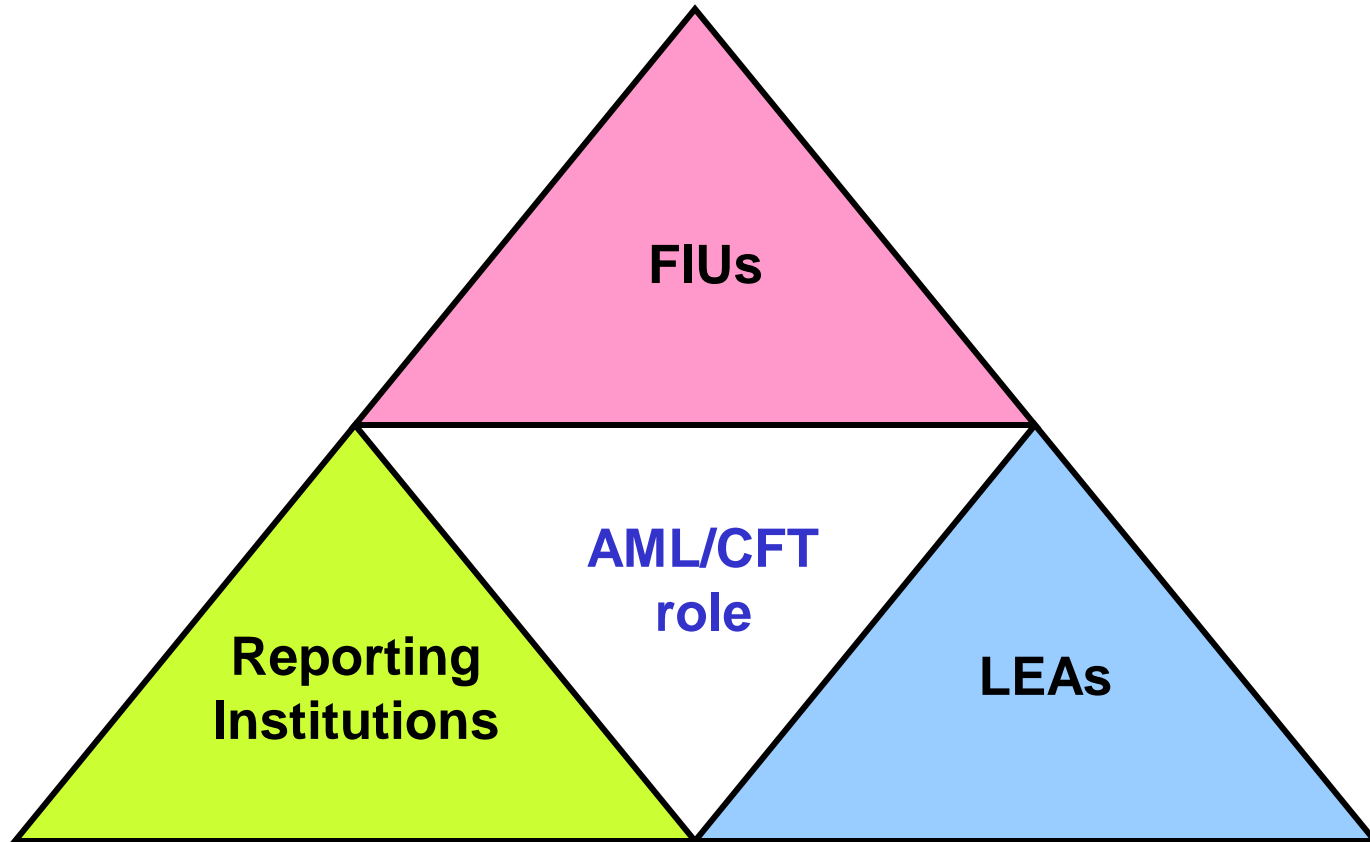








# Importance of Reporting Institution



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# Different Players and Roles

## Reporting Institutions

- Customer identification
- Record keeping
- Internal systems and controls
- Suspicious transactions

