

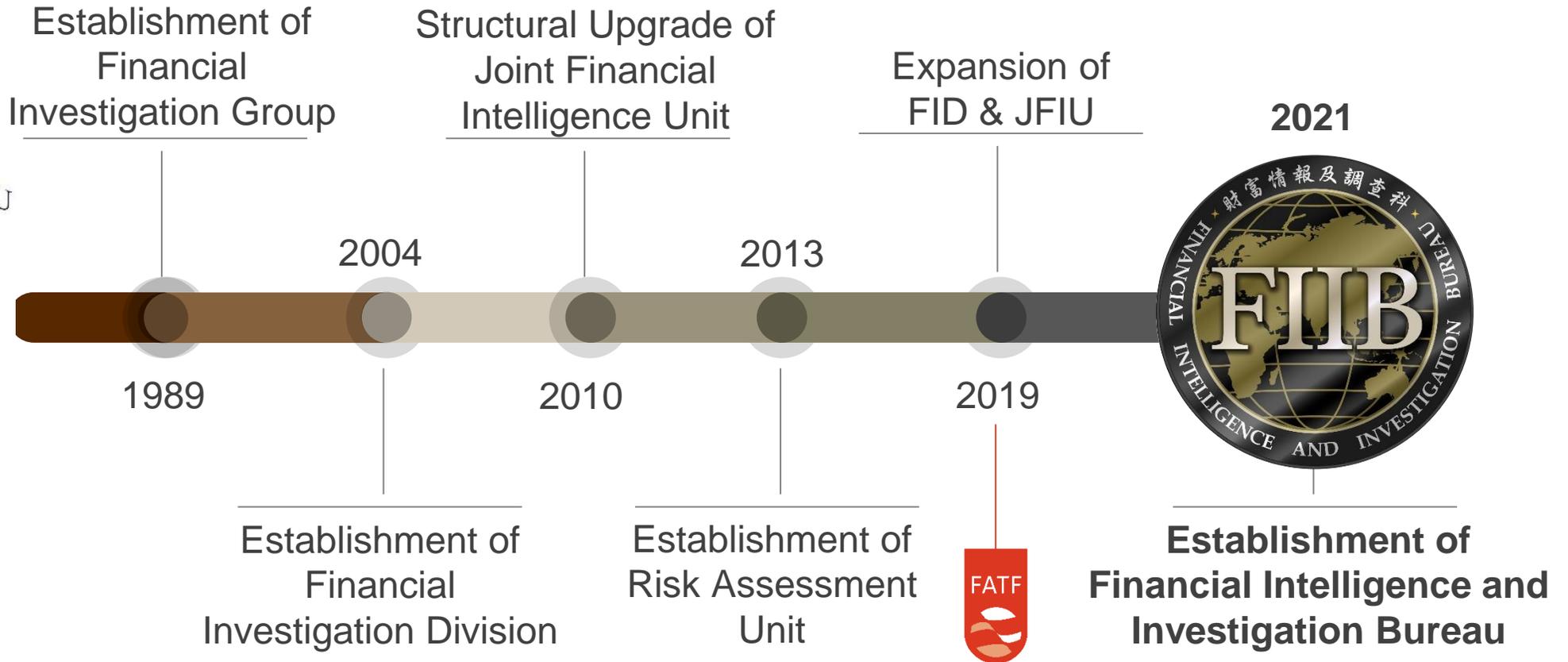


Financial Intelligence and Investigation Bureau

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Detective Senior Inspector of Police
Joint Financial Intelligence Unit

Establishment of Financial Intelligence and Investigation Bureau



FATF ME Report of Hong Kong

Recommended Actions

Immediate Outcome 6

"The JFIU and LEAs should consider: ... (iii) forming a separate specialist financial intelligence and investigations bureau within the HKPF would strengthen capability..."





Established on
1st June 2021

Financial
Investigation



Money Laundering and
Terrorist Financing
Investigations

Joint Financial
Intelligence Unit



STR Processing and
Analysis



Intelligence Exchange
and Liaison

Headquarters



Policies, Legislation and
Strategic Analysis



Risk Assessment,
Training and Outreach



Financial Data Analytic Platform



STREAMS

First developed and
Launched
(with enhancements added)

2006



FATF ME Report of Hong Kong

Recommended Actions
Immediate Outcome 6

"The JFIU and LEAs should
consider: ... (ii)
enhancement to the JFIU IT
system to harness advance
technologies..."

