



Suspicious Transaction Reporting: Overview & Statistics

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Financial Intelligence and Investigation Bureau



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Agenda



- Background of Joint Financial Intelligence Unit (JFIU)

- Suspicious Transaction Report (STR) Mechanism

- STR Statistics

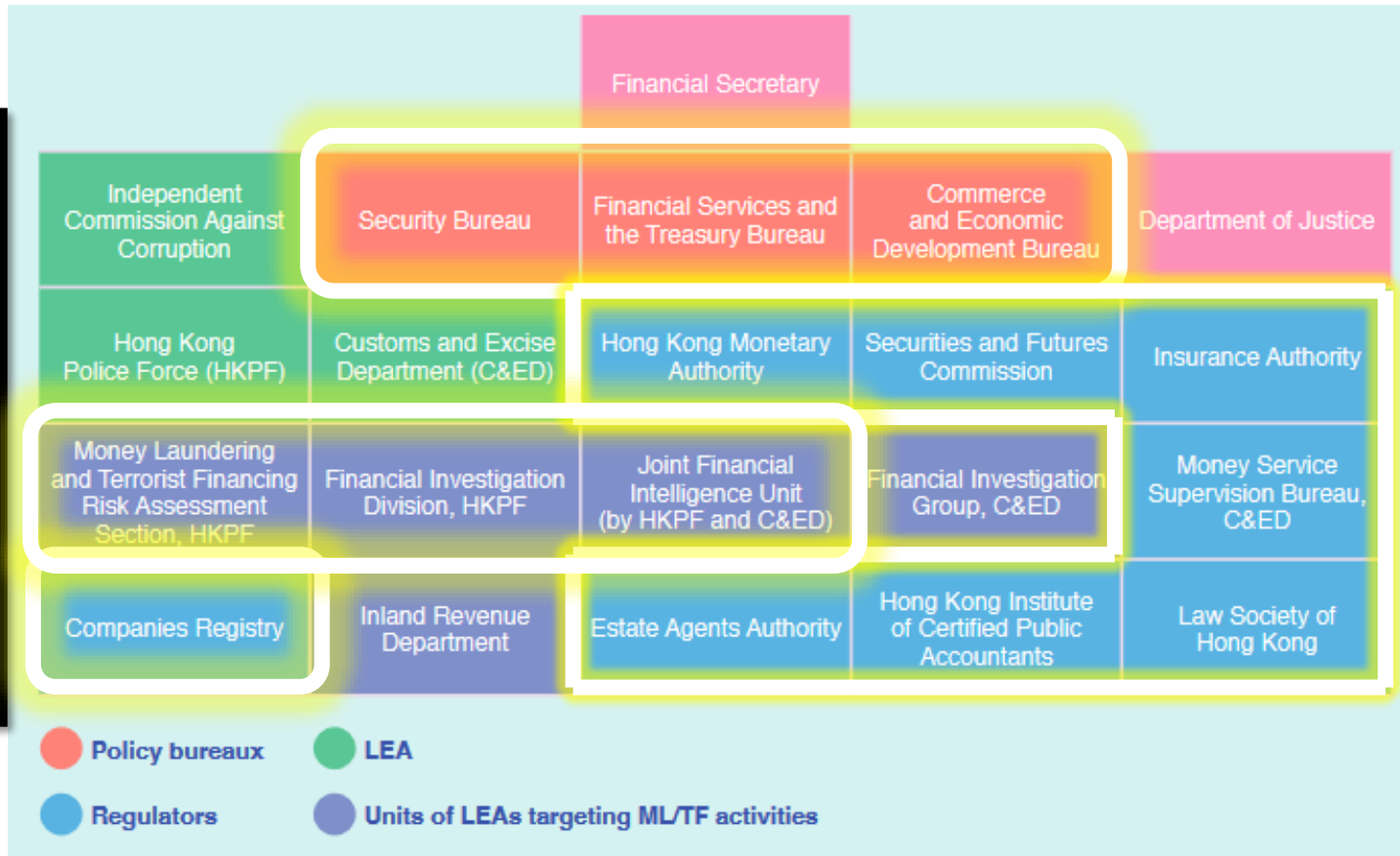
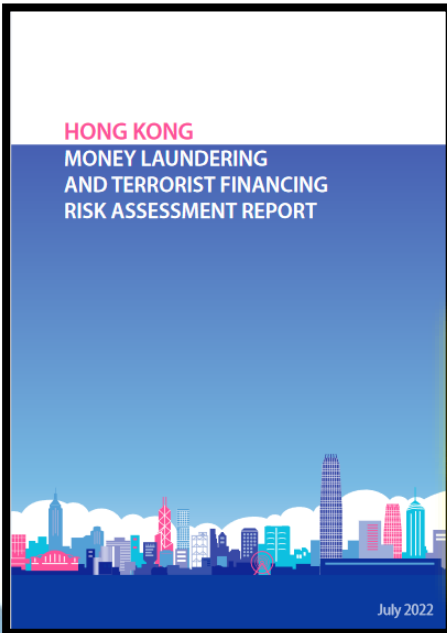
- STR Sectorial Sharing

