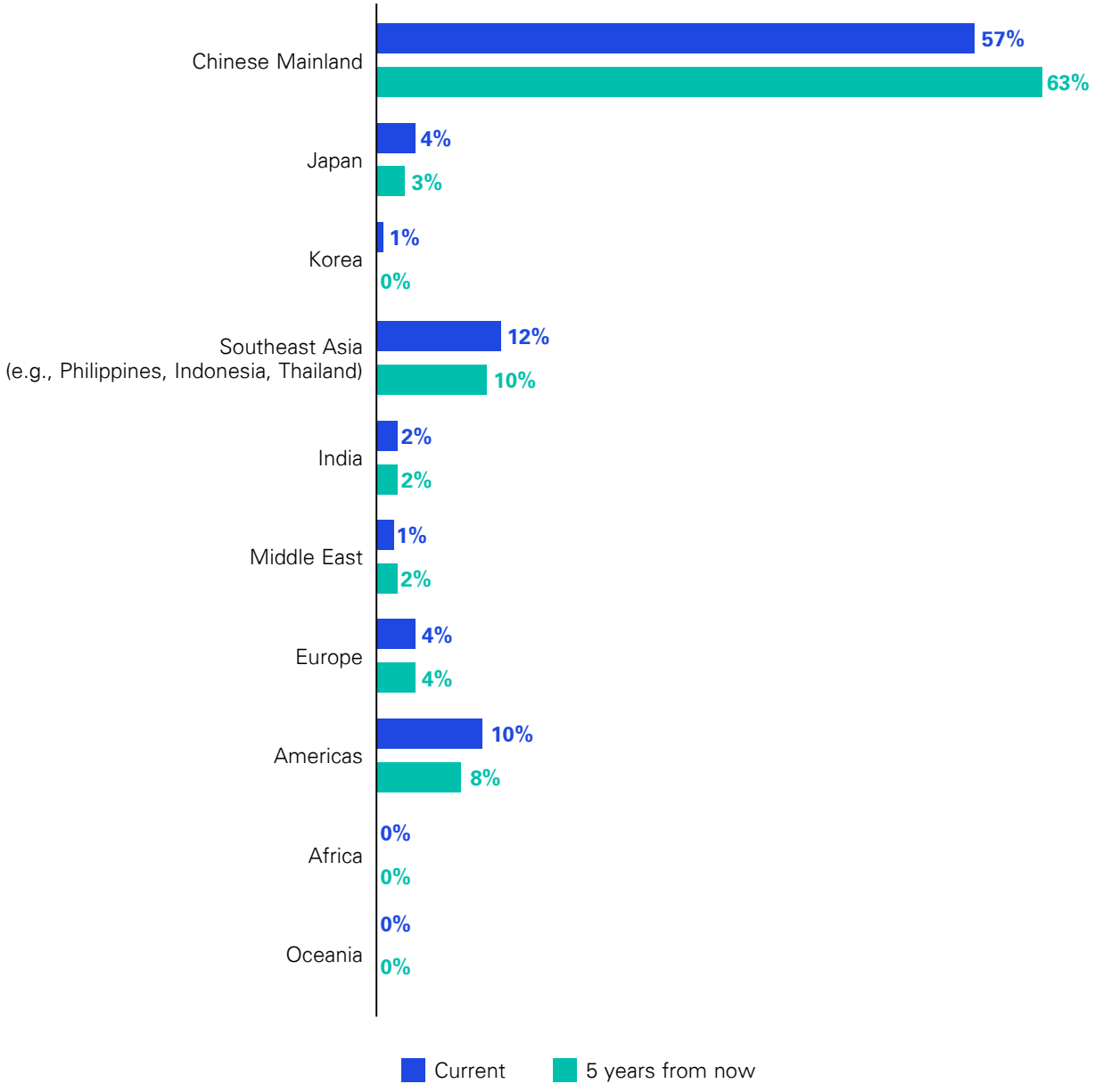
Chinese Mainland's share of AUM continues to climb

The Chinese Mainland continues to be the largest source of Hong Kong-based AUM, accounting for 57% of the total today (up from 44% in 2024) and projected to rise to 63% over the next five years (Figure 9). Meanwhile, AUM from Southeast Asia has risen from 3% in 2024 to 12% in 2025, although firms expect AUM from this region to remain moderate at 10% in five years. Many firms noted that Hong Kong's well-developed financial services ecosystem and robust regulatory environment will remain key factors in attracting Mainland clients seeking international diversification and sophisticated wealth solutions.

In the recent 2025 Chief Executive Policy Address[9], it was highlighted that Hong Kong is expected to become the world's largest cross-boundary wealth management centre in the coming years. The city's role as the gateway between the Chinese Mainland and the rest of the world will be central to this trajectory, as it continues to serve as the first port of call for wealthy Mainland individuals looking to manage and diversify their wealth globally.

Figure 9

Firms estimated regional distribution of Hong Kong-based AUM for the current year and in five years' time (offshore wealth only)



[9] The Chief Executive's 2025 Policy Address: https://www.policyaddress.gov.hk/2025/public/pdf/policy/policy-full_en.pdf

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Figure 10

Key opportunities to grow Hong Kong's PWM industry

	2024	2025	
Capitalise on the expanding wealth in Chinese Mainland	2	1	↑
Develop Hong Kong as a hub for family offices / super-connector	1	2	↓
Targeting the second (or third) generation	3	3	→
Targeting young entrepreneurs	4	4	→
Explore new markets such as Southeast Asia and Middle East	5	5	→
Invest in technology and services for Virtual Asset trading / custody	-	6	
Targeting less wealthy customer segments through digital channels	-	7	
Attracting more IPO fund raising activities in Hong Kong	6	-	

Clearer roadmap needed for Wealth Management Connect

As firms look to capitalise on the expanding wealth in the Chinese Mainland, the Greater Bay Area (GBA) continues to represent one of the most significant long-term opportunities for Hong Kong's wealth management industry. Firms emphasise that deepening GBA connectivity is essential if Hong Kong is to consolidate its role as the international wealth management hub for Mainland clients.

However, current arrangements remain limited in scope. Individual investment quotas and product eligibility restrictions continue to constrain demand, and Hong Kong-based PWM practitioners remain subject to regulatory constraints when serving clients in the Chinese Mainland - ranked by survey respondents as the single greatest challenge of the scheme (figure 11). Although recent refinements to the WMC scheme now permit certain advisory interactions through non-face-to-face channels, many practitioners still view the current rules as a limitation on cross-boundary engagement.



The GBA is one of the fastest growing wealth pools globally. But until advisory constraints are eased, it will be challenging to provide Mainland clients the full capabilities of Hong Kong's private wealth managers.

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Figure 11

Top "GBA Cross-boundary Wealth Management Connect" challenges



Regulators acknowledge the industry's feedback and remain committed to making WMC a more robust and comprehensive scheme over the longer term. While investor protection remains a priority - necessitating a phased approach to enhancements - the Hong Kong Government has announced in its 2024 Policy Address that it will look to further enhance WMC.Interviewees noted that raising individual investment limits and expanding the range of Southbound products, such as alternative assets and a wider range of RMB denominated funds, will be important to unlocking the scheme's full potential.

Wealth Management Connect at a glance

Investor growth[10]



Southbound investments[11]



The market value of Southbound investments at Hong Kong institutions has nearly tripled since the launch of WMC2.0 in February 2024, reaching over RMB 16 billion by June 2025.

Strengthening ancillary services is key to attracting more single family offices to Hong Kong

Single family offices continue to be a key growth driver for Hong Kong's private wealth management sector with attracting them ranking among the top three opportunities to grow the market (Figure 10). Interviewees note that family offices not only bring significant AUM, but also act as multipliers - anchoring ancillary services such as succession planning and philanthropy.

The Hong Kong Government has actively prioritised this segment in recent years. In 2023, it introduced a new profits tax exemption for family-owned investment holding vehicles[12], and has more recently eased the investment threshold under the new Capital Investment Entrant Scheme (new CIES)[13] to attract more family offices. These measures build on earlier initiatives such as the launch of the Network of Family Office Service Providers and the Wealth for Good in Hong Kong Summit, designed to showcase the city's ecosystem to global UHNW families.

More recently, in the Chief Executive's 2025 Policy Address[14], it was announced that further tax incentives would be introduced to strengthen the family office and wealth management sectors, including enhancing the preferential tax regimes for funds, single family offices, and carried interest. Interviewees note that family office tax incentives have generated significant inbound interest, particularly from Southeast Asia and the Middle East. However, Hong Kong faces strong

* Following the enhancement of scope of funds under WMC 2.0 launched in early 2024, permitted funds now include (1) All funds domiciled in Hong Kong and authorized by the SFC, primarily investing in Greater China equity and assessed as "non-complex" by Hong Kong banks distributing such products; (2) Except for the funds specified in item (1), funds that are domiciled in Hong Kong and authorized by the SFC and are assessed as "low" risk to "medium-high" risk and "non-complex" by Hong Kong banks distributing such products, excluding high-yield bond funds and single emerging market equity funds

[10] Guangdong Province Branch of the People's Bank of China: http://guangzhou.pbc.gov.cn/guangzhou/129196/4332364/4332376/index.html

[11] HKMA Hong Kong's Wealth Management Market: Opportunities Ahead: https://www.hkma.gov.hk/eng/news-and-media/insight/2025/08/20250804/

[12] IRD: Tax Concessions for Family-owned Investment Holding Vehicles: https://www.ird.gov.hk/eng/tax/bus_fihv.htm

[13] Hong Kong Eases Investment Thresholds to Attract Family Offices - Bloomberg: https://www.bloomberg.com/news/articles/2025-01-07/hong-kong-eases-investment-thresholds-to-attract-family-offices

[14] The Chief Executive's 2025 Policy Address: https://www.policyaddress.gov.hk/2025/public/pdf/policy/policy-full_en.pdf

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competition from different regions, for example, Singapore offers a streamlined regulatory framework and well-established Variable Capital Company (VCC) structure. To remain competitive, it will be important for Hong Kong to continue broadening the product menu available to family offices - particularly in alternatives - and to deepen its ancillary professional services, including tax advisory, governance and succession planning.



Family offices want more than tax incentives - they want confidence that Hong Kong can provide the depth of expertise, the product range, and the regulatory clarity they need to preserve and grow wealth across generations.

One area of opportunity lies in further strengthening Hong Kong's charitable sector. With a vibrant philanthropic community already in place, there is strong potential to amplify its impact by modernizing regulatory structures and enhancing coordination. A centralized framework could help elevate transparency, governance, and credibility - unlocking even greater potential for social good.

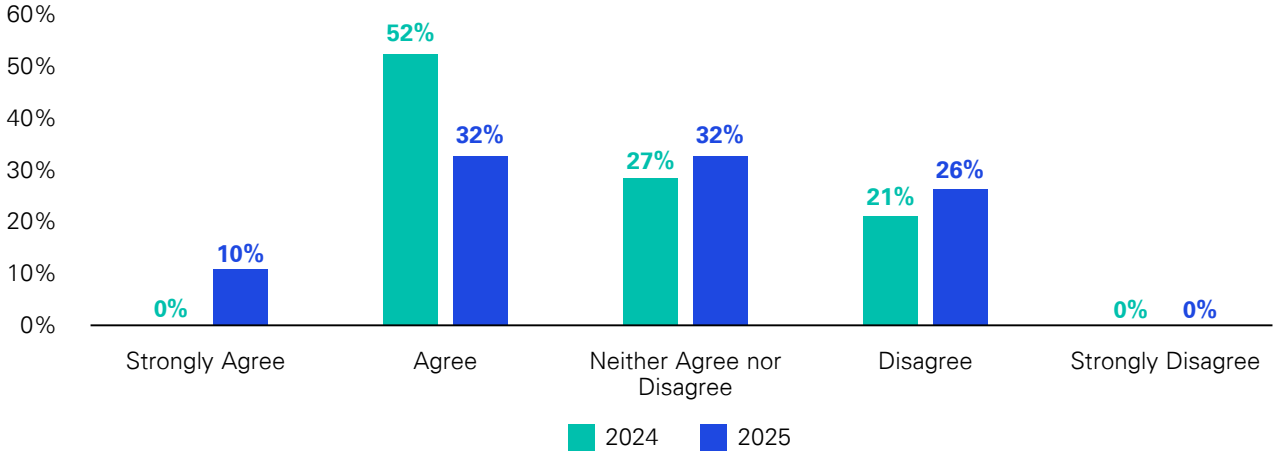
A key challenge is the restrictive nature of Section 88 of the Inland Revenue Ordinance, which governs charitable donations. The current framework limits the scope of charitable giving and may discourage sophisticated donors seeking greater flexibility and control over their philanthropic endeavours. Expanding the scope of charitable giving activities would allow Hong Kong to appeal to a broader range of donors, including high-net-worth individuals and family offices, while enabling more impactful and innovative approaches to philanthropy.

