HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C
B1/21C
B9/29C

24 October 2019

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

<u>Supervisory Policy Manual (SPM): Revised module TM-E-1 on "Risk Management of E-banking"</u>

I am writing to inform you that, following consultation with the two industry Associations, the HKMA issued today a revised version of the SPM module on TM-E-1 "Risk Management of E-banking".

The revised SPM module, issued in the form of a guidance note, seeks to:

(i) Strengthen risk management controls for e-banking amid evolving cyber threats and fraud risks;

(ii) Provide more principle-based guidance and greater flexibility to enable the industry to cope with challenges brought about by technological advancement and changing customer expectation;

(iii) Introduce suitable changes in preparation for the introduction of virtual banking; and

(iv) Clarify certain existing requirements particularly those relating to new digital banking services.

Authorized Institutions (AIs) are expected to identify any material gaps of their existing risk management controls against the revised module and the associated guidance. Appropriate measures should be implemented to achieve compliance with the new or revised requirements set out in the module no later than 12 months after its issuance, unless there are other controls in place which can effectively manage the relevant risks.

On-line access to the SPM module is available at the HKMA's public website (https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/supervisory-policy-manual/) and private website (http://www.stet.iclnet.hk).

Should you have any questions regarding this revised module, please feel free to contact Mr Michael Chan on 2878-1531 or Mr Patrick Cheng on 2878-1660.

Yours faithfully,

Raymond Chan
Executive Director (Banking Supervision)

Encl.

c.c. The Chairperson, The Hong Kong Association of Banks
The Acting Chairman, The DTC Association
FSTB (Attn. Ms Eureka Cheung)