- STR Reporting

- New Development

Background of JFIU

Hong Kong's AML/CFT Regime



[Sourced: Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report (July 2022)]

Background of JFIU

Financial Intelligence and Investigation Bureau (FIIB)

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graph TD; FIIB[Financial Intelligence and Investigation Bureau (FIIB)] --- H[Headquarters]; FIIB --- FID[Financial Investigation Division]; FIIB --- JFIU[Joint Financial Intelligence Unit (JFIU)];
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Headquarters

- Oversees AML/CFT policy and legislation matters
- Conducts strategic analysis and territory-wide risk assessment
- Organize training and outreaching

Financial Investigation Division

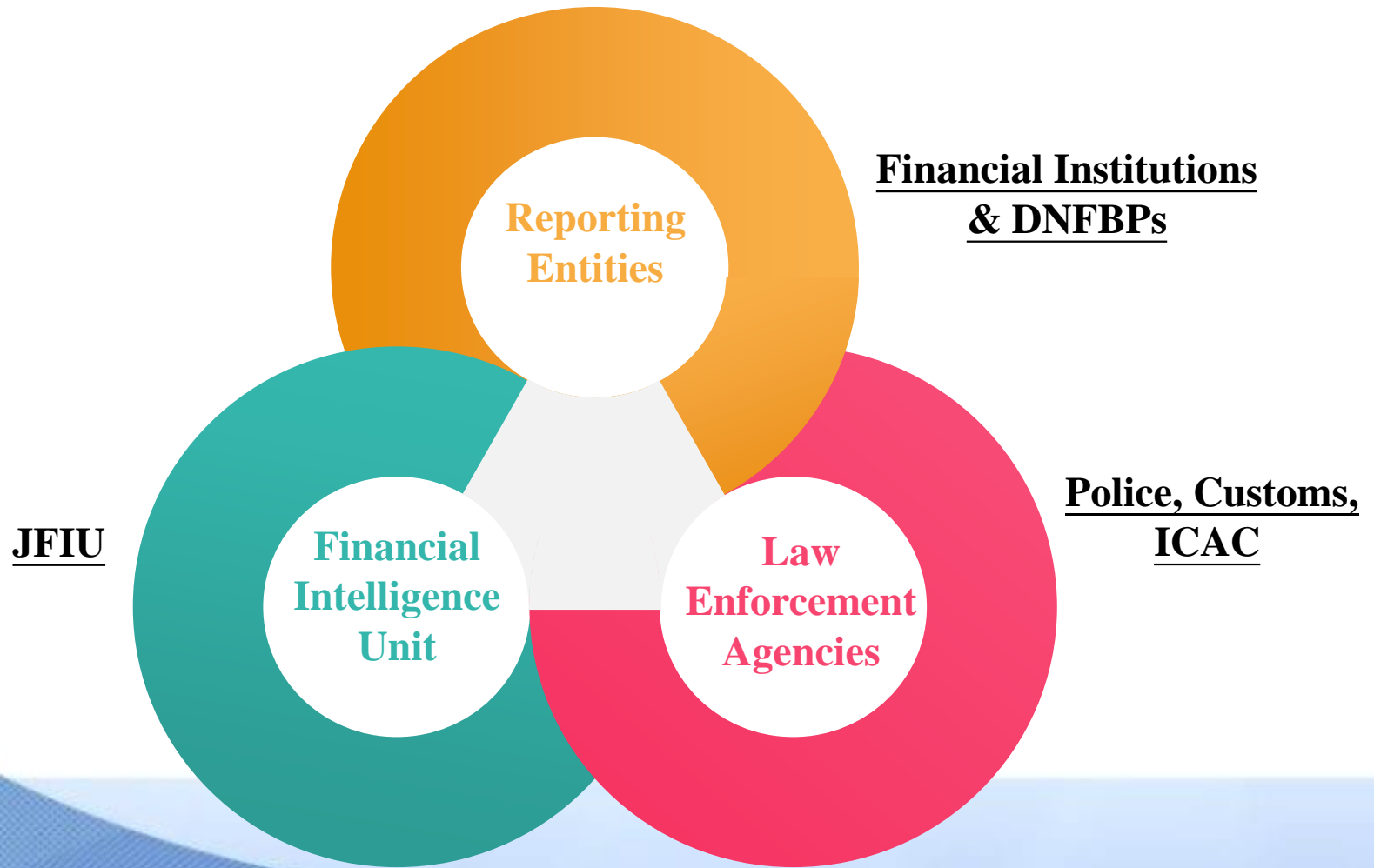
- Conducts ML/TF investigation

Joint Financial Intelligence Unit (JFIU)

