



HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

02 Jul 2004

Anti-money laundering checks on customers from NCCTs

2 July 2004

The Chief Executive
All Authorized Institutions

Dear Sir,

Anti-money laundering checks on customers from NCCTs

There have been reports in the last few days that some customers from Non-Cooperative Countries and Territories (NCCTs) designated by the Financial Action Task Force (FATF), specifically Filipino women, have been encountering difficulties recently in opening bank accounts with AIs in Hong Kong. This has been linked to the recent issue by the HKMA of the "Supplement to the Guideline on Prevention of Money Laundering".

The Supplement does indeed require that AIs should take account of whether a customer is from an NCCT in determining that customer's risk profile, and therefore how rigorous the AI's customer due diligence (CDD) in respect of that customer should be. I would like to draw attention to the fact, however, that the Interpretative Notes indicate that:

"AIs should adopt a balanced and common-sense approach with regard to customers from NCCTs. While extra care may well be justified in such cases, it is not a requirement that AIs should refuse to do any business with such customers or automatically classify them as high risk and subject them to enhanced CDD process. Rather, AIs should weigh all the circumstances of the particular situation and assess whether there is a higher than normal risk of money laundering."

The reason why this was put into the Interpretative Notes was because the Industry Forum that developed the Supplement was concerned specifically that, without this clarification, even low-risk personal customers from NCCTs could suffer inconvenience, which is not the intention.

I appreciate that Als may not yet have fully completed the process of adapting their internal policies and procedures to reflect this advice and of providing appropriate training to staff, so there may be some "teething-troubles". It is understandable, too, that Als are being cautious. May I please ask you, nonetheless, to try to make sure that this issue is dealt with sensitively, and that customers are not unduly inconvenienced. Could you also ensure, please, that if any customer has a complaint, their complaint is dealt with speedily and sensitively.

Yours sincerely,

Simon Topping
Executive Director (Banking Policy)

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