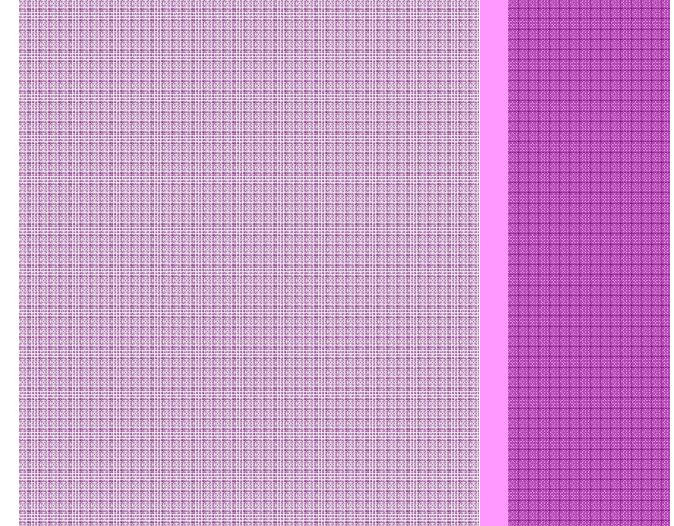


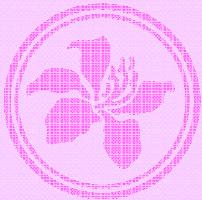
# **Common AML Deficiencies Identified during On-Site Examinations**

Stewart McGlynn  
Anti-Money Laundering  
Hong Kong Monetary Authority



HONG KONG MONETARY AUTHORITY





## Our Advantage



- Reduced risk of serious crime and terrorism
- Better reputation as a good and safe place to do business
- Contribution to global and national fair play
- Recovery of proceeds of crime



*Keep Up to Date .....*

*the NCCT process  
no longer exists*



## Public Statement – Counter Measures

- Iran
- Democratic People's Republic of Korea (DPRK)

## Public Statement – Strategic Deficiencies

- Cuba
- Bolivia
- Ethiopia
- Kenya
- Myanmar
- Nigeria
- São Tomé and Príncipe
- Sri Lanka
- Syria
- Turkey

## Improving Global Compliance

- Algeria
- Angola
- Antigua and Barbuda
- Argentina
- Bangladesh
- Brunei Darussalam
- Cambodia
- Ecuador
- Honduras
- Kyrgyzstan
- Mongolia
- Morocco
- Namibia
- Nepal
- Nicaragua
- Paraguay
- Philippines
- Sudan
- Tajikistan
- Turkmenistan
- Trinidad and Tobago
- Venezuela
- Vietnam
- Yemen
- Zimbabwe

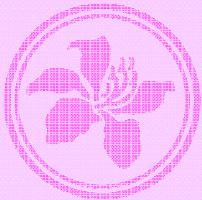
### Jurisdiction not making sufficient progress

- Ghana
- Indonesia
- Pakistan
- Tanzania
- Thailand



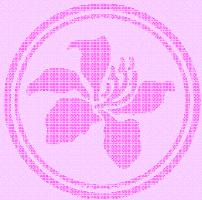
*Give consideration to*  
**offshore accounts**





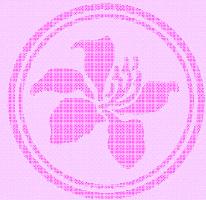
# Law Enforcement Requests

- All local records maintained
- Appropriate personnel
- Screening
- Onshore & offshore booked accounts
- Ensure proper actions both on and offshore
- *Expectation - Policy and procedures*



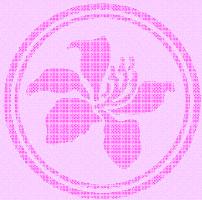
*Know what the SFC alert  
list is*  
**and use it!**





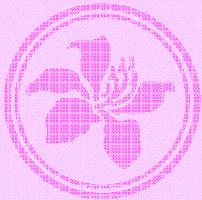
*consent is only a word –*  
**NOT a risk**  
**assessment**



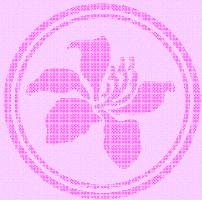


## Undue Reliance on ‘Consent’

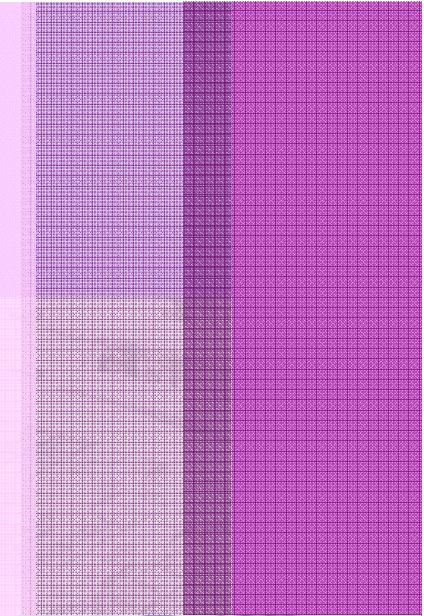
- Not a Clean Bill of Health
- Not an indication that there is no risk
- Appropriate review expected, irrespective of JFIU feedback
- Take appropriate action to mitigate
- Expectation of Audit Trail
- ***Continued operation without above  
= not acceptable***



# What Risk?



# *Large Cash* Deposits & Withdrawals



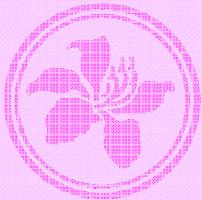


# Cash Transaction Risks

- = Red Flag
- Commensurate with Customer
- Deposits and withdrawals
- Outflow of cash can = high risk
- Front-line staff
- Monitoring of past transactions
- Expectation – KYC + Audit Trail



*Ensure your system is  
populated with meaningful  
information that accurately  
describes the customer  
.....and his activities*



## Section 25A(1)



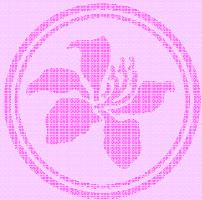
*Where a person knows or  
suspects.....he shall, as soon as it is  
reasonable for him to do so disclose that  
knowledge or suspicion,.....  
**together with any matter on**  
**which that knowledge or**  
**suspicion is based.....***



# Our AML Regime



- Reduced risk of serious crime and terrorism
- Better reputation as a good and safe place to do business
- Contribution to global and national fair play



# Thank You

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