The fourth Anti-Money Laundering Regtech Lab: supporting an agile, coordinated and strategic response to digital fraud and financial crime

Hong Kong, 7 June 2023 - The Hong Kong Monetary Authority (HKMA) and Cyberport co-hosted the fourth Anti-Money Laundering Regtech Lab (AMLab 4) today (7 June), with support from Deloitte. The AMLab series helps enhance capabilities in the use of data and technology to respond effectively to the heightened threat of digital fraud and related money laundering, which increasingly threatens the integrity of our banking system as well as undermines trust in digital financial services.

AMLab 4 brings together retail banks, technology companies and industry experts to innovate and develop a sector-wide approach to real-time fraud monitoring, to help customers identify and take action to prevent fraud. For the first time, major Stored Value Facility (SVF) licensees also join the event. The following capabilities are explored:

(a)   proactive detection of money mule accounts to increase the early identification capacity and alerts for potential victims of deception to protect against losses;

(b)   promoting industry-wide adoption of AML Regtech tools to increase effectiveness of real-time fraud monitoring across the board, noting that about 60% of retail banks are now using network analytics, more than twice as many as three years ago; and

(c)   best practices in the use of data and a more coordinated approach across fraud and money laundering risk disciplines, noting that about 80% of retail banks are now ingesting non-traditional data such as digital footprints and customer behaviour into monitoring systems.

Also featured is Regtech Connect, a collaborative platform in which technology companies demonstrate and discuss relevant Regtech tools and solutions with participating banks and SVF licensees.

Sharing the common purpose of "gatekeeping" the banking system from being exploited for fraud and financial crime, the HKMA and banks are committed to innovating their response, including adoption of a consistent, coordinated approach to real-time fraud monitoring by all retail banks before the end of September 2023. The outcomes will be tracked against the HKMA's 2023 work priorities[1] as well as the joint anti-deception initiatives announced

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[1] One of the HKMA's key work priorities in 2023 for the banking sector is to detect, deter and disrupt money laundering, fraud and financial crime. (https://www.hkma.gov.hk/media/eng/doc/key-information/speeches/s20230217e1.pdf)

recently by the HKMA and Hong Kong Police Force (HKPF)[2] . The HKMA will continue to prioritise working with banks and all stakeholders towards an ecosystem response to fraud and financial crime risk.

Please download high resolution photos through this link.

Ms Carmen Chu, Executive Director (Enforcement and AML) of the Hong Kong Monetary Authority delivers remarks at AMLab 4 on 7 June.

Mr Victor Yim, Head of FinTech of Cyberport delivers remarks at AMLab 4 on 7 June.

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[2] The HKMA and HKPF co-hosted a sharing session with banking industry on anti-deception efforts on 21 April 2023(https://www.hkma.gov.hk/eng/news-and-media/press-releases/2023/04/20230421-7/)

Senior representatives from the Hong Kong Monetary Authority, banks and technology firms share insights in a panel discussion on using Regtech solutions to detect and disrupt fraud.

Senior representatives from Deloitte, banks and technology firms share views in a panel discussion on how banks can enhance their anti-fraud capabilities.

Technology companies including Cyberport start-ups demonstrate relevant Regtech tools and solutions to participating banks and SVF licensees at Regtech Connect.

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About HKMA
The HKMA is Hong Kong's central banking institution. The HKMA's main functions are: (i) maintaining currency stability within the framework of the Linked Exchange Rate System; (ii) promoting the stability and integrity of the financial system, including the banking system; (iii) helping to maintain Hong Kong's status as an international financial centre, including the maintenance and development of Hong Kong's financial infrastructure; and (iv) managing the Exchange Fund.

About Cyberport
Cyberport is Hong Kong's digital technology flagship and incubator for entrepreneurship with over 1,900 members including over 800 onsite and close to 1,100 offsite start-ups and technology companies. It is managed by Hong Kong Cyberport Management Company Limited, wholly owned by the Hong Kong SAR Government. With a vision to be the hub for digital technology, thereby creating a new economic driver for Hong Kong, Cyberport is committed to nurturing a vibrant tech ecosystem by cultivating talent, promoting entrepreneurship among youth, supporting start-ups, fostering industry development by promoting strategic collaboration with local and international partners, and integrating new and traditional economies by accelerating digital transformation in public and private sectors.

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