

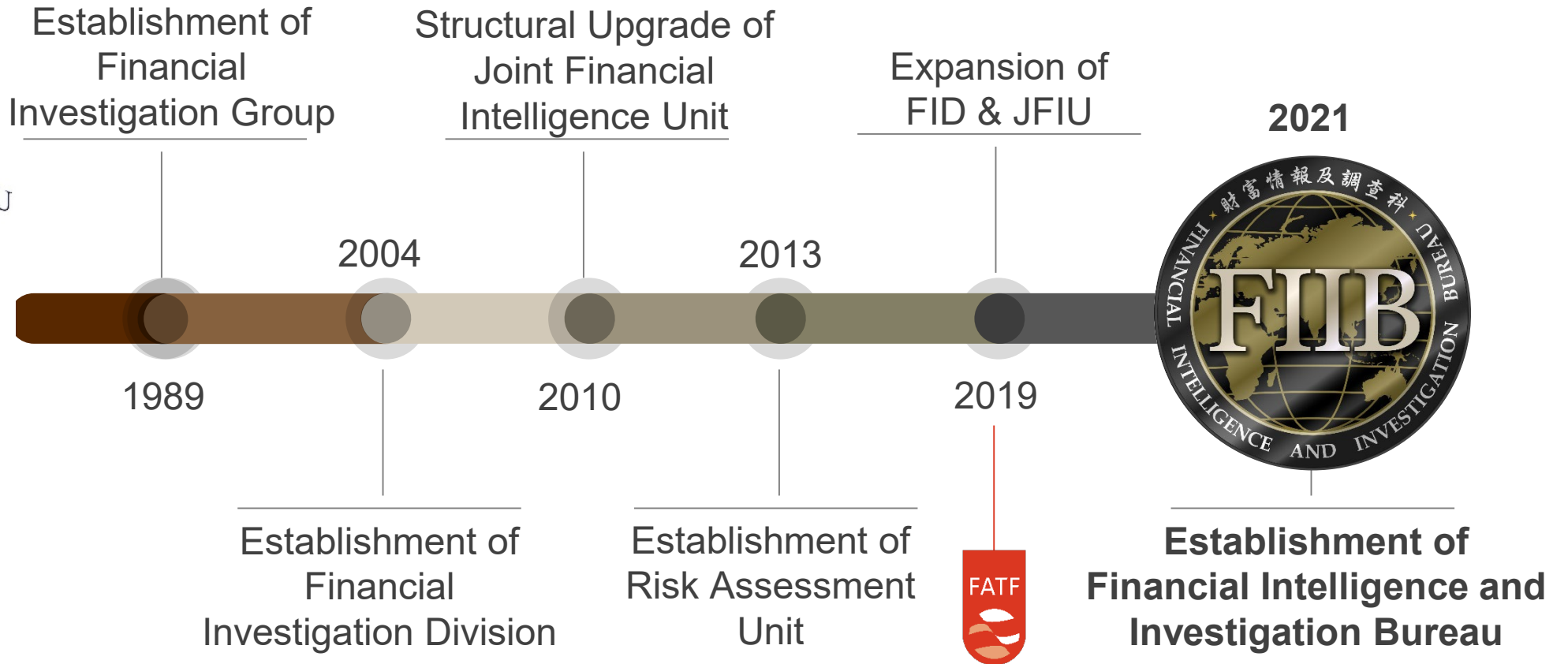


# Financial Intelligence and Investigation Bureau

Jaron LEUNG

Detective Senior Inspector of Police  
Joint Financial Intelligence Unit

# Establishment of Financial Intelligence and Investigation Bureau



## FATF ME Report of Hong Kong

### Recommended Actions

### Immediate Outcome 6

"The JFIU and LEAs should consider: ... (iii) forming a separate specialist financial intelligence and investigations bureau within the HKPF would strengthen capability..."