Gap between next generation expectations and industry delivery is widening

PWM firms are increasingly recognising the need to refine industry practices to better align with the expectations of next generation clients. The percentage of respondents who "agree" and "strongly agree" that current practices are keeping pace has fallen from 52% to 42%, while those who "disagree" has grown from 21% to 26% (Figure 12).

Figure 12

Do current PWM industry practices meet NextGen expectations?



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Several firms noted that existing client engagement models continue to reflect the preferences of first-generation clients, who tend to be more conservative and hands on. In contrast, younger clients are more comfortable delegating decision making, expect seamless, mobile first experiences, and are more receptive to integrating digital assets into their portfolios. Tokenisation and Web3 applications were cited as areas of growing interest, particularly among high-net-worth next generation clients.

However, interviewees also observed that many next-generation clients have their own networks, especially when it comes to virtual assets and Web3 opportunities, making them less reliant on traditional private banking relationships. As a result, PWM firms need to invest heavily in digital capabilities and client experience to maintain and strengthen these relationships.

Bridging this digital gap is becoming increasingly important, as next generation clients are turning to fintech competitors that offer more convenient tech-enabled alternatives. Further detail on recent developments in fintech expansion into the PWM space is provided in the technology section of this report (see page 36).

In addition to technology, the role of talent is equally important. Relationship managers and product specialists must not only understand the unique preferences of younger clients, but also possess the digital fluency and cultural awareness needed to build lasting relationships.

At a glance: current capabilities vs next generation client expectations

RM skills

9% of firms strongly agree that current industry practices suit next generation clients

Technology & AI Adoption

<10% of PWMA member firms report significant progress in AI adoption.

Few firms are yet to offer advanced digital solutions

Virtual Assets

Nearly **1/2** PWMA firms developing or planning virtual asset dealing or custody capabilities

Current state

RMs well-versed in:

- Digital Assets access
- Emerging asset classes and products, including in new technology plays

Adoption of AI and technology as part of RM's advisory services

Next Gen Expectations

- Seamless Digital Journeys
- Autonomous self-service capabilities

Strong demand for Bitcoin, Ethereum and tokenised Real-World Assets

Desire for RMs and private banks to have increased knowledge and capabilities to meet their needs

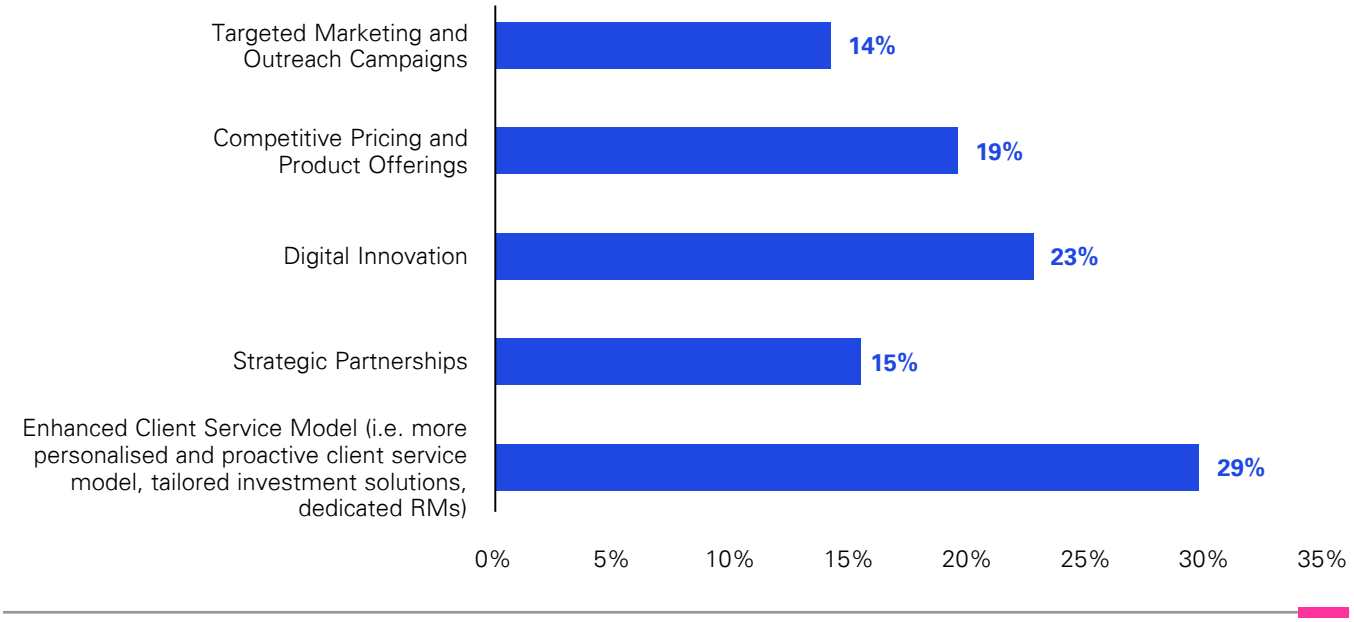
Firms are focusing on more personalised client services to capture USD 5 - 10 million market

Alongside the next generation, the USD 5 - 10 million segment is another priority growth area for PWM firms, with last year's survey showing that the number of firms targeting this band is expected to rise to 28% by 2029. Interviews highlighted that clients in the lower HNW segment often demand more personalised and proactive engagement than is typically offered by retail banking but may not yet qualify for the full suite of bespoke services available to clients in higher HNW and UHNW wealth bands. Firms are responding with a range of strategies, including enhanced service models through more personalised engagement (29%), investment in digital innovation (23%), and competitive pricing and broader product suites (19%).

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Figure 13

How firms are positioning for growth in the USD 5 - 10m segment



Technology as a key enabler for emerging client segments

A common thread across both next generation clients and those in lower wealth bands is the central role of technology. Interviewees pointed to AI use cases already being piloted, including client onboarding, suitability guidance, and compliance monitoring. These tools are particularly relevant for clients who expect faster, more responsive servicing but still face the same regulatory requirements as UHNW individuals.

While firms have made meaningful progress in digital transformation since the pandemic, competition from fintech and big tech firms is intensifying. Digital-first platforms and robo-advisers now rank among the top competitors to PWM firms, driving innovation and raising expectations for digital service delivery.

In the technology section (page 36) we explore some of these trends in more detail and provide a pulse check on the industry's rate of AI adoption. The findings indicate moderate progress, with implementation advancing across several core functions. However, the overall pace has not matched the expectations set in last year's report, suggesting that while momentum is building, significant opportunities remain for firms to further leverage AI and digital solutions.

Key takeaways

- **Next-generation and USD 5 - 10 million clients represent the most significant growth opportunities**
- **Technology and talent are critical enablers for capturing new client segments, with AI and digital innovation increasingly central to personalised engagement and efficient servicing**
- **Single family offices are a key growth driver, but Hong Kong must strengthen its product range and widen the professional services ecosystem to attract and retain them**
- **Unlocking the full potential of Wealth Management Connect and the GBA requires higher investment quotas, broader product eligibility, and easing advisory restrictions for Hong Kong-based staff**

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3 | Vision 2030



Hong Kong's private wealth management industry continues to show strong growth momentum, with assets under management rising and client confidence growing. As we look towards 2030, a central focus should be on delivering new forms of value to clients to further consolidate Hong Kong's position as one of the world's leading private wealth management centres, and as a trusted, innovative hub for global families and investors.

Achieving this will require more than just market growth. The industry will need to address ongoing and emerging challenges and capitalise on new growth opportunities. This chapter considers three priorities:

Partnerships

The need for more integrated, client-centric solutions is growing as investors seek access to a broader and more sophisticated range of products and services. Deepening collaboration across the value chain will be important for maintaining Hong Kong's competitive edge and supporting the increasingly complex needs of clients.

Digital Assets

While the industry remains cautious, client interest in digital assets is rising. Recent regulatory developments are laying the foundation for broader adoption. How the industry navigates this space - balancing innovation with appropriate safeguards - will be critical to shaping perceptions of Hong Kong as a forward-looking and responsive wealth management centre.

Technology

Technology continues to transform client engagement and risk management. Competition from fintech and big tech players is intensifying, prompting PWM firms to accelerate digital transformation and rethink service models. While progress has been made in digitalisation and RegTech adoption, gaps remain between client expectations and the level of digital services available. Delivering seamless, secure, and personalised digital experiences will be essential to attracting next generation clients and ensuring operational resilience in a more complex environment.

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Partnerships

Collaborations between asset managers and private banks are critical to Hong Kong's private wealth management ecosystem. Asset managers provide the expertise and access to different types of investment products that private banks require, while private banks remain the critical channel for client engagement and distribution. Both sides agree that partnerships are indispensable - but survey results and interviews reveal that the model is still evolving and has not yet reached its full potential.



What's working well

PWM firms and asset managers highlighted several positive features of existing relationships, with transparency and responsiveness cited as key strengths. One asset manager noted that maintaining effective communication channels is key, and that adopting an approach of providing responses to banker queries within 24 hours has become an important benchmark for effective partnership. In addition to quick turnaround times, proactive data exchange, structured training and regular portfolio updates for relationship managers are currently working particularly well.

At the same time, engagement between private banks and alternative managers is deepening, driven by increasing demand for private credit, evergreen and semi liquid structures in client portfolios.

However, while collaboration across the industry is generally effective, there remains room to deepen its strategic value. Many partnerships continue to be campaign-driven and transactional, rather than long-term and transformative. Encouragingly, an increasing number of asset managers are partnering with PWMA to offer professional training and development opportunities - initiatives that have received highly positive feedback from participants and member firms.

As explored later in this section, to further strengthen Hong Kong's position as a leading private wealth hub, both asset managers and private banks will need to build on this momentum by investing more in strategic partnerships, co-creating products, and expanding training efforts to meet evolving client needs.

Hong Kong's positioning in the asset management value chain

Hong Kong continues to rank as one of Asia's largest asset management hubs, with USD 4.53 trillion of assets under management and over 2,200 licensed firms as of 2024. More than 60% of this AUM is sourced from outside Hong Kong, underlining the city's role as a truly international asset management centre[15].

Hong Kong remains a key location for major asset managers and fund houses in the APAC region, where the primary focus of their presence is on fundraising and sales, though some firms also maintain credit, real estate, and private equity teams dispersed across various locations.

Interviewees indicate that the Hong Kong offices of global asset managers are primarily focused on sales and client origination, while fund manufacturing is often centralised in the US or Europe. As a result, sales generated in Hong Kong are occasionally booked elsewhere, limiting Hong Kong's ability to capture the entire asset management value chain.

With the right incentives - such as tax exemptions and streamlined regulatory processes - Hong Kong could attract more product manufacturing and further enhance its position as a full service hub, beyond its role as a distribution centre. Continued investment by asset managers in their Hong Kong footprint would support this. However, industry views are mixed - while some see it as an opportunity, others question whether these measures alone can meaningfully shift the sector's current focus.

[15] SFC Asset and Wealth Management Activities Survey 2024: https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/EN_AWMAS-2024.pdf?rev=b5a3bd4768b34f3185b421ca91f70750&hash=532732D531ED17BDC46927632F1F09A8

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Strengthening collaboration between asset managers and private banks

The number of strategic partnerships between private banks and asset managers varies across the industry. While 47% of private banks report having more than ten partnerships with asset managers, a third maintain three or fewer (Figure 14). This disparity is influenced not only by the size and reach of the institution, but also by differing strategic approaches. Some private banks prioritise fewer, more integrated relationships to foster deeper collaboration and alignment. Others opt for a broader network of partnerships to gain access to a wider array of investment products and capabilities.

As investment offerings become increasingly complex, one interviewee noted a shift towards consolidation. Private banks are now looking to strengthen and deepen a select group of partnerships to enhance product quality, operational efficiency, and long-term value.

