



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
B9/103C
G16/1C
C2/5C

10 August 2018

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

**Mystery Shopping Programme (MSP) on Authorized Institutions' (AIs)
Selling Practices in respect of Investment Products and Insurance
Products**

The Hong Kong Monetary Authority (HKMA) will institute an MSP on AIs' selling practices in respect of investment products and insurance products. The MSP has been deployed as an additional supervisory tool to complement the HKMA's other supervisory work. The objective of the MSP is to ascertain the practices of AIs in customer risk profiling, financial needs analysis (as applicable to life insurance products), suitability of recommendations, and product and risk disclosure. AIs which engage in selling investment and/or insurance products will be subject to the MSP.

The HKMA has engaged a service provider to undertake the MSP. The service provider will recruit and provide training to mystery shoppers who will then pose as potential customers. The mystery shoppers will be of various age groups and with different risk profiles. To facilitate an objective review and assessment of the results of the MSP, the service provider will ask the mystery shoppers to audio-record their meetings with staff members of AIs. The service provider will be required to implement appropriate controls and measures to properly handle the data collected.

The MSP will commence shortly. Depending on the findings, certain cases may necessitate follow-up action with the AIs concerned. Industry-wide issues and good practices identified through the MSP may be shared with the industry as appropriate. AIs are required to communicate to their relevant staff the contents of this circular.

If you have any questions on this circular, please contact Ms Katy Chan at 2878-8602 or Ms Florence To at 2878-1582.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)

c.c. Securities and Futures Commission (Attn: Ms Julia Leung, Deputy Chief Executive Officer and Executive Director (Intermediaries))

Insurance Authority (Attn: Mr Stephen Po, Executive Director (Market Conduct))