

Public consultation on proposal for information sharing among Authorized Institutions to aid in prevention or detection of crime

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

The Hong Kong Monetary Authority (HKMA) issues today (January 23) a public consultation paper seeking views on its proposal to allow Authorized Institutions (AIs) to share information on customer accounts for the purposes of preventing and detecting financial crime.

Recent years have seen a sharp global increase in financial crime, especially digital fraud, including in Hong Kong. In addition to the harm caused to victims, large-scale digital fraud could undermine public confidence in the use of new digital financial services. Information sharing is internationally recognised as an effective tool in addressing financial crime. While Hong Kong has achieved positive outcomes through public-private information sharing partnerships, criminals' exploitation of the financial system to move illicit funds continues to pose a threat. There is a need for faster sharing of information to further support the advanced use of technology and analytics to detect and disrupt fraud and mule account networks and intercept illicit funds more effectively.

Against this backdrop, the HKMA invites views from the banking sector and members of the public on its proposal to facilitate AI-to-AI information sharing, including legislative amendments to provide legal protection to AIs and safeguards to protect data privacy and customer confidentiality. The proposed arrangement is in line with similar developments in other international financial centres.

The Chief Executive of the HKMA, Mr Eddie Yue, said, "Fraud and financial crime risks have surged globally. Criminals increasingly exploit information gaps between banks and abuse the financial systems to move and hide illicit funds. Effective information sharing will help the banking sector, supervisors and law enforcement agencies turn the tables on fraud and financial crime and help protect consumers of financial services."

The public consultation commences today and will last until March 29, 2024. The consultation paper is available on the HKMA website (www.hkma.gov.hk/eng/regulatory-resources/consultations/open/). Interested parties are invited to submit their comments to the HKMA by email (recommended means) or post on or before the deadline.