Figure 14

Current strategic PWM firm partnerships[16] with Asset Managers or Fund Houses

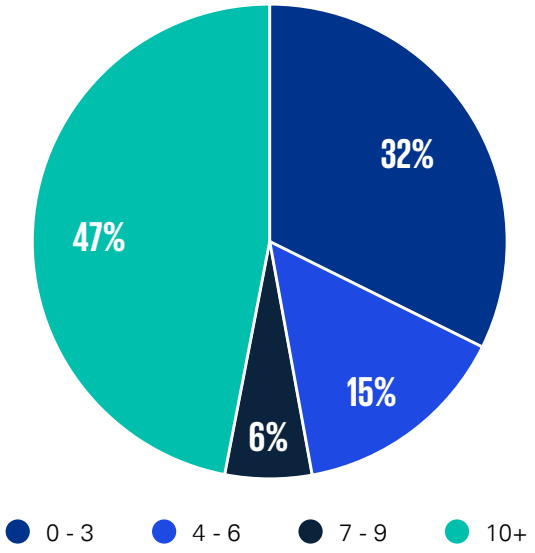
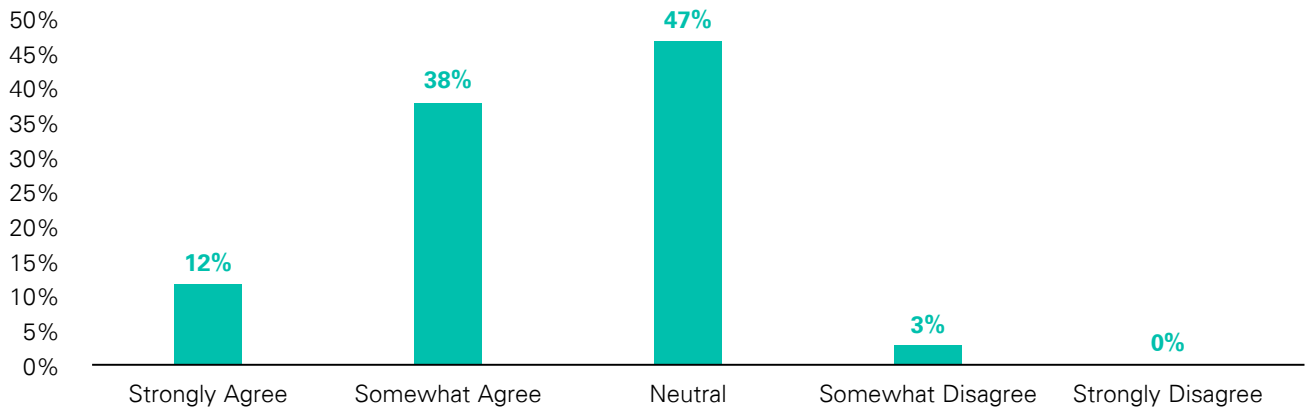


Figure 15

Does Hong Kong's asset management industry provide sufficient products to satisfy private client needs



While partnerships between private banks and asset managers are generally seen as effective, there is room for improvement. Interviews show it is becoming more common for family offices to engage with asset managers directly, bypassing private banks. Despite this, asset managers emphasise the importance of maintaining strong relationships with their private bank partners. In response, some private banks are offering competitive bulk discounts and leveraging robust in-house due diligence capabilities to better serve client needs.

Another potential opportunity for enhancement lies in the scope of available products. Nearly half of PWM firms expressed neutrality when asked whether current partnerships sufficiently meet client product needs, and only 12% strongly agree that the local asset management offers a sufficient range of products (Figure 15).

[16] A strategic partnership is defined as a formal agreement between PWM firms and Asset Managers to share skills, information, products and/or other resources in the pursuit of common goals. Some common examples in this instance include joint distribution, distribution partnerships.

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Alternatives are the top area of interest for partnerships, with allocations expected to rise

Private banks identified alternative investments as their top priority for partnerships with fund houses - ranking ahead of multi-asset, fixed income, and equity investments (Figure 16).

Within the alternatives space, private equity, hedge funds and commodities were cited as the most in demand categories (Figure 17).

Figure 16

Preferred asset classes for PWM Firms and Fund House partnerships

1. Alternatives (e.g. Private Equity / Hedge Funds / Real Estate)
2. Multi-Asset
3. Fixed Income
4. Equities
5. Virtual Assets / Crypto
6. RMB-denominated Assets
7. Sustainable / ESG Investing

Figure 17

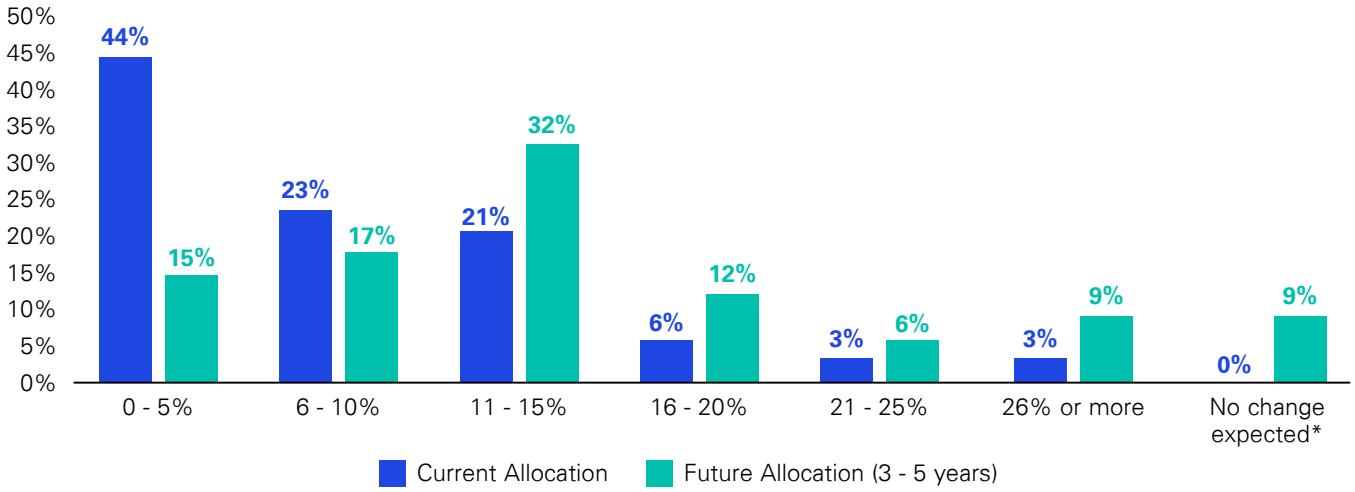
Preferred alternative investment categories for PWM-Fund House collaboration

1. Private Equity
2. Hedge Funds
3. Commodities
4. Infrastructure
5. Private Debt
6. Real Estate
7. Natural Resources
8. Others (Collectibles / Tangible Assets etc.)

PWM firms expect allocations to alternatives to rise over the coming years. While 44% of client portfolios currently allocate less than 5% to alternatives, one third of respondents expect allocations to increase to 11 - 15% within the next three to five years (Figure 18). Yet nearly 60% of private banks describe themselves as "neutral" on whether they are fully capturing these opportunities, suggesting that demand is outpacing execution.

Figure 18

Client portfolio allocation to alternative assets: today vs. in 3 - 5 years

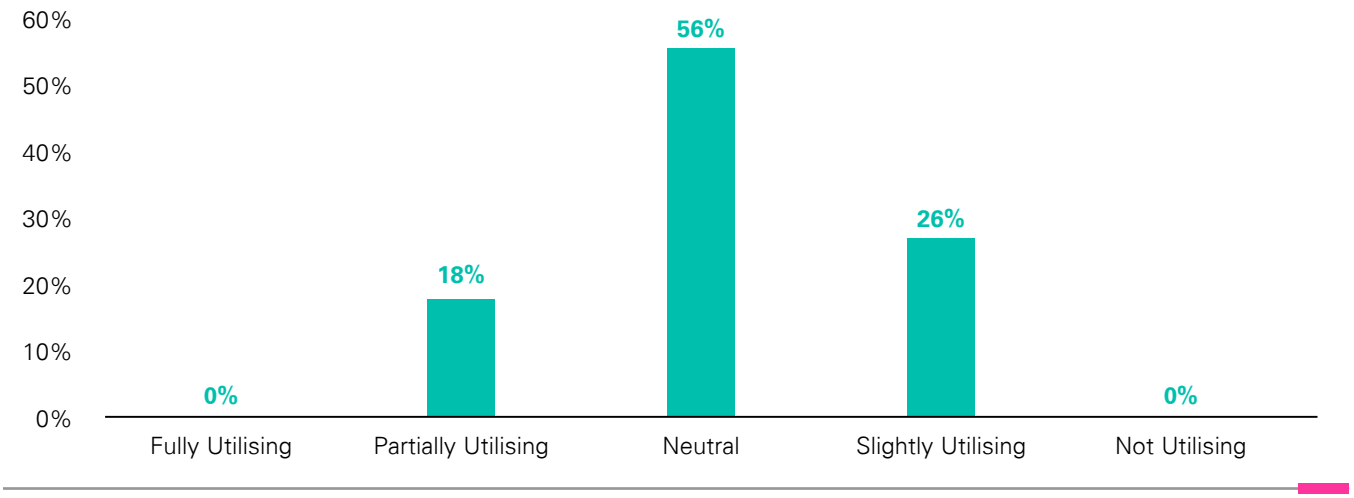


*"No change expected" refers to respondents who indicated they do not anticipate any change in their portfolio allocation to alternative assets over the next 3-5 years (i.e., their future allocation is expected to remain at the same level as their current allocation).

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Figure 19

Are PWM firms fully utilising the opportunities presented by alternative asset classes?



In the private assets space, despite an increase in products available on the shelf and improvements in origination, interviewees reveal that actual adoption among clients remains low. In private equity for example, with the majority of firms globally remaining private and staying private for longer, clients who lack access to these opportunities may see limited returns, especially as IPOs become less frequent and less lucrative than in previous decades. Interviewees noted that significantly more education on private assets and their benefits is required.



Despite Asia's status as a growth area for private markets, industry feedback suggests that Hong Kong is not as active or competitive as other key asset management hubs in the region. In other markets, private markets are becoming more accessible and semi-liquid, with financial innovation enabling participation by individual retirement accounts and a broader investor base. It is noted that regulators in other jurisdictions are re-visiting rules and mechanisms to grant exposure for retail investors to private investments in a controlled manner.

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Growing focus on evergreen funds

While overall adoption of alternative assets remains modest, there is a rising interest in evergreen and semi-liquid fund structures. These products - offering greater flexibility and more frequent redemption options than traditional closed-end funds - are increasingly favoured by PWM firms and their clients.

Industry participants see strong potential to tap into new sources of capital, such as insurance and retirement funds. Developing frameworks to support such participation will be key to broadening the investor base and driving long-term growth of private assets in Hong Kong.

Education presents a valuable opportunity to support this momentum. Several asset managers noted that semi-liquid and evergreen structures are sometimes misunderstood by relationship managers and clients, particularly around liquidity and redemption terms. Addressing these gaps can help align expectations and foster more informed investment decisions.

More broadly, both PWM firms and asset managers generally agreed that joint training for relationship managers and structured client education programmes will be essential as alternatives become more of a core allocation. As an industry group, the PWMA plays a key role in facilitating this effort, partnering with asset managers and fund houses to deepen private banks' understanding of alternative assets.

Opportunities for co-creation of products

Interviewees from asset managers and fund house noted that co-creation of products in the alternatives space is an important area of opportunity. While currently more common in other markets, interviewees indicated that private banks in Asia are beginning to seek co-designed solutions with asset managers, particularly in private credit and semi-liquid structures. Certain asset managers are actively engaging private banks to discuss co-creation of products but stress that this is a long-term strategy and emphasise the importance of selecting the right private bank partner, as many do not have the capabilities or infrastructure to work with asset managers.

Co-creation offers several strategic advantages for private banks. Firstly, it enables them to differentiate their offerings by developing exclusive or customised products that better meet client needs. It also strengthens long-term partnerships by shifting the focus from short-term, campaign-driven sales to strategic alignment and shared goals. Finally, co-creation helps private banks reinforce their intermediary role, especially as family offices increasingly engage directly with asset managers for alternative investments. For asset managers, co-creation provides valuable access to a private banking client base which might otherwise be difficult to reach.

How private banks select asset managers

PWM firms are most focused on the fundamentals when selecting asset managers. A proven track record of investment performance was ranked the most important criteria, followed by alignment of investment philosophy with investment needs.

Beyond these basics, interviewees highlighted two areas that increasingly shape their choices. Client service and responsiveness were consistently mentioned as decisive factors. Firms stressed the importance of asset managers who respond quickly to queries and provide clear, accessible materials for relationship managers and clients.