- Receives, analyzes and disseminates STR
- Exchanges financial intelligence with other local and foreign LEA
- Maintains close liaison with local financial institutions and DNFBPs

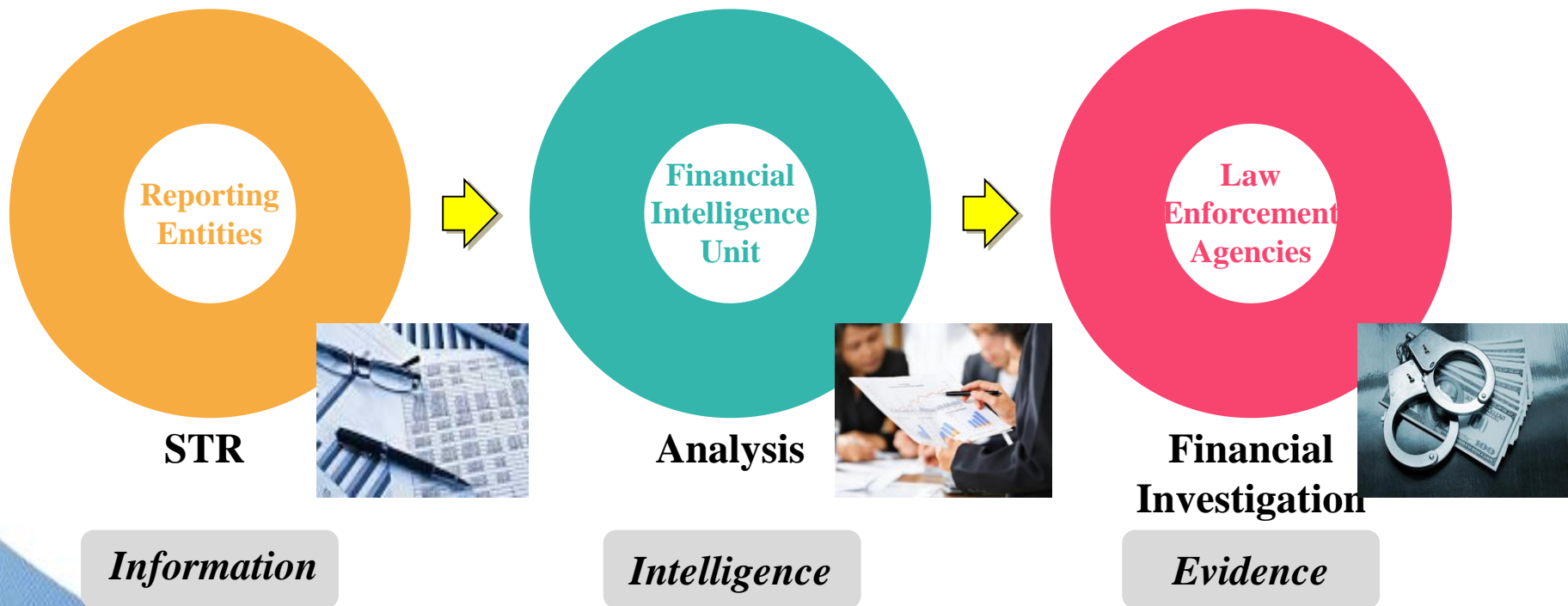
STR Mechanism

Public-Private Partnership (PPP)