Established on  
1<sup>st</sup> June 2021

Financial  
Investigation



Money Laundering and  
Terrorist Financing  
Investigations

Joint Financial  
Intelligence Unit



STR Processing and  
Analysis



Intelligence Exchange  
and Liaison

Headquarters



Policies, Legislation and  
Strategic Analysis



Risk Assessment,  
Training and Outreach



# Financial Data Analytic Platform



## STREAMS

First developed and  
Launched  
(with enhancements added)

2006



## FATF ME Report of Hong Kong

Recommended Actions  
Immediate Outcome 6

"The JFIU and LEAs should  
consider: ... (ii)  
enhancement to the JFIU IT  
system to harness advance  
technologies..."

2019



## Financial Data Analytic Platform (FDAP)

HKD 698 Mil of funding  
approved from Finance  
Committee of LegCo

2021

# Limitation of STREAMS

Lack of automation



Requires extensive manpower, resources and time for analysis and process STRs manually



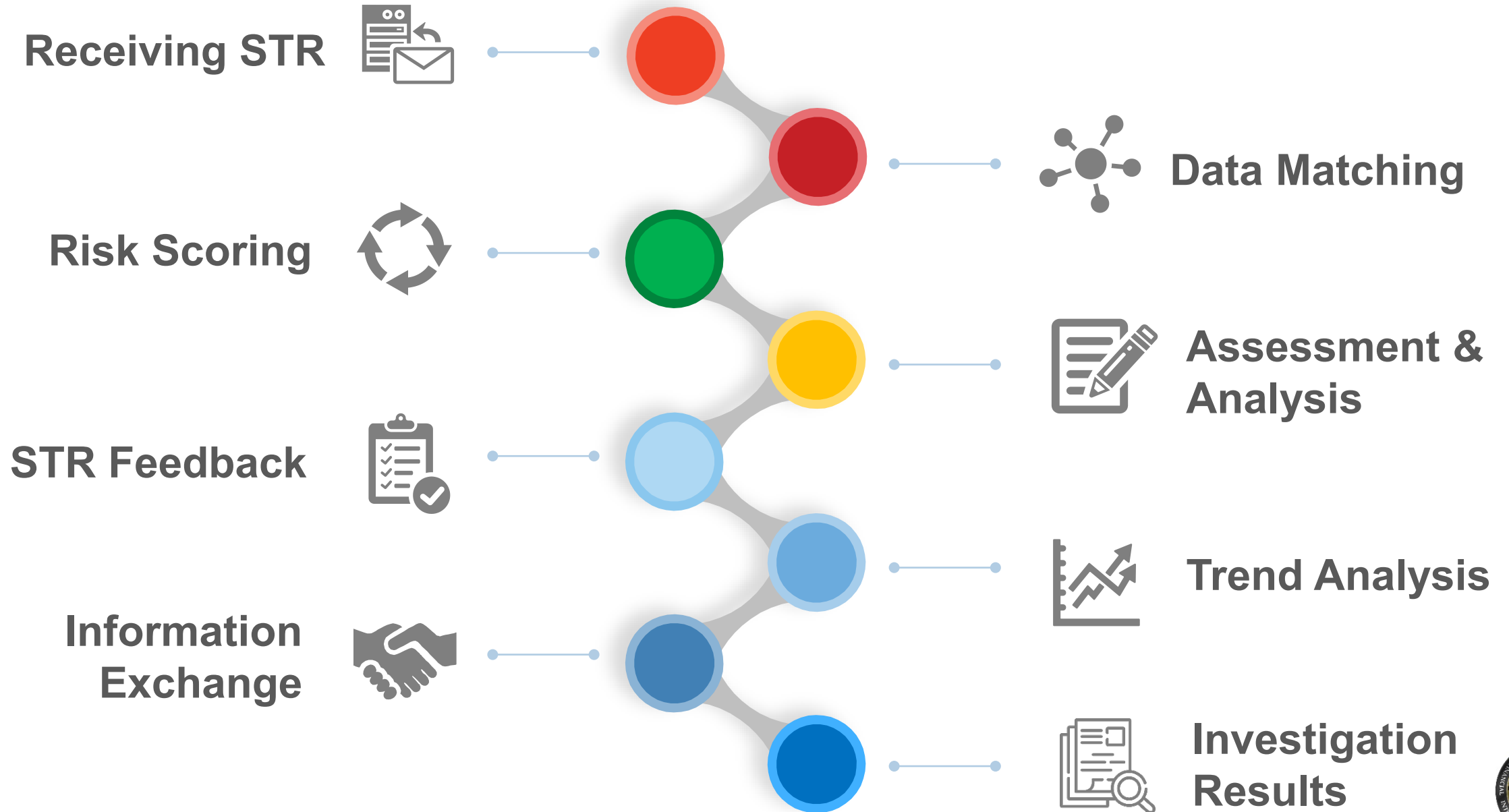
Lack of analytical capabilities



Difficulties in handling large scale STRs and new type of data (e.g. digital footprints)



# The STR Process of FDAP



# The STR Process of FDAP



## STR Submission



### Dedicated STR Submission Form

- Different STR Forms will be designed and prepared for different sector
- New STR Forms will be tailored to the nature of the sector
- Consultation with each sector will be carried out in the design of the new STR Forms



### Account Management

- Corporate account (with admin function) and sub-accounts