Education and lifecycle support are increasingly seen as key areas where asset managers can add value. As alternatives gain prominence, banks are looking to asset managers for structured training for relationship managers and clear, ongoing communication throughout the product lifecycle. Interviewees noted that firms investing in education empower bankers to advise clients with greater confidence, helping to ensure suitability and reduce the risk of mis-selling.

Exclusivity emerged as another theme. A number of banks indicated that differentiated or semi-exclusive offerings, particularly in alternatives, are valued as a way to strengthen their client proposition. Banks also offer certain bulk discounts and have strong in-house due diligence teams on offer to ensure client needs are met. While still not common in Hong Kong, interviewees expect such arrangements to increase as co creation becomes more common.

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Figure 20

Key criteria for selecting an Asset Manager / Fund House Partner

1. Proven track record of investment performance
2. Alignment of investment philosophy with client needs
3. Robust risk management framework and controls / plus strong compliance track record
4. Competitive fees and cost structure
5. High-quality client service resources
6. Technological capabilities and data integration
7. Innovative product set

Next steps to deepen cooperation

Overall, while partnerships between private banks and asset managers are generally effective, they tend to remain functional rather than strategic. Nearly half of private banks expressed neutrality when asked whether current partnerships sufficiently meet client needs, suggesting room for deeper alignment and value creation.

Alternatives stand out as the most promising area for deepening collaboration. Allocations are expected to increase in coming years, yet almost 60% of banks remain neutral on whether they are currently capturing this opportunity. Interviews suggest the gap is less about appetite and more about capability, particularly the ability of relationship managers to confidently explain semi liquid and evergreen structures to clients.

Co-creation of products emerged as a practical way forward. Private banks highlighted that co-designed solutions, particularly in areas such as private credit, can help differentiate their offering and strengthen long-term alignment with asset managers. At the same time, interviewees emphasised the need for more structured training and education programmes on alternatives, enabling relationship managers to advise clients effectively as alternatives become a larger part of portfolios.

Key takeaways

Nearly half of all PWM firms remain neutral on whether partnerships meet client needs, indicating that cooperation is effective but not yet strategic. Asset managers may consider their footprint and investment in Hong Kong to further deepen their partnerships.

Co-creation of products and structured training and education for relationship managers and clients emerged as important next steps to deepen cooperation.

Alternatives are expected to take a larger share of client portfolios, but close to 60% of PWM firms are neutral on whether they are capturing this demand.

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Digital Assets



PWM firms are taking more decisive steps towards digital assets as Hong Kong's regulatory environment evolves. Progress is underway, yet some executional challenges remain - such as limited cross-border recognition for digital asset services.

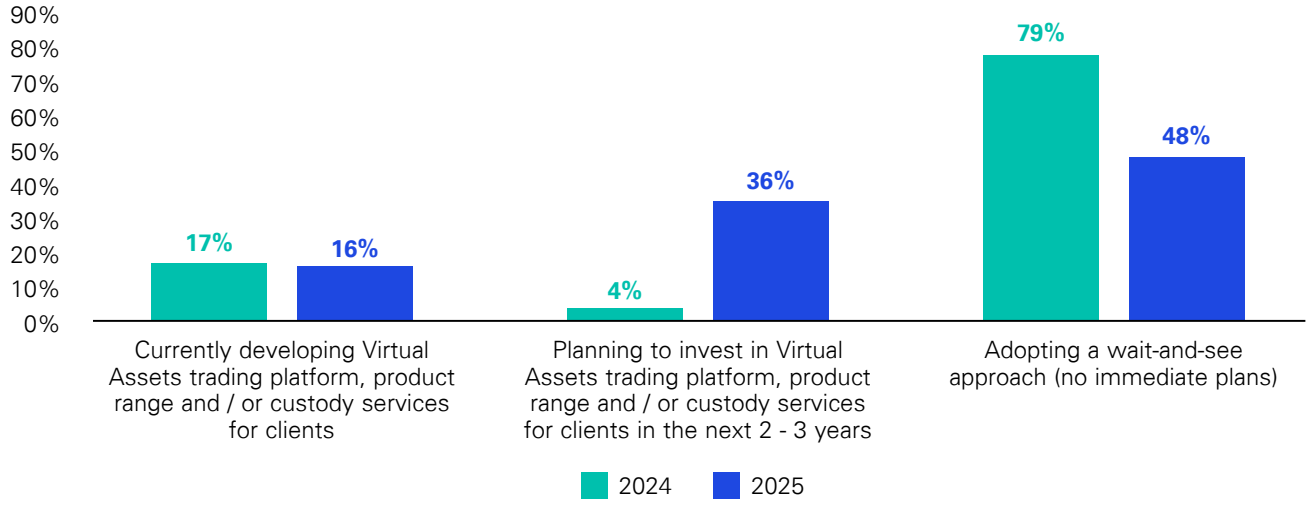
A progressive approach to digital assets is increasingly important for Hong Kong's standing as a leading wealth management centre. Interviewees note that client demand for digital assets is growing - not only from younger clients or crypto-native investors but also from traditional clients and family offices seeking diversification. To remain competitive, Hong Kong must keep pace with other global financial centres, where institutional grade digital asset infrastructure is also attracting clients.

PWM firms are moving beyond "wait and see"

Perhaps unsurprisingly, the number of PWM firms remaining on the sidelines regarding virtual assets is falling. 52% of firms now say they are either already investing in, or planning to invest in, virtual asset trading platforms, custody, or product services in the next two to three years - double the figure from 2024. Meanwhile the proportion of firms taking a "wait-and-see" approach has dropped from 79% in 2024 to just 48% this year (Figure 21).

Figure 21

Firm-wide plans pertaining to virtual assets in view of Hong Kong's regulatory clarity



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While regulatory factors and internal risk appetite still shape the pace of adoption, interviewees note a clear trend of PWM firms expanding their custody capabilities and exploring new product launches. The willingness to engage is growing, with some firms bringing in external experts and raising awareness internally.

The legitimacy of digital assets has undergone a notable transformation over the past 12 months, driven by both by global and domestic developments. Internationally, the US GENIUS Act, its first comprehensive legislation regulating stablecoins, has introduced a clear and credible framework for digital asset oversight. This, alongside a broader shift towards a more supportive regulatory stance in the US, is being closely monitored by market participants and widely regarded as a catalyst for increased institutional engagement across the sector. At the same time, Hong Kong's own regulatory efforts to become a leading digital assets hub, and high-profile launches of crypto ETFs have catalysed more engagement from private banks.

> **"Momentum has picked up. Launches of Bitcoin and Ethereum ETFs have helped start more constructive discussions, and some private banks are now considering joint product development."**
>
> ***- interviewee from virtual assets exchange***

Still, in view of the 2022 FTX scandal many PWM firms remain cautious, and are mindful that credibility must be continually earned, noting that it is not just about new regulations (see page 32 for more details), but how robustly they are enforced.



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Client demand for virtual assets is no longer niche - it is diversifying across segments and deepening in allocation

Nearly all (94%) PWM firms report that up to a quarter of their client are interested in virtual assets (Figure 22). In response to the increase in demand, 27% of firms expect to launch virtual asset products within the next six months (Figure 23).

Interviewees highlight that today's interest comes from a wide spectrum of clients, not just digital natives or the "crypto rich," but also traditional entrepreneurs, family offices, and established private banking clients. These groups are increasingly exploring virtual assets as part of their overall wealth management strategies - not only to diversify their portfolios, but also to mitigate risks associated with US dollar exposure.

Figure 22

Client interest levels in virtual asset investment allocations

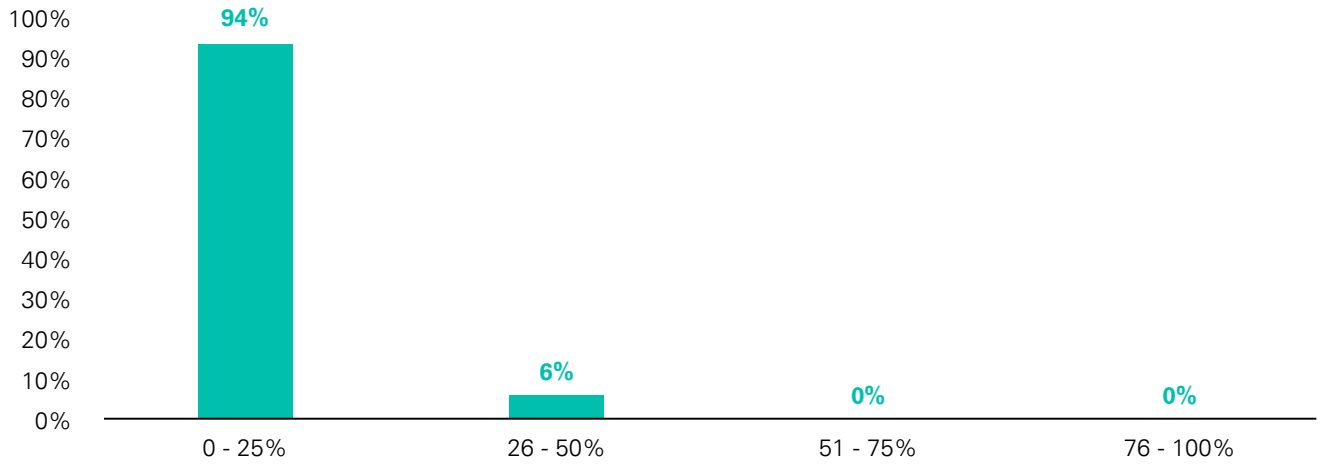
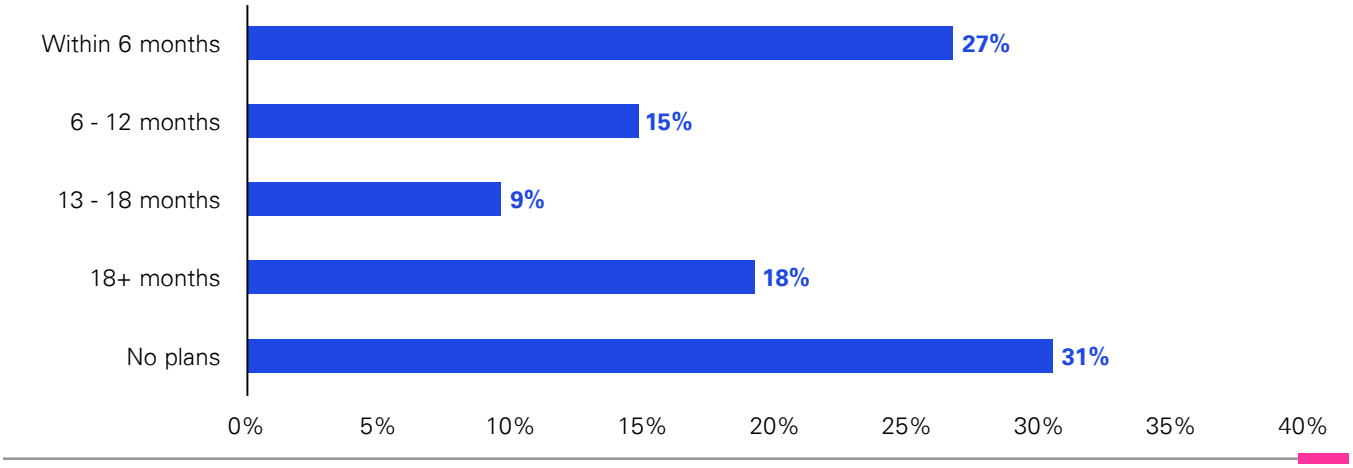


Figure 23

Firm's estimated timeline for launching virtual asset products to their clients



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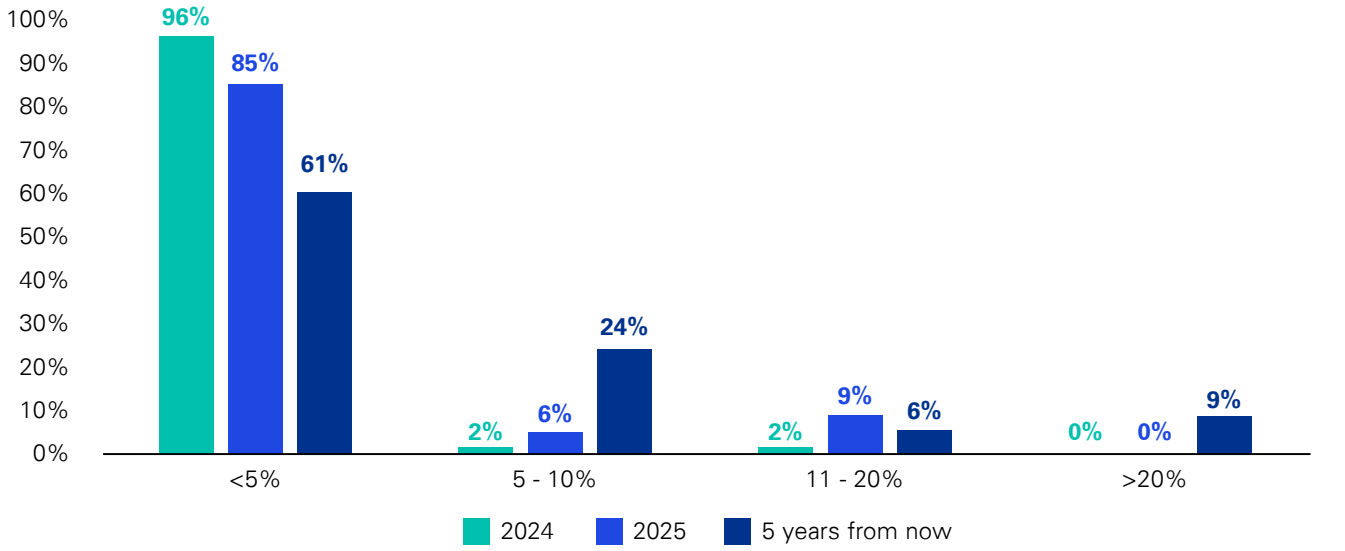


Interest in digital assets is no longer limited to the next generation - traditional clients and family offices are now actively seeking exposure as a means of portfolio diversification.

