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Cross-Border Wealth Flow into Hong Kong: Financial Exclusion, Economic Growth and the Inequality

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ABSTRACT

This paper investigates whether cross-border wealth flows into Hong Kong simultaneously generate economic growth and financial exclusion. A multidimensional Financial Inclusion Index (FI Index) is constructed across three dimensions; access, usage, and quality, capturing variables including ATMs per 100,000 adults, bank branches per 100,000 adults, deposit accounts, and credit cards per 100,000 people. The index is regressed against key macroeconomic variables such as GDP growth, Foreign Direct Investment (FDI), net portfolio inflows, Balance of Payments (BOP), inflation, and the policy rate. Ordinary Least Squares (OLS) time series framework covering the period 2004 to 2025. The findings confirm that cross-border wealth flows drive economic growth while concurrently deepening financial exclusion. The policy rate, and GDP emerged as the most statistically significant variables, with the former exerting a strong negative effect on financial inclusion and the latter a positive one. FDI and BOP also registered significant relationships, while inflation and portfolio investments did not achieve conventional statistical significance. Diagnostic tests confirmed the reliability of results.

Keywords: Cross-border wealth flow, financial inclusion index , Hong Kong, inequality, FDI FII

1. Introduction

Hong Kong is one of the most significant international financial centres in Asia, consistently ranking among the top three globally and first in Asia for wealth management, banking, and insurance (Staff Reporter, 2025). Over recent decades, it has built a formidable reputation as a gateway between Mainland China and global capital markets; a structural role that has driven a sustained surge in cross-border wealth flow, defined as the movement of capital, financial assets, and investment funds across national boundaries. Cross-border wealth flows into Hong Kong reached a record high of HK $705 billion in net fund inflows by late 2025, and the territory is

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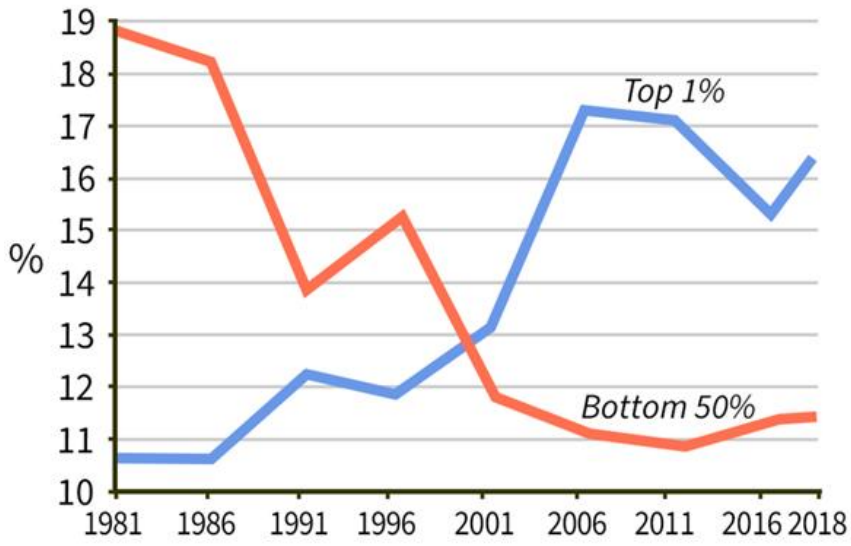
widely projected to surpass Switzerland as the world's leading cross-border wealth hub within the coming years (Ocorian, 2026; Staff Reporter, 2025).

Yet this financial prosperity has not been shared equitably. As Oxfam Hong Kong (2024) documents, the wealth gap has surged to 81.9 times between the wealthiest and poorest deciles of the population, with nearly 23 per cent of households living below the poverty line. Stanford University (2024) similarly identifies Hong Kong as one of the most unequal places in the world, while Piketty and Tang (2022) provide longitudinal evidence that the top 0.001 per cent of earners now control over half of Hong Kong's total income. The top 1 per cent's wage share rose from 10.7 per cent in 1981 to 16.3 per cent in 2018, while the bottom 50 per cent's share fell from 18.7 per cent to 11.6 per cent over the same period. This growing disparity is illustrated in Figure 1 and sits in stark tension with Hong Kong's reputation as a hub of financial excellence.