- Admin account to manage corporate sub-accounts
- Sub-accounts to be used for STR submission
- Multiple sub-accounts can be created by admin account.

# The STR Process of FDAP

## Data Matching



### Natural Language Processing

- Understand the meaning of unstructured text/ free text (i.e. large paragraph of text in STR)
- Identify entities stated in the unstructured text in STRs
- Facilitate matching of OSINT data



### OSINT Crawler

- Open Source Intelligence
- News, Media, Sanction List etc.
- Automated data matching with open source information to identify entities in the STRs

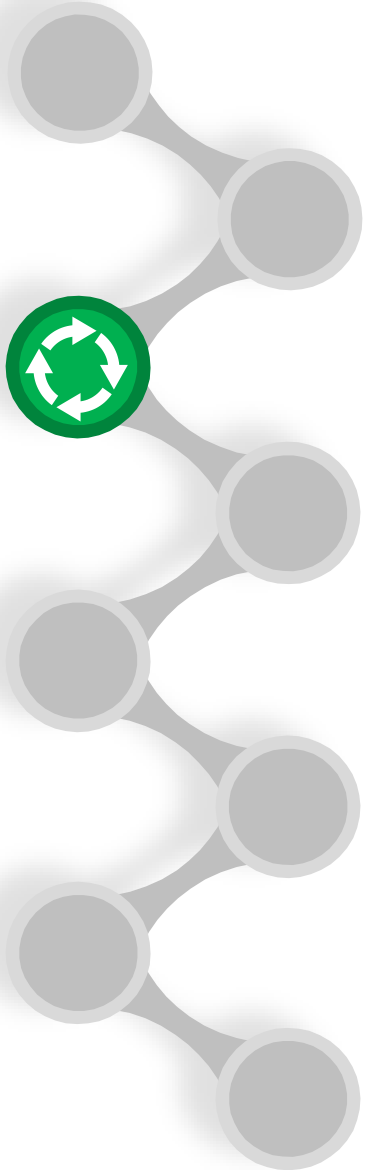


### Data Mining

- Automated data matching against police database
  - ADCC
  - Criminal Records



# The STR Process of FDAP

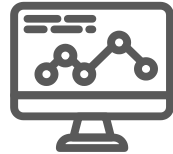


## Risk Scoring



### Natural Language Processing

- Identify entities and relationships mentioned in the unstructured text in STRs
- Facilitate analysis of STR and risk assessment



### AML/ CFT Analytical Tool

- Automated risk assessment to identify the STR risk level
- Automated high risk alert system



### Machine Learning

- Identify entities reported in STR and their relationships with other high risk entities from the database

# The STR Process of FDAP

## Assessment and Analysis



### AML/ CFT Analytical Tool

- AML analytics against the entities and the identified underlying relationships
- Automated fund flow analysis
- Network analysis against the identified entities and their relationship