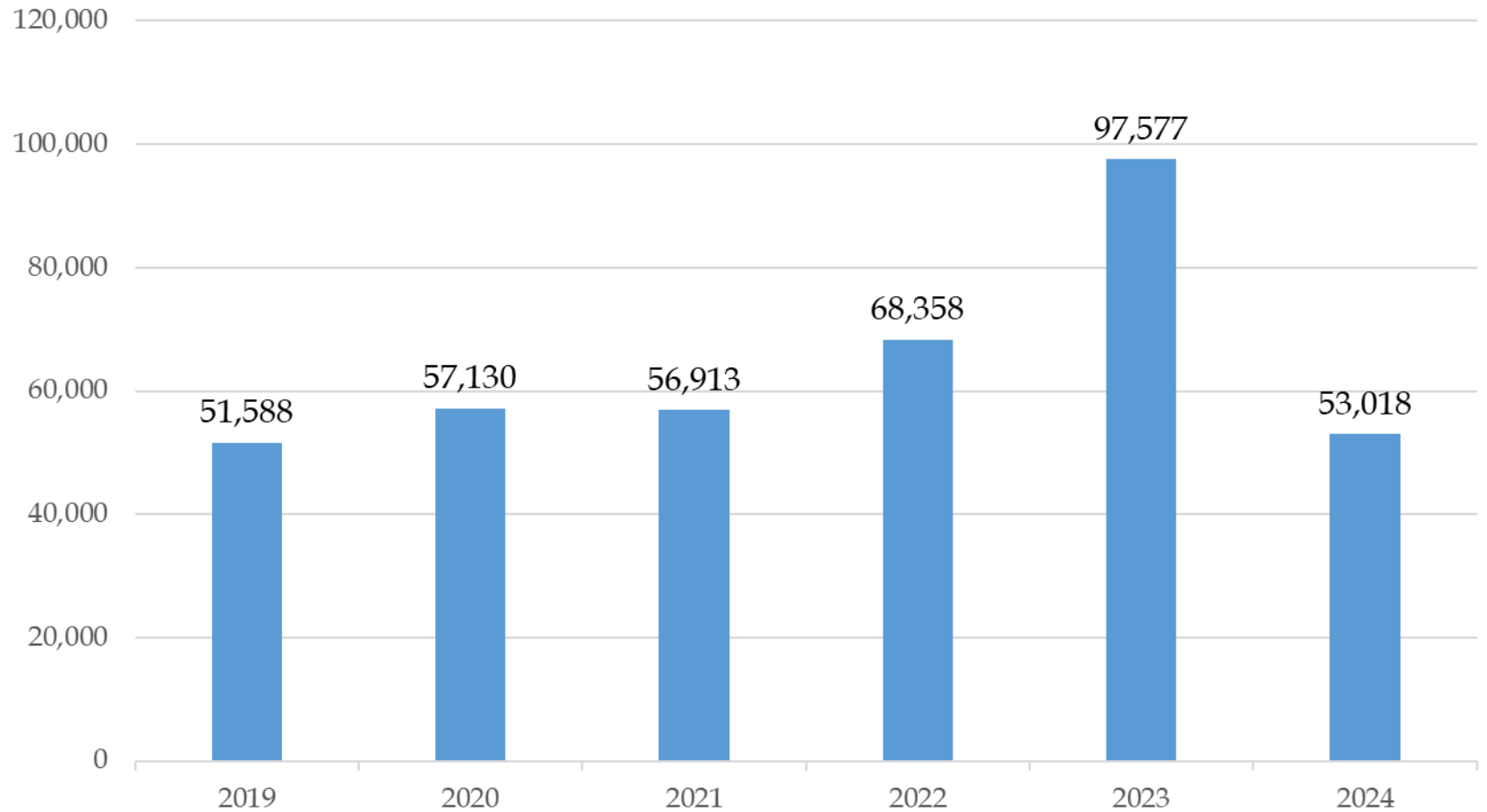
STR Mechanism

Public-Private Partnership (PPP)



STR Statistics

Number of STRs received in the past 5 years



STR Statistics

Breakdown of STRs filed by different sectors in 2023

Sector	No. of STRs received in 2023	Percentage (%)
Financial Institutions (FIs)		
Banks	84,781	86.89%
Stored Value Facilities Licensees	6,501	6.66%
Money Service Operators	2,407	2.47%
Insurance Companies	1,327	1.36%
Securities Firms	553	0.57%
Money Lenders	492	0.50%
Virtual Asset Trading Platforms	5	0.01%
Designated Non-Financial Business and Professions (DNFBPs)		
Legal Professionals	677	0.69%
Trust and Company Service Providers	161	0.16%
Estate Agencies	79	0.08%
Dealers in Precious Metals & Stones	14	0.01%
Accounting Professionals	10	0.01%
Others	570	0.58%
Total	97,577	100%

STR Statistics

No. of STRs	2016	2017	2018	2019	2020	2021	2022	2023
Annual Total	76,590	92,115	73,889	51,588	57,130	56,913	68,538	97,577
Filed by Legal Professionals	969	555	416	810	807	597	681	677
% of STR filed by Legal Professionals	1.27%	0.60%	0.56%	1.57%	1.41%	1.05%	1.00%	0.69%

DNFBP - Role in AML/CFT



THE
LAW SOCIETY
OF HONG KONG
香港律師會



Functions provided by lawyers

- **Buying /selling property**
- **Complex legal arrangements**
- **Financial transactions**
- **Financial and tax advice**

DNFBP - Role in AML/CFT

“Practice Direction P”

[for use by law firms, solicitors and foreign lawyers practicing in HK]

Failing to comply may::

