



Our Ref: B1/15C
B9/67C

26 June 2025

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Treatment of Deposits under Money Safe

Further to our letter of 3 December 2024 regarding the arrangement for introducing “Money Safe” (MS), I am writing to inform you about the treatment of deposits from customers using MS for the purposes of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

As an anti-fraud and anti-scam measure, MS enables customers to arrange additional protection for their bank deposits. Given the nature of MS, the HKMA considers it appropriate for category 1 institutions to recognise MS as an “other established relationship” (as defined under rule 39 of the Banking (Liquidity) Rules (BLR)) for the purpose of identifying “stable retail deposits” for LCR and NSFR calculations. This will make it easier for a deposit with at least part of it placed under MS to qualify for a preferential outflow rate (e.g. 3% instead of 10%) under the LCR, and a more favourable available stable funding factor (e.g. 95% instead of 90%) under the NSFR, as compared to “less stable retail deposits”.¹ For the avoidance of doubt, this treatment is also applicable to interim measures that are similar to MS launched by category 1 institutions. This treatment takes effect from the date of this circular.

The HKMA will clarify the above treatment under section 5.8 “Total net cash outflow” of the Supervisory Policy Manual Module LM-1 “*Regulatory Framework for Supervision of Liquidity Risk*”, and will do so at the same time when it updates

¹ To avoid doubt, institutions making use of MS to assign these preferential treatments in respect of a deposit should ensure that other qualifying criteria (such as those set out under rule 39 of the BLR and clause 3 of the Banking (Liquidity Coverage Ratio – Calculation of Total Net Cash Outflows) Code) for these treatments are also met.

the Module to incorporate liquidity treatments for cryptoassets and cryptoliabilities of authorized institutions corresponding to those set out in the December 2022 Basel standard on *Prudential treatment of cryptoasset exposures*.

The HKMA trusts that the above liquidity treatment will be conducive to banks' implementation of MS. The HKMA strongly encourages banks to launch MS as soon as practicable, and to adopt interim measures similar to MS before full implementation in case they have not yet done so. The HKMA also expects banks to promote MS, including the interim measures, to customers proactively. This may include the offering of incentives to customers to encourage the use of MS, along with consumer education.

Should you have any questions regarding the above, please contact Mr Eric Ng at 2878-8603.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive

cc: FSTB (Attn: Mr Timothy Wong)