### Data Mining

- Identify hidden networks and their features
- Group entities by their risk level, relationships etc...
- Surface hidden syndicates

# The STR Process of FDAP

## Assessment and Analysis



### Machines Learning

- Based on the analysis results, analytical models will be developed or refined for future analysis



### Speed up STR processing time

- Increase processing speed of STRs
- High risks/ urgent STRs will be priorities for assessment

# The STR Process of FDAP



## STR Feedback



### Digitalized LNC/ Consent Letter issuance

- LNCs and consent letters will be digitally signed by JFIU
- The letters will be issued to the reporting entities digitally via FDAP
- Reporting entities can access the letters from JFIU via FDAP



### Comprehensive STR feedback

- Detailed feedback to STR reporting entities
  - Quality/ usefulness of STR
  - Whether investigation was initiated from the STR
- Aims to increase the overall quality of STR submission

# The STR Process of FDAP

## Trend Analysis



### Data Mining

- Using the data from all the STRs to identify trends and relationship between entities and criminal activities
- Identify territory wide trend from STRs, such as latest modus operandi used by syndicates

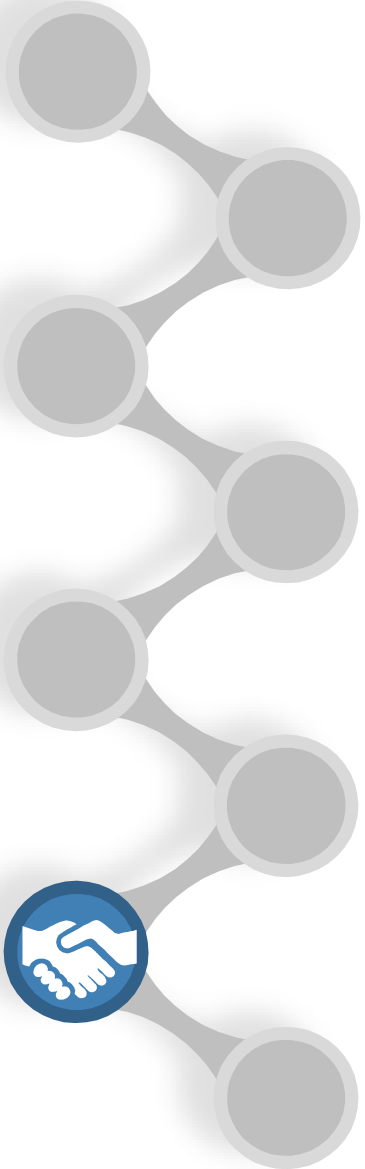


### Machines Learning

- By using analytical models, FDAP can make crime trend predictions
  - Types of account holders who may be stooges
  - Type of crime which may become a prominent trend
  - Types of potential victim



# The STR Process of FDAP



## Information Exchange



### Reports and Bulletins

- Trends and other relevant information generated from the FDAP will be shared to the sectors via regular JFIU reports/ bulletins uploaded to FDAP, such as:
  - Territory wide trend
  - Latest modus operandi
  - Potential prominent trend of crime

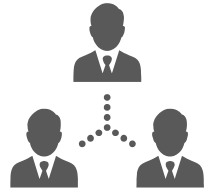


### Digitalized notification letters

- Notification letters to different sectors will be digitalized and submitted via FDAP

# The STR Process of FDAP

## Investigation Results



### Network Analysis

- The results from the network analysis would be captured in the FDAP for future reference, such as the entities relationship in a syndicates
- The analysis results would also assist parallel investigations