- Face disciplinary action
- Loss of reputation

Mandatory Requirements

1. Client identification and verification



2. Customer Due Diligence (CDD)
“high risk”?



3. Record Keeping



4. Staff Awareness and Training



DNFBP - Role in AML/CFT

Money Laundering Typologies identified by FATF

01

MISUSE OF CLIENT ACCOUNT

Funding received from “client” without underlying legal services to be provided

02

PROPERTY PURCHASES

03

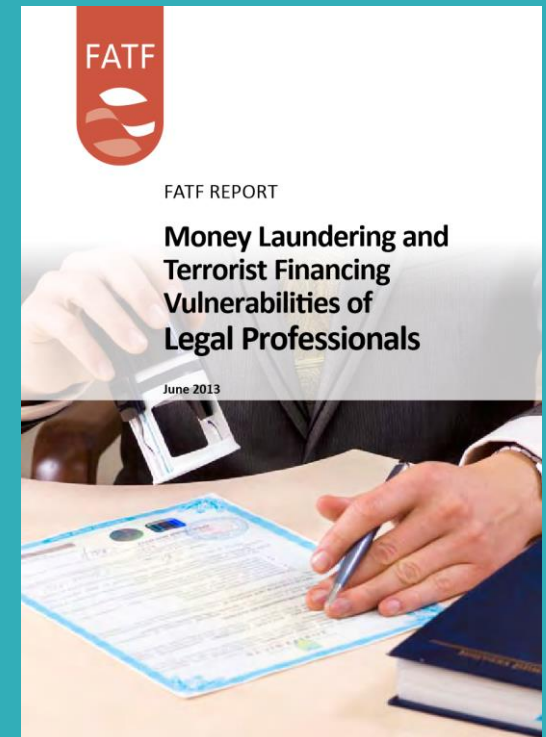
CREATION / MANAGEMENT OF (SHELL) COMPANIES

04

CREATION / MANAGEMENT OF AND TRUST

05

BUYING AND SELLING OF BUSINESSES



STR Reporting

Risk Indicators



Client

■ **Individuals:**

Age / Occupation / Reported Salary /
History of business ? Non-resident /
Corporate from high-risk country?
Politically exposed person (PEP)?

■ **Corporate:**

Incorporation date / Business nature /
Expected turnover? Complex corporate
structure (obscuring ultimate beneficial
ownership)?

STR Reporting

Risk Indicators

Transaction



Payment from 3rd party / cashier order?



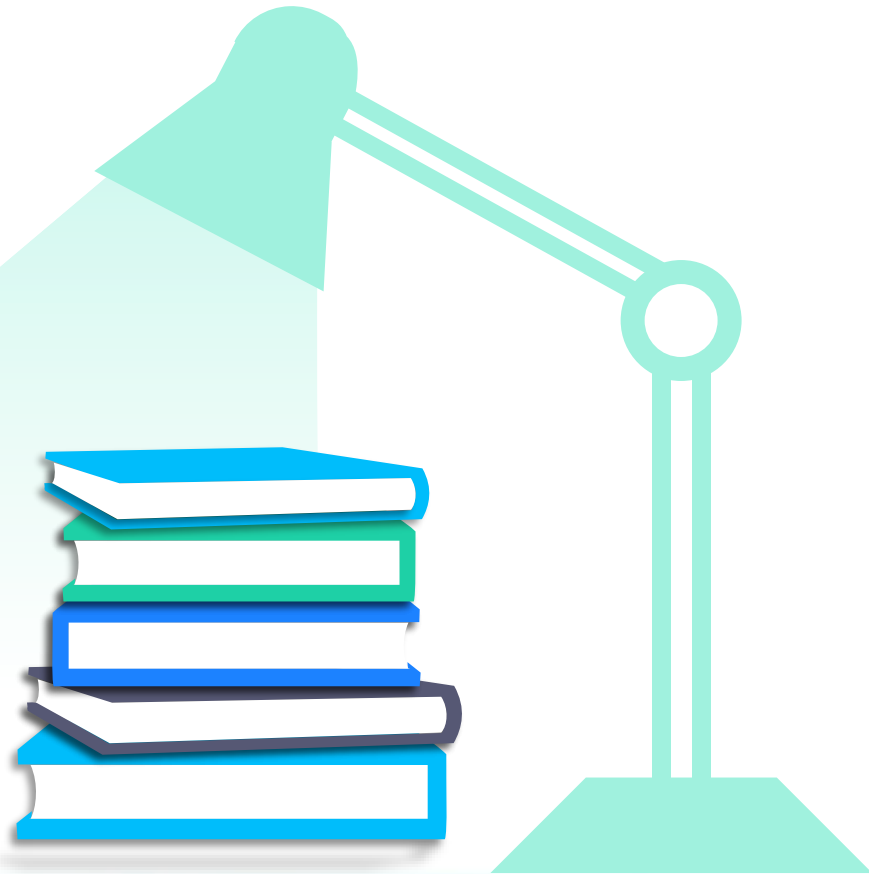
Unusual high/ low payment for a property?



Unexpected amount of transactions / Suspicious patterns?



Transaction with unrelated parties / jurisdiction?