## FIUs

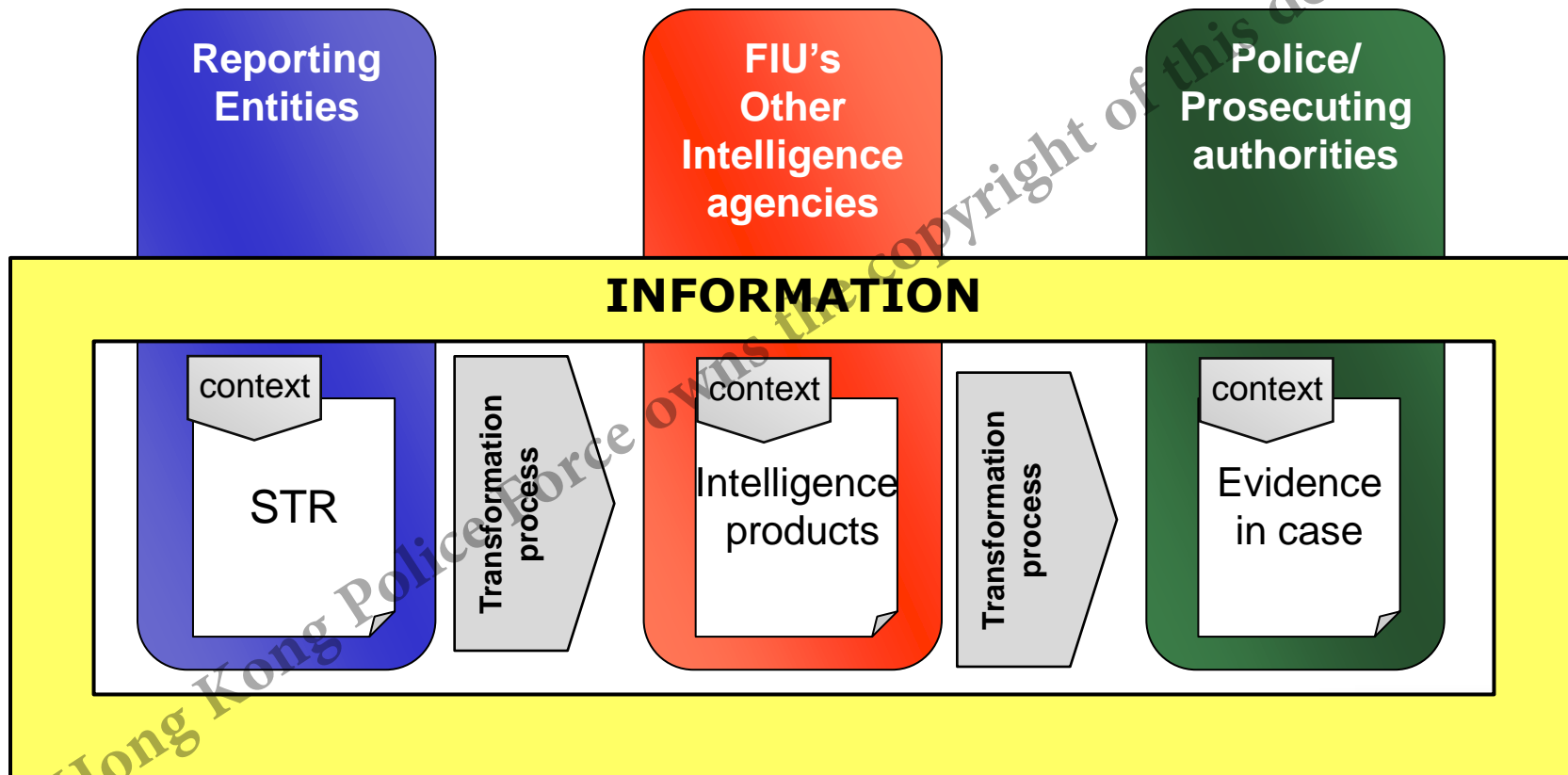
- Handling STR
- Dissemination
- Information exchange
- Feedback
- Outreach program

## LEAs

- ML investigation
- Asset tracing
- Asset recovery
- Information exchange
- MLA



# Information Flow





# Typologies

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# Typologies

- A series of ML or TF arrangements which are conducted in similar manner or using the same methods.
- In general term, the study of methods, techniques and trends used by money launderer and terrorist financier.





# Typologies

To help the reporting institutions in understanding the trend and identifying the vulnerable areas used by the Money Launderer and Terrorist Financier



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# Typologies



## Corporate Vehicle

- easy to set up
- beneficial ownership
- shell company



## Use of TCSP

- non-resident holding several companies
- registered / corresponding address
- secretarial services



## Bank Account

- opened company accounts with different banks
- 3<sup>rd</sup> party as authorized signatories