Depth of allocation is also increasing. Currently 9% of PWM firms report that 11 - 20% of their total AUM is allocated to virtual assets, significantly up from just 2% reported in 2024. The share of firms with less than 5% of AUM in virtual assets is projected to fall from 85% today to 61% in five years' time (Figure 24) as more firms steadily shift toward higher allocations.

Figure 24

Percentage of firms' AUM invested in virtual assets, 2024, 2025 and in 2030



Interviewees note that as interest broadens and deepens, clients are also seeking more sophisticated products. Stablecoins are gaining attention as an alternative store of value, and tokenised products - especially those offering tangible yield or operational advantages - are attracting increased curiosity.

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Case Study: A Leading Private Bank's Cryptocurrency Exchange

When it comes to innovating to meet demand, a leading non-Hong Kong digital exchange in Asia stands out as one of the few platforms of its kind in the region, making it an interesting case study on how a private bank has launched an exchange exclusively for their clients. The exchange offers 7 cryptocurrencies that can be traded with 4 fiat currencies, and only accepts clients who are financial institutions, corporate accredited investors (such as family offices) and professional market makers.

Last year, trading volumes on the platform grew four times year-on-year, as Asia continues to undergo a private wealth boom. Beyond trading and custody of digital assets, the bank's app offers seamless, round-the-clock trading, direct conversion of virtual assets to fiat currency and a consolidated portfolio view that includes both digital and traditional assets. This integrated approach sets the bank apart from typical cryptocurrency exchanges.

Notably, this institution is the first and only bank in its market to offer not only a platform for the custody of digital assets but also the integration of these assets into legacy planning for wealth clients. For private banks, being able to offer innovative virtual asset products is becoming a differentiator when it comes to attracting and keeping sophisticated clients. Its institutional-grade infrastructure enables efficient execution and settlement, which is especially important for managing large trades and complex strategies.



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Regulated, mainstream offerings are leading the product pipeline

Interviews confirm that most development is focused on products that are simple, regulated, and easy to explain - such as ETFs and tokenised notes including fixed rate notes and green bonds.



> **"Since launching our ETF products last year, PWM firms have started asking more questions and attending educational sessions. There are discussions about launching products together, including structured products and fund products, but with a gradual approach."**
>
> ***- interviewee from virtual assets exchange***

Private banks are increasingly open to partnering with external providers to develop and distribute virtual asset related offerings, including digital asset ETFs, custody solutions, and tokenised investment vehicles. Rather than launching a full suite of products immediately, some firms are piloting select offerings, gathering client feedback, and scaling up as demand and regulatory clarity evolves.

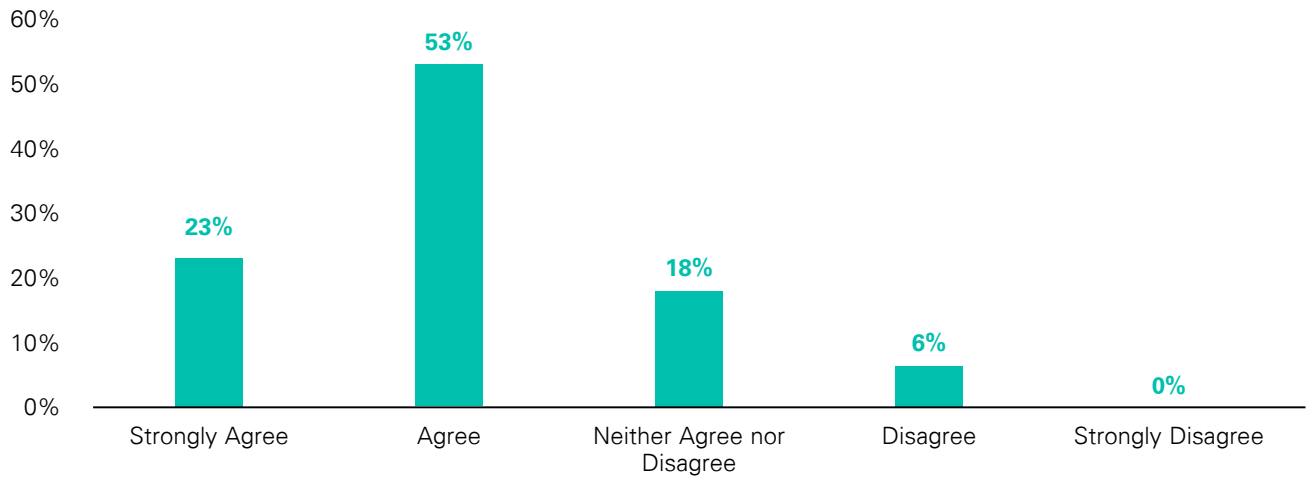
A recurring theme is that product uptake depends on clear advantages over traditional investments, such as enhanced liquidity, 24/7 market access, or higher yield. Without these differentiators, virtual assets, including innovations such as tokenisation and on-chain solutions remain of interest but are not yet transformative for most clients.



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Figure 25

Client interest in cryptocurrencies such as Bitcoin and other virtual assets is growing



Regulatory reforms have improved clarity, but execution remains complex

Hong Kong's regulatory progress, particularly the introduction of the virtual asset trading platform licensing regime, has brought much-needed clarity and legitimacy to the virtual asset market. Industry participants broadly welcome these changes, viewing them as a crucial step towards mainstreaming digital assets within the private wealth management sector. Interviewees highlighted that the regulatory landscape has become significantly clearer and more robust, boosting confidence among both institutional stakeholders and clients, paving the way for more informed and proactive engagement with digital assets.



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At a glance: recent regulatory progress in Hong Kong

Jan 2022

Virtual Assets

- SFC and HKMA released joint circular on intermediaries' virtual asset-related activities (superseded)
- HKMA released circular on Regulatory approaches to Authorized Institutions' interface with Virtual Assets and Virtual Asset Service Providers

Jan 2023

Stablecoin

HKMA published conclusion of discussion paper on crypto-assets and stablecoins

Oct 2023

Virtual Assets

SFC-HKMA updated joint circular on intermediaries' virtual asset-related activities (superseded)

CBDC

HKMA published the "e-HKD Pilot Programme Phase 1 Report"

Dec 2023

Virtual Assets

- SFC and HKMA updated joint circular on intermediaries' virtual asset-related activities
- SFC released circular on SFC-authorised funds with exposure to VAs (later replaced by an updated version issued in April 2025)

Stablecoin

FSTB and HKMA issued joint consultation paper on the legislative proposal to regulate issuers of stablecoin

Oct 2022 to Feb 2023

Virtual Assets

Hong Kong government issued a policy statement on the development of Virtual Assets (VA)

Tokenisation

Hong Kong government announced the successful offering of HKD 800 million worth of Tokenised Green Bonds

May & Jun 2023

CBDC

Commencement of Phase 1 of the e-HKD Pilot Programme

VATP

SFC released guidelines for VATP operators

Nov 2023

Tokenisation

SFC announced circular to set out guidelines for intermediaries engaging in tokenised securities-related activities

Feb 2024

Digital Assets

HKMA issued 2 circulars providing guidance on the provision of custodial services for digital assets, and sale and distribution of tokenised products

Tokenisation

HKMA announced the successful offering of around HKD 6 billion worth of digital green bonds

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Mar 2024

CBDC

HKMA launched Phase 2 of the e-HKD Pilot Programme

Stablecoin

HKMA launched the stablecoin issuer sandbox arrangement

Jul & Aug 2024

Stablecoin

HKMA released its consultation conclusions for legislative proposal to implement regulatory regime for stablecoin issuers in Hong Kong

CBDC / Tokenisation

Project Ensemble Sandbox was launched by HKMA to accelerate adoption of tokenisation

Apr 2025

SFC & HKMA Guidance on Staking

- Clarifies rules for virtual asset staking
- Sets out investor protection requirements

Virtual Assets

SFC updated circular on SFC-authorised funds with exposure to VAs

Jun - Sep 2025

Virtual Assets

SFC and FSTB released consultation papers aimed at introducing licensing regimes for VA dealings and custodian service providers

Stablecoin

Effective 1 August, anyone conducting regulated stablecoin activities must be licensed under the Stablecoins Ordinance (Cap 656)

May 2024

CBDC / Tokenisation

HKMA announced the establishment of the Project Ensemble Architecture Community to develop wholesale CBDC, tokenised money and tokenised assets

Jan & Feb 2025

VATP

SFC released circular to new virtual asset trading platforms seeking to be licensed - enhanced licensing process and revamped external assessments

Virtual Assets

SFC released regulatory roadmap "A-S-P-I-Re" for HK's VA market

May 2025

Stablecoin

The Stablecoins Bill is passed by the Legislative Council, to establish a licensing regime for flat-referenced stablecoins (FRS) issuers in Hong Kong

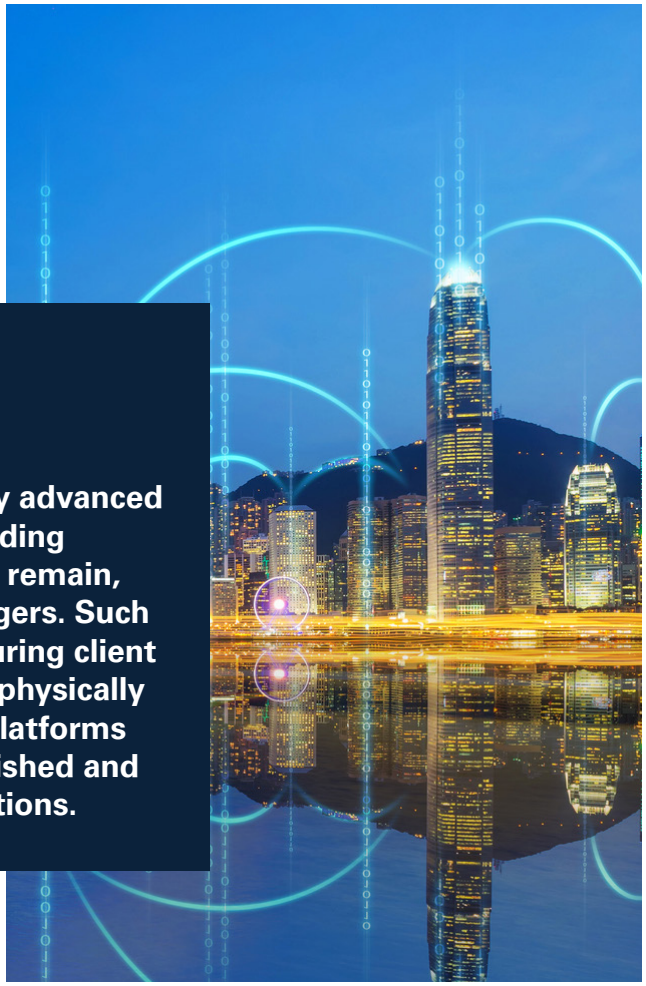
Sep 2025

SFC & HKMA Supplemental Joint Circular

- Intermediaries now permitted to offer staking services to clients, with updated requirements
- Clarified rules for off-platform trading and use of virtual assets for product subscriptions/redemptions

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In the near future, the anticipated implementation of a virtual asset custodian licensing regime (currently under the review of the SFC and Financial Services Treasury Bureau (FSTB) following a two-month consultation period that ended on 29 August 2025) is also expected to provide greater regulatory clarity to the market.