Figure 1: Top 1% of earners income growth compared to the bottom 50% of earners income



The academic literature has largely failed to reconcile these two realities. Financial scholarship on Hong Kong has tended to celebrate the territory's emergence as a global wealth hub while overlooking the distributional consequences of these inflows (Yiu, 2025; Paul Chan, 2025). This paper addresses that gap. The central research question addressed is that does cross-border wealth flow into Hong Kong cause wealth inequality and financial exclusion which is facilitated by offshore banking and the concentration of capital among elite actors, even as the broader economy continues to grow?

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To answer this, the paper constructs a multidimensional Financial Inclusion Index (FI Index) and employs OLS time series regression to quantify the relationship between six macroeconomic variables and financial inclusion in Hong Kong over the period 2004 to 2023. Table 1 illustrates Hong Kong's position relative to its principal competitor jurisdictions like Singapore, Switzerland, and Luxembourg ,across key financial access and market depth indicators.

Table 1: Competitor Countries in Cross-Border Wealth Flow — Selected Indicators, 2004 and 2020

Country	Year	ATMs /100k adults	Bank Branches /100k	GDP (USD bn)	GDP per capita (USD)
Luxembourg	2004	106.57	110.94	35.06	76,544
	2020	107.99	59.00	73.67	116,860
Switzerland	2004	87.20	57.36	403.91	54,659
	2020	95.09	37.03	742.00	85,897
Singapore	2004	47.04	11.46	115.03	27,608
	2020	53.92	7.02	349.17	61,410

Source: Global Economy database. Economic growth forecast figures represent the GDP growth forecast for each respective year. Luxembourg (Lux), Switzerland (Switz), Singapore (Sing).

As Table 1 reveals, all three comparator jurisdictions experienced significant expansion in GDP per capita between 2004 and 2020 despite negative economic growth forecasts in the latter year and is reflecting the impact of COVID-19. Notably, Singapore's bank branch density declined sharply over the period, consistent with a broader trend of digital financial substitution. These dynamics provide important comparative context for interpreting Hong Kong's own trajectory. The remainder of the paper is organised as follows: Section 2 reviews the relevant literature; Section 3 describes the data and methodology; Section 4 presents empirical findings; and Section 5 concludes with policy implications and scope for further research.

2. Literature Review

Firstly, (Hong Kong Business, 2025) examined and predicted that Hong Kong may surpass Switzerland as the top cross-border wealth hub in 2025. The study examines the projected shift in global wealth management and highlights that Hong Kong is expected to surpass Switzerland. The article analyses industry forecast and financial market trends, noting that Hong Kong could reach 22.6T USD of cross-border wealth flow by the end of 2025. In addition, the site emphasises Hong Kong's position in relation to Mainland China's financial flow, offshore banking, investment migration into Hong Kong and family offices relocating to Hong Kong,

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while contrasting this with Switzerland's typical dominance in the past. The article employs a methodology that relies on market predictions while also informing the reader about these predictions based on research, strong trends and indications from Hong Kong growth and the statistics recorded.

(Yiu, 2025) In her study on the South China Morning Post states that Hong Kong has overtaken Singapore as the most preferred wealth management hub based on survey data from the private wealth management. Yiu (2025) examines Hong Kong's resurgence as a premier global wealth management hub, noting that nearly 45 per cent of top global private banks reported their affluent clients preferred Hong Kong over other centres, surpassing Singapore. The study, which surveyed 44 member institutions and conducted interviews with leading bankers, reveals a sharp increase in wealthy clients opening accounts in Hong Kong, with 59% of firms reporting higher demand compared to 34% of demand the previous year in 2024. In contrast, Yiu(2025) stated from her research that Singapore saw a decline in client interest. Yiu(2025) also analysed contributing factors to Hong Kong's growth, such as Hong Kong's role as a gateway to Mainland China, strong stock market performance, IPO activity and government initiatives in promoting family offices. Compared to its competitor,