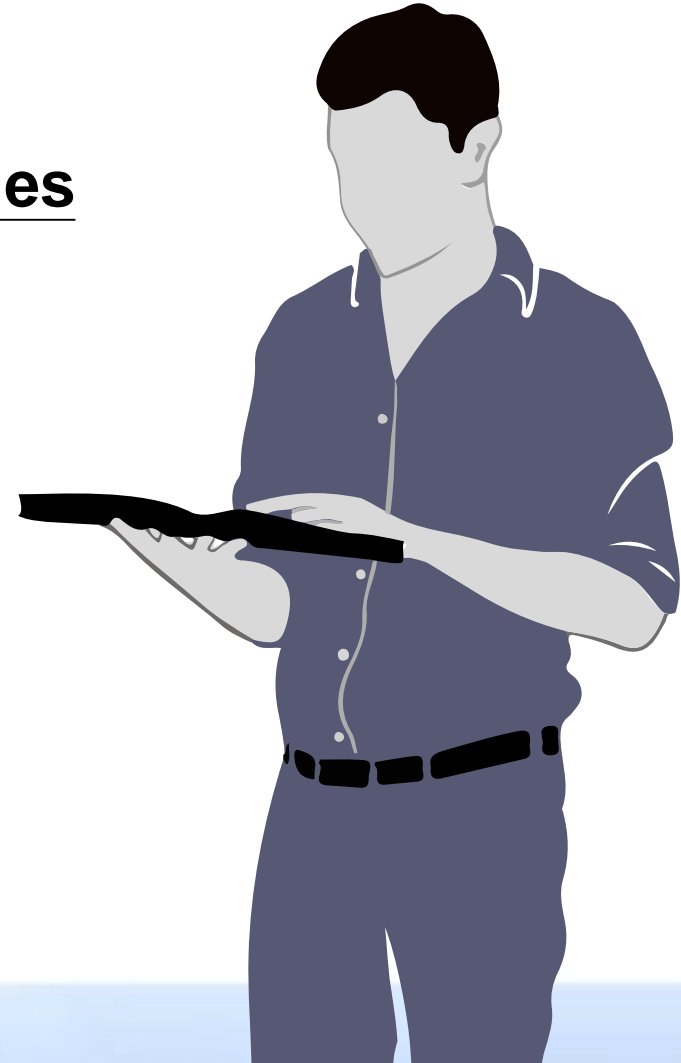


STR Reporting

Risk Indicators

Previous Records/ Further Enquiries

- Background check / open source (*adverse news*)
- Failing to disclose specific role / relationship / ownership of property
- Unwilling to response to questions or answers are not convincing
- Unwilling to provide supporting document



STR Reporting

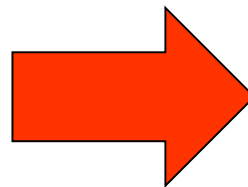
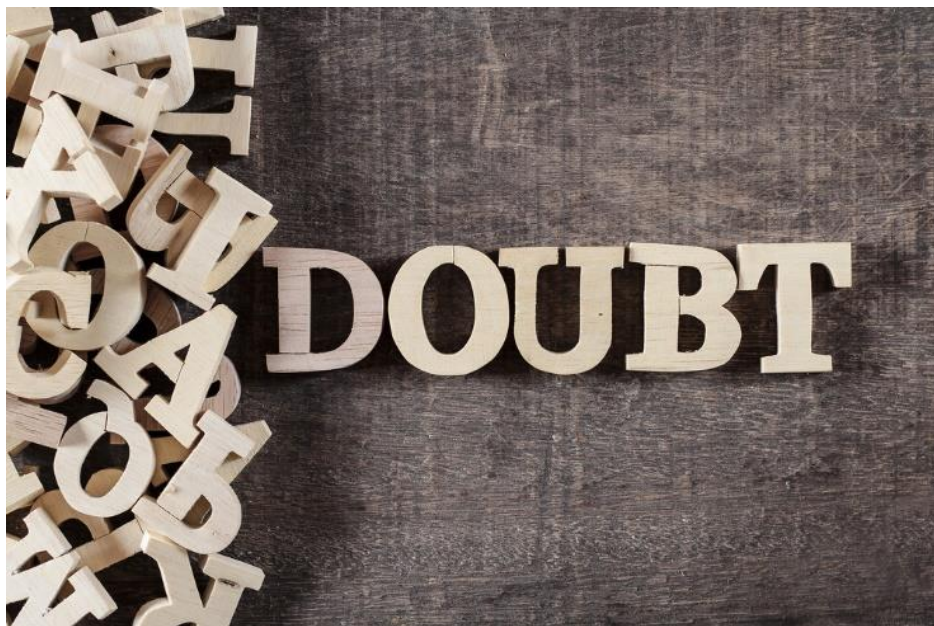
Risk Indicators



Evaluation

- 01 Information from client is incommensurate with your record in hand?
- 02 Information from client could not be verified?
- 03 The client appeared to be a stooge in the transaction?

