



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B10/1C
B1/15C

21 January 2021

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Report on “AML/CFT Regtech: Case Studies and Insights”

I am writing to share the captioned report (**Annex**), which forms part of the ongoing initiative of the Hong Kong Monetary Authority (HKMA) to promote Regtech adoption in Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) work in the banking sector, building on the significant progress made since the first AML/CFT RegTech Forum hosted by the HKMA on 22 and 25 November 2019¹.

This report was developed in cooperation with an international consulting firm. In it, for the first time, we study and share comprehensive, end-to-end experience and success stories from the AML/CFT Regtech adoption journeys of Authorized Institutions (AIs) of different sizes and business scopes. The examples provide sufficient details, grouped under five themes, namely (i) getting started; (ii) data and process readiness; (iii) third-party vendor relationships; (iv) people, talent and culture; and (v) performance metrics and indicators. These thematic insights will help AIs to identify an adoption process that is applicable to their particular circumstances.

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¹ HKMA Circular “HKMA AML/CFT RegTech Forum, 22 and 25 November 2019 – Record of Discussion” issued on 23 December 2019 (<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2019/20191223e1.pdf>) with enclosure (<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2019/20191223e1a1.pdf>)

Building and sustaining momentum in the industry's adoption of AML/CFT Regtech will continue to be one of our key supervisory focuses in 2021. AIs should study the report to inform appropriate approaches to enable them to stay effective and efficient in the light of evolving risks. We will continue to engage AIs individually and collectively on various follow-up activities relating to the themes developed in the report and as part of our overall risk-based supervisory approach. Details of specific activities will be communicated in due course.

Should you have any questions regarding this circular, please contact us at aml@hkma.iclnet.hk.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)

Encl.