Singapore's loss in demand is making Hong Kong much more successful in managing wealth flow and asset management. Moreover, his study also found that Hong Kong's cross-border wealth flow was up 59% compared to last year due to the preference in Hong Kong. This could possibly reflect how Hong Kong is gaining Singapore's clients due to the increase in demand in Hong Kong while decreasing demand for Singapore’s wealth management. Moreover, Yiu (2025) stated, top global private banks such as Morgan Stanley, JPMorgan and others also preferred Hong Kong due to larger clients and the increase in inflows and cross-border wealth flows into Hong Kong.

From this cross-border wealth flow increase, (Paul Chan, 2025) expects Hong Kong's wealth management industry to flourish. This information and article were done through his macro external situation and local development trend in Hong Kong data. Chan believes that Hong Kong is on track to become the world's largest cross-border wealth and asset management hub in the following 2 years. In addition, he commented on the huge potential for future growth in the financial industry and strong interest from investors in Hong Kong. This comment on the huge potential was due to the study recording a 88% surge in inflow, which is HK$163 billion.

(Site Ocorian, 2026) The study is about how Hong Kong became a global wealth magnet. The study claims there has been a surge again in cross-border wealth and asset flows. From its recording, the Securities and Futures Commission recorded a 81% rise in net fund inflows to HK$705 billion, placing Hong Kong on par with Switzerland as expected earlier in 2025, with

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another 15% year on year increase in 2025. Moreover, the study highlighted the cross-border wealth flow through employing more professionals. In August 2025, private banks had increased their private banking and wealth management teams by 400 professionals, which is a 12% due to the large amounts of cross-border wealth flow into Hong Kong. The study also claims that the cross-boundary wealth management has continuously gained momentum due to the cross-boundary wealth management connection scheme, which links investors in Hong Kong, Macau and other cities in Mainland China. The study then claims that it has caused rapid expansion and made participation exceed 160,000 retail investors by June 2025, which has now caused wealth managers to tailor to Chinese Clients while also servicing global investors due to the large inflows.

(Oxfam, 2024) states that the wealth gap in Hong Kong surges to 81.9 times, and elderly poverty exceeds 580,000. From this cross-border wealth flow, the study discusses how inequality has been emerging in Hong Kong due to high-net-worth individuals entering Hong Kong while other low-income individuals are unable to bare the necessities for survival. Oxfam Hong Kong also examines the deepening inequality and rising elderly poverty in its Hong Kong Poverty Report 2024. The study analyses official data from the Census and Statistics Department between 2019 and 2024, comparing median monthly household incomes across deciles. Findings reveal that the poorest 10 per cent of households earned only HK$1,600 in early 2024, while the wealthiest 10 per cent earned HK$131,100, resulting in a disparity of 81.9 times—more than double the gap recorded in 2019. The report also identifies a sharp increase in elderly poverty, with over 580,000 individuals aged 65 or above living below the poverty line, representing a 42.9 per cent rise since 2019. Oxfam analyses structural changes in Hong Kong's poor population post pandemic, emphasising the vulnerability of singleton and doubleton elderly households. Throughout the study, the methodology is quantitative, relying on government statistics, and the purpose is advocacy to urge policymakers to adopt targeted poverty alleviation strategies.

(Piketty and Tang, 2022) examined the evolution of income and wealth inequality. Their study finds that the wage share of the top 1 per cent rose from 10.7 per cent in 1981 to 16.3 per cent in 2018, while the bottom 50 per cent saw their share fall from 18.7 per cent to 11.6 per cent (shown in figure 1). They also document a dramatic increase in the capital share of income, which surged from 32 per cent in 2001 to 53 per cent by 2019, far exceeding levels in other high income economies. Wealth concentration is shown to be unparalleled globally, with the richest 0.001 per cent controlling over half of Hong Kong's income by 2020. Methodologically, the authors combine census data, tax records, Forbes "Rich Lists," housing valuation statistics, and political opinion surveys to provide a comprehensive analysis of inequality.

