

Monetary Authority takes disciplinary action against WeChat Pay Hong Kong Limited for contravention of Payment Systems and Stored Value Facilities Ordinance

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

The Hong Kong Monetary Authority (HKMA) announced today (August 30) that it had completed an investigation and disciplinary proceedings for WeChat Pay Hong Kong Limited (WPHK) under the Payment Systems and Stored Value Facilities Ordinance (Chapter 584 of the Laws of Hong Kong) (PSSVFO). The Monetary Authority (MA) has ordered WPHK to pay a pecuniary penalty of HK\$875,000 for contravening section 8Q of the PSSVFO as it failed to fulfil the minimum criterion under section 6(2)(b) of Part 2 of Schedule 3 to the PSSVFO.

The disciplinary action (Note 1) follows the filing of a self-report by WPHK and further investigation by the HKMA which found that, during the period from 25 August 2016 to 24 October 2021, WPHK failed to have in place adequate and appropriate systems of control to comply with the relevant paragraphs of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Stored Value Facility (SVF) Licensees) (Guideline) (Note 2).

Specifically, the contravention relates to deficiencies in WPHK's systems of control in two areas, namely:

1. undertaking customer due diligence (CDD) review upon trigger events; and
2. applying enhanced due diligence measures to mitigate and manage the risks in a situation that by its nature may present a high money laundering and terrorist financing risk.

In deciding the disciplinary action, the MA took into account all relevant circumstances and factors, including but not limited to the following:

1. the seriousness of the investigation findings;
2. 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;
3. WPHK has taken remedial measures to address the deficiencies identified by the HKMA and enhance its systems of control;
4. WPHK has filed a self-report to bring the matter to the attention of the HKMA; and

5. WPHK has no previous disciplinary record and is co-operative in resolving concerns identified by the HKMA.

The Executive Director (Enforcement and AML) of the HKMA, Mr Raymond Chan, said, "SVF licensees should apply enhanced due diligence measures on their customers in situations involving potentially high risk of money laundering and terrorist financing. These enhanced due diligence measures should be effective in ensuring that the associated money laundering and terrorist financing risks are properly managed."

Note 1: The disciplinary action is taken under section 33Q of the PSSVF0.

Note 2: Paragraphs 5.2 and 4.8.1 of the Guideline (October 2018 version and September 2020 version), and paragraphs 4.7.1 and 4.11.1 of the Guideline (September 2016 version and February 2018 version).