While recent developments have significantly advanced the legitimacy and regulatory clarity surrounding virtual assets, certain operational challenges remain, particularly for global banks and asset managers. Such firms have highlighted the challenges in ensuring client assets are held with SFC-licensed platforms physically located in the city, rather than using global platforms that the PWM firms may have already established and obtained licensing for in comparable jurisdictions.

While these challenges risk slowing product innovation and limiting Hong Kong's competitiveness compared to other financial centres, interviewees also emphasise that Hong Kong's approach is not without reason. Virtual assets are inherently high-risk, and the city's framework is among the most comprehensive in Asia. The challenge is finding the right balance between innovation, client protection, and operational feasibility.

Looking ahead, ongoing engagement with regulators to ensure that operational rules remain fit for purpose will be important as the market evolves. Some interviewees, advocate for a more pragmatic approach to custody and licensing, which would help reduce unnecessary duplication of infrastructure and encourage greater participation by international PWM firms. There is considerable appetite for progress towards mutual recognition or passporting with other leading financial centres, allowing firms to leverage their existing global infrastructure and expertise rather than recreating it for each jurisdiction.



"There is a need for mutual recognition and pragmatic solutions around custody and licensing if Hong Kong is to attract global players and remain a true virtual assets hub."

- interviewee from virtual assets exchange

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Figure 26

PWM firms' concerns about integrating virtual assets into existing wealth management offerings

Regulatory constraints	1
Regulatory uncertainty	2
Volatility of Virtual Assets prices	3
Security risks (e.g. hacking / fraud)	4
Client education and understanding	5
Lack of suitable technology / infrastructure	6
Reputational risk	7
Compliance costs	8

Finally, as PWM firms start onboarding clients where their source of wealth is derived from virtual assets, many face challenges in determining risk-based approaches to verify and corroborate their source of wealth. Some participants voiced that they would appreciate industry sharing and guidance on best practices to ensure this is managed in a risk-based manner.

Key takeaways

Client demand for virtual assets is broadening and deepening.

PWM firms are shifting from "wait and see" to active participation in virtual assets. Firms should ensure both their front-line staff, and their control functions are adequately trained to support this shift.

Where there are mutually beneficial opportunities, the PWM industry should partner with new technology and digital asset players, leveraging some of their latest innovative solutions and infrastructure.

The PWM industry may consider further industry-led initiatives to better verify and corroborate when customer's own source of wealth is derived from digital assets.

Hong Kong's regulatory clarity regarding virtual assets is boosting confidence. Moves such as the anticipated implementation of the virtual assets custody licensing regime are also expected to provide greater clarity to the market. Looking ahead, advancing international collaboration to explore pathways for cross-border recognition will be valuable in promoting greater operational efficiency and broader connectivity in the digital asset ecosystem.

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Technology

PWM firms increasingly recognise that digital transformation is no longer optional - it is now central to how they attract clients, deliver advice, and remain competitive as fintech players gain ground. However, progress across the industry is uneven, and significant gaps remain between client expectations and the current pace of change.



In this year's survey, AI and digitalisation were ranked as a top four business priority, and 85% of firms agreed that AI powered solutions will become a key offering within the next five years, up from 80% in 2024.

However, while significant technology progress has been made post-Covid, the industry faces ongoing challenges in bridging the gap between client expectations and the practicalities of implementation - particularly as fintech and big tech competitors raise the bar for digital service delivery. In this chapter we explore some of the current digital features of PWM firms' platforms / apps and provide a pulse check on the industry's rate of AI adoption.

Competition from fintech players continues to drive innovation

Competition from fintech and big tech firms continues to intensify, with independent robo-advisers and digital platforms now ranked among the top competitors facing PWM firms (Figure 27). Survey respondents placed robo-advisers and fintech firms as the second most significant competitive threat, just behind independent financial advisors and ahead of big tech and insurance companies. Interviewees highlighted the rapid growth of platforms such as Futu and the entry of big tech players like Alipay and WeChat, which are leveraging their digital expertise and scale to capture market share.

Figure 27

Ranking of the top perceived competitors to PWM firms

Independent Financial Advisers (IFAs) / External Asset Managers	1
Robo-advisers and Fintech	2
Big Tech expanding into financial services	3
Insurance Companies offering wealth management services	4

As an example, one of the major online brokerages and wealth management platforms, serving clients across Asia-Pacific, saw its total AUM surpass USD 10 billion last year[17]. A further major player now offers clients significantly more ways to trade compared to traditional private banks. Meanwhile, big tech firms are making inroads into wealth management through new partnerships and product offerings. This breadth of choice is a growing trend that is contributing to compressed margins in products such as cash equities at some established PWM firms.

As PWM firms look ahead and increasingly target next-generation clients and those with USD 1 - 5 million in investable assets (see page 15), it is important to recognise the generational shift in how some clients are approaching wealth management. Interviewees note that those seeking investment advice will continue to engage private banks, while self-directed investors are turning to online brokerages. As digital-native generations mature, many are expected to rely on AI for information, advice, using these insights to inform their own trading strategies and further bypassing traditional advisory channels.

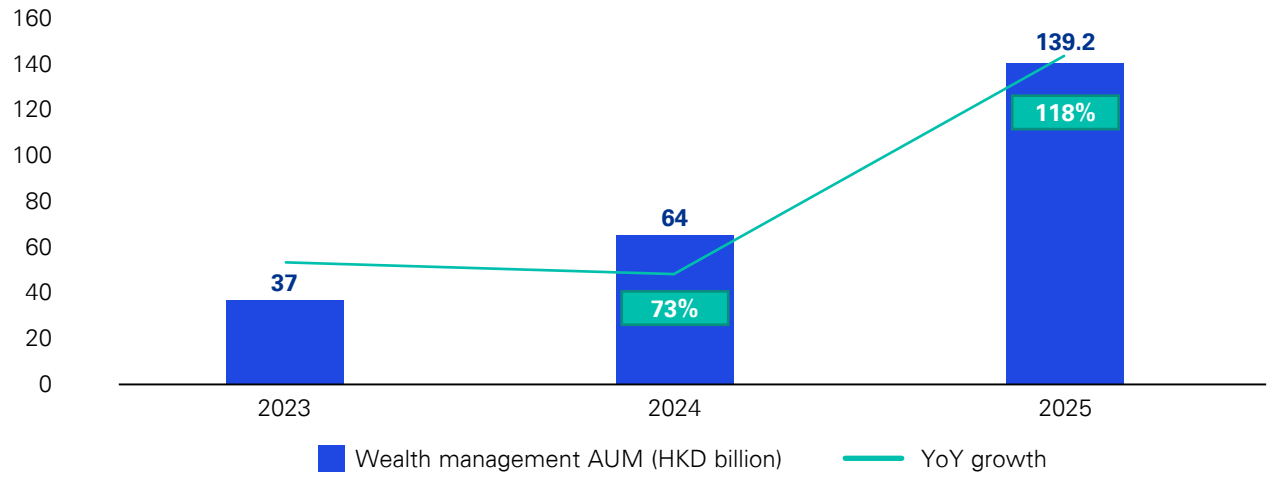
This shift represents a growing challenge that PWM firms need to pay attention to. With more clients trading products like cash equities independently on online platforms and forgoing professional advice, firms will need to update their offerings and engagement strategies to keep pace.

[17] Futu WM exceeds $10bn in AUM - Private Banker International: https://www.privatebankerinternational.com/news/futu-wm-exceeds-10bn-in-aum/

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Figure 28

Growth of wealth management client assets held by an online brokerage (HKD billion)



Source: KPMG analysis of publicly available data

Looking ahead, the wealth management ecosystem will likely become more diverse, with fintechs and digital platforms playing an increasingly prominent role alongside PWM firms. Rather than viewing these disruptors solely as threats, private banks should embrace fintech competition as a catalyst for innovation and a healthier, more dynamic market. Firms will need to adapt their digital service models and leverage their strengths in holistic advice and relationship management to continue to play a vital role in meeting client needs.

Progress is being made on client-facing apps and online features, but gaps remain

Since the pandemic, PWM firms have invested heavily in digital solutions, expanding the capabilities of their apps and online platforms (Figure 29). The most significant growth has been in features that improve portfolio interaction, simplify account opening, and enable electronic messaging. Integrating educational content and advice tools has also become a priority, reflecting clients' growing expectations for instant access to investment information online.

However, more advanced features remain limited. For example, only 12% currently provide portfolio construction, rebalancing and planning simulation tools, though 53% plan to implement these in the next two years. Similarly, only 21% of firms currently offer digital KYC and suitability checks, but nearly 40% plan to roll them out in the near term.

This highlights an important gap: while clients, particularly next generation and USD 5 - 10 million segment clients, expect seamless digital journeys, many PWM firms are still in the build out phase.

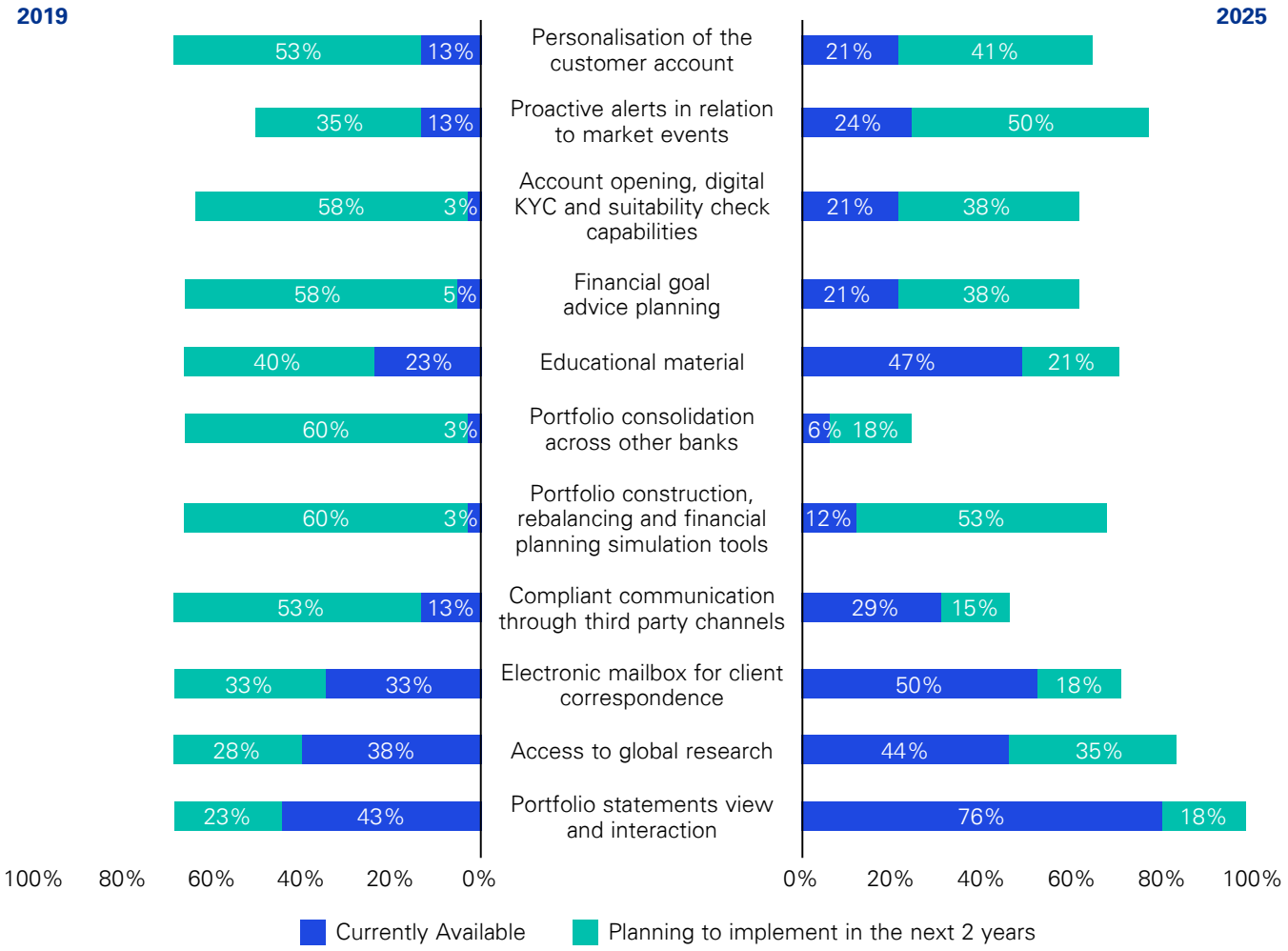


"The industry's digital platforms are often designed with retail clients in mind, sometimes leaving private banking clients underserved in key areas."