(Fiona Sun, 2022) about Wealth Gap between Hong Kong's crazy rich and miserably poor has widened since the handover on South China Morning Post. The study looks at the increasing

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wealth gap. The study found that the top 10% of earners earn 40 times more than the bottom 10%, who are struggling to afford basic living standards, thus widening the inequality gap. The study used a methodology of going around to different families and looking at living style and cost. She stated that Hong Konger earned between $20,000 and $30,000 a month in 1997 were able to live in a 300 sq. ft housing flat paying $1,000 a month. But now it they are claiming there is difficulties in earning that proportion and living much more comfortably. This highlights the wage gap that has increased and the inequality present due to a major factor of the cross-border wealth flow. Taken together, this body of evidence identifies a structural paradox at the heart of Hong Kong's economic model: the same capital flows that generate macroeconomic growth and support the financial sector simultaneously deepen financial exclusion for ordinary households. This paper seeks to quantify the mechanisms of that paradox using a rigorous econometric framework.

3. Methodology

3.1 Data and Variables

Annual data for the period 2004 to 2023 was compiled from multiple secondary sources, including the Global Economy database, the Hong Kong Monetary Authority (HKMA), and the Census and Statistics Department of Hong Kong. The sample yields twenty observations, which is appropriate for time series analysis of annual macroeconomic data. All variables are defined and motivated below.

3.2 Construction of the Financial Inclusion Index (FI_Index)

The dependent variable : the Financial Inclusion Index (FI_Index) a multidimensional composite constructed, following the approach used by the United Nations Development Programme (UNDP) in constructing human development indices such as the HDI and HPI. The index captures three dimensions of financial inclusion: access (ATMs per 100,000 adults; bank branches per 100,000 adults), usage (bank accounts per 1,000 adults; credit cards per 1,000 adults), and quality/affordability (proxied by policy rate effects and foreign bank asset penetration).

For each dimension i, a normalised sub-index is computed as:

$$\boldsymbol{d_i = \frac{A_i - m_1}{M_i - m_i}} \qquad (\mathbf{1})$$

where A_i denotes the actual observed value, m_i its sample minimum, and M_i its sample maximum. This normalisation ensures $0 \leq d_i \leq 1$, with higher values indicating greater financial inclusion. The overall FI_Index is the arithmetic mean across all dimension sub-indices.

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ATM access was identified as a key inclusion variable, as Hong Kong ranked second or third globally in ATM penetration per 100,000 adults during the sample period (Principal, 2025). As of Q2 2025, approximately 22.8 million credit cards were in circulation , averaging 3 to 4 per individual — generating 360 million transactions, an 8.3 per cent increase from Q1 2025 (HKMA, 2025). These statistics confirm that usage-based variables are meaningful proxies for financial access in the Hong Kong context.

3.3 Independent Variables

Six independent variables are included in the regression, each selected on the basis of theoretical priors supported by the literature reviewed in Section 2. GDP growth (%) is expected to positively influence financial inclusion, as economic expansion raises household incomes and broadens the commercial viability of financial services in underserved markets. External bank assets relative to GDP have doubled since 2020, rising from 21 per cent to 42 per cent, with total bank assets and loans exceeding 300 to 400 per cent of GDP — underscoring the significance of this variable.

FDI inflows (USD billions) are expected to carry a positive coefficient, reflecting the labour market and credit market spillovers associated with productive direct investment. In 2023, FDI inflows reached USD 123 billion which is a 12.3 per cent year-on-year increase. Net portfolio inflows (USD billions) rose 23.4 per cent from Q2 to Q3 in the sample period, from USD 92 billion to USD 120 billion, reflecting Hong Kong's growing role as a global portfolio investment centre. Inflation (%) is expected to negatively affect financial inclusion, consistent with Chen's (2024) evidence that price instability disproportionately burdens lower-income households. The policy rate (%) is likewise expected to carry a negative coefficient, as rising borrowing costs restrict credit access for lower-income households (Silvo, 2022). The Balance of Payments (BOP) net errors and omissions (HKD millions) is included to capture the aggregate effect of cross-border financial account activity on domestic financial conditions.

