

# Monetary Authority takes disciplinary action against Fubon Bank (Hong Kong) Limited for contravention 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 (November 8) that it had completed an investigation and related disciplinary proceedings in relation to Fubon Bank (Hong Kong) Limited (FBHK) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (AMLO). The Monetary Authority (MA) has imposed a pecuniary penalty of HK\$4,000,000 against FBHK for contravention of the AMLO.

The disciplinary action (Note) follows FBHK's self-report of transaction monitoring failures and the HKMA's investigation into FBHK's systems and controls for compliance with the AMLO. The HKMA found that, between April 2019 and July 2022, FBHK failed to establish and maintain effective procedures for continuously monitoring business relationships with customers. Specifically, FBHK failed to have in place effective procedures for managing system changes, following up on a substantial decrease in transaction alerts, and regularly reviewing the scope of transactions covered by its transaction monitoring system. FBHK also failed to conduct appropriate scrutiny of transactions carried out for customers, and update customer due diligence reviews upon trigger events.

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

1. the seriousness of the investigation findings;
2. the need to send a clear deterrent message to FBHK and the industry about the importance of having effective procedures to address money laundering and terrorist financing risks;
3. FBHK reported its transaction monitoring failures to the HKMA. It was co-operative during the investigation and enforcement proceedings;
4. FBHK has carried out remediation to address the identified transaction monitoring failures and the associated control deficiencies; and
5. FBHK has no previous disciplinary record.

The Executive Director (Enforcement and AML) of the HKMA, Mr Raymond Chan, said, "The AMLO requires banks to put in place effective procedures for continuous monitoring of their business relationships with customers so that potential money laundering and terrorist financing activities are detected

early. When changes are introduced to existing monitoring systems, bank management should ensure that the scope of surveillance covers all relevant transactions and any identified deficiencies are followed up promptly."

Note: 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. The MA is the relevant authority with respect to Authorized Institutions under the AML0.