2019



Financial Data Analytic Platform (FDAP)

HKD 698 Mil of funding
approved from Finance
Committee of LegCo

2021

Limitation of STREAMS

Lack of automation



Requires extensive manpower, resources and time for analysis and process STRs manually



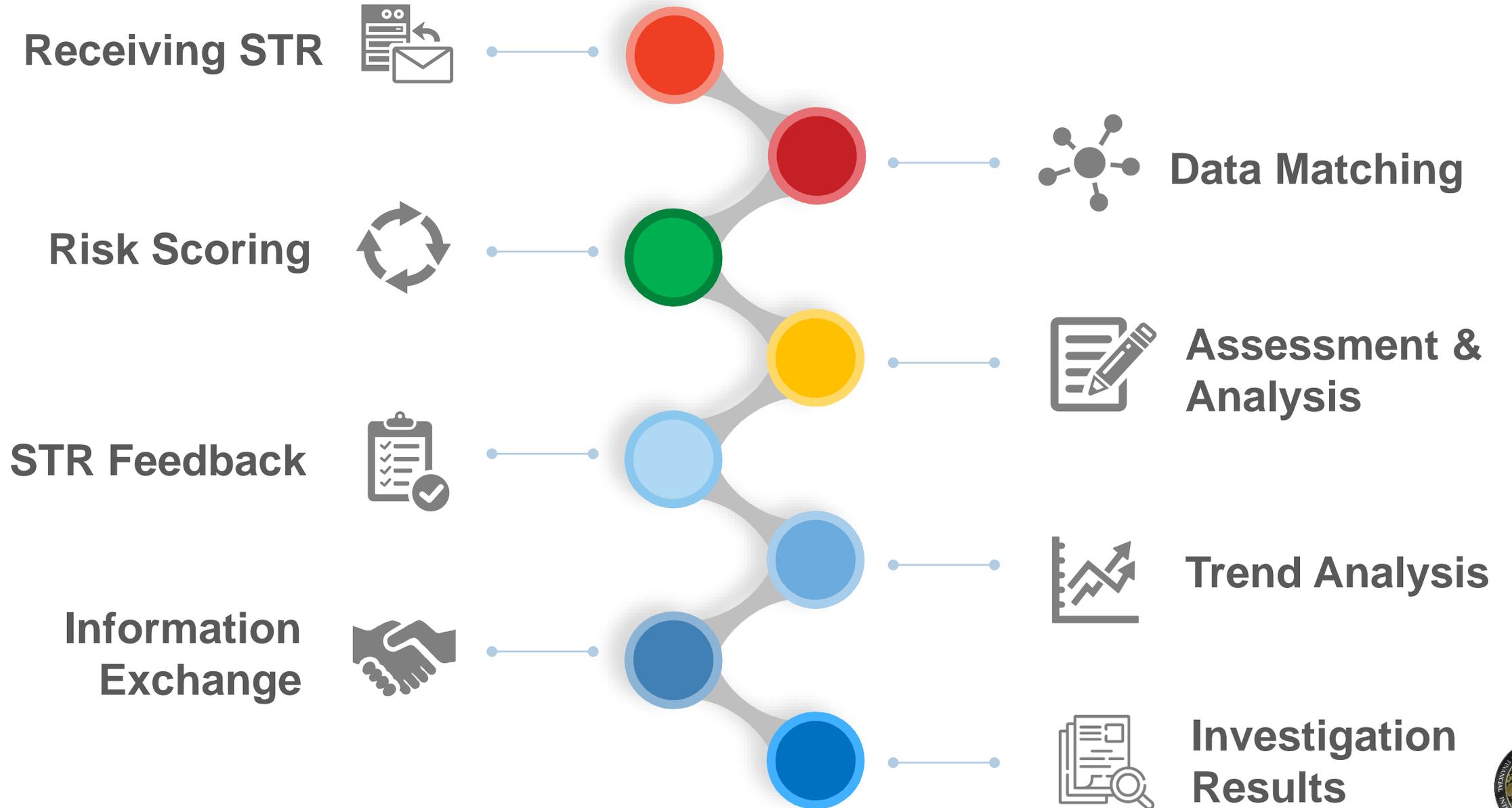
Lack of analytical capabilities



Difficulties in handling large scale STRs and new type of data (e.g. digital footprints)



The STR Process of FDAP



The STR Process of FDAP



STR Submission



Dedicated STR Submission Form

- Different STR Forms will be designed and prepared for different sector
- New STR Forms will be tailored to the nature of the sector
- Consultation with each sector will be carried out in the design of the new STR Forms



Account Management

- Corporate account (with admin function) and sub-accounts
- Admin account to manage corporate sub-accounts
- Sub-accounts to be used for STR submission
- Multiple sub-accounts can be created by admin account.