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Figure 29

PWM firms' technology investments in customer features, 2019 vs. 2025



Booking platforms are growing, but alternatives remain a blind spot

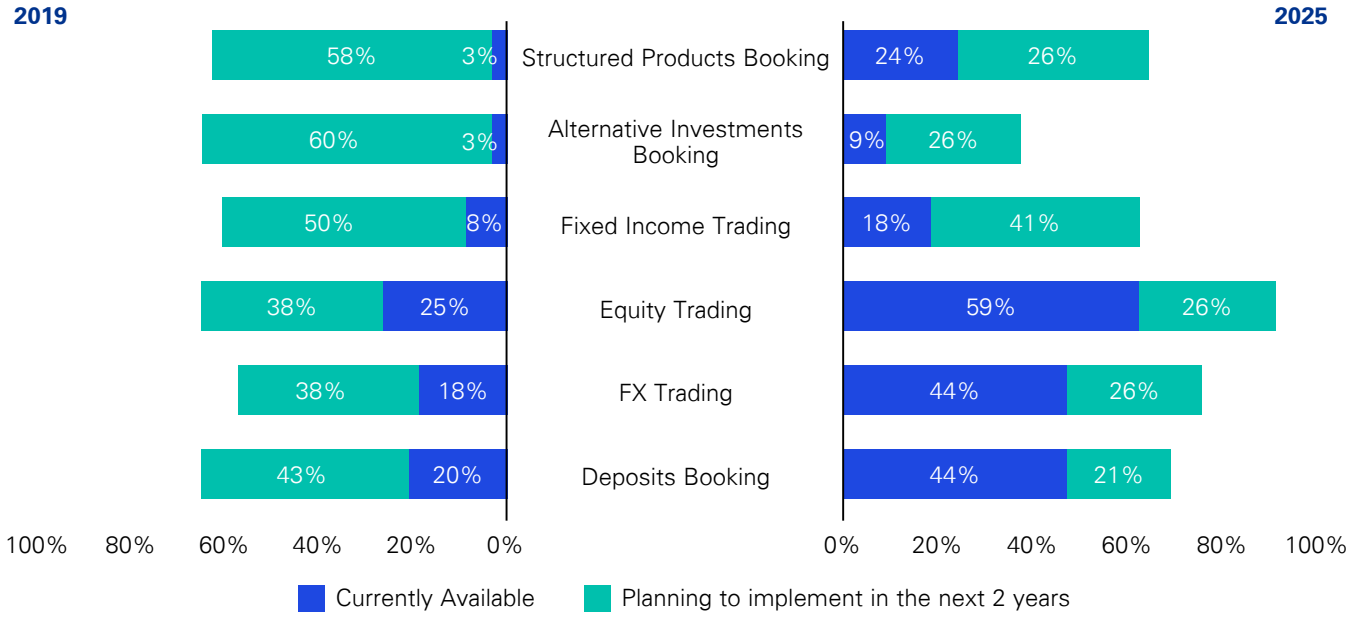
Most firms have already implemented, or plan to implement, equity and forex trading on their digital platforms, with deposit booking capabilities close behind (Figure 30). The main exception is alternative investment booking, but rising client interest in this area (see page 9) is likely to prompt more firms to add these features in the future.

Despite growing demand for alternative investments, just 9% of firms support booking these via digital channels today, compared to 59% for equities. However, 26% plan to add alternatives booking capability over the next two years.

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Figure 30

PWM firms' technology investments in digital execution, 2019 vs. 2025



Despite high expectations, the pace of AI adoption remains measured with gradual year-on-year gains

Building on our findings from last year's report, firms are continuing to progress in their AI journey at varying speeds, but progress remains measured, with no significant year-on-year changes. In 2025, nearly half of firms (47%) report making moderate progress, implementing AI in some areas of their business - virtually unchanged from 48% in 2024. Only a small proportion (9%) have achieved significant progress by integrating AI use cases across multiple areas, up just 1% from the previous year. Meanwhile, the share of firms still in the early stages - either exploring or piloting AI solutions - has edged up slightly to 26% (Figure 31).

As explored during our 2024 report, a key reason for this moderate progress is that many firms have potentially underestimated the extent of data fragmentation within their organisations, which complicates the effective deployment of AI solutions. In addition, a lack of depth in AI talent remains a barrier, making it difficult for firms to scale beyond pilot projects and isolated use cases.

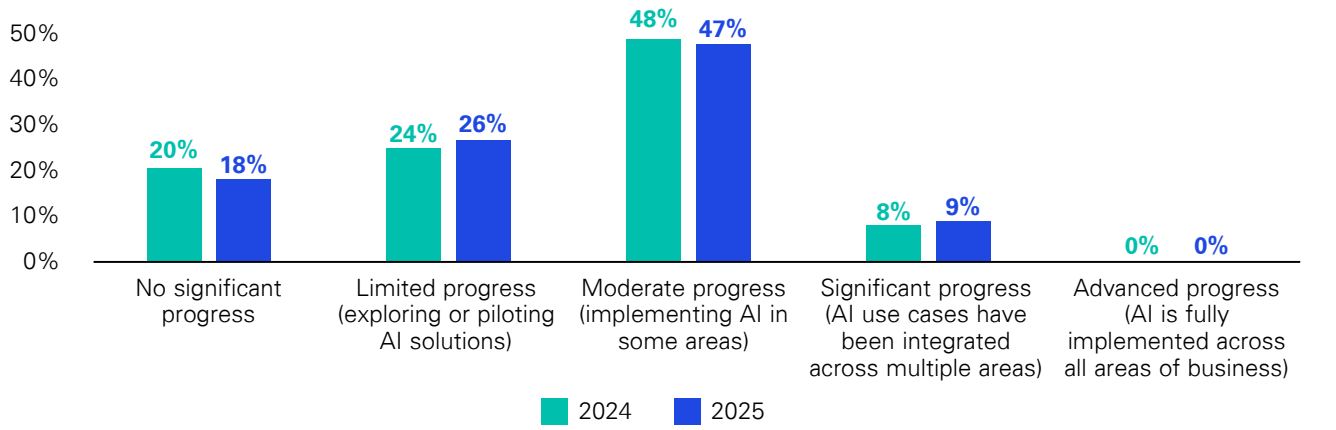
Notably, no firms have reached the stage of advanced progress, where AI is fully implemented across all areas of the business, suggesting that while AI adoption is underway, most firms remain in a moderate phase, with widespread, transformative use of AI still some way off.

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During our interviews, many PWM firms reported having established dedicated AI or digital transformation teams to roll out AI-powered tools to staff, while other firms are piloting in-house AI automation platforms and exploring partnerships with external technology providers.

Figure 31

Firm's level of AI progress since 2024



Product recommendation and portfolio construction overtakes onboarding as leading AI use case

In terms of where firms expect AI to have the most impact over the next three to five years: product recommendation and portfolio construction were ranked first (up from second place in 2024), followed by account opening and onboarding, with risk profiling and suitability assessments close behind (Figure 32). This reflects an industry consensus that AI's greatest value in the coming years will lie in personalisation at scale and reducing friction in compliance-heavy processes.

Interviewees confirm this direction. Some firms are experimenting with generative AI assistants to support relationship managers in preparing client proposals and generate talking points. One PWM firm which has been experimenting with tokenised products and digital platforms, said that AI will be central to tailoring wealth journeys for next generation clients, enabling banks to "package" complex strategies such as private credit or digital assets into more accessible and understandable formats.

Case study: AI as a co-pilot for Relationship Managers

A leading global bank has introduced an advanced AI advisory tool that serves as a digital aid for relationship managers. To ensure accuracy and trust, the bank conducted a structured pilot phase and adopted a human-in-the-loop model, where advisers review AI-generated insights before sharing them with clients.

The bank also uses behavioural analytics to personalise investment recommendations, aligning them with each client's specific goals and preferences. A robust data-mesh strategy enables seamless sharing of insights across platforms, allowing AI models to deliver highly relevant, context-aware guidance. For instance, the bank's digital systems track app usage, trading patterns, and content engagement to continually refine recommendations and anticipate client needs.

Risk profiling and suitability assessment, while still important, have dropped in ranking as the industry's focus shifts towards more advanced personalisation and client engagement. Firms mentioned ongoing development and use of AI in these areas, but also noted that the next wave of AI innovation is expected to focus on more client-facing activities.

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Compliance remains an underdeveloped but growing AI use case

Client onboarding remains a significant challenge for private wealth management firms, with compliance-related issues at the forefront (Figure 33). When asked to rank the most challenging aspects of the onboarding journey, respondents identified "verifying source of wealth" as the top challenge by a wide margin, followed by "documentation delays" and "complex onboarding documentation requirements." Manual processes and a lack of embedded digital tools also ranked highly, underscoring the operational burden of compliance and documentation.

