Regtech as Key Enabler of Market Integrity in Future of Finance

Opening remarks at SFC Anti-Money Laundering and Counter-Financing of Terrorism Regtech Forum 2024

Ms Julia Leung
Chief Executive Officer

4 November 2024

Good morning, Joseph, distinguished guests, ladies and gentlemen. A warm welcome to the SFC Anti-Money Laundering and Counter-Financing of Terrorism Regtech Forum 2024. /HW¶V FDOO LW ³6)& 5HJWHFK)RUXP´ LQ VKRUW

Last week, I had the opportunity to visit Saudi Arabia for a second time this year to foster capital market connectivity. It was inspiring to engage in dialogues with our Middle East and global counterparts on the future of finance encompassing fintech, digitalisation and artificial intelligence (AI), which will be pivotal to future-SURRI RXU ILQDQFLDO PDUNHWV any of ,¶ you also had a chance to attend the Hong Kong FinTech Week last week, where much excitement was generated over innovation, fintech, AI, tokenisation and even more.

In fact, our theme today, Regtech or regulatory technology, is also about innovation. Regtech is a major type of fintech and also accounts for the

Perhaps \RX FDQ¶W ZDLW LVQ¶J ,\RX D SUHYLHZ our findings are highly 2YHUDOO HQFRXUDJLQJ Regtech adoption has advanced in major anti-money laundering, or AML, processes over the past three years. Among the 50 firms surveyed, more than 80% confirmed their AML ability has improved, thanks to Regtech.

A majority of the firms have implemented Regtech solutions in at least one key process. The adoption rate was as high as 92% for name screening, followed by about 70% for both customer due diligence and transaction monitoring. In general, Regtech has covered more AML processes, and more advanced technologies are deployed.

1RWH 7KLV LV WKH WH[W RI WKH VSHHFK DV GUDIWHG ZKLFK PD\ GLIIHU IUR

These data represent a remarkable improvement and upskilling since our last survey in 2021. Three years ago, only about half of the surveyed firms reported using technologies in AML processes, and the conventional methods employed were a far cry from the Regtech we have today. This fresh momentum reflects more firms are pursuing better ways to address the growing scale and sophistication of financial crimes in recent years.

Moreover, it is clear to us that conventional AML approaches are losing efficacy, because bad actors constantly try to get the better of us through novel techniques to launder crime proceeds. This issue is especially acute for

) 2QH ,VODQG (DVW :HVWODQGV 5RDG 4XDUU\ %D\ +RQJ .RQJ
Ú "kÏk' ... U`WŠ è 18 W¹ "2Y;F ¶ 54 =£
+852 2231 1222