



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B10/1C  
B1/15C

26 April 2021

The Chief Executive  
All Authorized Institutions

Dear Sir / Madam,

**Feedback from Thematic Review of the Use of External Information and Data in Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Systems**

I am writing to share key observations and good practices from a thematic review of how Authorized Institutions (AIs) integrate various external source information and data into their AML/CFT control systems to enhance effectiveness. The review was carried out as part of the HKMA's response to emerging risks noted in the handling of increasing bank customer enquiries and complaints lodged with the HKMA in connection with COVID-19 related fraud as well as mule account networks and activities related to identity theft and investment scams. It also includes good practices observed in some AIs' adoption of regulatory technology (Regtech) in AML/CFT<sup>1</sup>, such as network analytics.

The thematic review examined AIs' end-to-end processes in handling and using information and data from various sources, including intelligence received from the Fraud and Money Laundering Intelligence Taskforce (FMLIT)<sup>2</sup>, and how this contributed to their input into the wider AML/CFT ecosystem, such as suspicious transaction reports and interception of funds suspected to be related to fraud, as

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<sup>1</sup> AIs should read this circular alongside the HKMA Circular – Report on “AML/CFT Regtech: Case Studies and Insights” issued on 21 January 2021 (<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210121e1.pdf>) with enclosure (<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210121e1a1.pdf>)

<sup>2</sup> FMLIT was established in 2017, led by the Hong Kong Police Force with participation by the Hong Kong Monetary Authority and a number of retail banks. Similar to arrangements in other international financial centres, FMLIT targets current and emerging financial crime threats by adopting a public private partnership approach to information sharing, both at the strategic and tactical level.

well as helping to mitigate risks both at the level of individual AIs and the sector as a whole.

A number of key observations and good practices are set out in the Annex, including how AML/CFT systems should support the integration of external information and data, the common characteristics of AIs which are successful in enhancing AML/CFT systems through the use of such information and data as well as the need to consider performance measurement. Examples are provided of how AIs, of differing sizes and complexity, use external information and data in tackling emerging risks such as those associated with COVID-19 related fraud through proactive data analysis and information sharing.

AIs are expected to adopt the most appropriate arrangements, commensurate with the size, business scope and risks of individual AIs, to optimise the performance of their AML/CFT systems by making reference to the key observations and good practices shared from the thematic review.

Should you have any questions regarding this circular, please contact us at [aml@hkma.iclnet.hk](mailto:aml@hkma.iclnet.hk).

Yours faithfully,

Carmen Chu  
Executive Director (Enforcement and AML)

Encl.