3.4 Control Variables

Two control variables are included. Unemployment (%) is held constant at approximately 3.8 per cent of the workforce during the sample period, reflecting the share of the labour force receiving no income and therefore at heightened risk of financial exclusion. Foreign bank assets (as a percentage of total bank assets) are included to control for the degree of foreign institutional presence in Hong Kong's domestic banking sector, which may independently influence financial access.

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3.5 Descriptive Statistics

Table 3.1: Descriptive Statistics — Hong Kong, 2004–2023

Variable	Mean	Std. Dev.	Median	Variance	Range
Annual Inflation (%)	1.55	2.32	2.00	5.38	9.10
GDP Growth (%)	2.92	3.64	2.95	13.21	15.20
Policy Rate (%)	2.67	2.33	2.50	5.43	7.50
FDI Inflows (USD bn)	69.66	37.33	67.50	1393.86	176.30
FDI (% of GDP)	29.64	11.71	29.36	137.32	54.46
Net Portfolio Inflows (USD bn)	8.13	16.81	5.78	282.51	89.50
BOP Net Errors & Omissions	2,490	4,500	3,646	20,251,769	15,809
Bank Branches per 100k	22.43	1.31	22.94	1.72	4.01
Foreign Bank Assets (% total assets)	91.66	0.50	92.00	0.25	1.00
ATMs per 100k Adults	47.70	4.09	49.59	16.73	13.12
Financial Inclusion Index (FI_Index)	0.37	0.56	0.55	0.31	2.00

Source: Global Economy database; HKMA; Census and Statistics Department of Hong Kong.

Table 3.1 presents descriptive statistics for all variables over the sample period. The average FI_Index of 0.37, combined with a standard deviation of 0.56, reflects substantial variation in financial inclusion across the sample — consistent with the structural shifts associated with the Global Financial Crisis and the COVID-19 pandemic. The policy rate averaged 2.67 per cent with a range of 7.5 percentage points, capturing the significant monetary policy variation in the sample. FDI averaged USD 69.66 billion annually, underscoring Hong Kong's status as a major destination for international direct investment.

3.6 Economic Model

Following normalisation of the FI_Index, a time series OLS regression is estimated:

$$\boldsymbol{FI\_Index = \alpha + \beta_1 FDI + \beta_2 GDP + \beta_2 \pi + \beta_3 BOP + \beta_4 Portolfio + \beta_5 PolicyRate + \varepsilon_t} \quad (2)$$

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where FI_Index is the Financial Inclusion Index; α is the constant; β_1 to β_6 are slope coefficients; π denotes the inflation rate; and ε_t is the error term. All variables are tested for stationarity prior to estimation using the Augmented Dickey-Fuller (ADF) test.

4. Empirical Findings

4.1 Stationarity Testing (Augmented Dickey-Fuller Test)

All variables were subjected to the Augmented Dickey-Fuller (ADF) unit root test prior to estimation. Stationarity ,defined as constancy of the mean, variance, and autocorrelation structure of a series over time , is a necessary condition for valid OLS inference in time series data. The null hypothesis in each case is the presence of a unit root (non-stationarity); rejection of the null implies stationarity.

Table 4.1: Augmented Dickey-Fuller Unit Root Test Results

Variable	Level I(0)	1st Diff I(1)	Order
FI_Index	-0.58 (-0.61)	-2.07*** (-8.64)	I(1)
Policy Rate	-0.37 (-2.47)	-1.01*** (-4.14)	I(1)
GDP	-0.93*** (-4.65)	—	I(0)
FDI	-0.19 (-1.49)	-2.09*** (-3.96)	I(1)
Net Portfolio Inflows	-0.94*** (-5.05)	—	I(0)
BOP	-1.07*** (-3.90)	—	I(0)
Inflation	-0.34* (-2.77)	—	I(0)

*Source: Author's calculations using EViews 12. Figures in parentheses are t-statistics. Critical values from MacKinnon (1996). *** p<0.01, * p<0.10.*

Table 4.1 illustrates the Stationarity test using ADF. The results reveal a mixed integration profile. The FI_Index achieves stationarity only at the first difference, I(1). The policy rate and FDI also achieve stationarity at the first difference, I(1). GDP, net portfolio inflows, BOP, and inflation are stationary at level, I(0). This heterogeneity in integration orders is a known limitation of the standard OLS framework.

