

A New Charter for a Safer Digital Ecosystem

Welcome remarks at “Anti-Scam Consumer Protection Charter 3.0” event

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Good afternoon, ladies and gentlemen, it is my pleasure to speak to you about [Anti-Scam Consumer Protection Charter 3.0](#). The Charter has gone from 1.0, through 2.0 to now 3.0 in just two years, from a focus on credit card scams to different kinds of fraud. This “annual upgrade” is just like some of the fastest-growing technology we all embrace.

In fact, such fast evolution in anti-scam efforts is much needed in today’s digitised world, because we must up our game constantly to stay one step ahead of bad actors.

Emerging form of scams and their harm

Scammers thrive by exploiting the digital platform and telecom networks that we all rely on, undermining trust in our digital ecosystem. To me, it is now a daily experience to be added to chat groups that advise people how to make a quick buck. Those who follow these groups are likely to be pawns in a ramp and dump scam.

The harm of online scams is very real. The recent spate of phishing scams has resulted in many millions in losses. In some of these cases, scammers impersonated the largest retail brokers in Hong Kong to send mobile texts with phishing links. Fraudsters gained access to hundreds of client securities accounts to conduct unauthorised trading and swapped the victims’ stocks for worthless ones.

In other cases, fraudsters offer investment products with returns that are too good to be true. They lure public investors by touting double digit returns in online ads.

To warn investors, the SFC puts these suspicious platforms on an alert list. We have also stepped up our publicity campaign as well as detection and enforcement actions. In these efforts, we greatly appreciate telecom companies’ cooperation in blocking public access to suspicious websites with Hong Kong IP addresses.

To regulators and law enforcement agencies, this is all like a never-ending game of whack-a-mole: the fraudulent sites continue to operate in a slightly different form or in other markets. The moles just keep coming back up.

Upping our game: technology firms’ support for Charter 3.0

This is why we need to team up with technology firms to stop the scams at the source. Social media platforms and telecom companies are the custodians and enablers of our digital

ecosystem. You are well positioned to detect and disrupt fraud by taking down harmful content, from deepfake videos, offers from unlicensed entities, phishing links to scam ads.

To safeguard the public, Charter 3.0 calls on the very platforms and networks used by scammers to foster a safer digital landscape. This latest version signifies an important step forward by actively engaging with social media providers and telecom companies in fighting scams.

Moreover, Charter 3.0 follows the same spirit as IOSCO's¹ Statement on Combatting Online Harm published just in May. The statement called on platform providers to make sure advertisements are legitimate and entities promoting investment products are licensed. It also emphasised the importance of robust processes to promptly detect and remove harmful contents.

Certainly, Hong Kong is not alone in tackling online scams. Under the IOSCO Asia Pacific Regional Committee which I chair, the SFC is leading a regional initiative to engage with online platforms to step up cross-border fraud detection, disruption and takedown. Our key purpose is to reduce harmful contents and protect the public.

By participating in Charter 3.0, institutions have committed to actively protecting the public from online scams. Let me highlight two of the principles under the Charter:

- Principle 3 underscores the importance of verifying the identity of advertisers using a risk-based approach. Platforms should leverage tools such as warnings by financial regulators, including the SFC's alert lists and IOSCO's I-SCAN platform, which facilitates the seamless exchange of alerts and warnings about suspicious entities across jurisdictions.
- Principle 4 effectively calls on platforms to remain agile and proactive to combat evolving scam tactics, by continuously updating their processes to monitor advertisements and content and to take effective actions to create a safe online environment for all.

Closing

Finally, I can't emphasise enough how we must join forces to combat scams to drive Hong Kong's progress on innovation and strengthen the public's trust in the digital world. To every service provider represented here today, my message for you is simple: your technology connects billions and, now, we need you to help protect billions. Let's work together to make Hong Kong's digital ecosystem one of the world's safest. Thank you.

¹ International Organization of Securities Commissions