

# Fighting crime and terrorism: how you can help

## **What are money laundering and terrorist financing?**

Money laundering is the process through which criminals attempt to hide or disguise the true origin and ownership of the proceeds of criminal activities such as drug trafficking, theft, smuggling, illegal gambling or bookmaking, blackmail, extortion, loan sharking and tax evasion. The financing of terrorism is the financial support, in any form, of terrorism or those who encourage, plan or engage in terrorism. The two activities are linked because the techniques used to launder money are essentially the same as those employed to conceal the sources and uses of terrorist financing.

## **Why should money laundering and terrorist financing be taken seriously?**

Hong Kong is a free and open international financial centre with low tax rates, wide-ranging banking services, and no currency or exchange controls. Money launderers and terrorists may try to take advantage of this environment to conceal and channel their illegal proceeds and funding.

Hong Kong has already developed an effective legal and financial framework in combating money laundering and terrorist financing. But, with growing sophistication in technology

and banking products, the means adopted by money launderers and terrorists are also evolving and becoming more difficult to detect.

## **Who can help prevent money laundering and terrorist financing?**

Banks and their customers have important roles to play in preventing money laundering and terrorist financing through the financial system. Guided by the Hong Kong Monetary Authority and in line with international best practice, banks in Hong Kong have enhanced their due diligence checks on both new and existing customers in order to know them better. This will help to prevent and detect money-laundering and terrorist-financing activities.

However, these efforts can only be successful with the co-operation of banks and their customers.

## **How can you help to combat money laundering and terrorist financing?**

By providing your bank with your identification documents and other relevant information, you make it harder for money launderers and terrorists to use false identities

to disguise their activities. You may therefore be requested to provide all or some of the following.

For personal customers, appropriate identification documents include

- *Hong Kong identity card, passport or other travel permit*
- *Proof of address, such as a recent utility bill, tax or rates demand note, or a statement or advice issued by a regulated financial institution.*

To close potential loopholes that money launderers and terrorists might try to exploit, third parties of customer accounts, such as subsidiary credit cardholders, may also be requested to provide similar information.

Business customers will need to provide the usual identification documents for opening a bank account. Directors and other connected parties, such as principal shareholders, beneficial owners and authorised signatories, may also be requested to provide a personal identification document and proof of address.

If you do not have the required documents, banks may be able to suggest ways to help you fulfil the due diligence requirements. For more details, please consult your own bank.

To comply with their legal obligation of identifying and reporting any suspicious transactions to the authorities, when account activities become unusual or inconsistent with the normal pattern of account activity, banks may need to obtain details of individual transactions from customers.

It is also helpful therefore if customers share other relevant information with their banks, such as details of their occupation or business, the purpose of the account, source of funds and wealth, expected account balance and turnover, and other financial data where applicable. Banks will need to keep such information up to date.

Your bank will keep all your information confidential. For personal customers, this duty of confidentiality is reinforced by the Personal Data (Privacy) Ordinance.

**Remember:** both you and your bank have a role to play in keeping Hong Kong clean of money laundering and terrorist financing!

*Issued by the Hong Kong Association of Banks, DTC Association and Hong Kong Monetary Authority*