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4.2 Regression Results

Table 4.2: OLS Regression Results — Dependent Variable: FI_Index

Variable	Coefficient	t-Statistic	Sig.	Direction
FDI	0.0149	(2.210)	**	Positive
Portfolio	0.94	(1.41)	-	Positive (not significant)
GDP	0.0600	(2.330)	**	Positive
Inflation	−0.0811	(−1.025)	n.s.	Negative (not significant)
Policy Rate	−0.1508	(−3.456)	***	Negative
BOP	0.0063	(2.944)	***	Positive

*Source: Author's calculations using EViews 12. *** p<0.01, ** p<0.05, n.s. = not statistically significant at any conventional level. t-statistics in parentheses. $R^2 = 0.57$;*

Table 4.2 shows the results of the regression results of the time series analysis using OLS. The results can be interpreted as discussed in section 4.3 as follows:

4.3 Interpretation of Results

FDI: FDI carries a positive and statistically significant coefficient, suggesting that greater direct investment inflows are associated with marginal improvements in financial inclusion. This likely reflects spill over into labour market activity and corporate banking demand, consistent with Dizikes' (2022) finding that investment-led growth tends to deliver broader welfare gains than import-led strategies. The effect is modest in absolute terms, however, and likely concentrated in high-value financial sectors rather than lower-income communities.

Portfolio investments: the coefficient of portfolio investment was not statistically significant, though it was positive. This supports the results of FDI, which carries a positive coefficient pointing to a positive relationship between financial inclusion and portfolio investments. the statistically insignificant sign doesn't support the positive association found in the equation.

Policy Rate. The policy rate is the most statistically significant variable in the model.This implies that a one percentage point increase in the policy rate is associated with an approximately 15 per cent decline in the FI_Index, holding other variables constant. This strong negative relationship is consistent with Silvo (2022), who demonstrated across EU economies that monetary tightening tends to inflate asset prices, particularly housing which are disproportionately burdening lower-income households who depend on credit access for financial participation. In Hong Kong, where residential property prices are among the highest globally, rising policy rates translate directly into reduced mortgage affordability and higher

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consumer credit costs, narrowing formal financial participation among those least able to absorb these increases.

GDP: GDP growth is positively and significantly associated with the FI_Index, implying that a one percentage point increase in economic growth corresponds to a six per cent improvement in financial inclusion. This is consistent with the development economics literature, which holds that broad-based economic growth expands financial access by creating employment, raising incomes, and broadening the commercial viability of financial services in underserved markets. Lam (2025) documents this dynamic in Hong Kong's infrastructure-led growth phase, though with the important caveat that growth benefits have not been equitably distributed.

BOP: BOP carries a positive and statistically significant coefficient . Despite statistical significance, the economic magnitude is negligible, a one-unit improvement in BOP net errors and omissions is associated with an increase of less than 0.0001 in the FI_Index. This likely reflects the structural composition of Hong Kong's external accounts, where surpluses are predominantly driven by financial rather than productive activity, limiting distributional benefit to lower-income households.

Inflation: Inflation carries a negative coefficient, consistent with Chen's (2024) finding that price instability disproportionately erodes the real purchasing power of lower-income households. However, the associated p-value does not meet the threshold for statistical significance at any conventional level. Inflation is retained in the model for theoretical completeness, but its coefficient should not be interpreted as a statistically robust finding. This result likely reflects the low and relatively stable inflation environment Hong Kong maintained for much of the sample period, limiting the variable's identifying power.

Model Fit: The R^2 of 0.57 indicates that the model accounts for approximately 57 per cent of variation in the FI_Index, which is a reasonable fit for macroeconomic time series data.