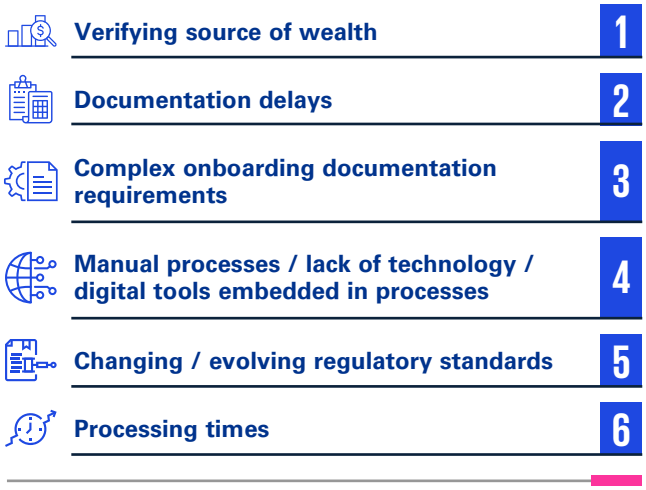
Figure 32

Customer journey areas most impacted by AI in the next 3- 5 years



Figure 33

Most challenging aspects of the client onboarding journey



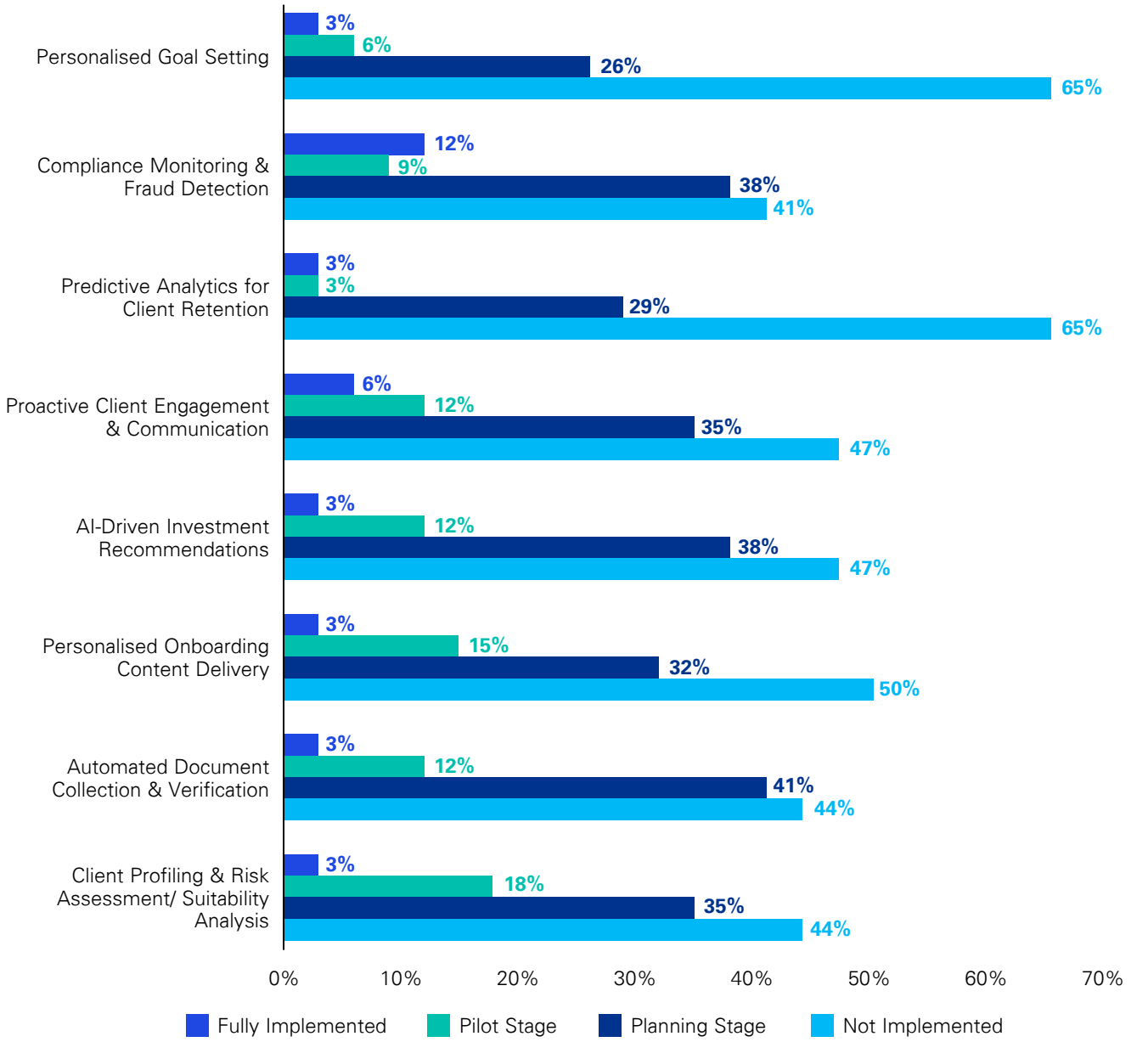
Despite high levels of enthusiasm noted in our 2024 report, the integration of AI into compliance and onboarding processes is still at an early stage for most firms (Figure 34). For example, the adoption of AI for automated document collection, verification, client profiling, and risk assessment remains limited. Only 3% of firms report full implementation in these areas, with the majority either yet to implement AI or still in the planning or pilot phases. Several firms noted that they have already implemented voice-to-text transcription to replace manual trade log reviews, allowing compliance staff to focus on higher-risk cases.

Interviewees also note that AI is being used for name screening and KYC checks, areas described as "low hanging fruit" where automation is delivering clear efficiency gains. However, for now, progress is measured and uneven. Some firms cited data quality, legacy systems, and cultural resistance as key barriers. Several interviewees also noted that global platforms are not easily adaptable to Hong Kong's regulatory requirements, meaning local teams often struggle to integrate AI without costly workarounds.

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Figure 34

Current AI integration in client onboarding and lifecycle management



Supportive regulatory stance on AI

The PWM industry has broadly welcomed Hong Kong's approach to AI regulation. Both the SFC and HKMA have issued clear, risk-based guidance on the use of generative AI in recent years. For instance, the HKMA's August 2024 guidance on Gen AI[18] encourages firms to ensure robust validation of AI models, specifically recommending a 'human-in-the-loop' approach during the early stages of customer-facing applications. Similarly, the SFC's November 2024 circular[19] outlines a risk-based framework for licensed corporations adopting generative AI language models.

While adapting to local regulatory requirements can be complex - especially for global firms - ongoing dialogue between regulators and the industry is helping to refine and clarify expectations, and firms continue to call for greater clarity and alignment across jurisdictions to support effective AI adoption.

[18] HKMA Banking Regulatory Document Repository: https://brdr.hkma.gov.hk/eng/doc-ldg/docId/20241107-1-EN
[19] SFC Circular to licensed corporations - Use of generative AI language models: https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/intermediaries/supervision/doc?refNo=24EC55

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Key takeaways

- **Competition from fintech and big tech is intensifying, pushing traditional firms to innovate and rethink service models.**
- **Firms have made strong progress on basic client-facing digital features, but advanced tools - such as portfolio simulation tools, digital KYC, and alternative investment booking - are still in the build out phase**
- **AI adoption is uneven and focused on personalisation and compliance: 47% of firms report moderate progress, but only 9% have integrated AI across multiple areas**
- **PWM firms should ensure the acceleration of AI use cases is accompanied by fit-for-purpose governance, with appropriate controls to ensure fairness, oversight and accuracy in models used. Firms should ensure AI models are explainable and transparent.**

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Looking ahead

With assets under management rising significantly in 2024 and client confidence increasing, Hong Kong's private wealth management industry is making strong progress. However, as highlighted in this report, there are major opportunities to deepen collaboration with the asset management sector and to advance in areas such as virtual assets and technology. To sustain Hong Kong's position as a leading wealth management hub, it will be important to address several key issues identified in this year's survey and interviews.



Regulation and competitiveness

Regulation continues to be seen as both a strength and a challenge for Hong Kong. Industry participants recognise that clear rules underpin client confidence, but they also point to several areas where the current framework is more prescriptive and resource intensive than in peer markets. Below we summarise some of the topics that have been touched upon in this report, together with other important areas of concern raised by the industry.

Complex product rules

Hong Kong's Complex Product regime reflects a strong and commendable commitment to investor protection. As the market continues to evolve and investors become more sophisticated, it may be timely to consider whether the current framework remains optimally calibrated.

Many international jurisdictions do not adopt a standalone "complex product" classification. Instead, they tend to apply risk-based guidance that differentiates between retail and professional investors. In these markets, commonly traded instruments, such as Virtual Asset Spot ETFs, are typically assessed based on product risk and investor profile, rather than through broad categorisation. Exploring a more risk-sensitive, investor-segmented approach could help Hong Kong remain aligned with global regulatory developments and reinforce its competitiveness as a premier international wealth management centre.

Suitability requirements

Suitability remains a key area of focus for firms in Hong Kong, particularly given the detailed client and product-level requirements. The Sophisticated Professional Investor (SPI) regime is widely welcomed as a step toward streamlining processes for eligible clients and modernising suitability practices in line with investor sophistication.

While the regime's objectives are well supported, firms have noted practical challenges, including complexity around investment thresholds, including how to account for top-ups and track exposure levels. These challenges vary depending on a firm's size, systems, and global footprint, especially where infrastructure is designed for broad applicability across markets.

This diversity presents an opportunity to refine the framework in a way that is flexible and scalable, encouraging broader adoption and helping realise the full potential of the SPI regime in supporting Hong Kong's role as a leading international financial centre.

Virtual asset custody

Hong Kong's requirement for client assets be held with an SFC-licensed platforms physically located in the city was cited as an operational constraint by several banks. Firms with established custody infrastructure in jurisdictions such as Singapore, Switzerland, or the US are required to duplicate systems in Hong Kong, resulting in higher costs. Respondents suggested that mutual recognition or cross-border passporting arrangements could help reduce duplication while maintaining investor safeguards - an operational consideration also raised during a recent industry consultation on virtual asset custody.

Cross boundary business

The Wealth Management Connect scheme remains important but constrained. Restrictions on advisory services for Mainland clients, product eligibility limits, and low individual quotas were highlighted as the main

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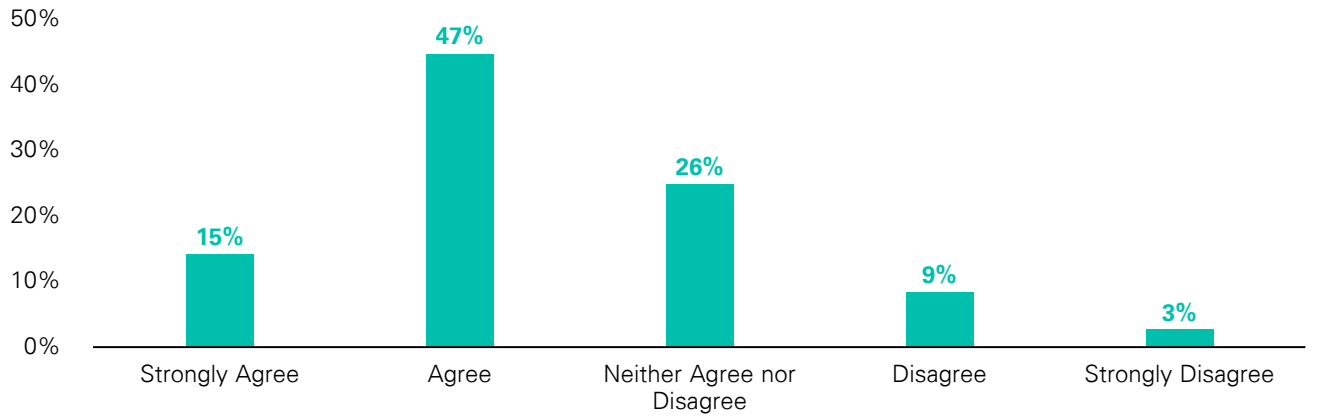
obstacles. Survey respondents ranked enhancements to cross boundary schemes as the top lobbying priority for the sector. Looking forward, enhancements to quotas, geographical coverage, and permissible product types - along with the potential to raise individual investment limits and expand the range of Southbound products - will be important to unlocking the scheme's full potential.

Overall, Hong Kong's regulatory framework is valued for its stability, with 62% of PWM films agreeing that it is conducive to business (Figure 35), however industry participants also emphasise the opportunity for targeted adjustments, which would be better suited, particularly for their sophisticated investor bases, and in alignment with their global defined risk management frameworks.

Streamlining complex product definitions, refining suitability requirements for sophisticated investors, and pursuing cross-boundary recognition in both virtual assets and GBA schemes were identified as practical steps to enhance competitiveness without compromising investor protection.

Figure 35

Percentage of firms that agree Hong Kong's regulatory requirements are conducive to business



Recommendations for future action

Work with regulators to refine the Suitability Framework to ensure proper safeguards for investors. Refinements include requirements for complex products, aligning them with current market needs and international practices.

Leverage the new SPI framework, continue refining requirements, with a view to simplifying processes for experienced investors while maintaining appropriate, principle-based safeguards.

Hong Kong's regulatory framework for Virtual Assets (VA) continues to evolve, guided by the SFC's "A-S-P-I-Re" roadmap, which aims to balance innovation with investor protection. As client interest grows and a significant portion of PWM firms explore engagement or distribution of VA products, a consistent and efficient regulatory approach is essential. Streamlining operational requirements, such as local custody rules and recognition of overseas markets, can help banks overcome key barriers, capture rising demand, and contribute meaningfully to Hong Kong's ambition to be a leading digital asset hub.

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About the PWMA

Established in 2013, PWMA is an industry association whose mission is to foster the growth and development of Hong Kong's private wealth management (PWM) industry and support the city's journey to becoming a leading global wealth management hub.

Starting from a handful of traditional private banks as members, PWMA has expanded to over 60 members, comprising of traditional wealth management firms and a diverse range of ecosystem partners including professional and consulting firms, asset managers, information and technology companies and other service providers.

PWMA aims to continue strengthening Hong Kong's position as a leading private wealth management hub globally through its main objectives of:

- Providing a unified industry voice and representation on PWM related matters, and a channel to maintain ongoing dialogue with government officials, regulators, trade bodies and other industry associations and stakeholders
- Providing professional training and development opportunities to maintain the enhanced level of competence expected of relevant practitioners in the private wealth management industry
- Setting standards to promote proper conduct, integrity and professional competence on the part of PWMA practitioners through the CPWP and CPWPA certifications
- Building the private wealth management community through industry events, forums and committees
- Providing a platform for members to discuss and exchange views on trends, developments and areas of common concern, and work collaboratively to address industry-wide challenges

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KPMG in China has offices located in 31 cities with over 14,000 partners and staff, in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. It started operations in Hong Kong in 1945. In 1992, KPMG became the first international accounting network to be granted a joint venture licence in the Chinese Mainland. In 2012, KPMG became the first among the "Big Four" in the Chinese Mainland to convert from a joint venture to a special general partnership.

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Celebrating 80 years in Hong Kong



In 2025, KPMG marks "80 Years of Trust" in Hong Kong. Established in 1945, we were the first international accounting organisation to set up operations in the city. Over the past eight decades, we've woven ourselves into the fabric of Hong Kong, working closely with the government, regulators, and the business community to help establish Hong Kong as one of the world's leading business and financial centres. This close collaboration has enabled us to build lasting trust with our clients and the local community - a core value celebrated in our anniversary theme: "80 Years of Trust".

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