STR Reporting



**File a
STR**

STR Reporting

JFIU website

<https://www.jfiu.gov.hk/en/>

The screenshot shows the JFIU website interface. At the top, there are logos for the Joint Financial Intelligence Unit and the Government of the Hong Kong Special Administrative Region. Navigation links include Home, About JFIU, News, Legislation, Suspicious Transaction Report, Statistics, Typologies, Publications, E-STR Submission/Secure Area Login, Feedback, Seminars, Links, FAQs, and Contact us. A search bar and site map are also present. The main content area features a banner for the 'Financial Intelligence and Investigation Bureau Project "AccFencers" Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Slogan Design Competition 2021'. Below the banner, there is a welcome message and a list of partner organizations including the Hong Kong Police Force and the Customs & Excise Department. A W3C WAI-AA WCAG 2.0 logo is visible in the bottom left corner of the website screenshot.

Joint Financial Intelligence Unit



Welcome to the web site of the Joint Financial Intelligence Unit (JFIU) web site. The web site is designed to provide members of the public in Hong Kong, especially the financial institutions (FIs) including banks, securities and insurance companies, money service operators, money lenders and stored values facility licensees, and the designated non-financial businesses and professions (DNFBP) including legal and accounting professionals, estate agents, trust or company service providers and precious metal and stone dealers, a greater understanding of the laws on money laundering and terrorist financing, and the need to make reports about suspicious transactions.

We hope that any questions which you may have can be answered in the following pages. However, if you need any further information, please feel free to contact JFIU staff. Details of how to contact us can be found in the section [Contact Us](#).



STR Reporting

JFIU
website

<https://www.jfiu.gov.hk/en/>

The screenshot shows the JFIU website interface. At the top, there are logos for the Joint Financial Intelligence Unit and the Government of the Hong Kong Special Administrative Region, along with a search bar and navigation links. The main content area features a sidebar menu on the left and a main content area on the right. The sidebar menu includes items like Home, About JFIU, News, Legislation, Suspicious Transaction Report (circled in red), Status, Typologies, Publications, E-STR Submission/ Secure Area Login, Feedback, Seminars, Links, FAQs (highlighted in orange), and Contact us. The main content area displays the heading 'HOME' and the title 'How to identify a Suspicion?'. Below the title is a list of links: 'How to identify a Suspicion?', 'When to submit an STR?', 'How to submit an STR?', 'What to Report in an STR?', and 'Download' (circled in yellow). At the bottom of the page, there is a footer with copyright information and a date: '2023 © | Important Notices' and 'Last revised: Nov 2023'.

STR Reporting

How to submit an STR?

Suspicious Transaction Report And Management System (STREAMS)

Suspicious transaction reports can be made in one of the following ways:



- by e-reporting system, STREAMS
- by email to jfiu@police.gov.hk



- by fax to : (852) 2529 4013



- by mail, addressed to Joint Financial Intelligence Unit, GPO Box 6555 Hong Kong



- by telephone (852) 2866 3366 (for urgent reports during office hours)



If you want to file STR via STREAMS, you have to complete **the application form** and return to JFIU either by fax (2529 4013) or email (jfiu@police.gov.hk). If you need any further information, please feel free to contact JFIU staff.

STR Reporting

**REPORT MADE UNDER SECTION 25A OF THE
 DRUG TRAFFICKING (RECOVERY OF PROCEEDS) ORDINANCE OR
 ORGANIZED AND SERIOUS CRIMES ORDINANCE/
 SECTION 12 OF THE UNITED NATIONS (ANTI-TERRORISM MEASURES) ORDINANCE
 TO THE JOINT FINANCIAL INTELLIGENCE UNIT ("JFIU")**

STR Summary	
STR Number:	<input type="text"/>
Submission Number:	<input type="text"/>
Date of Submission:	<input type="text"/>
Acknowledgement Issue Date:	<input type="text"/>
Consent Letter Issue Date:	<input type="text"/>
Consent:	<input checked="" type="checkbox"/> None <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Consent Remark:	<input type="text"/>

Special Cases with Time Critical Nature:

* Report Related to Existing Investigation:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---	---

Attachment:

No.	File Name	File Size
1		KB <input type="button" value="..."/>
Total		KB

STR Form

STR Reporting

Filing Format

- **Use Headings**
- **Consistent and Clear Format**
 - (1) Triggering Factors / Triggering Event
 - (2) Background of Subject(s)
 - (3) Transactions
 - (4) Reporting Entity's Enquiries & Open Source
 - (5) Conclusion & Way Forward

STR Reporting

Filing Format

Triggering Factors



Customer Background

Others

Others: Fraud

Triggering Event



Additional Information

On 17Aug17, the Bank received a report of email hack that Ms. [redacted] client was deceived into [redacted] in [redacted] (AUSTRALIA) to [redacted]. The fund is held by the Bank.