4.4 Diagnostic Tests

A number of post-estimation diagnostic tests was conducted to assess the validity of key OLS assumptions. Results are summarised in Table 4.3.

Table 4.3: Regression Diagnostic Test Summary

Diagnostic Test	Statistic	p-value	Result
Breusch-Pagan (Heteroscedasticity)	4.089	0.665	Homoscedastic — constant residual variance
Jarque-Bera (Normality of Residuals)	2.368	0.306	Residuals normally distributed

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Ramsey RESET (Model Specification)	F=1.42	0.279	Model specification adequate
Max. VIF	3.21	—	Within acceptable threshold — low multicollinearity
R^2 / Adjusted R^2	0.57 / 0.42	—	Moderate-to-good model fit

Source: Author's calculations using Eviews12

Table 4.3 shows the regression diagnostic test summary. The Breusch-Pagan test confirms homoscedasticity, the Jarque-Bera test indicates normally distributed residuals, and the Ramsey RESET test finds no evidence of functional form misspecification. The maximum VIF of 3.21 falls comfortably within the conventional threshold of 5, indicating that multicollinearity is not a material concern.

5. Conclusion

This paper examined whether cross-border wealth flows into Hong Kong simultaneously generate economic growth and deepen financial exclusion, a paradox facilitated by offshore banking and the concentration of capital among elite financial actors. Employing a multidimensional Financial Inclusion Index and an OLS time series regression across six macroeconomic variables over the period 2004 to 2025, the empirical findings confirm that this dual dynamic is real and statistically detectable.

The policy rate emerged as the single most significant driver of financial exclusion, with a strong and precisely estimated negative relationship with the FI_Index. This corroborates Silvo's (2022) findings across EU economies and is particularly consequential in Hong Kong's high-cost housing market, where monetary tightening rapidly translates into reduced financial access for lower-income households. GDP and FDI, by contrast, are positively associated with financial inclusion — consistent with the expectation that economic growth and productive investment deliver partial countervailing benefits, as Lam (2025) documents in the Hong Kong context. BOP was statistically significant but economically negligible in magnitude. Inflation carried the expected negative sign but failed to achieve statistical significance, possibly reflecting the low and stable price environment that prevailed for much of the sample period. Portfolio investment was also positive but statistically insignificant.

These results are consistent with the broader inequality literature for Hong Kong. Oxfam Hong Kong (2024) documents a wealth gap of 81.9 times between the top and bottom deciles; Piketty and Tang (2022) trace the long-run concentration of capital income at the very top of the distribution; and Hubbis (2025) notes that Hong Kong's emergence as the world's leading private wealth centre has been accompanied by poor integration of wealth management benefits across the broader population. The regression results provide a quantitative mechanism for

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understanding how this paradox is reproduced: the monetary and financial conditions that sustain Hong Kong's role as a wealth hub simultaneously restrict financial access for lower-income households.

The study identifies four key policy recommendations. Since the policy rate is the strongest driver of financial exclusion, the HKMA should complement its currency board constraints with macroprudential tools such as subsidised mortgage relief and capped lending rates for lower-income borrowers. Investment promotion should be redirected toward labour-intensive sectors like technology and green energy rather than high-finance and real estate. Targeted fiscal measureslike income-linked subsidies, a stronger minimum wage, and direct household support; could redistribute wealth inflow gains without deterring investment. Finally, a digital financial inclusion strategy modelled on Singapore's FinTech regulatory sandbox could broaden financial access independently of macroeconomic conditions.

A few directions were identified for future research. A cross-country panel regression across Hong Kong, Singapore, Switzerland, and Luxembourg would establish whether the growth-exclusion paradox is unique to Hong Kong or common to international financial centres. At the micro level, household survey data from the HKMA could trace how rising asset prices and credit costs affect different income groups, complementing the macroeconomic approach taken here. Finally, whether Hong Kong's developed digital payments ecosystem moderates the exclusionary effects of the policy rate and inflation channels is an open question that granular FinTech adoption data could help resolve it.

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