# Typologies



## Trade-based Transaction

- over & under invoicing
- counter balance
- multiple business



## Money Transfer

- e-Banking
- via Money Services Operator
- multiple transfers between accounts



## Other issues

- unlicensed Money Services Operator
- front man
- theft of identity

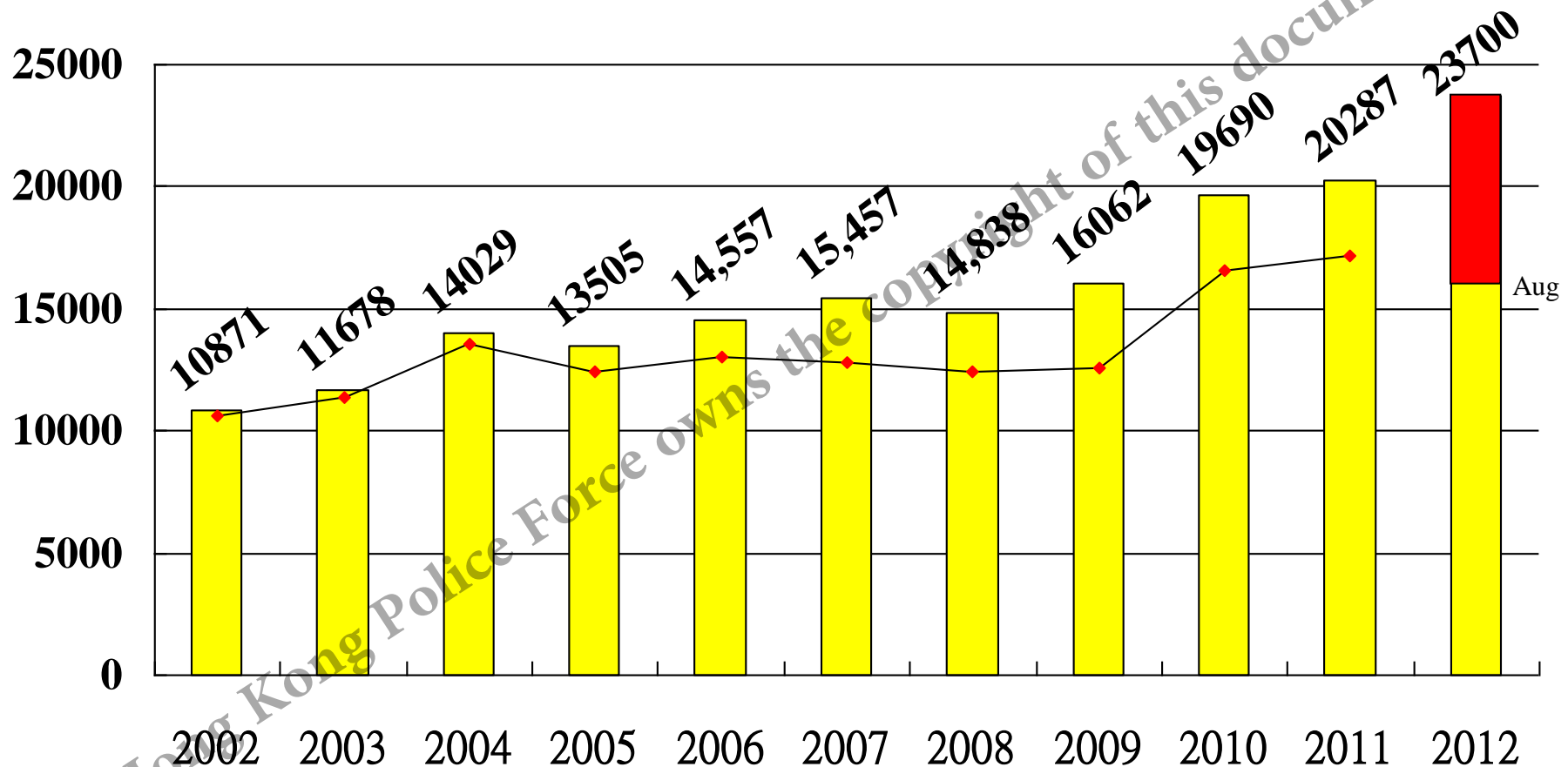
# Typologies

## Indicators

- Multiple inward remittances from different senders
- Multiple outward remittances to overseas accounts
- Temporary repository of fund
- Destination of transfer not commensurate with customer profile
- Payment of “consultancy fees” or “loan”
- Accounts only operated for a few months



# STR received in the past 10 years



• Represents no. of STR made by Banks

■ Estimated no. of STR received in 2012

# Quality Reporting

Sufficient  
information?

Suspicion  
identified?

CDD and KYC  
process?

Precise and  
Concise?

Evaluation?



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# Quality Reporting

## Sufficient Information

- Client / BO information
  - company details
  - ID information
- Transaction information
  - fund flow
  - counterparties information



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# Quality Reporting

## Suspicion identified



- Background of customer/BO
- Quote source of suspicion
- Transaction patterns
- Avoid incoherent information



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# Quality Reporting

## KYC and CDD Process

- Update Personal and Company information
- Enquire customers for suspicious transactions
- On-going transaction monitoring



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# Quality Reporting

## Precise and Concise

- Estimated STRs received this year  $\leq$  24,000
- Quality reporting is essential
- Precise and concise without redundant and duplicated information



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# Quality Reporting

## Evaluation

- Not every STR is to be reported if risk can be mitigated
- Detailed the conclusion reached on the necessity of STR reporting
- Report STR once suspicion arose



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# Conclusion

“Compliance is not a ‘check-the-box’ exercise, but rather requires financial institutions to exercise their judgement, as informed by our guidance and assistance.”



**Bill Fox, ex-FinCEN Director**



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**Thank You**



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