HONG KONG MONETARY AUTHORITY
香港金融管理局

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10 April 2025

The Chief Executive
All Retail Banks

Dear Sir/Madam,

Strengthening the response to fraud and money laundering

I am writing to update you on a series of new measures we are taking to strengthen the detection and prevention of financial crime and share details of how banks should prepare to support the implementation of these new measures.

Legislative amendment to enable bank-to-bank information sharing

The Government has recently gazetted the Banking (Amendment) Bill 2025, which will facilitate voluntary sharing of information among banks when they become aware of activity that may indicate possible prohibited conduct (i.e. money laundering, terrorist financing or financing of proliferation of weapons of mass destruction). While ten banks are already sharing information on the FINEST platform operated by the Hong Kong Police Force (HKPF), we will in the near future invite other retail banks to join. Retail banks should study the Bill to understand the thresholds and mechanisms for sharing information, the scope of the "safe harbour" legal protection for banks and the obligations on banks with regard to confidentiality, use of designated platforms and record-keeping. Banks should also review their internal systems and controls to identify changes that may be required to support eventual participation.

Expanded use of Scameter data

Banks are also invited to participate in the expanded use of the Scameter database which will enhance the ability of banks to identify suspicious accounts and transactions, enabling them to alert potentially at-risk customers to take measures to mitigate risks. Using the additional data points provided, banks are expected to leverage network analytics tools to detect suspicious accounts, transactions and activities which may be linked to those accounts and proxies, such as phone numbers and email addresses listed in Scameter, and

report any newly-identified suspicious accounts or proxies to the HKPF, in order to increase the disruption of mule account networks. Six institutions are participating in the pilot run for the expanded use of Scameter data and we will invite other banks, subject to system readiness, to join in due course.

Sharing of good practices to combat fraud

I am also taking this opportunity, further to our circular on measures to protect bank customers from authorized payments scams (APS) in December 2024[1], to share good practices in banks' systems for protecting customers and preventing, detecting and disrupting fraud and scam-related money-laundering activities, including mule account networks. These good practices have been identified through recent engagements with the banking industry and the HKPF, and in the HKMA's ongoing supervision.

The good practices, provided separately via private channels, illustrate a number of ways banks may meet the regulatory expectations set out in relevant guidance to ensure their systems are effective, and include solutions implemented by banks of different sizes, improvements to processes as well as the adoption of suitable technologies. Based on analysis of data collected by the HKMA and the HKPF, these measures have led to improved outcomes, in terms of mule accounts identified and funds interdicted and returned to victims.

Review of banks' implementation of measures for APS and mule accounts

Banks should, where appropriate, incorporate the good practices in their anti-money laundering (AML) systems to ensure their measures to protect customers from APS are proactive and effective. The HKMA will collect information to monitor the effectiveness of banks' implementation of measures related to APS and mule account networks as part of its ongoing supervision and undertake a round of thematic reviews later this year. The HKMA will also establish a regular communication platform with banks, with a view to further strengthening the overall ability of the banking sector to detect mule account networks.

Publicity and education

The HKMA, the HKPF and the banking industry have strengthened efforts to increase the dissemination of educational messages to customers regarding "Don't Lend/Sell Your Accounts"[2]. These efforts include outreach activities to targeted segments such as foreign domestic helpers, the elderly and students in order to strengthen their vigilance against

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[1] Reference should be made to the circular on "Measures to protect bank customers from authorized payment scams" dated 20 December 2024.

[2] Please see the HKMA's educational website for details. (https://www.hkma.gov.hk/eng/smart-consumers/dont-lend-sell-your-account/)

fraud and money laundering, and the formation of an Anti-fraud Education Taskforce by The Hong Kong Association of Banks (HKAB) comprising 18 banks to strengthen industry coordination. To maximise the effect of publicity efforts, banks are encouraged to collaborate with the HKMA and the HKPF through establishing a dedicated outreach team within their institutions.

If banks have any questions on this circular, they may approach their usual supervisory contact at the HKMA's AML and Financial Crime Risk Division.

Yours faithfully,

Raymond Chan
Executive Director (Enforcement and AML)