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Hong Kong Perspective to Transnational Banking Crime

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The Hong Kong Context

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- 44,480 deception cases in 2024[1]
- A total of 10,496 persons were arrested for involvement in various types of deception and money laundering offences last year[2]
- About 7,700 persons for selling or allowing their accounts to be used for money laundering, representing an increase of 13.6% compared with 2023.[3]

1: *HKMA, HKPF and HKAB jointly announce new measures to strengthen the response to fraud and money laundering*, Hong Kong Monetary Authority (10 Apr 2025). https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/04/20250410-7/
2: Ibid
3: Ibid

How it happens?

1

Recruit
Criminals recruit unwitting individuals to open or surrender bank accounts for a small fee

2

Reposit
Illicit proceeds land in stooge accounts, obscuring the trail, making it hard to discover the origin of the funds.

3

Redistribute
Funds move on domestically and overseas before detection by local law enforcement agencies.

89.23% of all 2024 money laundering arrests in Hong Kong were stooge account holders – money mules form the backbone of transnational financial crime.[4]

4: *Hong Kong JFIU Annual Report 2024: STRs surge 51% as fraud and mule networks expand - ZIGRAM*. (2026, January 7). ZIGRAM | AML, Fraud & Financial Crime Compliance Software. https://www.zigram.tech/resources/jfiu-annual-report-2024

Predicate Crimes

- Most money laundering investigations trace back to deception as the predicate offence.
- These take the form of email and business email compromise (BEC) or investment fraud or romance scams.
- Proceeds are funneled immediately into mule account networks for rapid dispersal.

Integration of Cryptocurrency

- The buying/selling of cryptocurrency can happen anonymously, further burying the money trail, making predicate crimes harder to unmask
- Crypto networks are borderless, making enforcement action such as freezing funds more difficult as it requires galvanized efforts from multiple law enforcement agencies, often in different jurisdictions
- Given that they do not take place with traditional banks, they bypass the existing regulatory framework where the onus is put on banks to report suspicious transactions

The Hong Kong Response

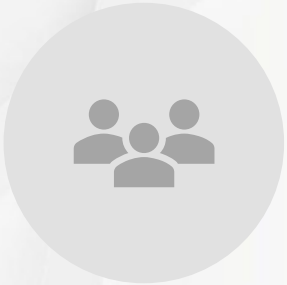
A multi-pronged approach

Reducing Mules

- Strengthening the message to dissuade vulnerable individuals from sharing their bank accounts with others
- Increasing the sentences for mule account holders by 13-33% [5]

5: *HKMA, HKPF and HKAB jointly announce new measures to strengthen the response to fraud and money laundering*, Hong Kong Monetary Authority (10 Apr 2025). https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/04/20250410-7/

Empowering Non-Law Enforcement Agencies



Broad Supervisory Reach
Extending powers beyond traditional law enforcement agencies



Routine and Unannounced On-site Inspections
Authority to enter premises and demand production of documents



Compulsory Information Requests
Power to compel key personnel to answer information requests



Direct Administrative Sanctions
Capability to issue sanctions independent of criminal courts

Ordinances in Hong Kong

Ordinances	Importance
Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)	Establishing strict customer due diligence (CDD) and record-keeping requirements for banks, financial entities, and virtual asset service providers (VASPs).
Banking Ordinance (Cap. 155)	Regulating banking operations and providing a voluntary mechanism share individual and corporate account details securely to track illicit funds and catch cross-border mule networks
Organised and Serious Crimes Ordinance (Cap. 455)	Criminalizing the handling of proceeds from serious or transnational crimes and mandating that financial institutions file Suspicious Transaction Reports (STRs) while forbidding "tipping off" suspects

Mechanisms for freezing accounts

1

Letter of No Consent
(Hong Kong Police Force)

2

Mareva Injunctions
(Hong Kong Courts)

3

Internal Contractual Freeze
(Hong Kong Banks)

Frozen Accounts—Parties?

For the Account Holder	For the Victim
Identify the Reason for the Freeze: → Engage directly with the bank's compliance department. → Determine the exact cause, e.g. police LNC, or civil court injunction. **Challenge the Legal Restrictions** → *Civil Injunction:* Apply to discharge or vary the order . → *LNC/Police Hold:* Issue formal legal letters to demand fund release. **Prepare Substantive Proof of Funds** → Gather legitimate business invoices, contracts, and trade documentation.	**Report Immediately to Authorities** → File an urgent report with the Hong Kong Police Force. → Trigger an emergency temporary hold on the suspect account. **Apply for a Civil Injunction** → Rapidly file for a Mareva injunction in the High Court. → Freeze the fraud proceeds before they can be remitted.

Frozen Accounts—Banks and Courts

Banks	Courts
Attitude: Hyper-Cautious & Defensive **De-Risking over Risk Management:** err on the side of caution, prioritizing risk avoidance over individual client relationships. **Lack of Transparency:** remain passive and refuse to unfreeze funds without explicit police clearance or a High Court order to avoid tipping off individuals.	*Attitude: Checking Overreach & Protecting Rights* **Scrutiny of the LNC System:** concern over constitutionality of LNC regime in light of Basic Law Article 6 and 105. **Facilitating Civil Asset Recovery:** ensuring the infrastructure to respond quickly to the risk of fund dissipation providing interim measures to ensure parties are not irrevocably prejudiced.

Confiscation Orders Upon Conviction

- Section 8 of the Organized and Serious Crimes Ordinance (OSCO)
- Court confiscates the amount of "benefit"
- Standard of proof is the balance of probabilities

The End