The STR Process of FDAP

Data Matching



Natural Language Processing

- Understand the meaning of unstructured text/ free text (i.e. large paragraph of text in STR)
- Identify entities stated in the unstructured text in STRs
- Facilitate matching of OSINT data



OSINT Crawler

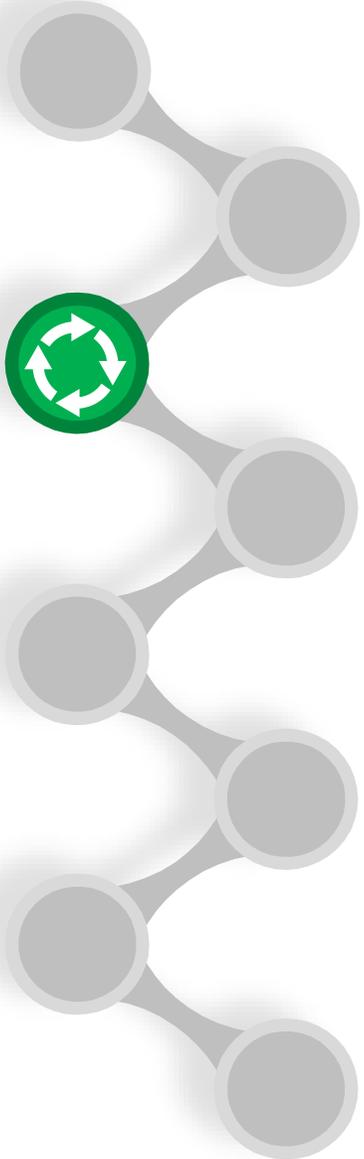
- Open Source Intelligence
- News, Media, Sanction List etc.
- Automated data matching with open source information to identify entities in the STRs



Data Mining

- Automated data matching against police database
 - ADCC
 - Criminal Records

The STR Process of FDAP

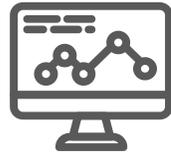


Risk Scoring



Natural Language Processing

- Identify entities and relationships mentioned in the unstructured text in STRs
- Facilitate analysis of STR and risk assessment



AML/ CFT Analytical Tool

- Automated risk assessment to identify the STR risk level
- Automated high risk alert system



Machine Learning

- Identify entities reported in STR and their relationships with other high risk entities from the database

The STR Process of FDAP

Assessment and Analysis



AML/ CFT Analytical Tool

- AML analytics against the entities and the identified underlying relationships
- Automated fund flow analysis
- Network analysis against the identified entities and their relationship



Data Mining

- Identify hidden networks and their features
- Group entities by their risk level, relationships etc...
- Surface hidden syndicates

The STR Process of FDAP

Assessment and Analysis



Machines Learning

- Based on the analysis results, analytical models will be developed or refined for future analysis



Speed up STR processing time

- Increase processing speed of STRs
- High risks/ urgent STRs will be priorities for assessment

The STR Process of FDAP



STR Feedback



Digitalized LNC/ Consent Letter issuance

- LNCs and consent letters will be digitally signed by JFIU
- The letters will be issued to the reporting entities digitally via FDAP
- Reporting entities can access the letters from JFIU via FDAP



Comprehensive STR feedback

- Detailed feedback to STR reporting entities
 - Quality/ usefulness of STR
 - Whether investigation was initiated from the STR
- Aims to increase the overall quality of STR submission

The STR Process of FDAP

Trend Analysis



Data Mining

- Using the data from all the STRs to identify trends and relationship between entities and criminal activities
- Identify territory wide trend from STRs, such as latest modus operandi used by syndicates

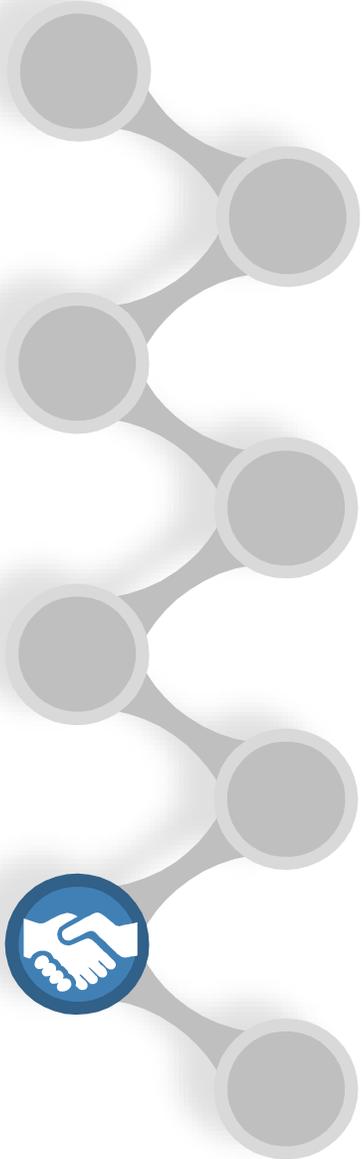


Machines Learning

- By using analytical models, FDAP can make crime trend predictions
 - Types of account holders who may be stooges
 - Type of crime which may become a prominent trend
 - Types of potential victim