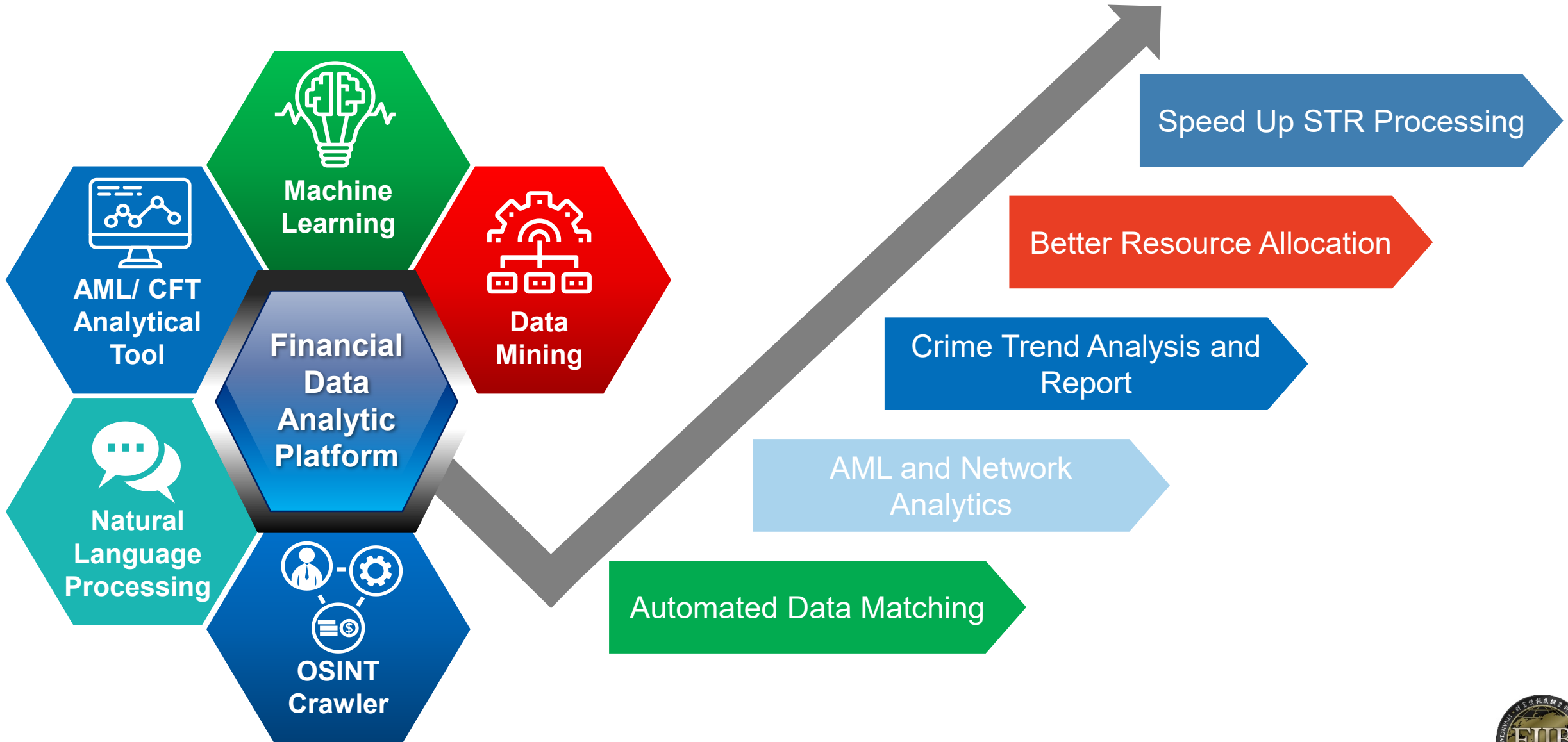


### Data Mining

- Investigation results would be used to capture the identified network and their features
- The results would also be used to create new alerts and analytical models to speed up investigations

