

Monetary Authority takes disciplinary action against DBS Bank (Hong Kong) Limited for contraventions of Anti-Money Laundering and Counter-Terrorist Financing Ordinance

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

The Hong Kong Monetary Authority (HKMA) announced today (July 5) that it had completed an investigation and disciplinary proceedings for DBS Bank (Hong Kong) Limited (DBSHK) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (AMLO) (Note 1). The Monetary Authority (MA) has imposed a pecuniary penalty of HK\$10,000,000 against DBSHK for contraventions of the AMLO.

The disciplinary action (Note 2) follows an investigation by the HKMA on DBSHK's systems and controls for compliance with the AMLO. The control deficiencies identified in the investigation relate to DBSHK's failure to continuously monitor business relationships and conduct enhanced due diligence in high risk situations during various periods between April 2012 and April 2019, as well as its failure to keep records in respect of some of the customers. DBSHK also failed to maintain effective procedures for carrying out its duties under the AMLO in relation to the aforementioned control deficiencies during this period.

In deciding the disciplinary action, the MA has taken into account all relevant circumstances and factors, including the following:

- (a) the seriousness of the investigation findings;
- (b) the need to send a clear deterrent message to the industry about the importance of effective controls and procedures to address money laundering and terrorist financing risks;
- (c) remedial actions have been taken to address the deficiencies identified and efforts have been made to improve the bank's anti-money laundering and counter-financing of terrorism controls; and
- (d) DBSHK has no previous disciplinary record in relation to the AMLO and co-operated with the HKMA during the investigation and enforcement proceedings.

The Executive Director (Enforcement and AML) of the HKMA, Mr Raymond Chan, said, "The HKMA requires banks to put in place effective customer due diligence measures to combat money laundering and terrorist financing. These measures should be subject to regular review to ensure that they remain effective."

Note 1: Prior to March 1, 2018, the short title of Chapter 615 of the Laws of Hong Kong was the Anti-Money Laundering and Counter-Terrorist Financing

(Financial Institutions) Ordinance.

Note 2: The disciplinary action is taken under section 21 of the AML0. The AML0 imposes customer due diligence and record-keeping requirements on specified financial institutions, including Authorized Institutions, and designated non-financial businesses and professions. As regards Authorized Institutions, the MA is the relevant authority under the AML0.