

HKMA hosts Anti-Money Laundering Webinar on collaboration, data and technology

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) hosted an Anti-Money Laundering (AML) Webinar today (September 16), sharing an updated risk assessment of the banking sector and showcasing positive outcomes of the public-private partnership in information sharing. The event brought together over 500 representatives from across the AML ecosystem, including the banking and stored value facilities sectors, financial regulators, the Joint Financial Intelligence Unit (JFIU) of the Financial Intelligence and Investigation Bureau as well as the Commercial Crime Bureau, which leads the Anti-Deception Coordination Centre (ADCC) and the Fraud and Money Laundering Intelligence Taskforce (FMLIT) (Note 1), of the Hong Kong Police Force.

Experience and insights shared during the webinar include:

(1) Understanding of risk: The HKMA assessed, based on updated data, that the banking sector remains at high risk of being abused for financial crime activities. In line with international experience, the increasing use and ease of online banking services and faster movement of funds have made money laundering even harder to detect and deter.

(2) Risk-based approach: Appreciating that money laundering and terrorist financing risks are not static, banks including virtual banks follow the HKMA's guidance to seek to stay resilient through implementing effective anti-money laundering and counter-financing of terrorism (AML/CFT) systems by focusing resources on control measures commensurate with assessed risks. These include the conduct of customer due diligence, ongoing monitoring of account activities and filing suspicious transaction reports (STRs) to law enforcement agencies (LEAs) for investigation.

(3) Collaboration: Banks are working collaboratively within the AML/CFT ecosystem to ensure they are reporting suspicion to the JFIU for law enforcement action (85 per cent of 57,130 STRs made in 2020 were from the banking sector); assisting the ADCC round-the-clock (intercepting HK\$3 billion in 2020); and sharing typologies and cases through the FMLIT (reported over 12,000 bank accounts which were previously unknown to LEAs, leading to restraint or confiscation of about HK\$700 million mainly from fraud).

(4) Data and technology: Good progress in AML Regtech adoption has been made under the HKMA's "Fintech 2025" Strategy. A bank shared how it had expanded the use of non-traditional and new data streams, including digital footprints, and another bank shared how network analysis technology was being used to supplement transaction monitoring systems to identify hidden linkages

and mule account networks of online scams. A virtual bank described the role of a new Financial Crime Controls Working Group formed by all virtual banks and supported by the HKMA, to share best practices and enhance understanding of emerging risks.

In her welcoming remarks, Executive Director (Enforcement and AML) of the HKMA, Ms Carmen Chu, highlighted the positive outcome of the public-private partnership in information sharing in Hong Kong, which is amongst the world's foremost leading models to enhance collaboration among banks, financial regulators and LEAs to detect, deter and disrupt financial crime and online fraud. The HKMA also launched today a dedicated online training platform, on which various presentation materials of this and other events will be made available for capacity building of bank staff with AML responsibilities. The HKMA's remarks can also be found at www.hkma.gov.hk/eng/news-and-media/speeches/2021/09/20210916-1/.

Note 1: FMLIT, established in 2017, is a public-private partnership in information sharing among the Hong Kong Police Force, the HKMA and 15 banks.