The STR Process of FDAP



Information Exchange



Reports and Bulletins

- Trends and other relevant information generated from the FDAP will be shared to the sectors via regular JFIU reports/ bulletins uploaded to FDAP, such as:
 - Territory wide trend
 - Latest modus operandi
 - Potential prominent trend of crime

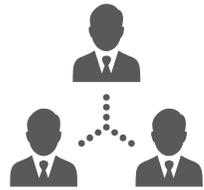


Digitalized notification letters

- Notification letters to different sectors will be digitalized and submitted via FDAP

The STR Process of FDAP

Investigation Results



Network Analysis

- The results from the network analysis would be captured in the FDAP for future reference, such as the entities relationship in a syndicates
- The analysis results would also assist parallel investigations

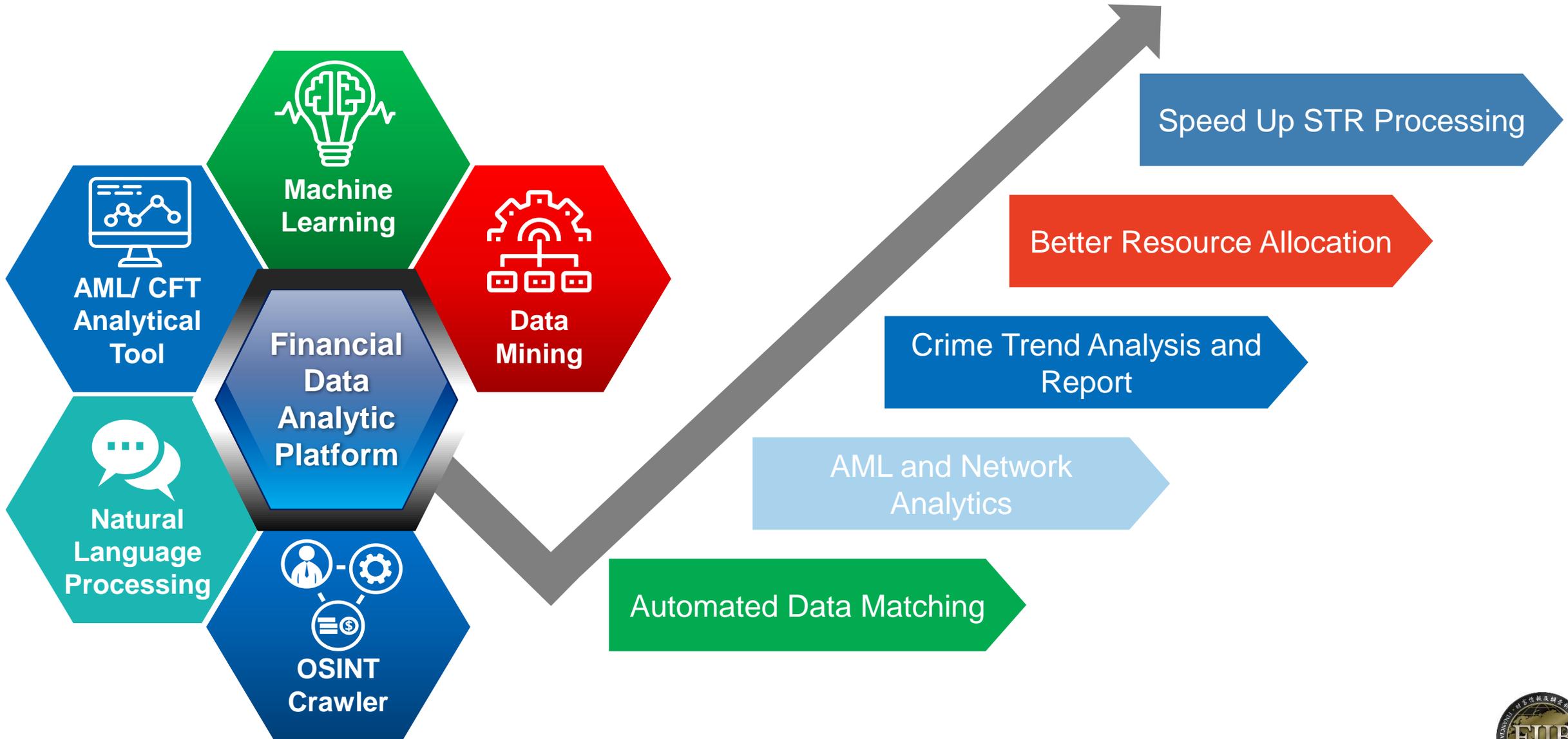


Data Mining

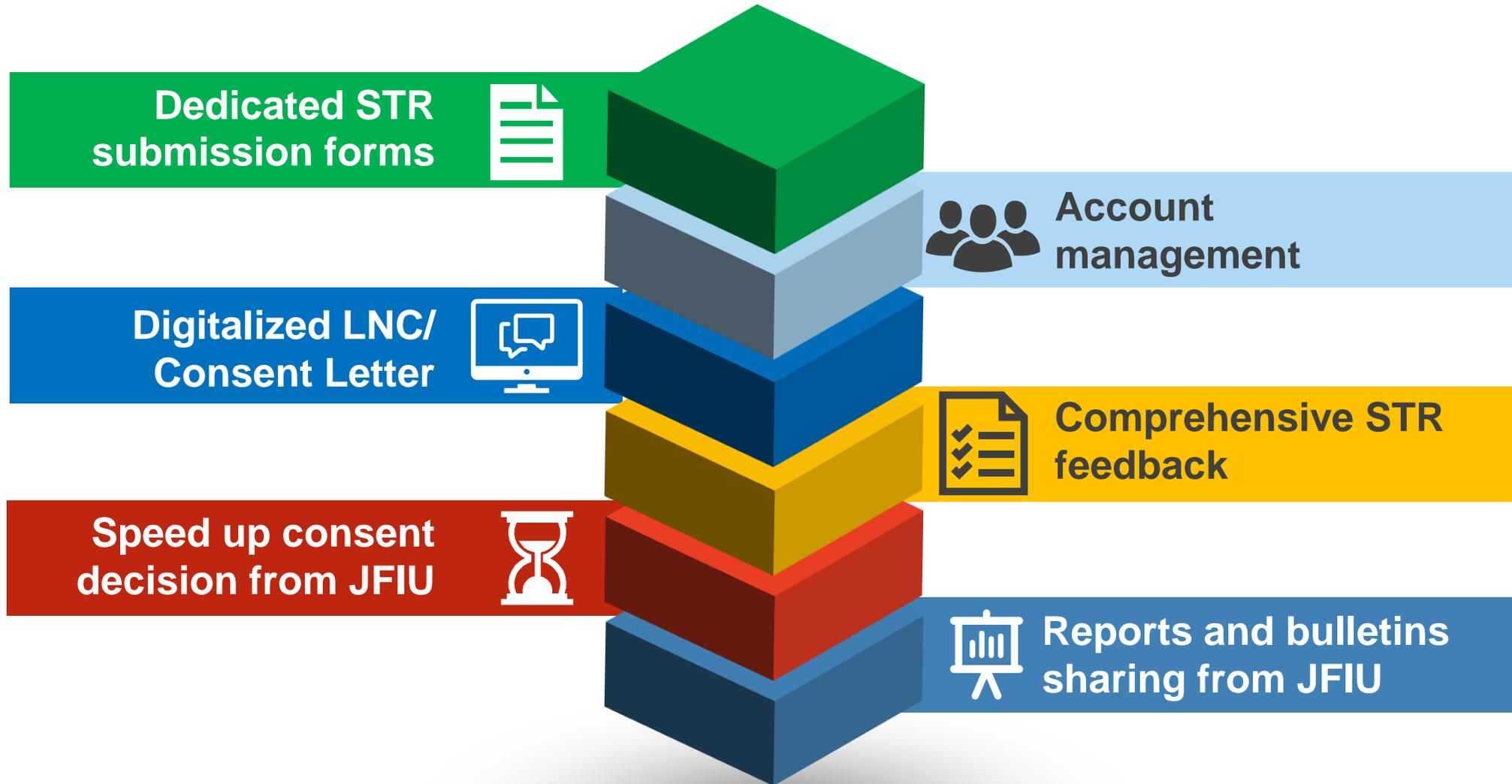
- Investigation results would be used to capture the identified network and their features
- The results would also be used to create new alerts and analytical models to speed up investigations



Benefits of FDAP



Reporting Entities Benefits from FDAP





Thank You For Listening

5 minutes break