



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B10/21C

25 September 2023

The Chief Executive
All Stored Value Facility Licensees

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 2021¹, 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 a number of banks 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’.

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. Stored Value Facility licensees are encouraged to study the report and have regard to the shared experience and insight to help staying effective and efficient in the light of evolving risks.

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.