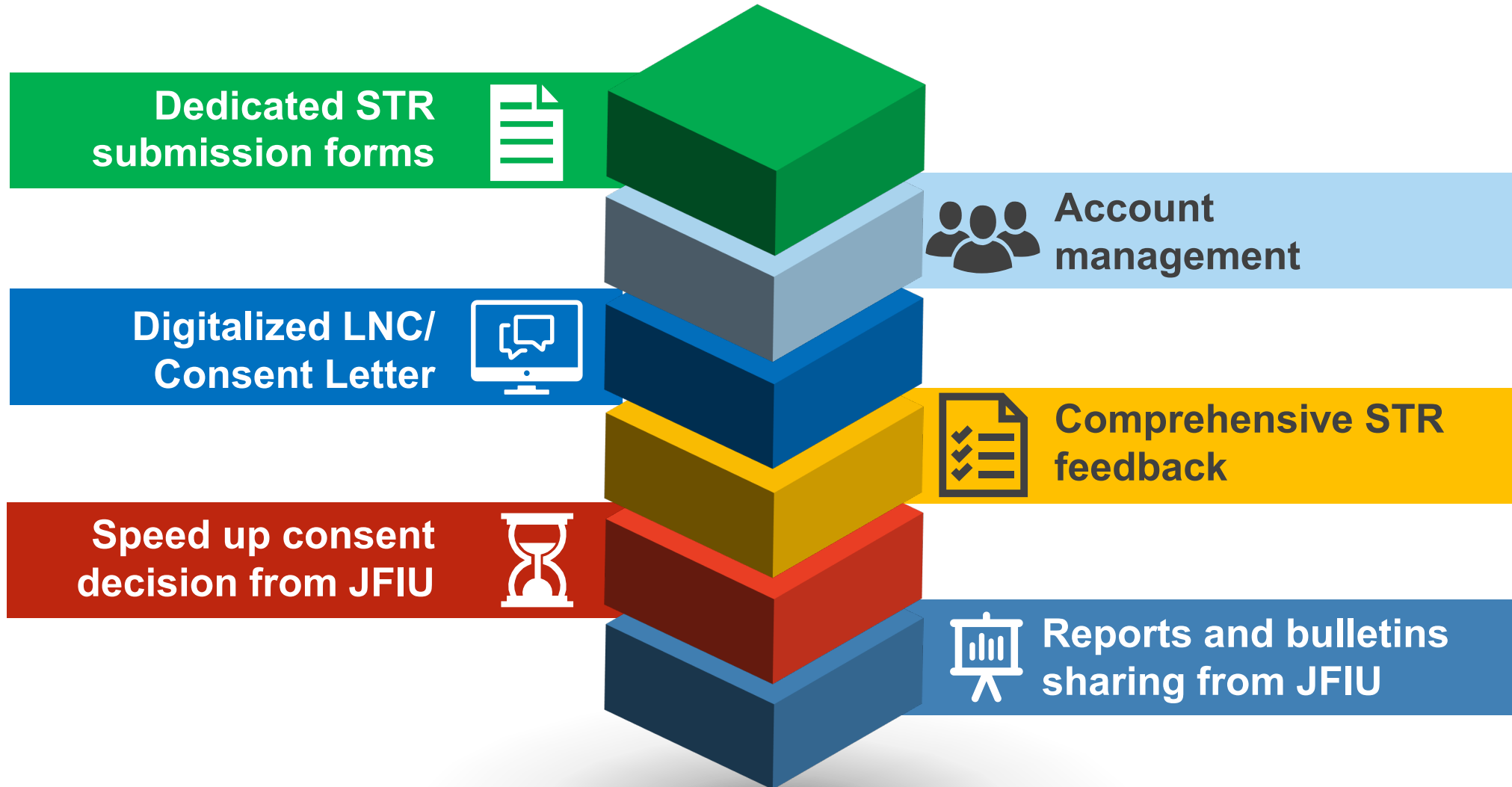


# Benefits of FDAP





# Reporting Entities Benefits from FDAP



# JFIU Case Observation

Digital Footprint

Payment Message



# Digital Footprint

Single Bank Account with  
Multiple IP Address  
Access / Device IDs



IP Address Access /  
Device IDs Reveal  
Monitoring Pattern

Single IP Address  
Accessed / Device IDs  
linked to Multiple Bank  
Accounts

Foreign IP addresses  
from different geo-location  
within a short period of  
time

# Digital Footprint Records

## Device related

- Device ID
- Device OS/ model
- IMEI



## IP address

- Registration
- Login



## Account Activities/ Description

- Particulars change (i.e. email address, phone number)
- Device change
- Password change





**Thank You For Listening**