Our Ref.: B10/1C
B1/15C
B10/21C

28 August 2026

The Chief Executive
All Authorized Institutions and Stored Value Facility Licensees

Dear Sir/Madam,

Guidance on risk-based AML/CFT controls for politically exposed persons

I am writing to share with the industry an updated version of the "Smart Tips on the Treatment of Politically Exposed Persons (PEPs)".

Following the issuance of the Smart Tips in November 2025, the Hong Kong Monetary Authority (HKMA) has been monitoring the effective implementation of the practical guidance provided. Engagements with Authorized Institutions (AIs) and Stored Value Facility (SVF) licensees generally indicate that, while there remains room for improvement, institutions have been proactively making changes to their PEP related anti-money laundering and counter-financing of terrorism (AML/CFT) controls to meet the HKMA's expectations around proportionality and the need to treat PEPs fairly.

Additional good practices have been brought to our attention. These include setting up a dedicated team to serve PEPs, more proactive oversight of frontline staff via regular customer satisfaction surveys and compliance reviews, and more holistic relationship-based reviews. These good practices have been incorporated into version 2.0 of the Smart Tips.

We are aware that some institutions are exploring technology solutions, including the use of artificial intelligence, to improve customer experience during PEP related reviews and we will continue to support these efforts through our ongoing AML/CFT technology adoption support programme. The most recent workshop featured use cases involving the adoption of generative artificial intelligence to meet source of wealth requirements more effectively and efficiently.

AIs and SVF licensees are expected to consider adopting the updated good practices as part of their ongoing efforts to improve PEP related AML/CFT controls. The HKMA will undertake a round of thematic examinations later in the year to test how effectively these have been implemented and share observations and further examples of good practices where available.

If you have any questions about this letter, please do not hesitate to contact us at aml@hkma.iclnet.hk.

Yours faithfully,

Raymond Chan
Executive Director (Enforcement and AML)

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