HONG KONG MONETARY AUTHORITY
香 港 金 融 管 理 局

Our Ref: B10/1C
        B1/15C

25 September 2023

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Report on "AML/CFT Regtech: Case Studies and Insights Volume 2"

I am writing to share the captioned report (**Annex**) which forms part of the Hong Kong Monetary Authority's (HKMA) ongoing initiative to promote Regtech adoption in Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) and increase the effectiveness of efforts to combat digital fraud and financial crime in the banking sector. The report builds on the first volume of the "AML/CFT Regtech: Case Studies and Insights", published in January 2021[1], and aims to give further impetus to adoption rates, which have increased significantly since the work commenced in 2019.

This latest report was developed with industry collaboration and in cooperation with an international consulting firm, sharing comprehensive, end-to-end experience and success stories from Authorized Institutions (AIs) of different sizes and at different stages in their AML Regtech adoption journeys. Four broad areas of Regtech implementation and real-life use cases are featured, including real-time fraud monitoring, machine learning for transaction monitoring alerts handling, natural language processing for media monitoring and analytics providing a 'single view of the customer'. Based on industry feedback, we have also retained and further developed in the report the thematic insights targeting areas where AIs have requested support.

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[1] AML/CFT Regtech: Case Studies and Insights (https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210121e1a1.pdf)

Under its "Fintech 2025" strategy, the HKMA remains committed to the promotion of AML Regtech adoption to tackle the harm caused by digital fraud and other financial crimes, as well as delivering sustainable and effective AML/CFT systems. AIs should study the report and have regard to the shared experience and insight to help staying effective and efficient in the light of evolving risks. The HKMA will continue to engage AIs individually and collectively on various follow up activities related to the themes in the report and as part of our ongoing supervisory engagement.

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.