Use Headings



Details of Investigation

The alerted account [redacted] was opened by BAI [redacted] on 08Sep16. BAI claimed to be online salesman of [redacted] D with monthly income between HKD10,000 to HKD14,999. BAI provided address and contact in China. BAI maintains no other accounts with the Bank.



Transaction Details

The account activities were reviewed from Sep16 to Sep17. Upon review, USD account recorded 13 credit transactions with totaling over USD318K and 13 debit transactions with totaling over USD313K. Counterparts were found companies engaged in trading of telephone & communications equipment and constructional materials etc. and individuals including housewife and manager. Account transactions showed temporary repository of fund pattern. Personal account was believed to be used as business purpose.

HKD and EUR accounts were inactive with few and insignificant transactions.

Previous disclosure

- BAI [redacted] was not the subjects of our previous disclosures.

World Check

- No exact match result was found.



External Search

- No useful information can be found online.

Conclusions & Way Forward



Conclusion

Account review found that account transactions showed temporary repository of fund pattern. Personal account was believed to be used as business purpose. This disclosure is filed to JFIU's review given the fraud allegation against BAI [redacted]. The Bank will proceed to close the account of BAI

STR Reporting

Filing Format

(1) Triggering Factors

- Offence (Fraud, corruption, sanctioned, terrorist financing etc.)
- Report made to LEA / JFIU
(on behalf of client?)

Special Cases with Time Critical Nature:	
* Report Related to Existing Investigation:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Investigation Unit:	DIT 1 XXDIST etc...
Case Reference:	XX RN 20XXXXXXX or ADCC XXXX/2020 etc...

If yes, please provide police report
reference eg. XX RN , ERCXXXXXXXXXXXX)

- Publicly available information (Adverse news, SFC alerts etc.)
- Suspicious transaction patterns (substantial cash/cheque deposits, temporary repository of funds)

STR Reporting

Filing Format

(2) Background of Subject(s)

- Individuals: age, occupation, reported salary, history of business/transaction/dealings with the reporting entity etc.
- Corporate: incorporation date, business nature, expected turnover etc.

(3) Accounts and Transactions

- Reviewing period
- Suspicious transactions
- Suspicious patterns
- Bank account information

Please enter into the corresponding fields

Account			
Sequence No:	1		
Account Institution:			
Account Number:	Account Type: <input type="text"/>	if Others: <input type="text"/>	
Opening Date:	Closing Date:		<input type="text"/>
Balance:	Currency: HKD <input type="text"/>	Amount: <input type="text"/>	Date: <input type="text"/>
Related Person:	Role: <input type="text"/>		if Others: <input type="text"/>
Related Company:	Role: <input type="text"/>		if Others: <input type="text"/>
Additional Information:	<input type="text"/>		

STR Reporting

Filing Format

(4) Reporting Entity's Enquiries & Open Source

- KYC enquiry, adverse reports of counterparties, positive world check etc.
- If KYC can be conducted
- Provide links of open source information

(5) Conclusion & Way Forward

- Conclusion of report
- Follow up actions (further review, enhance CDD, action by the reporting entity etc.)

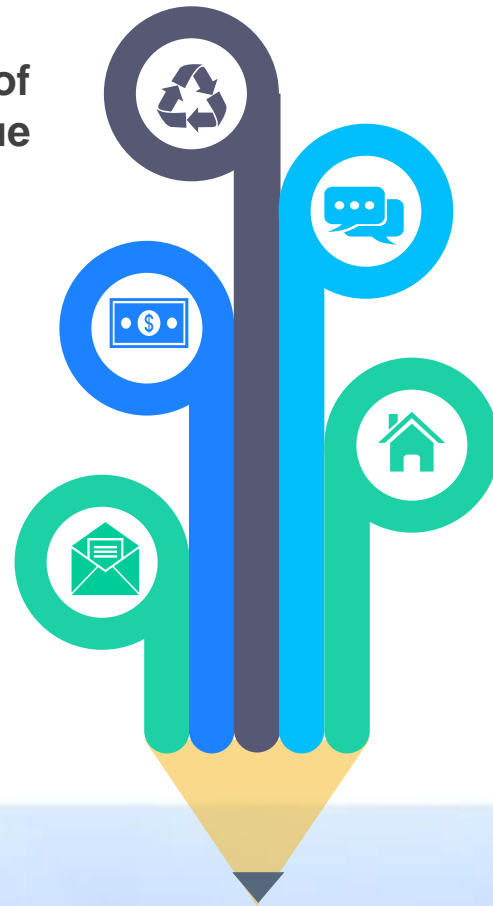
STR Reporting

Common Scenarios filed by Legal Professionals

Large amount of
Remittance/Transfer/Cheque

Large amount of cash
deposits and withdrawals

Report fraud case on
behalf of client (victim)



Purchase of vessel at
significant amount

Property purchase
without mortgage

New Development

1. Update in STR Form
2. Enhancement in STREAMS
3. Money Laundering Expert Cadre





Thank you